

Red Mountain Mining Ltd

ACN 119 568 106

Annual Financial Report

30 June 2013

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Corporate Directory

Directors

Neil Warburton

Non-executive Chairman

Jon Dugdale

Managing Director

Michael Wolley

Non-executive Director

Secretary

Shannon Coates

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Solicitor

Fairweather Corporate

595 Stirling Highway

Cottesloe WA 6011

Bankers

National Australia Bank

1232 Hay St

West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd

Level 2, 45 St George's Terrace

Perth WA 6000

Securities Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Codes: RMX, Ordinary fully paid shares

RMXO, Options expiring 30 June 2014

RMXOA, Options expiring 30 June 2016

Principal registered office in Australia

Unit 1

2 Richardson Street

West Perth WA 6005

Website

www.redmm.com.au

Red Mountain Mining Ltd and its controlled entities

Chairman's Letter

Dear fellow shareholder,

In a year in which domestic equity, capital and mineral commodities markets in Australia's resources sector came under immense price and performance pressures, particularly for junior explorers and miners, I am pleased to report to you that against this trend, Red Mountain Mining Ltd ("Red Mountain" or "the Company") has achieved substantial project progress.

This level of success is not in isolation. It is in line with our strategy to emerge, in time, as a significant gold producer in the highly prospective regions of the Philippines.

It is also aligned fully with our enunciated business plan to introduce Australian mining methods and efficiencies to gain significant exploration and production upside, and to emerge as a multi-project gold developer and producer across greater Asia's mineral resources sector. Adherence to our business plan is the key to creating shareholder value and market recognition of our achievements and aspirations.

Your Company's solid success, in the just eight months to balance date, from our formal acquisition of the flagship brownfields Batangas gold project on Luzon Island, south of Manila, plus a 75% interest in the Tapanan San Francisco copper-gold project on Mindanao, means Red Mountain has bedded down solidly our first stepping stone to achieving our longer term vision.

It gives me great pleasure therefore, to present to you from your Board, its Annual Report on the performance of the Company for the 12 months to 30 June 2013.

Our work in that time has confirmed JORC Indicated and Inferred gold resources of 5.8 million tonnes at an average grade of 2.2 grams per tonne gold for 408,000 ounces of gold (using a 0.85 g/t Au lower cut off) at Batangas and demonstrated high-grade potential exploration upside.

To put this in to context, Red Mountain has drilled a total of 5,354 metres of diamond core at Batangas up to 30 June 2013. A further 3,200 metres of drilling and a development scoping study is planned for 2013-2014. This work is already underway. New extensional and resource definition drilling campaigns, post balance date, based around prudent expenditure on only the optimal near surface high-grade targets, are aimed at increasing the size and grade of the overall Batangas gold resource, particularly around the broader but under-explored Lobo prospect area.

We plan also to complete a scoping study to demonstrate the high cash-flow potential of a 500,000 tonnes per annum gold mining and processing project, combining gold resources from both Archangel and Lobo within Batangas, to generate maiden output of up to 35,000 ounces of gold per year for up to 10 years. The scoping study and how it points to future project financing options for Batangas and Red Mountain, will be a key outcome for your Company in the next 12 months.

That the past year was difficult in terms of share price performance across the junior sector cannot be denied. There has been a significant drop-off in speculative investment in explorers, by both retail and sophisticated investors alike. Red Mountain did not escape this broader share price decline but we believe our strategy, and our discovery success in just eight months, has established the groundwork for building sustainable shareholder value in the short to medium term.

Red Mountain Mining Ltd and its controlled entities

Chairman's Letter

It was pleasing to note during the period under review, that the Philippines Government adopted new Executive Orders designed to reform the country's mining code and improve the regulation of its mining practices and to streamline and fast track its approvals processes. This will generate higher levels of sustainability in what is a very well established and endowed mining industry in this, the host country for Red Mountain's projects. While some issues of corporate taxation and royalty adjustments are still being determined, Red Mountain believes any minor adjustment upwards of royalty obligations can be realistically accommodated within new mine development planning and costings.

Another positive outcome was a re-rating by Standard and Poors to BB+ from BBB- of the Philippines' investment grade – a decision analysts believe will favour a more competitive environment for the future financing or joint venturing of mining projects in the Philippines.

It is Red Mountain's belief that the investment climate for the Philippines by foreign miners or project owners is now at least comparable to or better than other more recognised international mining jurisdictions. We believe this may attract over the next decade, more Australian involvement back into the South East Asian corridor after our sector's forays in the past ten years or so primarily into Africa and Latin America.

At a financial level, your Company launched, prior to balance date, and successfully issued post balance date, a capital raising initiative. This has injected net funds of around \$2.5 million, sufficient to fully fund your Company's exploration drilling programs and development studies planned for 2013-2014, including funding for the scoping study.

The success of the capital raising, against an unsympathetic equities market for juniors, means Red Mountain is now fully funded to conduct all of its current scheduled exploration and drilling campaigns. The Company remains debt free.

So our objectives for 2013-2014 are very clear. Complete the resource upgrade and additional drilling, complete the scoping study and, if favourable, initiate final permitting and feasibility studies to continue down the pathway towards achieving first gold production.

I thank sincerely my fellow Directors, our strong management team and our advisors, for their commitment, input and guidance over the past year. They have answered every challenge to ensure that we establish a pathway to build value for you, our shareholders. I would personally like to thank Keith Rowe who resigned as a Director during the year for his efforts and contribution since the company was incorporated in 2006.

Thank you for your support. We welcome your continued partnership with Red Mountain as we look to a promising year ahead.



Neil Warburton

Non-executive Chairman

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Your Directors present their report on the Consolidated Entity ("Group") consisting of Red Mountain Mining Ltd ("Red Mountain Mining" or "Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2013.

Directors

The following persons were Directors of Red Mountain Mining for the full financial year and up to the date of this report, unless otherwise stated:

Neil Warburton	<i>Non-executive Chairman (transitioned to Non-executive Chairman from Executive Chairman on 1 May 2013)</i>
Jon Dugdale	<i>Managing Director (appointed as Executive Director on 30 October 2012 and Transitioned to Managing Director on 1 April 2013)</i>
Keith Rowe	<i>Non-executive Director (transitioned to Non-executive Director from Executive Director 21 January 2013, resigned 11 July 2013)</i>
Michael Wolley	<i>Non-executive Director</i>

Significant changes in state of affairs

On 24 July 2012, Red Mountain Mining signed a binding Share Sale Agreement ("SSA") with Mindoro Resources Limited to acquire direct interests in and contractual rights to 100% of Mindoro's Batangas and 75% of the Tapanan San Francisco Joint Venture gold and copper-gold assets in the Philippines through the issue of:

- 100,000,000 fully paid ordinary shares in the capital of Red Mountain Mining; and
- 50,000,000 performance shares in the capital of Red Mountain Mining that convert into ordinary shares if, within 12 months of completion of the sale, both (a) the gold resource across the Assets increase to 600,000 ounces at a JORC Indicated level; and (b) a scoping study is completed on the Assets that confirms that the development of a mine is economically viable, where the scoping study must have a minimum of 50% conversion of the 600,000 ounces Indicated JORC Resource to Probable Reserves or equivalent.

Under the SSA the 100,000,000 ordinary Red Mountain Mining shares and 50,000,000 performance shares issued to Mindoro were escrowed for 12 months from completion (which occurred on 30 October 2012). In addition, the 50,000,000 performance shares will be voluntarily escrowed up to 12 months from vesting if the milestones are achieved.

Mindoro intends to make an in specie distribution of the Red Mountain Mining initial 100,000,000 shares on a pro rata basis after 12 months from the sale. The 50,000,000 performance based Red Mountain Mining shares (if milestones are achieved) will be distributed in specie to Mindoro shareholders up to 24 months after the sale.

Pursuant to the SSA, the Company issued 10,000,000 options to Cygnet Capital and 5,000,000 options to Zeffron Reeves subsequent to the completion of the acquisition, in consideration for services provided in relation to the acquisition.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Principal activities

During the financial year the principal activities of the consolidated entity consisted of sourcing and evaluating suitable gold and polymetallic properties for prospective acquisition in the Philippines and the greater Asian region, and advancing exploration on the acquired flagship project at Batangas in the Philippines.

REVIEW OF OPERATIONS

BACKGROUND

On 30 October 2012, Red Mountain Mining formally completed the acquisition of 100% direct and indirect contractual interests in the Batangas gold project and a 75% direct and indirect contractual interest in the Tapan San Francisco copper-gold project in the Philippines for a consideration of 100 million Red Mountain (ASX:RMX) shares to Mindoro Resources Ltd ("Mindoro") worth in value around A\$10 million at the time of acquisition.

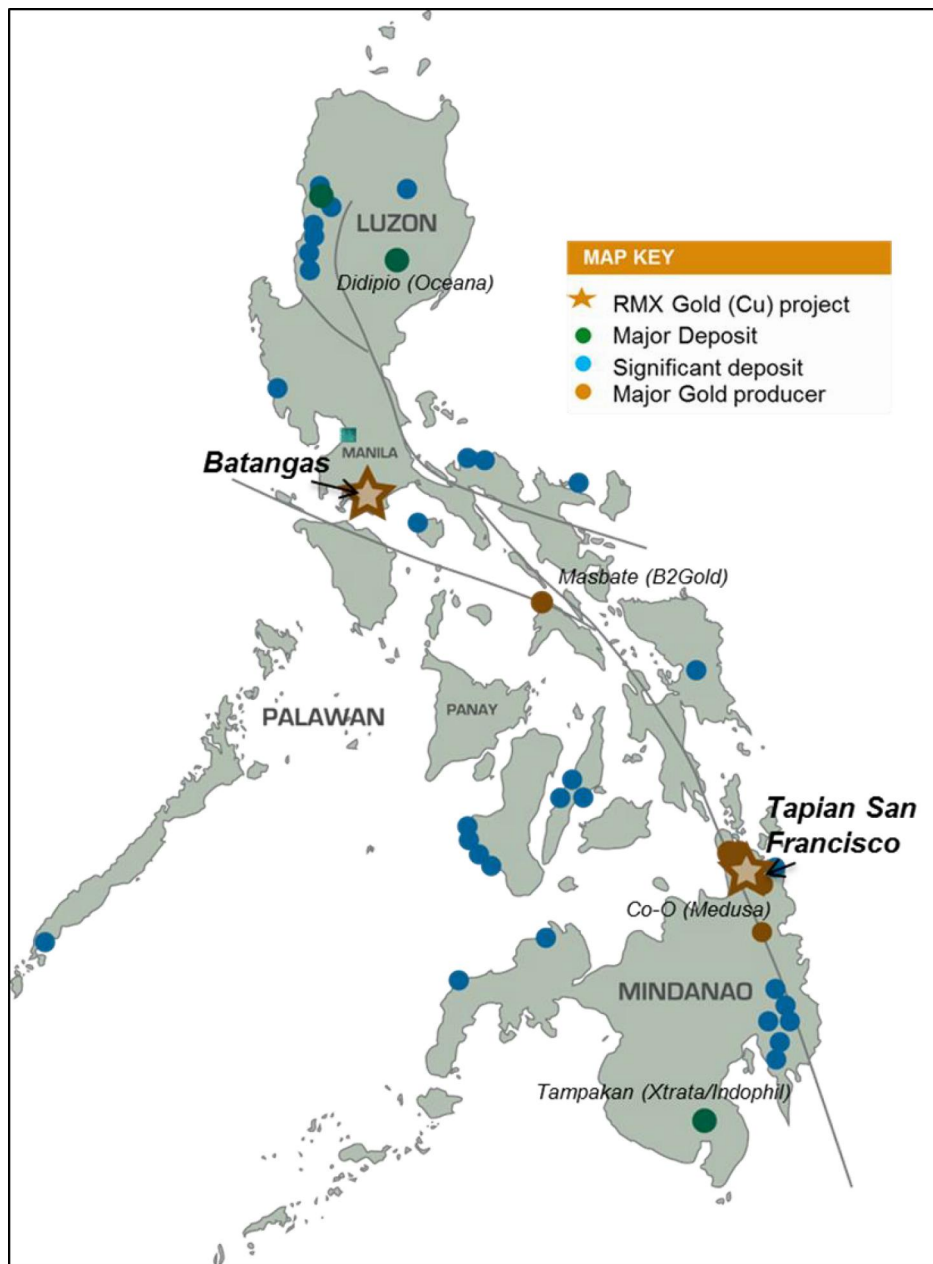
PHILIPPINES

The Philippines project interests that were acquired by the Company include the Batangas gold project located in the Province of Batangas on the main island of Luzon and certain tenements at Tapan San Francisco in the Surigao Province of northern Mindanao.

Both projects are located within regional provinces strongly endowed with major gold and copper-gold resources and mining projects (see Philippines map below).

Red Mountain Mining Ltd and its controlled entities

Directors' Report



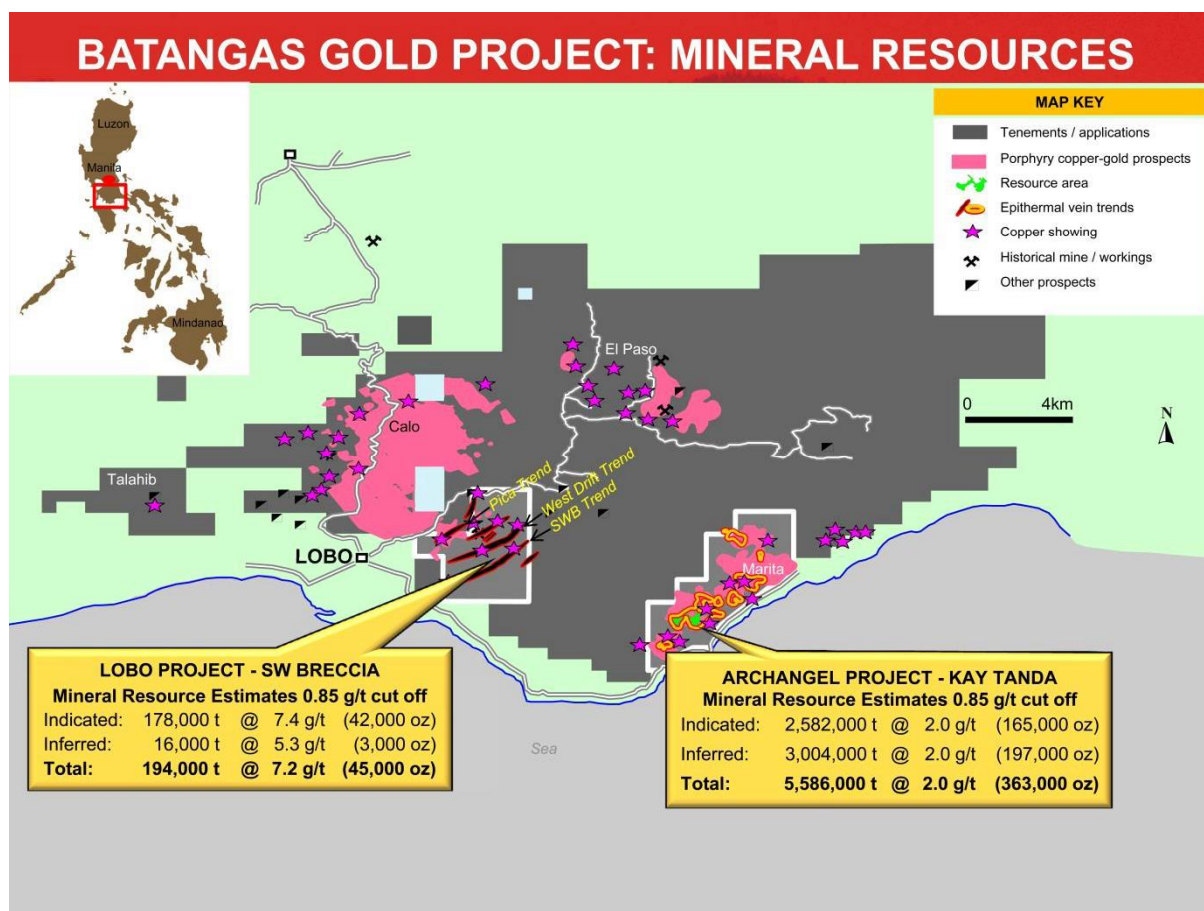
Map of Philippine Projects and Significant Mining Operations and Developments

BATANGAS GOLD PROJECT

The Batangas gold project is located 120 kilometres south of Manila on the south coast of Luzon Island. The project tenements cover an area of 270 square kilometres and include two key gold Mineral Resource areas located on Mineral Production Sharing Agreements (MPSA's – the Philippines equivalent of Mining Leases) at Archangel and Lobo, and copper-gold exploration areas on granted Exploration Permits (EP's) at El Paso and Talahib.

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Directors' Report



Map of the Batangas Gold Project Tenements and gold Mineral Resources

The Batangas project is located within a well-mineralised belt of Luzon Island consisting of gold and copper-gold mineralised and pervasively altered andesitic volcanics, intruded by diorite and dacite intrusives, which are overlain in places by younger volcanic sequences.

Gold mineralisation at Archangel is associated with extensive quartz stockwork veining and hydrothermal breccia's hosted by shallow dipping andesitic volcanics. Gold mineralisation at Lobo is associated with a series of five parallel epithermal lode structures and breccias that have been mapped over a combined strike length of 15 kilometres.

Drilling programs were completed at Archangel, testing for high-grade resource extensions, and Lobo, testing the West Drift and Pica epithermal vein structures, for a total of **28 diamond drillholes for 5,354 metres (m)**.

Archangel Drilling

Following acquisition of the project in October 2012, a 10 diamond drill hole program for a total of 1,793 m was completed at Archangel, with the objectives of better defining and structurally orienting the higher grade zones for Mineral Resource estimation, and testing for potential extensions to higher-grade zones at depth below the Mineral Resources. The program was successful and produced several significant intersections including from the Kay Tanda

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Main area, KTD 191-12: **26.2m @ 4.07 g/t gold (Au)** from 19.4m down hole and KTD 196-12: **20.55m @ 1.66 g/t Au** from 21.15m; from Kay Tanda West (Pulang Lupa), KTD 195-12: **9.3m @ 3.55 g/t Au, 19.21 g/t Silver (Ag)** from 41.1m including **3.95m @ 6.27 g/t Au**, and from deeper veining on the northwestern flank of Kay Tanda Main, KTD 199-12: **2.20m @ 36.53 g/t Au** from 203m including **1.2m @ 62.0 g/t Au**, which is open to the northwest at depth.



“Man portable” drilling rig at Archangel project

Mineral Resource Upgrade

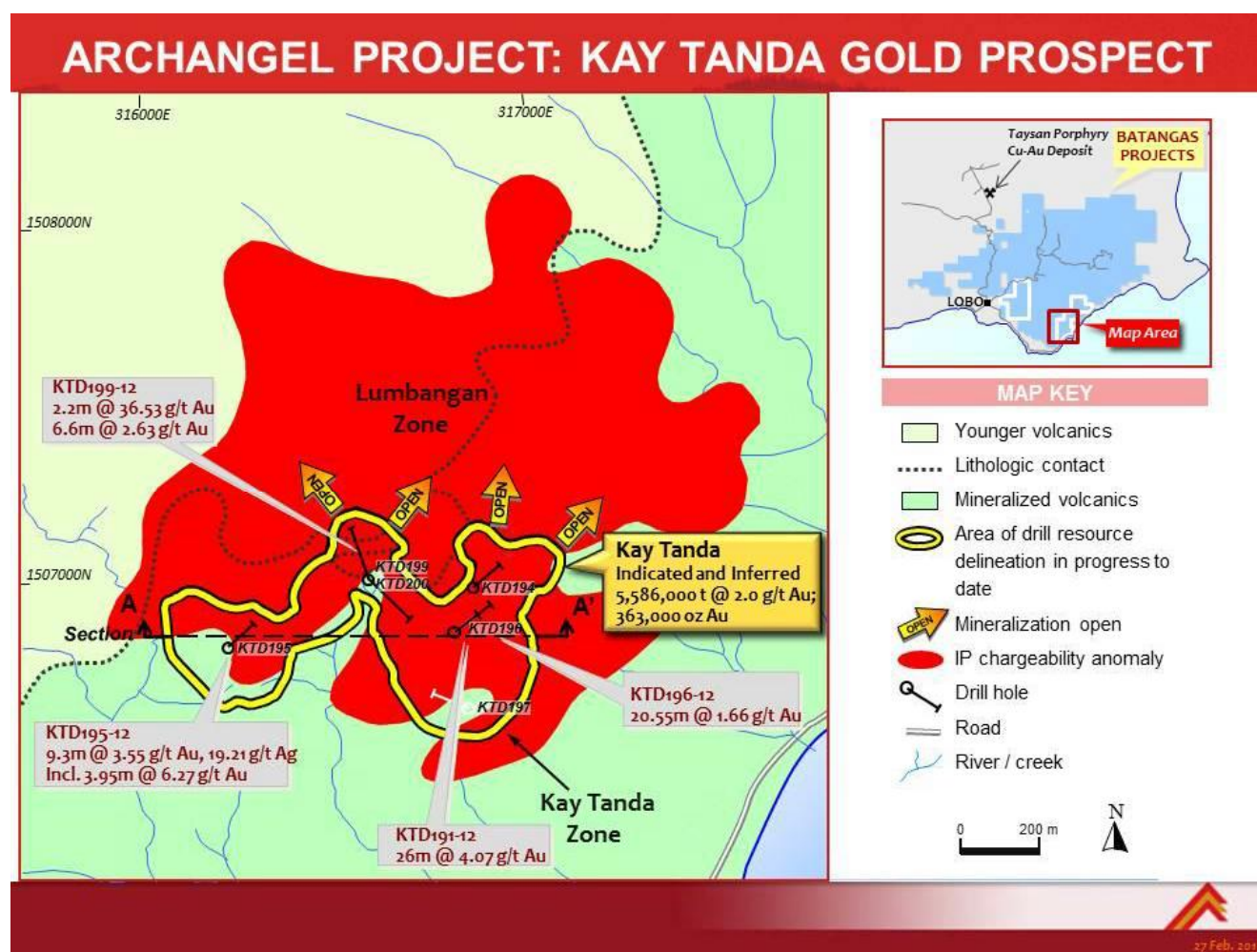
Following completion of this initial drilling program, the Company released new JORC (2004) compliant Indicated and Inferred Mineral Resources for the Batangas gold project, at a 0.85 g/t Au lower cut off grade, totaling 5.78 million tonnes at an average grade of 2.2 g/t Au and 3.3 g/t Ag for 408,000 contained ounces of gold and 606,000 contained ounces of silver, as detailed in the table below:

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Directors' Report

Table 1: Batangas Mineral Resource Estimates, 0.85 g/t cut-off, 30th January, 2013 (JORC 2004)

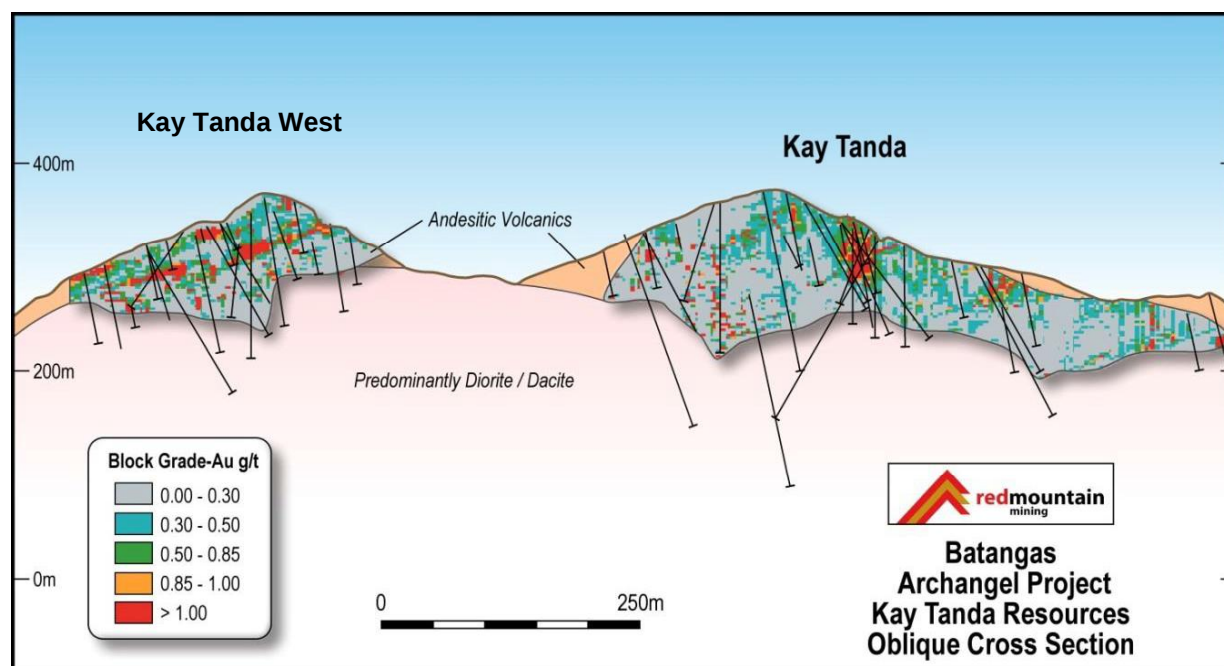
Deposit	Resource Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Archangel (Kay Tanda)	Inferred	3,004,000	2.0	197,000	1.3	124,000
	Indicated	2,582,000	2.0	165,000	5.7	471,000
	*Total	5,586,000	2.0	362,000	3.3	595,000
Lobo(SWB)	Inferred	16,000	5.3	3,000	1.7	1,000
	Indicated	178,000	7.4	42,000	1.8	10,000
	*Total	194,000	7.2	45,000	1.8	11,000
Batangas	Total Inferred	3,020,000	2.1	200,000	1.3	125,000
	Total Indicated	2,760,000	2.3	208,000	5.4	481,000
	*Total	5,780,000	2.2	408,000	3.3	606,000



Archangel Project, Kay Tanda Mineral Resource and Red Mountain Drilling

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Directors' Report



Cross Section, east-west, through the Kay Tanda Mineral Resource, Archangel Project

Lobo Epithermal Gold Project

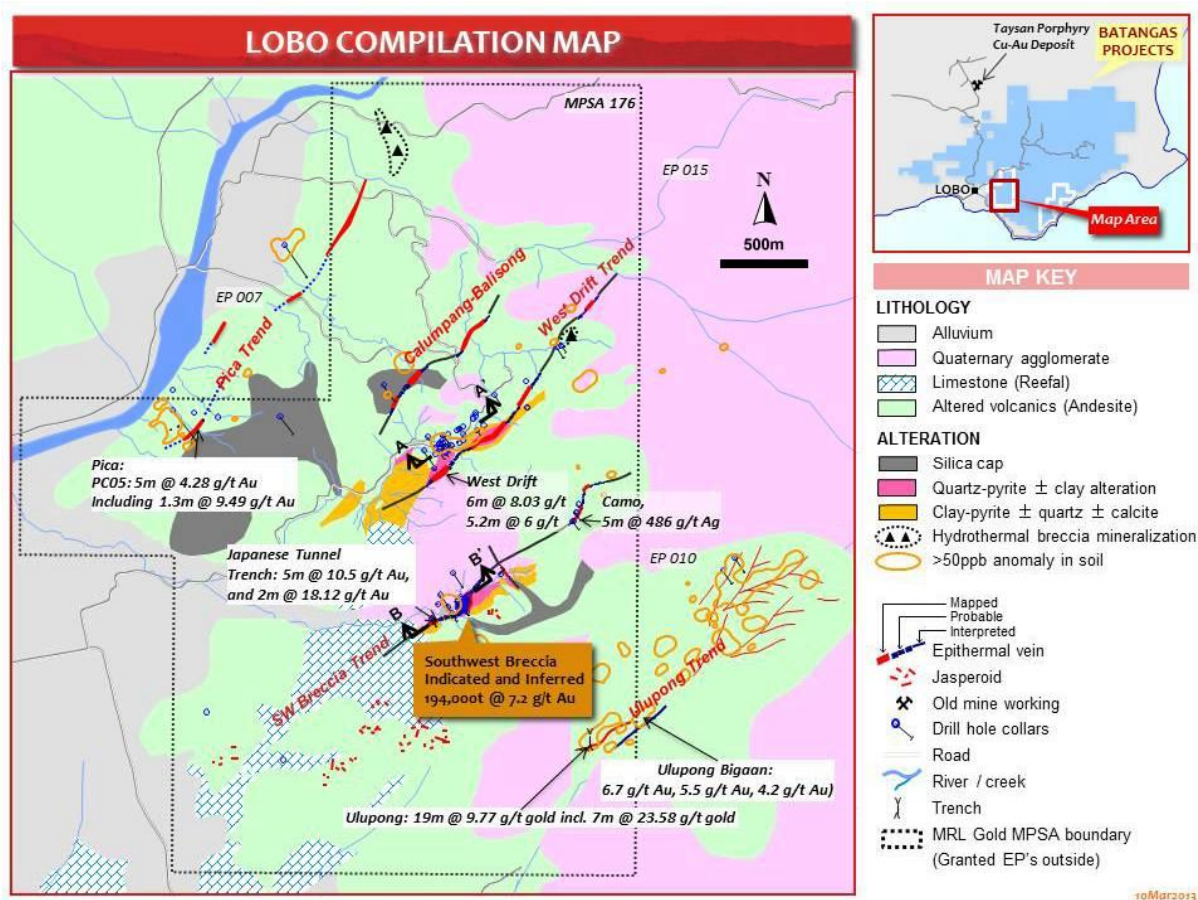
A review of available data at the Lobo project at Batangas, highlighted potential for the discovery of additional high-grade gold mineralisation within the over 15 kilometre strike-length of epithermal vein-breccia structures that have been mapped at Lobo. The initial resource defined at Lobo is the South West Breccia (SWB) Indicated and Inferred Mineral Resource of 194,000 tonnes grading 7.2 g/t Au containing 45,000 ozs Au, that remains open below 150m vertical depth. Other potential epithermal gold shoots were identified based on previous drilling and surface sampling at West Drift, below the old Lobo copper mine, Japanese Tunnel, 150m southwest and along strike from the SWB resource and at Pica, where previous drilling intersected high-grade epithermal gold veining.

A two pronged strategy was developed to drill test the initial targets and trench sample other identified outcropping epithermal vein structures with the ultimate objective of increasing high-grade mineral resources at Lobo and on the greater Batangas project generally.

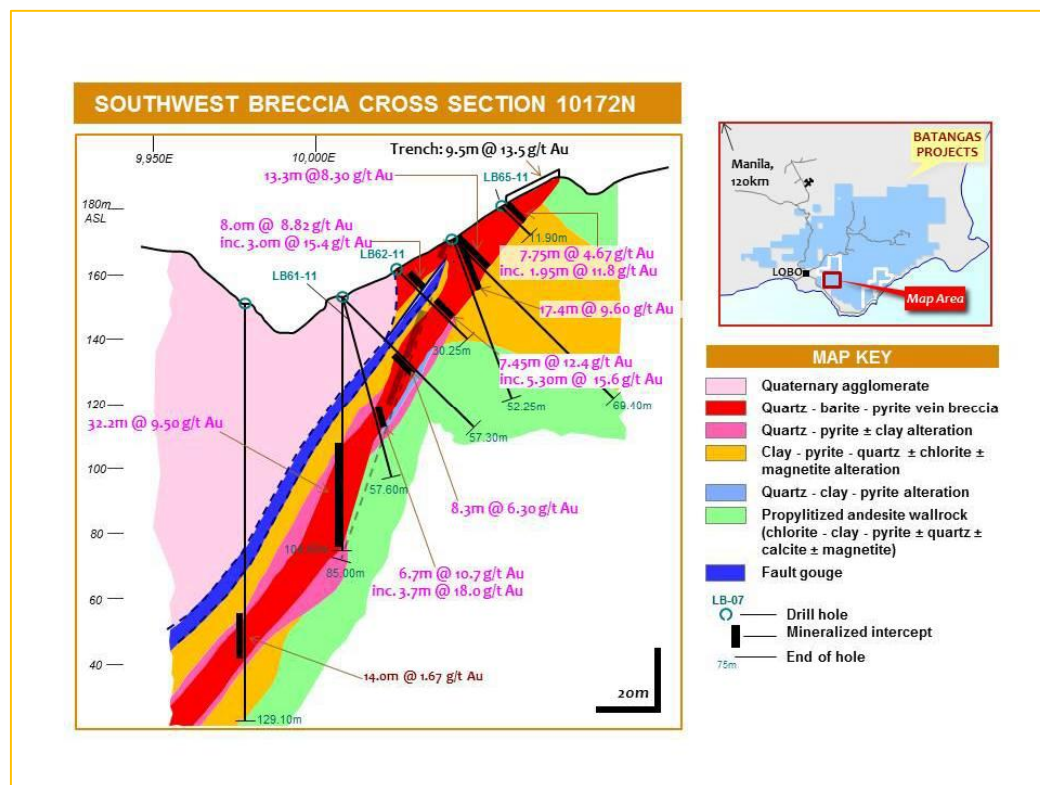
Subsequently, drilling commenced to test the West Drift epithermal lode structure on the 27 November 2012 and a trenching program was commenced at SWB, immediately to the southwest of SWB at Japanese Tunnel, and other new areas including Ulupong and Calumpang (see map below).

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Directors' Report



Plan of Lobo Epithermal Lode Structures

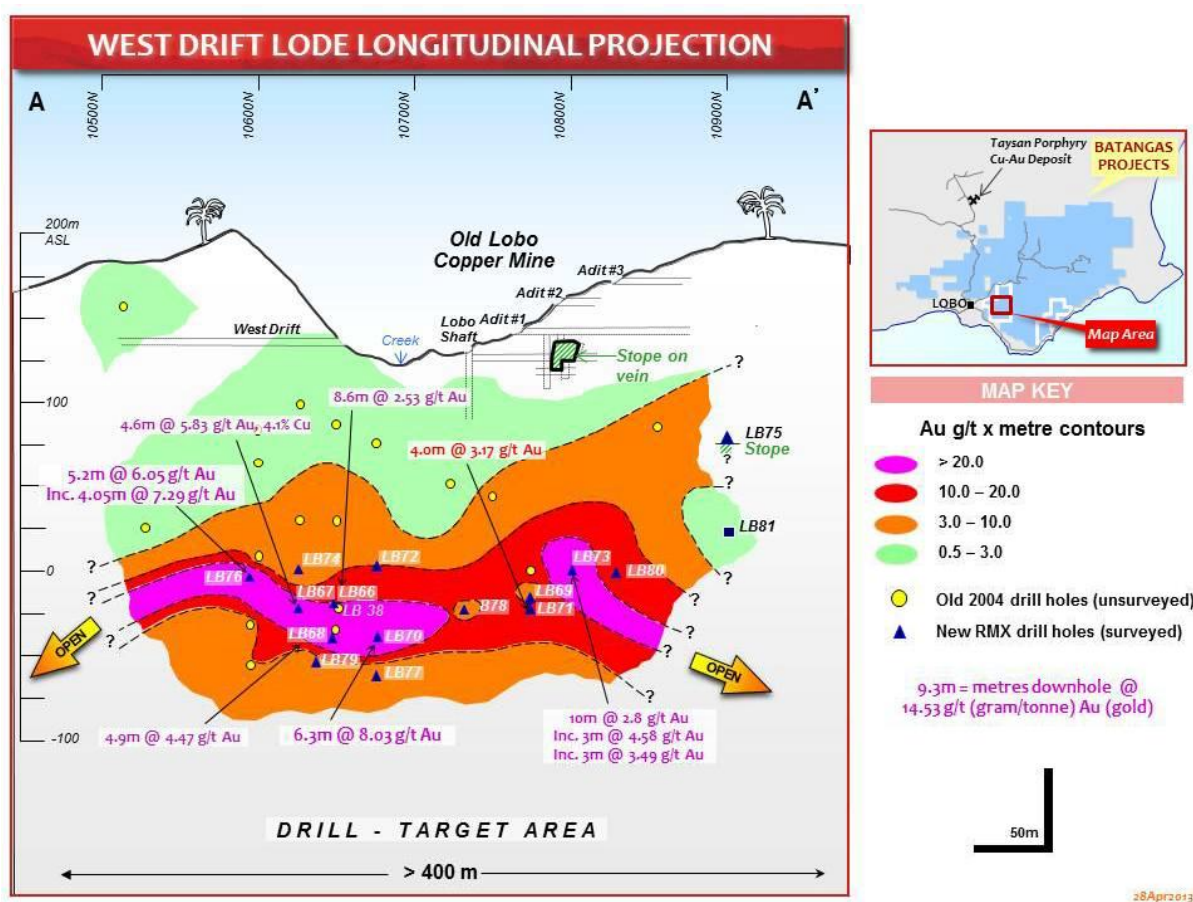


South West Breccia Lode – Cross section 10172mN

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Directors' Report

The initial drilling of the West Drift structure tested below the historic Lobo copper mine, where drilling by the previous owner intersected 9.3m @ 14.53 g/t Au from 136.5m, indicating a generally increasing gold grade with depth within the structure. Initial drilling confirmed the presence of a high-grade, shallow plunging, epithermal gold shoot and the program was continued with the completion of 16 holes for 3,331m. The drilling defined the vertical extent of a shallow plunging high grade gold shoot, located between ~100m and 150m below surface. High-grade results including LB 76: **5.2m @ 6.05 g/t Au** from 138.25m; LB 67: **4.6m @ 5.83 g/t Au and 4.1% Copper (Cu)** from 152.8m and LB 70: **6m @ 8.03 g/t Au** from 197.8m are associated with a moderately plunging flexure or bend in the lode structure. The interpreted shoot has been defined over a 200m strike length and 50m dip-length and is open to the south(west) and north(east) (see longitudinal projection, below).



West Drift Epithermal Gold Shoot, Longitudinal Projection

The completion of the initial drilling phase at West Drift has allowed interpretation and resource modeling (in progress) of the West Drift gold “shoot”, as well as evaluation of the potential for further drilling to test for extensions to the shallow plunging shoot and for repeats of the gold shoot at depth.

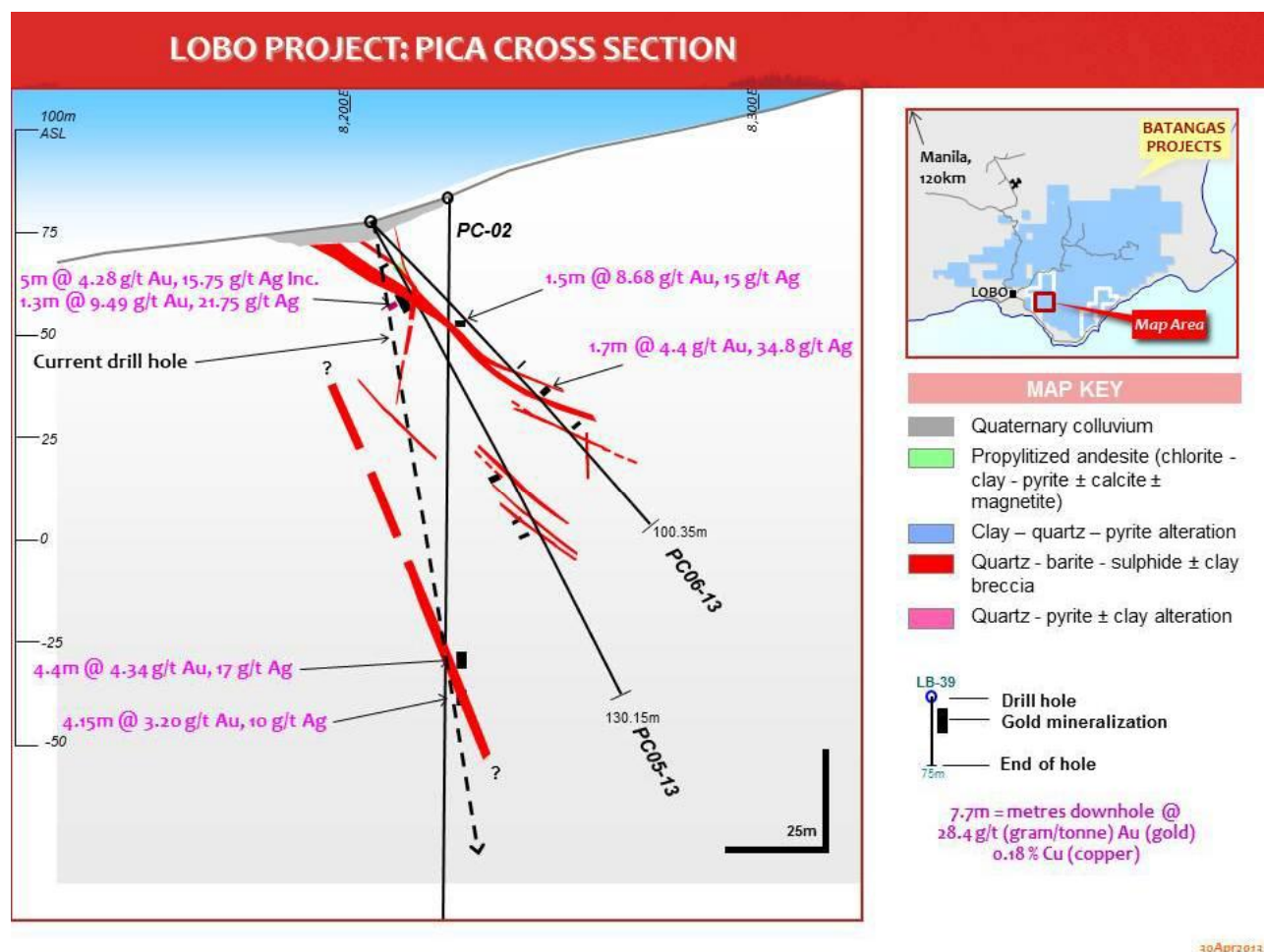
Following the West Drift program the Company completed two diamond drillholes for 230.5m at the **Pica** Prospect, at the northern end of the Lobo Project (see Lobo Compilation Map above). Multiple epithermal veins were intersected by the two drillholes, producing peak intersections of PC-05: **5m at 4.28 g/t Au and 15.75 g/t Ag** from 22.4m downhole including **1.3m at 9.49 g/t Au, 21.5 g/t Ag** and PC-06: **1.7m at 4.4 g/t Au and 34.8 g/t Ag** from 58.10m downhole.

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Directors' Report

The cluster of vein structures intersected by PC-05 and PC-06 are interpreted to dip both shallowly to the south–east and steeply to the west (see cross section below) and remains open in all directions. Mapping by Red Mountain Mining has located northeast-southwest striking extensions to the Pica vein structure which has been mapped over a more than two kilometre strike length.

Further drilling has being planned for the 2014 financial year to test for extensions to the high grade mineralisation intersected at Pica, and potentially define a near surface gold and silver resource.

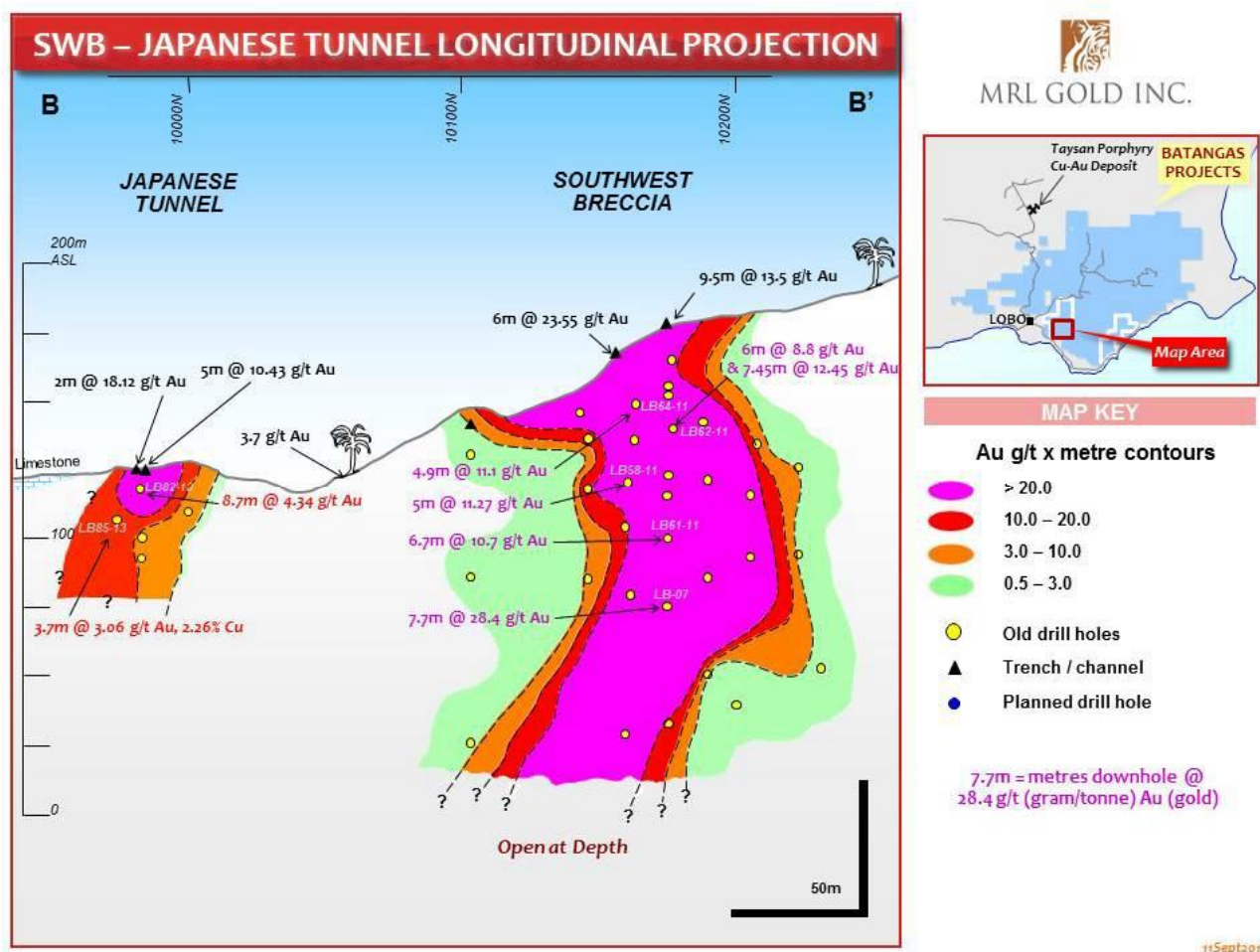


Cross Section through the Pica epithermal vein system

At **Japanese Tunnel** surface trenching and channel sampling was completed in three approximately 20m spaced trenches, producing surface trenching results of **5m at 10.43g/t Au** including 1m at 25.14g/t Au and **2m at 18.12 g/t Au** including 1m at 28.69g/t Au and defining a mineralised gold lode structure that has been extrapolated to a 100m strike length (see longitudinal projection with the SWB shoot below).

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Directors' Report



Japanese Tunnel - SWB Longitudinal Projection with Exploration Target drilling

Drilling and trenching of the outcropping, high-grade gold epithermal vein/lode mineralisation at Pica and Japanese Tunnel has produced high-grade gold results but data is of insufficient density to allow estimation of Mineral Resources at this stage. As such, based on drilled and sampled outcropping mineralisation, Exploration Targets have been estimated for the Pica and Japanese Tunnel Prospects, totaling in a range of **400,000 tonnes to 700,000 tonnes** grading from **3.6 g/t gold equivalent (Au equ.) to 5.3 g/t Au equ.** for **45,000 Au equ. ounces to 120,000 Au equ. ounces**, (see Table 2 for details). *The potential quantity and grade of the Exploration Target is conceptual in nature and there is insufficient exploration to estimate Mineral Resources and it is uncertain whether further exploration will result in the estimation of Mineral Resources.*

Red Mountain Mining Ltd and its controlled entities

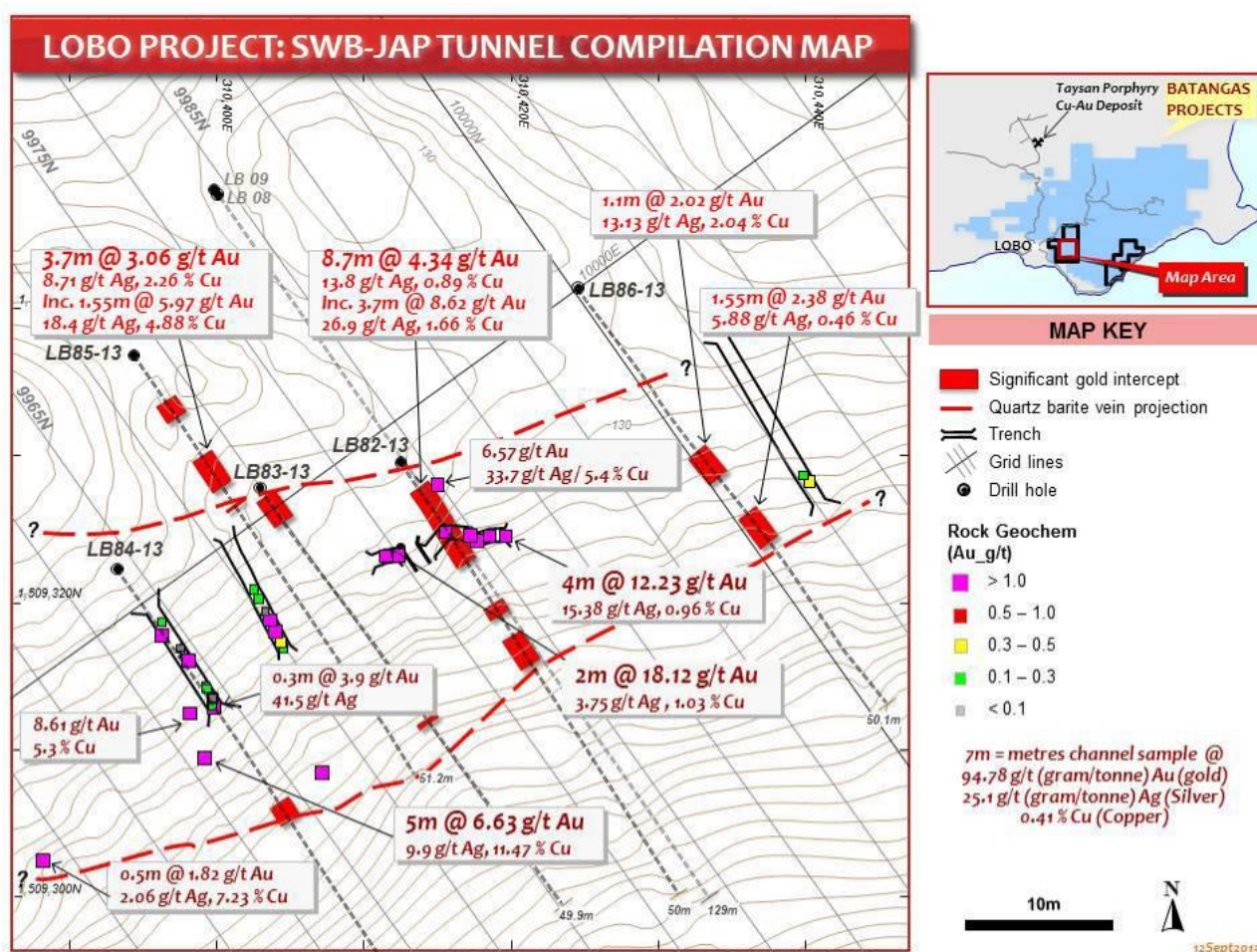
Directors' Report

Table 2 : Exploration Targets on the Lobo Project:

Exploration Target		Tonnage Range		Grade in grams per tonne					Gold Equivalent Oz	
				Au	Ag	Au Equ.	Range, Au Equ.			
Pica	V 1	70,000	130,000	5.1	20.6	5.4	4.3	6.4	10,000	27,000
	V 2	130,000	230,000	3.7	18.2	4.0	3.2	4.8	13,000	36,000
	V 3	100,000	180,000	3.2	10.0	3.3	2.7	4.0	9,000	23,000
Total Pica		300,000	540,000	3.9	16.0	4.1	3.3	5.0	32,000	86,000
Japanese Tunnel		70,000	130,000	5.9	6.8	6.0	4.8	7.2	11,000	30,000
Total		400,000	700,000	4.2	14.3	4.5	3.6	5.4	45,000	120,000

Note: V1-3 represent the different high grade gold veins already drill-identified at Pica.

A drilling program designed to test the Exploration Targets, with the ultimate objective of defining high-grade gold Mineral Resources, was commenced in August 2013, initially testing the Exploration Target at **Japanese Tunnel** immediately under the high-grade surface trenching results and 20m to the southwest of the initial trench where outcrop sampling by the previous operator produced results to **5m @ 6.63 g/t Au, 9.9 g/t Ag and 11.47 % Cu**.



Japanese Tunnel plan of trenching and drilling

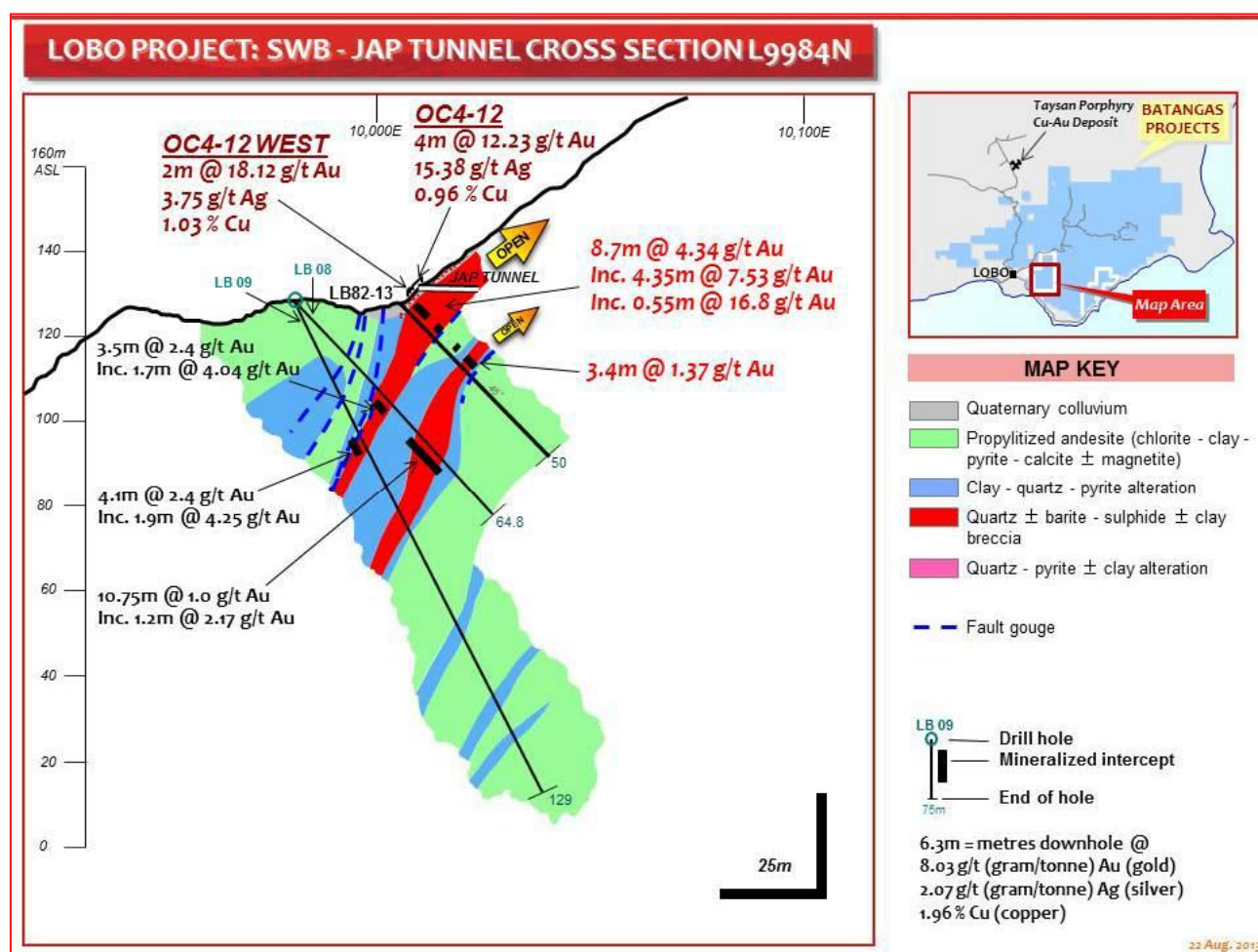
Red Mountain Mining Ltd and its controlled entities

Directors' Report

Results from the first five drillholes completed in the program were released on the 26 August and 13 September 2013 and included diamond drillhole LB-82, which intersected **8.7m at 4.34 g/t Au, 13.8 g/t Ag, 0.89% Cu** from 2.9m downhole depth including **3.7m @ 8.62 g/t Au, 26.9 g/t Ag, 1.66% Cu** and including **0.55m @ 16.8 g/t Au, 9.0 g/t Ag, 1.71% Cu** and diamond drill hole LB-85, which intersected **3.7m at 3.06 g/t Au, 8.7 g/t Ag and 2.26 % Cu** from 12.3m downhole depth including **1.55m @ 5.97g/t Au, 18.4 g/t Ag, 4.88% Cu** and including **0.5m @ 9.7 g/t Au, 34.8 g/t Ag, 8.29% Cu**.

The initial results from Japanese Tunnel are very encouraging have confirmed exploration potential to extend the mineralization to the northeast, towards the next epithermal breccia-lode outcrop 60m distant that produced a peak assay of **3.79 g/t Au**, and to the southwest, where mapping has determined that the structure potentially continues at least 700m before it is covered by a veneer of post-mineralisation limestone. The next appearance of epithermal quartz in this direction is 1.5 km to the southwest at Signal, where previous rockchip samples of sub-cropping epithermal quartz-barite lode graded up to **72.6 g/t Au**.

Following compilation of results further drilling at Japanese Tunnel will focus on extending the mineralization and defining a maiden resource.



Japanese Tunnel Cross Section through LB-82 (PDH-1 above)

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Directors' Report

Surface mapping and trenching also discovered a new high-grade epithermal gold vein at the Lobo project, approximately 1 kilometre southeast of SWB. A continuous 19m surface channel of 1m spaced samples along the strike of an exposed epithermal quartz-barite vein produced an intersection of **19m @ 9.77 g/t gold** including **7m @ 23.58 g/t gold** and including **0.8m @ 94.78 g/t gold**.

The vein is at the western end of an extensive zone of anomalous gold soil geochemistry at Ulupong-Sawahan that extends for more than two kilometres in a northeast-southwest direction, sub parallel to the South West Breccia and West Drift epithermal gold vein systems. Further sampling is in progress along the trend and includes results of **6.63 g/t Au and 67.4 g/t Ag** from sub-cropping quartz-sulphide boulders in the Bigaan-Ulupong area, which is located approximately 800m along strike to the northeast of the original high grade trench.



Recent Trenching at Ulupong Prospect, Chief Geologist, Ed Manuel on left

The Philippines based exploration team continues to identify new epithermal vein discoveries that are being mapped and sampled with the objective of defining new drilling targets. New areas of sampling include the Calumpang, Camo and Far Northeast prospects, all of which are characterised by higher silver grades, indicative of being higher in the geological system above a preserved gold shoot at shallow depth.

Drilling of the high-grade gold targets will continue with the objective of increasing the Batangas Mineral Resource base.

Based on the current resource, and the anticipated resource increase, the Company plans to complete a scoping study into project processing alternatives and associated capital and operating costs of mining and processing approximately 550,000 tonnes of open pitable gold resource material and producing up to 30,000 ounces of gold per annum for 10

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Directors' Report

years. If the outcomes of the scoping study are sufficiently positive, the Company will aim to complete project permitting and a definitive feasibility study during 2014.

COPPER-GOLD EXPLORATION

The Company has a large portfolio of copper-gold porphyry targets on its Batangas and Tapian San-Francisco properties. Red Mountain Mining's strategy is to identify joint venture partners to fund and progress testing of the copper-gold targets on these properties.

SUSTAINABLE DEVELOPMENT IN THE PHILIPPINES

The Company is committed to safe and sustainable operations and maintaining its social and environmental "licence to operate" among the communities that surround its operations.

A board level Sustainability Committee has been established, that receives reports from the Philippines based Health, Safety, Social and Environment Committee. The Company's safety, social and environment track record has been a strong focus. Since the establishment of this committee in February 2013, there have been no lost time or serious medically treated injuries or environmental incidences on site.

The Company recognises that any successful exploration and development venture must have the support of the local community. We encourage communities to become active partners in the development of the mineral resources found in their areas. The Company employs 54 Filipino employees, including 32 from the local Batangas-Lobo area. Many of these employees are involved, through our Philippines subsidiary MRL Gold Inc., in the Company's well established social, community development and environmental programs that provide significant benefits to the local community through programs such as:

i) Community Development Programs:

- Health and education infrastructure such as health clinics, day care centres.
- Livelihood Program – for example fruit selling stalls.
- Computer Literacy Program – mobile education computers supplied by Company.

ii) Environmental and Sustainable Development Programs:

- National Greening Program, extensive tree planting in local government areas.
- Landscaping for community parks and gardens.
- Agricultural assistance for example supplying fruit and vegetable seedlings, "hog-raising" project.
- Ongoing rehabilitation of drilling and other exploration areas with community assistance.

Red Mountain Mining Ltd and its controlled entities

Directors' Report



Bignay (near Pica) Primary School children planting seedlings provided by the Company



Monitoring of rehabilitated forest area, Lobo

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Safety Training for local Employees

EXPLORATION AND DEVELOPMENT PROGRAMS FOR 2013 – 2014

The Company has commenced a drilling program designed to test near surface, high-grade Exploration Targets, initially at Japanese Tunnel and Pica on the Lobo project.

The drilling program is expected to be completed in two stages, with the initial stage confirming the thickness and grade of the previously drilled and/or trench channel sampled gold mineralisation then a second stage of extension and infill drilling with the objective of increasing and upgrading Mineral Resources at Lobo and on the Batangas project as a whole.

Trenching and soil sampling will be continued in new prospect areas throughout the Batangas project, including at Archangel, with the objective of defining further drilling targets for future resource growth.

In addition, the Company plans to complete a Scoping Study to demonstrate the viability of a gold mining project. Based on the current resource, and the anticipated mineral resource additions, the Scoping Study will examine project processing alternatives and associated capital and operating costs of mining and processing approximately 550,000 tonnes of open pitable gold resource material and producing approximately up to 30,000 ounces of gold per annum for over 10 years. If the outcomes of the scoping study are sufficiently positive, the Company will aim to complete project permitting and a definitive feasibility study during 2014.

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Directors' Report

Corporate

A summary of consolidated revenues and results is set out below:

	2013 \$	2012 \$
Revenue	141,874	174,499
Loss before income tax expense	(4,171,402)	(5,178,481)
Income tax expense	(78,228)	-
Loss attributable to members of Red Mountain Mining Ltd	(4,249,630)	(5,178,481)

Financial Position

During the financial year the Group had a net increase in contributed equity of \$15,255,429 (2012: \$7,518,000) net of share issue costs as a result of the issue of 100,000,000 ordinary shares at 14 cents each for the acquisition of the Batangas and Tapian San Francisco projects and capital raising issuing a total of 63,512,000 fully paid ordinary shares with 5,325,000 issued on 1 July 2013.

At the end of the financial year the Group had net cash balances of \$991,235 (2012: \$4,380,150) and net assets of \$16,963,019 (2012: \$4,276,270).

Total liabilities (being trade and other creditors and provisions) amounted to \$982,164 (2012: \$280,035).

Commentary

Matters subsequent to the end of the financial year

On 1 July 2013, the Company announced the issue of the shortfall securities pursuant to the pro-rate renounceable rights issue.

On 11 July 2013, Mr Keith Rowe, Non-Executive Director, of the Company resigned.

On 16 July 2013, the Company announced a drilling program to confirm high grade, at surface, exploration targets at the Lobo prospect, Batangas gold project in the Philippines.

On 1 August 2013, the Company announced the commencement of the drilling program at the Lobo project in the Philippines.

On 14 August 2013, the Company completed its pro rata renounceable rights issue, raising an additional \$2.2 million (after costs) from the oversubscribed shortfall placement. The funds raised have and are to be used by the Company to conduct its current drilling program, testing defined, epithermal gold exploration targets on its Lobo prospect at Batangas gold project in the Philippines, and to complete a scoping study to demonstrate the viability of a gold mining project at Batangas.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Information on directors

Neil Warburton Assoc MinEng WASM, MAUSIMM, FAICD

Non-executive Chairman (appointed Executive Chairman 3 April 2013, appointed Non-executive Chairman 1 May 2013)

Neil Warburton has worked within the Mining Industry throughout his entire career in roles ranging from corporate non executive directorships to managing large mining and contracting companies. This experience covers gold and base metal mining.

Neil was until March 2012, the Chief Executive Officer of Barminto Limited, one of Australia's largest underground mining contractors. Neil successfully guided and grew the company both within Australia and Africa with revenues having more than doubled during his tenure.

Before joining Barminto, he was Managing Director of Coolgardie Gold. Neil is also a non-executive director of Australian Mines Limited, Peninsula Energy Ltd and Sirius Resources Ltd, all companies listed on the ASX.

Neil graduated from the Western Australia School of Mines with an Associate Degree in Mining Engineering, is a Fellow of the Australian Institute of Company Directors and Member of the Australian Institute of Mining and Metallurgy.

Neil is a member of the Audit and Risk Committee, Nomination and Remuneration Committee and Sustainability Committee.

Jon Dugdale BSc (Hons 1), FAUSIMM, MAICD

Managing Director (appointed Executive Director 30 October 2012, appointed Managing Director 1 April 2013)

Jon was appointed as Managing Director effective 1 April 2013 after having joined the Board on 30 October 2012 as an Executive Director. The transition to Managing Director was part of the acquisition of the gold and copper gold assets from Mindoro Resources Ltd, where he was former President and CEO.

Jon graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 27 years mining and investment experience in Australia and the Asian region. Before Mindoro, Jon spent four years with Asian Lion,

Red Mountain Mining Ltd and its controlled entities

Directors' Report

part of the Lion Selection Group, as an investment manager and analyst focussed on valuation and investment in mining projects in the Asian region.

With MPI Mines from 1993 to 2004, Jon was involved with the exploration and development of several discoveries made by the MPI exploration team, including direct involvement in the 1 million ounce Golden Gift discovery at Stawell, Victoria for which he jointly received the Joe Harmes Medal for excellence in mineral exploration and contributions to the discovery of ore deposits.

Jon's early career from 1986 to 1993 was with Western Mining Corporation in gold and nickel exploration and mine geology at Kambalda and Leinster in WA and in far north Queensland.

Jon is a member of the Sustainability Committee.

Michael Wolley BE, MM, MAICD

Non-executive Director

Michael is a senior executive with Todd Corporation and has a depth of experience in the resources and industrial sectors in both Australia and internationally.

Michael was recently Managing Director of a junior gold development business, Golden Iron Resources, and prior to that was Chief Operating Officer for Lynas Corporation, an ASX 100 company that is a vertically integrated mining and minerals business with mining and processing facilities in Western Australia and downstream processing in Malaysia. Prior to Lynas Corporation, Michael held senior executive roles with industrial and construction services businesses across Asia Pacific including the position of Managing Director Asia Pacific for a refrigeration and climate control business and as President BlueScope Steel China. Prior to joining BlueScope Steel Michael was General Manager Operations for Dexion, a business servicing the logistics industry across Asia Pacific. He began his career with Mobil Oil Australia and over a 15 year period held senior roles in engineering, production and planning across Australia and New Zealand.

Michael holds a first class honours degree in Chemical and Materials Engineering from Auckland University and a Masters of Management from Macquarie Graduate School of Management. Michael is a Member of the Australian Institute of Company Directors.

Michael is a member of the Audit and Risk Committee and Nomination and Remuneration Committee.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Keith Rowe B App Sci (Pt), Grad Dip (Mt), MAICD

Non-executive Director (transitioned from Executive Director to Non-executive director 21 January 2013, resigned 11 July 2013)

Keith Rowe has over 20 years' experience in the mining industry throughout Australia as a Consultant to mining operations in the development, delivery and management of occupational health and safety systems. Prior to accepting the executive role at Red Mountain Mining Ltd he was Senior Safety Advisor to Ausdrill Ltd.

Keith is a founding 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.

Keith 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.

Keith was a member of the Audit and Risk Committee, Nomination and Remuneration Committee and Sustainability Committee.

Shannon Coates LLB, ACS, GAICD

Company Secretary

Ms Coates completed a Bachelor of Laws through Murdoch University in 1993 and has since gained over 18 years in-house experience in corporate law and compliance for public companies. She is a Chartered Secretary and an Associate Member of both the Institute of Chartered Secretaries & Administrators and Chartered Secretaries Australia. She is also a member of the Australian Institute of Company Directors.

Ms Coates is currently employed as General Manager Corporate with Evolution Capital Partners, a company providing corporate advisory services and is also company secretary to a number of ASX, JSE and AIM listed companies.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Neil Warburton	Australian Mines Ltd	April 2003 to date
	Peninsula Energy Ltd	February 2013 to date
	Sirius Resources Ltd	August 2013 to date
Jon Dugdale	Mindoro Resources Ltd	January 2010 to December 2012
Michael Wolley	Forge Resources Ltd	June 2012 to date
	Wolf Minerals Ltd	June 2013 to date

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Directors' interests in shares and options

As at the date of this report the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Neil Warburton	125,000	14,334,423 ¹	75,000 ²	13,266,426 ³
Jon Dugdale	-	1,100,000 ⁴	-	112,500 ⁵
Michael Wolley	-	-	-	-

1. Comprising 4,565,625 shares held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 7,218,798 shares held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; 1,925,000 held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust and 625,000 held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Warburton is a director and shareholder.

2. Comprising 75,000 Options exercisable at \$0.20 expiring on 30 June 2014.

3. Comprising 3,399,375 Options exercisable at \$0.20 expiring on 30 June 2014 held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 375,000 Options exercisable at \$0.20 expiring on 30 June 2014 held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Warburton is a director and shareholder; 2,807,201 Options exercisable at \$0.015 expiring on 30 June 2014 and 6,403,600 Options exercisable at \$0.03 expiring on 30 June 2016 held indirectly by Michlange Pty Ltd as trustee for the NF Warburton Family A/C of which Mr Warburton is a director and shareholder and beneficiary of the trust; 187,500 Options exercisable at \$0.015 expiring on 30 June 2014 and 93,750 Options exercisable at \$0.03 expiring on 30 June 2016 held indirectly by Michlange Pty Ltd as trustee for the Warburton Super A/C of which Mr Warburton is a director and shareholder and beneficiary of the fund.

4. Comprising of 1,100,000 shares held indirectly by LJ and Dr AL Dugdale as trustee for the Dugdale Superannuation Fund a/c, of which Mr Dugdale is a beneficiary.

5. Comprising of 75,000 Options exercisable at \$0.015 expiring 30 June 2014 and 37,500 Options exercisable at \$0.03 expiring on 30 June 2016 held indirectly by LJ and Dr AL Dugdale as trustee for the Dugdale Superannuation Fund a/c, of which Mr Dugdale is a beneficiary.

Directors' Remuneration

Please refer to the Remuneration Report on page 29 to 37 for information relating to the Directors' remuneration for the financial year.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Meetings of directors

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Audit and Risk Committee		Remuneration Committee		Sustainability Committee*	
	A	B	A	B	A	B	A	B
Neil Warburton	14	15	2	2	-	-	-	-
Jon Dugdale	10	10	1	1	-	-	-	-
Keith Rowe	15	15	6	6	1	1	-	-
Michael Wolley	14	15	6	6	1	1	-	-

A - denotes the number of meetings attended

B - denotes the number of meetings held during the time the Director held office or was a member of the Committee during the year.

* Sustainability Committee was established 21 January 2013 with Keith Rowe and Jon Dugdale as members. Following Keith Rowe's resignation, Neil Warburton was appointed to the Sustainability Committee on 15 July 2013.

Shares and options on issue

At the date of this report, the Company has 477,567,015 fully paid ordinary shares on issue, of which 100,000,000 shares are escrowed to 30 October 2013.

The following options over ordinary shares and performance shares in the Company were on issue at the date of this report:

Type	Date of Expiry	Exercise Price AUD	Number
Listed Options	30 June 2014	\$0.015	30,162,495
Listed Options	30 June 2016	\$0.03	42,581,241
Unlisted Options	30 June 2014	\$0.20	27,728,125
Unlisted Options	12 September 2013	\$0.20	1,718,433
Unlisted Options	12 September 2016	\$0.20	15,000,000
Performance Shares	30 October 2013		50,000,000 ¹

1. 50,000,000 fully paid ordinary shares escrowed to 30 October 2013 and either cancelled or released from escrow upon successful completion of milestones.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

During the financial year, 100,000,000 ordinary shares at a deemed issue price of \$0.14 each and 50,000,000 performance shares were issued for the acquisition of the Batangas and Tapani San Francisco projects and a total of 63,512,000 fully paid ordinary shares were issued in capital raisings with 5,325,000 issued on 1 July 2013.

During the financial year, the following options were issued:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014 and 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016 were issued to Neil Warburton;
- 15,000,000 unlisted options exercisable at \$0.20 per share expiring on 15 September 2016 were issued to consultants as part of the acquisition of the Batangas and Tapani San Francisco projects;
- a total of 1,000,000 unlisted options exercisable at \$0.20 per share expiring on 30 October 2017 were issued to the employees under the employee share scheme;
- for capital raising, 27,499,995 unlisted options exercisable at \$0.015 per share expiring on 30 June 2014 and 41,249,991 unlisted options exercisable at \$0.003 per share expiring on 30 June 2016 were issued.

During the financial year, the following options were cancelled:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016;
- 4,420,458 unlisted options exercisable at \$0.25 per share expiring on 31 July 2014;
- 4,420,458 unlisted options exercisable at \$0.35 per share expiring on 31 July 2016;
- 1,000,000 unlisted options exercisable at \$0.20 per share expiring on 30 October 2017.

Share-based payments

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a binomial option pricing model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset. Options granted during the year as share-based payments are detailed in the table below:

No. of options	Grant date	Expiry date	Fair Value per option (\$)	Underlying Security spot price (\$)	Exercise price (\$)	Option life (year)	Expected volatility	Expected Dividends	Risk-free interest rate
2,000,000 ¹	05/09/2012	01/7/2014	0.023	0.105	0.25	1.82	85%	Nil	2.65%
2,000,000 ¹	05/09/2012	01/7/2016	0.031	0.105	0.50	3.82	85%	Nil	2.43%
250,000	01/09/2011	30/6/2014	0.0448	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0482	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0520	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0551	0.089	0.20	5.00	100%	Nil	2.72%
10,000,000	01/09/2011	30/6/2014	0.0491	0.089	0.20	3.88	100%	Nil	2.59%
5,000,000	01/09/2011	30/6/2014	0.0491	0.089	0.20	3.88	100%	Nil	2.59%

¹ Options were cancelled 31/5/2013.

Dividends

No dividends were paid to members during the financial period and the Directors do not recommend the payment of a dividend.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

The Directors of Red Mountain Mining present the Remuneration Report which has been audited as required by section 308 (3C) of the *Corporations Act 2001*. Information regarding the remuneration of key management personnel ("KMP") is required by *Corporations Regulations 2M.3.03*. KMP are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

The Remuneration Report covers the following matters:

- a. Directors and KMP disclosed
- b. Remuneration governance
- c. Principles used to determine the nature and amount of remuneration
- d. Executive service agreements
- e. Details of remuneration
- f. Share-based remuneration
- g. Other information.

(a) Directors and KMP disclosed

KMP include the following Non-executive Directors, Executive Directors, and Senior Executives who were in office during or since the end of financial year 2013:

(i) Non-Executive Directors

Neil Warburton	Non-executive Chairman (transitioned from Executive Chairman to Non-executive Chairman 1 May 2013)
Michael Wolley	Non-executive Director
Keith Rowe	Non-executive Director (<i>transitioned from Executive Director to Non-executive Director on 21 January 2013, resigned 11 July 2013</i>)

(ii) Executive Directors

Jon Dugdale	Managing Director (<i>appointed Executive Director 30 October 2012, transitioned to Managing Director 1 April 2013</i>)
Keith Rowe	Executive Director (<i>transitioned from Executive Director to Non-executive Director on 21 January 2013, resigned 11 July 2013</i>)

(iii) Key Management Personnel

Geoff Boswell	Country Manager – MRL Gold Inc – Philippines (<i>appointed 4 February 2013</i>)
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Red Mountain Mining Ltd and its controlled entities

Directors' Report

(b) Remuneration governance

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching remuneration framework
- operation of the incentive plans which apply to the Executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other KMP, and
- Non-executive Directors fees

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

The members of the Committee, consisting of only Non-Executive Directors for the 2013 financial year are:

- ❖ Keith Rowe (resigned 11 July 2013); and
- ❖ Michael Wolley

The Nomination and Remuneration and Nomination Committee is governed by its Charter, which was developed in line with ASX Corporate Governance Principles and Recommendations. Full details of the roles and responsibilities of the Nomination and Remuneration Committee are detailed in the Corporate Governance Statement of this Annual Report and can be accessed on the Company's website.

(b) **Principles used to determine the nature and amount of remuneration**

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- motivating senior executives to pursue the long-term growth and success of the Group; and
- demonstrating a clear relationship between senior executives' performance and remuneration.
- attracting and retaining senior executives and Directors; and
- not paying excessive remuneration.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Red Mountain Mining has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group. The remuneration packages are reviewed annually by the Nomination and Remuneration Committee and evaluation is based on specific criteria including business performance of the Company and its subsidiaries, whether company objectives are being achieved and the development of management and personnel. The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Short term incentives, being employee share schemes and bonuses.

Executive Directors' remuneration has been structured to reflect short and long-term performance objectives appropriate to the Group's circumstances and company objectives.

Executive Directors' and senior executives' remuneration packages involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Group's circumstances and strategic objectives.

Non-executive Directors' remuneration has been formulated with regard to the following guidelines:

- Non-executive Directors will be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives.
- Non-executive Directors will not be provided with retirement benefits other than superannuation.
- No Director is involved in setting their own remuneration or terms and conditions and in such a case relevant Directors are required to be absent from the full Board discussion.
- Non-executive Directors do not have other responsibilities incurring fees beyond the director fees.
- The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting is currently set at \$500,000.

Use of remuneration consultants

During the year, the Company paid \$23,274 to Squire Sanders for remuneration consulting services (2012: Nil) regarding service contracts key management personnel. To ensure that the remuneration recommendations were free from undue influence Squire Sanders was engaged by, and reported directly to the remuneration committee. The agreement for the provision of remuneration consulting services was executed by the committee on behalf of the board. Furthermore the report containing the remuneration recommendations was provided by Squire Sanders directly to the remuneration committee.

Voting and comments made at the Company's 2012 Annual General Meeting ("AGM")

At the 2012 AGM, 87.59% of votes received supported the adoption of the remuneration report for the year ended 30 June 2012. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2013	2012	2011	2010	2009
EPS (cents)	(2.80)	(7.15)	(5.18)	(1.59)	(0.76)
Dividends (cents per share)	-	-	-	-	-
Net profit/loss	(4,249,630)	(5,178,481)	(1,617,692)	(628,165)	(282,629)

Company performance and link to remuneration

During the year, the Company issued 4,000,000 options to Neil Warburton as performance based remuneration for the period ending 30 June 2013 (2012: nil). These options were subsequently cancelled during the year. Details are as follows:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016.

(d) Executive service agreements

Name*	Base Salary	Term of agreement	Notice period
Neil Warburton <i>(resigned as Executive Chairman and appointed Non-Executive Chairman 1 May 2013)</i>	- Acting CEO \$300,000 plus statutory super per annum - Non-executive Director \$90,000 (\$72,000 reduced)	Full time. Remuneration to be reviewed on the date 12 month from commencement date and every 12 months after. 2,000,000 options at exercise price 25 cents per share and 2,000,000 options at exercise price 50 cents per share. Effective 1 May 2013.	2 months

Red Mountain Mining Ltd and its controlled entities

Directors' Report

(d) Executive service agreements (continued)

Name*	Base Salary	Term of agreement	Notice period
Jon Dugdale <i>(appointed Executive Director on 30 October 2012, transitioned to Managing Director 1 April 2013)</i>	- \$300,000 (\$240,000 reduced) plus statutory super per annum	Part-time – effective 18 December 2012 through 31 March 2013. Full-time – effective 1 April 2013 through 31 May 2013. Full-time – 20% salary reduction – effective 1 June 2013. Remuneration to be reviewed on the date 12 month from commencement date and every 12 months after. 4,000,000 options over 3 tranches expiring 22 January 2017 (cancelled 31 May 2013).	3 months
Keith Rowe <i>(transitioned from Executive to Non-executive Director on 21 January 2013, resigned 11 July 2013)</i>	- Managing Director \$218,000 statutory super inclusive per annum - Non-executive Director \$45,000 (\$38,400 reduced)	Full time - Remuneration to be reviewed on the 30 th June each year. Effective 21 January 2013.	2 months
Geoff Boswell <i>(Appointed 4 February 2013)</i>	- Country Manager - Philippines Operations	Full time - \$120,000 USD per annum plus Superannuation (Philippines equivalency of superannuation) .	3 month

* On 20 May 2013, the Nomination and Remuneration Committee proposed, and the Board approved, a 20% reduction in salaries/fees effective from 1 June 2013 for all directors and senior executives.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

(e) Details of remuneration

Director and other KMP Remuneration

Details of the nature and amount of each element of the remuneration of each KMP of Red Mountain Mining are shown in the table below:

Name	Year	Short term benefits	Superan- -uation	Other benefits	Share-based payments	Total (\$)	% of Remuneration which is	
		Cash salary and fees (\$) (i)			Options (\$)		Options	Performance based
Executive Director								
N Warburton	2013	308,885	26,510	-	108,000	443,395	24.4	24.4
N Warburton	2012	84,231	4,881	-	140,638	229,750	61.2	61.2
J Dugdale	2013	150,914	13,582	-	-	164,496	-	-
J Dugdale	2012	-	-	-	-	-	-	-
K Rowe	2013	135,430	10,113	-	-	145,543	-	-
K Rowe	2012	133,333	48,334	-	210,953	392,620	53.7	53.7
Non-Executive Directors								
M Wolley	2013	39,067	3,516	-	-	42,583	-	-
M Wolley	2012	45,872	4,128	-	182,000	232,000	78.4	78.4
B Zhou	2013	-	-	-	-	-	-	-
B Zhou	2012	30,000	-	-	105,477	135,477	77.7	77.7
Other Key Management Personnel								
G Boswell	2013	48,445	212	-	-	48,657	-	-
G Boswell	2012	-	-	-	-	-	-	-
A Richards	2013	-	-	-	-	-	-	-
A Richards	2012	144,500	-	-	-	144,500	-	-
Total	2013	682,741	53,933	-	108,000	844,674	12.79	12.79
Total	2012	437,936	57,343	-	639,068	1,134,347	56.34	56.34

Red Mountain Mining Ltd and its controlled entities

Directors' Report

(e) Details of remuneration (continued)

- * Neil Warburton became Executive Chairman and Acting CEO on 3 April 2012.
- * Michael Wolley stepped down as Non-executive Chairman and remained on the Board as Non-executive Director from 3 April 2012.
- * Jon Dugdale was appointed Executive Director on 30 October 2012, and subsequently, Managing Director on 1 April 2013.
- * Keith Rowe stepped down as Executive Director 21 January 2013, remaining on the Board as Non-executive Director until his resignation from the Board on 11 July 2013.
- * Bo Zhou resigned as Non-executive Director on 3 April 2012.
- * Andrew Richards stepped down as CEO on 3 April 2012.
- * In addition to the above listed options, Neil Warburton was granted 4,000,000 options on 5 September 2012, these were subsequently cancelled during the year.
- * Geoff Boswell was appointed Country Manager of MRL Gold Inc on 4 February 2013.

(i) Includes Early Termination Payment (ETP) as per the following table:

Terms

Neil Warburton	\$50,000	Payment based on 2 months fees less 1 year service fee and tax free limit
Keith Rowe	\$29,033	Payment based on 1.74 months wages.

Options issued in lieu of remuneration packages as of 30 June 2013. The details of options are described below.

(f) Share-based remuneration

Details of options over ordinary shares in the Company held during the financial year by each KMP, including their personally related parties, are set out below.

2013 Name	Number granted	Grant date	Value per option at grant date (\$)	Number vested	Number lapsed/ cancelled	Exercise price (\$)	First exercise date	Last exercise date
Neil Warburton	-	21/11/2011	0.083	-	(772,722)	0.25	21/12/2011	31/07/2014
Neil Warburton	-	21/11/2011	0.099	-	(772,722)	0.35	21/12/2011	31/07/2016
Neil Warburton	2,000,000	05/09/2012	0.023	2,000,000	(2,000,000)	0.25	Subject to vesting conditions ¹	01/07/2014
Neil Warburton	2,000,000	05/09/2012	0.031	2,000,000	(2,000,000)	0.50	03/04/2016 ²	01/07/2016
Keith Rowe ³	-	21/11/2011	0.083	-	(1,159,084)	0.25	21/12/2011	31/07/2014
Keith Rowe	-	21/11/2011	0.099	-	(1,159,084)	0.35	21/12/2011	31/07/2016
Michael Wolley	-	21/11/2011	0.083	-	(1,000,000)	0.25	21/12/2011	31/07/2014
Michael Wolley	-	21/11/2011	0.099	-	(1,000,000)	0.35	21/12/2011	31/07/2016
Bo Zhou	-	21/11/2011	0.083	-	(579,542)	0.25	21/12/2011	31/07/2014
Bo Zhou	-	21/11/2011	0.099	-	(579,542)	0.35	21/12/2011	31/07/2016

Red Mountain Mining Ltd and its controlled entities

Directors' Report

2012 Name	Number granted	Grant date	Value per option at grant date (\$)	Number vested	Number lapsed/ cancelled	Exercise price (\$)	First exercise date	Last exercise date
Neil Warburton	772,722	21/11/2011	0.083	772,722	-	0.25	21/12/2011	31/07/2014
Neil Warburton	772,722	21/11/2011	0.099	772,722	-	0.35	21/12/2011	31/07/2016
Neil Warburton	2,000,000	05/09/2012	0.023	2,000,000	-	0.25	Subject to vesting conditions ¹	01/07/2014
Neil Warburton	2,000,000	05/09/2012	0.031	2,000,000	-	0.50	03/04/2016	01/07/2016
Keith Rowe	1,159,084	21/11/2011	0.083	1,159,084	-	0.25	21/12/2011	31/07/2014
Keith Rowe	1,159,084	21/11/2011	0.099	1,159,084	-	0.35	21/12/2011	31/07/2016
Michael Wolley	1,000,000	21/11/2011	0.083	1,000,000	-	0.25	21/12/2011	31/07/2014
Michael Wolley	1,000,000	21/11/2011	0.099	1,000,000	-	0.35	21/12/2011	31/07/2016
Bo Zhou	579,542	21/11/2011	0.083	579,542	-	0.25	21/12/2011	31/07/2014
Bo Zhou	579,542	21/11/2011	0.099	579,542	-	0.35	21/12/2011	31/07/2016

¹ The Options will vest if and when the trading price of the Company's shares is 20 cents or greater (on a pre-consolidation basis) or at or above an equivalent post-consolidation price for more than 30 consecutive trading days on which the shares in the Company trade.

² The Options will vest on Mr Neil Warburton completing 4 years continuous service as a Director or Chief Executive Officer of the Company from his commencement date of 3 April 2012.

³ Stepped down as Managing Director to Non-executive Director 21 January 2013, resigned from board 11 July 2013.

Options granted during the year

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitable valued using a binomial option pricing model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed below.

No. of options*	Grant date	Vesting date	Expiry/ Cancel- lation date	Fair Value per option (\$)	Underlying Security spot price (\$)	Exercise price (\$)	Option life (year)	Expected volatility	Expected Dividends	Risk-free interest rate
2,000,000	05/09/2012	Subject to vesting conditions ¹	13/05/2013	0.023	0.105	0.25	1.82	85%	Nil	2.65%
2,000,000	05/09/2012	03/04/2016	13/05/2013	0.031	0.105	0.50	3.82	85%	Nil	2.43%

¹ The options will vest if and when the trading price of the Company's shares is 20 cents or greater (on a pre-consolidation basis) or at or above an equivalent post-consolidation price for more than 30 consecutive trading days on which the shares in the Company trade.

* These options were provided to Mr N Warburton in lieu of remuneration for the period ending 30 June 2013 and were subsequently cancelled 31 May 2013.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Equity instrument disclosures relating to key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each Director of Red Mountain Mining and other KMP of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Red Mountain Mining Ltd				
N F Warburton	7,015,625	-	6,879,403	13,895,028
J Dugdale ²	-	-	675,000	675,000
M Wolley	-	-	-	-
K B Rowe ³	5,453,125	-	6,523,153	11,976,278

2012				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Red Mountain Mining Ltd				
N F Warburton	6,290,625	-	725,000	7,015,625
K B Rowe	5,353,125	-	100,000	5,453,125
M Wolley	-	-	-	-
B Zhou	2,418,750	-	(2,418,750) ¹	-

¹ B Zhou still holds the shares. The change merely reflected the fact that B Zhou ceased to be a Non-executive Director.

² Appointed Managing Director 1 April 2013.

³ Stepped down as Executive Director to Non-executive Director 21 January 2013, resigned from board 11 July 2013.

Options

The numbers of options over ordinary shares in the Company held during the financial year by each director of Red Mountain Mining and other KMP of the Group, including their personally related parties, are set out below.

2013							
Name	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors of Red Mountain Mining Ltd							
N F Warburton	6,243,319	4,000,000	-	3,098,107	13,341,426	13,341,426	13,341,426
J Dugdale	-	-	-	112,500	112,500	112,500	112,500
M Wolley	2,000,000	-	-	(2,000,000)	-	-	-
K B Rowe	6,014,903	-	-	6,714,336	12,729,239	12,729,239	12,729,239

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Options (cont'd)

2012 Name	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors of Red Mountain Mining Ltd							
N F Warburton	4,697,875	1,545,444	-	-	6,243,319	6,243,319	6,243,319
K B Rowe	3,696,735	2,318,168	-	-	6,014,903	6,014,903	6,014,903
M Wolley	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
B Zhou	1,936,110	1,159,084	-	-	3,095,194	3,095,194	3,095,194

4,000,000 options were provided to Mr N Warburton for the period ending 30 June 2013. These options were subsequently cancelled during the year. Details are as follows:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016.

(g) Other information

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director share plan.

END OF REMUNERATION REPORT

Environmental regulations

The operations of the Group are not subject to any particular and significant environmental regulations under a law of the Commonwealth or state. There have been no known significant breaches of any other environmental requirement.

The National Greenhouse and Energy Reporting Act (NGER) legislation was considered and not determined to be applicable to the entity at the current stage.

Indemnities given and insurance premiums paid to officers and auditors

During the year, Red Mountain Mining paid a premium of \$19,272 to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the prior financial year, the auditor has provided the Investigating Accounting Report for the Prospectus. The details of amount paid to the auditor for non-audit services is outlined in note 17.

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations ACT 2001*.

The Directors are of the opinion that the services disclosed below do not compromise the external auditor's independence, based on the following reasons:

- The non-audit service has been approved to ensure it does not impact the integrity and objectivity of the auditor.
- This service does not undermine the general principles relating to auditor independence.

During the year the following services were paid or payable to the auditors of the Group, its related entities and non-related audit firms:

Non-audit services

- BDO Corporate Tax - compliance	5,355
- BDO Corporate Finance – corporate assessments	1,530
- Other	-
	6,885

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39.

This report is made in accordance with a resolution of the Directors.



Neil Warburton
Non-executive Chairman

Perth, Western Australia
20 September 2013

20 September 2013

The Board of Directors
Red Mountain Mining Limited
Unit 1, 2 Richardson Street
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
RED MOUNTAIN MINING LIMITED

As lead auditor of Red Mountain Mining Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Red Mountain Mining Limited and the entities it controlled during the period.



CHRIS BURTON
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Red Mountain and its controlled entities (“the Group”) have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review and performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.

The Board recognises the need for the Group to operate with the highest standards of behaviour and accountability. The aim of the Corporate Governance Statement is to ensure that the Group is effectively directed and managed, that risks are identified, monitored and assessed and that appropriate disclosures are made.

Subject to the exceptions outlined below the Group has adopted the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations with 2010 Amendments” (ASX Principles) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Further information on the Group’s corporate governance policies and practices can be found on Red Mountain Mining Limited’s website at <http://www.redmm.com.au>

Corporate Governance Statement

	ASX Corporate Governance Principle	Company Comments
1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board has adopted a Corporate Governance Statement (set out on the company's website) which discloses the specific responsibilities of the Board and provides that the Managing Director is responsible for running the affairs of the Company under delegated authority from the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Chairperson and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	During the reporting year, the Company held an annual Board review. The Corporate Governance Statement which is available on the Company's website discloses the specific responsibility of the Board. The Corporate Governance Statement also specifically outlines the role of the Company's Chairperson and Company Secretary as well as the Board Charter.
2	Structure the board to add value	
2.1	A majority of the Board should be independent.	Currently the Board is comprised of only one independent Director, Michael Wolley. The Chairman, Mr Neil Warburton, is not considered independent as he held an executive role from 3 April 2012 to 1 May 2013. Managing Director, Mr Jon Dugdale, is not considered independent as a result of his current executive role. Notwithstanding that the current composition of the Board does not meet the requirements of ASX Principle 2, the Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The Board has formed the view that the individuals on the Board can, and do make quality judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

Corporate Governance Statement

2.2	The Chair should be an independent Director	The current Chair is Mr Neil Warburton, who is not considered independent as, while he is currently non-executive, he held an executive role from 3 April 2012 to 1 May 2013. Notwithstanding he is not considered independent, Mr Warburton is considered suitable to the position as he has considerable experience and is well qualified for the position. The Board believes Mr Warburton is able to and does bring impartial judgment to all relevant issues falling within the scope of Chair.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	The Company currently complies with this recommendation as the current Chair is Mr Neil Warburton, while Mr Jon Dugdale is the Company's Managing Director. From 3 April 2012 to 1 May 2013, Mr Warburton was both the Company's Chairman and Acting Chief Executive Officer. This was an interim position the Board considered necessary to guide the Company through its acquisition of interests in the Batangas gold project in the Philippines. Mr Warburton became Non-executive Chairman on 1 May 2013, stepping down as Acting CEO from the date of appointment of Mr Jon Dugdale as Managing Director.
2.4	The Board should establish an Nomination Committee. The Nomination Committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members.	The Company's Nomination and Remuneration Committee was established in May 2012. The Company has adopted a formal Nomination and Remuneration Committee Charter, available on the Company's website, which includes information on the Company's approach to selection and appointment of Directors. The Committee undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board. For the duration of the 2013 financial year, the Nomination and Remuneration Committee was comprised of Mr Michael Wolley, as independent chair, and Non-executive Director, Mr Keith Rowe. Following Mr Rowe's resignation in July 2013, Non-executive Chairman Mr Neil Warburton was appointed as a member of the Nomination and Remuneration Committee. The Company has considered the ASX Corporate Governance Council's guidelines in relation to director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. While the structure of the Nomination and Remuneration does not currently meet the requirements of ASX Principle 2, the Company considers the composition is adequate for the Company's current size and operations. This position will be regularly reviewed by the Board.

Corporate Governance Statement

2.5	Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors.	A process has been established to review and evaluate the performance of the Board, individual Directors and senior executives on an annual basis. The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing the performance of the Board and individual Directors over the previous 12 months and examining ways in which the Board can better perform its duties. The Company held an annual Board review during the reporting year. The Managing Director is responsible for assessing the performance of the key executives within the Company. Performance evaluations of senior executives were conducted during the period.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The current Directors have a broad range of qualifications, experience and expertise in the mining operations, industrial and finance industries. A description of the skills and experience of each of the current Directors is contained in the Directors' Report. Given the Company's early stage of development and given the current size and structure of the Board, it has not fully complied with Principle 2 of the ASX Principles. However, it will seek to do so as it develops and the Board grows. To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. The policy for the appointment of new Directors is set out in the Corporate Governance Statement on the Company's website. Directors are appointed for a term of 3 years before rotation by retirement. Directors may seek shareholder approval for a further term.

Corporate Governance Statement

3	Promote ethical and responsible decision making	
3.1	Companies should establish a Code of Conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has adopted a Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment. The Code of Conduct is set out in Appendix A of the Corporate Governance Statement on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy having regard to the suggestions set out in the ASX Principles. Our Diversity Policy covers gender, age, ethnicity and cultural background. It includes a requirement that the Board establish measurable objectives for achieving gender diversity, with progress in achieving these objectives assessed annually by the Nomination and Remuneration Committee. Due to the current nature and scale of Red Mountain's activities, the Board has not established measurable objectives for achieving gender diversity but will review this position on a regular basis going forward.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	The Company has not yet established the measurable objectives for achieving gender diversity however these will be considered by the Board during its current term. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	The table below shows the proportion of women employees in the whole organization, women in senior executive positions and women on the Board: Board: 0% Senior Executive: 0% (However the Company notes that the contracted positions of Financial Controller and Company Secretary are both women). Employees: 0%
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i>.	The Company's Code of Conduct and Diversity Policy are available on the Company's website.

Corporate Governance Statement

4	Safeguard integrity in financial reporting	
4.1	The Board should establish an Audit Committee.	The Company established an Audit and Risk Committee in May 2012. The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial risk management procedures and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee, the external auditors and the management of Red Mountain. The Company has prepared a formal Audit and Risk Committee Charter, available from the Company's website, which promotes an environment consistent with best practice financial reporting and includes information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
4.2	The Audit Committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent Chair, who is not Chair of the Board; and • has at least three members.	For the duration of the financial year, the Audit and Risk Committee was comprised of Mr Michael Wolley, who acted as independent Chair, and Non-executive Director, Mr Keith Rowe. Following Mr Rowe's resignation in July 2013, Non-executive Chairman Mr Neil Warburton was appointed to replace Mr Rowe as a member of the Audit and Risk Committee. The Board has considered the ASX Corporate Governance Council's guidelines in relation to Director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. However, the Directors (other than Mr Warburton) consider that Mr Warburton has considerable relevant experience and is well qualified for the position. The Board believes Mr Warburton is able to and does bring impartial judgment to all relevant issues falling within the scope of Audit and Risk Committee.
4.3	The Audit Committee should have a formal charter.	The Audit and Risk Committee Charter was adopted during the reporting period.
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Directors Report at page 27 contains details of the names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meeting of the Audit and Risk Committee. The Company's Audit and Risk Committee Charter is available on the Company's website.

Corporate Governance Statement

5	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in <i>Guide to reporting on Principle 5</i> .	A summary of this policy is set out in the Company's Corporate Governance statement on the web site.
6	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication is made as appropriate by mail or email.
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company's website will also be used to provide additional relevant information to security holders.
7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has adopted policies for the management of business risks and a summary of these policies is available on the Company's website.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	It is the responsibility of the Chief Executive Officer (or equivalent) to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board. The Board reviews the effectiveness of implementation of the risk management system and internal control system at least annually.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. The Board has received assurance from the Managing Director in accordance with s295A of the Corporations Act.

Corporate Governance Statement

7.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 7</i> .	The Chief Executive Officer (or equivalent) is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.
8	Remunerate fairly and responsibly	
8.1	The Board should establish a Remuneration Committee.	The Company's Nomination and Remuneration Committee was established in May 2012. The Company has adopted a formal Nomination and Remuneration Committee Charter, available on the Company's website.
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Director; and • has at least three members.	For the duration of the 2013 financial year, the Nomination and Remuneration Committee was comprised of Mr Michael Wolley, as independent chair, and Non-executive Director, Mr Keith Rowe. Following Mr Rowe's resignation in July 2013, Non-executive Chairman Mr Neil Warburton was appointed as a member of the Remuneration and Nomination Committee. The Company has considered the ASX Corporate Governance Council's guidelines in relation to director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. While the structure of the Nomination and Remuneration Committee does not currently meet the requirements of ASX Principle 8.2, the Company considers the composition is adequate for the Company's current size and operations. This position will be regularly reviewed by the Board.
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	The Board distinguishes the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives. The Company's Constitution also provides that the remuneration of Non-executive Directors will not be more than the aggregate fixed sum determined by shareholders in general meeting.
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	See page 27 of the Directors Report for membership and meetings of the Nomination and Remuneration Committee during the reporting period. As at the date of this statement, there are no schemes for retirement benefits for Non-executive Directors. The Company prohibits entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

Corporate Governance Statement

In relation to the above, the Directors believe that, notwithstanding the Company's departure from the ASX Principles 2.1, 2.2, 3.2, 3.3, 4.2, 8.2 and 8.4 the Board has implemented suitable practices and procedures with respect to corporate governance, considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company.

Red Mountain Mining Ltd and its controlled entities

FINANCIAL REPORT – 30 JUNE 2013

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This financial report covers the Consolidated Entity consisting of Red Mountain Mining Ltd and its controlled entities.

This financial report is presented in Australian dollars.

Red Mountain Mining Ltd is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Red Mountain Mining Ltd
Unit 1, 2 Richardson Street
West Perth WA 6005

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 20 September 2013. The Company has the power to amend and reissue the financial report.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Revenue from continuing operations	4	141,874	174,499
Professional fees		(205,537)	(159,385)
Consultancy costs		(485,020)	(1,349,719)
Depreciation expense	4	(19,630)	(3,919)
Writeoff of exploration & evaluation	4	(1,616,714)	-
Employee benefits expenses	4	(1,241,054)	(455,345)
Exploration consulting costs		(8,111)	(612,380)
Legal fees		(97,096)	(315,312)
Travelling expenses		(156,680)	(197,872)
Finance cost	4	(259)	(183)
Net foreign exchange gains	4	144,349	55,897
Capital raising costs		(7,619)	(1,144,306)
Share-based payment expenses		(158,025)	(789,068)
Other expenses		(461,880)	(381,388)
Loss before income tax		(4,171,402)	(5,178,481)
Income tax (expense) /benefit	5	(78,228)	-
Net loss for the year		(4,249,630)	(5,178,481)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		786,425	(327)
Other comprehensive income for the year		786,425	(327)
Total comprehensive loss for the year (net of tax)		(3,463,205)	(5,178,808)
Loss attributable to:			
Members of the parent entity		(4,210,932)	(5,178,481)
Non-controlling interest		(38,698)	-
		(4,249,630)	(5,178,481)
Total Comprehensive loss attributable to:			
Members of the parent entity		(3,546,592)	(5,178,808)
Non-controlling interest		83,387	-
		(3,463,205)	(5,178,808)
		Cents	Cents
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	24	(2.80)	(7.15)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2013

	Notes	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	6	991,235	4,380,150
Trade and other receivables	7	166,199	144,784
Total current assets		1,157,434	4,524,934
Non-current assets			
Exploration & evaluation expenditure	8	16,704,816	-
Property, Plant and Equipment	9	82,933	31,371
Total non-current assets		16,787,749	31,371
Total assets		17,945,183	4,556,305
Current liabilities			
Trade and other payables	10	556,222	258,490
Provisions	11	72,505	21,545
Current tax liability	13	78,228	-
Total current liabilities		706,955	280,035
Non-Current liabilities			
Provisions	12	275,209	-
Total non-current liabilities		275,209	-
Total liabilities		982,164	280,035
Net assets		16,963,019	4,276,270
Equity			
Contributed equity	14	26,913,277	11,657,848
Non-controlling interest		83,387	-
Reserves	15 (a)	3,495,398	1,936,533
Accumulated losses	15 (b)	(13,529,043)	(9,318,111)
Total equity		16,963,019	4,276,270

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the financial year ended 30 June 2013

	Note	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Total \$	Non-Controlling interest \$	Total \$
Consolidated Group								
Balance at 1 July 2011		4,139,848	(4,139,630)	(101,412)	149,204	48,010	-	48,010
Loss for the year		-	(5,178,281)	-	-	(5,178,481)	-	(5,178,481)
Other comprehensive loss		-	-	(327)	-	(327)	-	(327)
Total comprehensive loss for the year		-	(5,178,481)	(327)	-	(5,178,808)	-	(5,178,808)
Transactions with owners in their capacity as owners:								
Contribution of equity		7,518,000	-	-	1,889,068	9,407,068	-	9,407,068
Balance at 30 June 2012		11,657,848	(9,318,111)	(101,739)	2,038,272	4,276,270	-	4,276,270
Loss for the year		-	(4,210,932)	-	-	(4,210,932)	(38,698)	(4,249,630)
Other comprehensive income		-	-	664,340	-	664,340	122,085	786,425
Total comprehensive loss for the year		-	(4,210,932)	664,340	-	(3,546,592)	83,387	(3,463,205)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs	14(b)	15,255,429	-	-	-	15,255,429	-	15,255,429
Issue of options to employees and consultants	14(g)	-	-	-	894,525	894,525	-	894,525
Balance at 30 June 2013		26,913,277	(13,529,043)	562,601	2,932,797	16,879,632	83,387	16,963,019

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS for the financial year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Other receipts		62,825	-
Payments to employees and suppliers (inclusive of goods and services tax)		(2,270,718)	(2,941,780)
Payments for exploration		-	(827,913)
Interest received		70,037	160,304
Interest paid		(8)	(183)
Net cash (outflow) from operating activities	23	(2,137,864)	(3,609,572)
Cash flows from investing activities			
Cash received from acquisition	28	182,553	-
Acquisition costs	28	(278,055)	-
Payment for exploration properties		(2,699,884)	-
Payment for property, plant and equipment		(64,166)	(31,069)
Net cash (outflow) from investing activities		(2,859,552)	(31,069)
Cash flows from financing activities			
Proceeds from issue of shares	14	1,614,000	8,000,000
Proceeds from issue of options	14	53,250	10,000
Share issue costs	14	(162,433)	(492,000)
Net cash inflow from financing activities		1,504,817	7,518,000
Net (decrease)/increase in cash held		(3,492,599)	3,877,359
Cash at the beginning of the year		4,380,150	446,894
Effect of exchange rate changes on Cash & Cash equivalents		103,684	55,897
Cash at the end of the year	6	991,235	4,380,150

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

(a) General Information

Red Mountain Mining Limited (“Red Mountain Mining” or the “Company”) is a limited company incorporated in Australia. The address of its registered office is Unit 1, 2 Richardson Street, West Perth, Western Australia.

(b) Statement of Compliance

Red Mountain Mining is a for-profit entity. These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Accounting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements comprise the consolidated financial statements of Red Mountain Mining and its controlled entities (“the Group”).

(c) Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost convention and the accrued basis, as explained in the accounting policies below.

(d) Adoption of New and Revised Accounting Standards

The Company has adopted all the new and revised AIFRSs that are relevant to its operations and effective for the reporting period starting from 1 July 2012.

At the date of authorisation of the financial statements, the Company has not applied the new Standards and Interpretations that were in issue but not yet effective.

(e) Critical accounting judgments and the key sources of estimation uncertainty

In the application of the Group’s accounting policies, management is required to make judgments, estimates and assumptions about carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods. Refer to note 3 for further details.

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2013 and the results of all controlled entities for the financial year then ended. The Company and its controlled entities together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions, balances and unrealised income and expenses on transactions between group companies are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(g) Segment reporting

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses. They are reported in a manner consistent with the internal reporting to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors ("Board").

(h) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised on a time proportionate basis using the effective interest method.

All revenue stated is net of goods and services tax ("GST").

(i) Income tax

The income tax expense for the reporting period is the tax payable on the current financial year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Imputation Credits

Pursuant to AASB 1054, Imputation Credits that will arise from the payment of the amount of the provision for income tax or the receipt of dividends are recognized as receivables at the reporting date. The disclosure of Imputation Credits shall be made separately in respect of any Australian imputation credits. To date, the Imputation Credits for the financial year ended 30 June 2013 is nil.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of profit or loss and other comprehensive income.

(m) Financial instruments

Financial assets and financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets other than financial assets and financial liabilities at fair value through profit or loss. Financial assets and financial liabilities are recognised in the statement of financial position.

Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(1) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Financial Liabilities and equity instruments

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities are non-derivative financial liabilities that are recognized initially at fair value plus any directly attributable transaction costs. Upon initial recognition, they are measured at amortised cost, using the effective interest rate method.

Recognition and derecognition

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Regular purchases and sales of financial assets are recognised on a trade date basis – the date on which the Group commits to purchase or sell the asset. Financial liability is recognised when the Group becomes a party of the contractual provision of the financial instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Upon derecognition of a financial asset, the difference between the asset's carrying value and the sum of consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the contract are discharged or cancelled or expire. Upon derecognition of a financial liability, the difference between the carrying amount of liability derecognized and consideration paid is recognised in profit or loss.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid 30 days end of month. Trade and other payables are carried at amortised cost, using the effective interest method.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(2) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

(r) Foreign currency translation

Both the functional and the presentation currency of Red Mountain Mining Limited is the Australian Dollar.

Transactions in foreign currencies are initially recorded in the functional currency at the rate prevailing at that transaction date. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate of exchange at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Gains and losses arising from this translation policy are recognised in profit or loss.

The functional currency of Red Mountain Mining (Hong Kong) Holdings Ltd is the Hong Kong Dollar. The functional currency of Red Mountain Mining Consulting (Shenyang) Co Ltd is the Chinese Yuan. The functional currency of Red Mounting Mining (Singapore) Pte Ltd is Singapore Dollar. The functional currency of MRL Gold Inc and Egerton Gold Philippines Inc is Philippines Peso.

At the reporting date the assets and liabilities of the overseas subsidiaries are translated into presentation currency of Red Mountain Mining Limited at the rate prevailing at the reporting date and the statement of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the period. Resulting exchange differences are recognised in equity.

(s) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the profit or loss immediately.

(t) Property, plant and equipment

Each class of equipment is carried at cost value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	18.75% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(u) Provisions for employee benefits

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice. The group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions.

The liability or asset recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is a deep market in high-quality corporate bonds, the market rates on those bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Contributions to the defined contribution section of the group's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Operating Lease

A lease that does not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating lease. For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense on a straight-line basis over the lease term.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(w) Mineral exploration, evaluation and development expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest where we have the right of tenure. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to Mine Properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(x) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Share Option Plan (ESOP) in place to provide these benefits to directors, senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model, further details of which are given in Note 22.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Red Mountain Mining Ltd (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(y) Exploration Asset acquisition

On 24 July 2012, the Company signed a binding Share Sale Agreement (“SSA”) with Mindoro Resources Limited (“Mindoro”) to acquire Mindoro’s gold and copper gold assets in the Philippines in consideration for 100,000,000 fully paid ordinary shares and 50,000,000 performance shares (subject to achievement of certain milestones). On 30 October 2012, upon the completion of the acquisition, the Company, via subsidiaries, obtained a 100% interest in the Batangas Project and a 75% interest in the Tapan San Francisco Project. Transfer of certain tenements is subject to further restructure, to be completed within 12 months of closing. See note 28 for details.

(z) Capital risk management

The Group’s objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to fund investment opportunities and develop or secure access to a producing mining asset.

Consistently with others in the industry, the Group monitors capital on the basis of working capital requirements.

During 2013, the Group’s strategy - which was unchanged from 2012 - was to maintain a current account balance sufficient to meet the Group’s day to day expenses with the balance held in term deposits.

	2013 \$	2012 \$
Cash and cash equivalents	991,235	4,380,150
Trade and other receivables	166,199	144,785
Trade and other payables	(556,222)	(258,490)
Provisions	(72,505)	(21,545)
Working capital position	528,707	4,244,900

(aa) Changes in accounting policies

Standards and Interpretations adopted with no effect on consolidated financial statements

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following new and revised Standards and Interpretations have been adopted in these consolidated financial statements. Their adoption has not had significant impact on the amounts and disclosure reported in these consolidated financial statements.

Standards and Interpretations in issue not yet effective

At the date of authorisation of these consolidated financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Their adoption is unlikely to have significant impact on the amounts and disclosure reported in these consolidated financial statements.

Reference and issue date	Title	Summary	Application date of standard	First affected reporting date for Group
AASB 9 AASB 2009-11 Dec-09	Financial Instruments Amendment to Australian Accounting Standards arising from AASB 9	Address the classification and measurement of financial assets.	01-Jan-15	30-Jun-16
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136,137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Adds the requirements for classification and measurement of financial liabilities	01-Jan-13	30-Jun-14
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual KMP Disclosure Requirements [AASB 124]	Deletes the requirement for individual KMP disclosures for disclosing entities which are NOT companies	01-Jul-13	30-Jun-14
AASB 10	Consolidated Financial Statements	Establishes a new control model that applies to all entities Replaces AIS 27 and SIC-12 It broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations Resulting amendments to other standards AASB 2011-7	01-Jan-13	30-Jun-14
AASB 11	Joint Arrangements	Replaces IAS 31 and SIC-13 and uses the principle of control from IFRS 10 to define joint control and therefore the determination as to whether joint control exists. It also removes the options to account for jointly controlled entities via proportionate consolidation basing the accounting on the nature of the rights and obligations arising from the arrangement. If the venturers have right to the net assets (rather than the individual assets and liabilities) then the equity accounting method is applied. Resulting amendments to other standards AASB 2011-7 and changes to AASB 128	01-Jan-13	30-Jun-14
AASB 12	Disclosure of Interests in Other Entities	New disclosures have been included about the judgements made by management to determine whether control exists and to require summarised information about joint arrangements.	01-Jan-13	30-Jun-14
AASB 13	Fair Value Measurement	Establishes a single source of guidance for determining the fair value of assets and liabilities Resulting amendments to other standards AASB 2011-10	01-Jan-13	30-Jun-14

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AASB 119	Employee Benefits	Revises the accounting for defined benefit schemes Changes the definition of short term employee benefits Resulting amendments to other standards AASB 2011-10	01-Jan-13	30-Jun-14
Interpretation 20	Stripping costs in the Production Phase of a Surface Mine	Requires that stripping costs are capitalised as part of the asset IF the entity can demonstrate future benefits, reliable measurement AND identification of the component of the ore body to which access has been improved. Resulting amendments to other standards AASB 2011-12	01-Jan-13	30-Jun-14
Annual Improvements 2009-2011 Cycle (only required if report states full IFRS compliance)	Annual Improvements to IFRSs 2009-2011 Cycle	Impacts various standards but have not yet been adopted by the AASB Standards affected are as follows: IFRS 1 - First Time Adoption of IFRS IAS 1 - Presentation of Financial Statements IAS 16 - Property, Plant & Equipment IAS 32 - Financial Instruments - Presentation IAS 34 - Interim Financial Reporting	01-Jan-13	30-Jun-14

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Note 2. Financial risk management

Financial Instruments

The following details the Group's financial instruments at the reporting date:

	2013 \$	2012 \$
Financial Assets		
Cash and Cash equivalents	991,235	4,380,150
Trade and other receivables	45,428	49,970
Total Financial Assets	1,036,663	4,430,120
Financial Liabilities		
Trade and other payables	486,183	213,028
Total Financial Liabilities	486,183	213,028

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including fair value interest rate risk, currency risk and price risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors. The Board identifies and evaluates financial risks in close co-operation with management and provides written principles for overall risk management.

The executive management team meets regularly to analyse and monitor the financial risks associated to the business operations.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(i) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, prudent oversight of future funding requirements and maintaining ongoing contact to facilitators of further funding.

The Group has implemented a creditors policy, authorisation matrix and purchase order system in order to consistently improve the quality of control over contractual obligations, cash flow and budgeting.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and maintain appropriate liquidity levels.

Contractual maturities of financial liabilities	Less than 3 months \$	3 months to 1 year	1 to 5 years \$	Carrying amount of liabilities \$
30 June 2013				
Non-derivatives				556,222
Trade and other payables	556,222		-	
30 June 2012				
Non-derivatives				258,490
Trade and other payables	258,490		-	

The Group funds its activities through capital raising in order to limit its liquidity risk.

The Group has \$40,000 of unused credit facilities.

(ii) Market risk

Fair value interest rate risk

As the Group's major assets are cash deposits held in fixed and variable interest rate deposits, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The Group manages this risk by only investing in A+ rated institutions and maintaining an appropriate mix between different terms.

At reporting date, the Group had the following exposure to variable interest rate risk.

	2013 \$	2012 \$
Financial assets		
Cash and cash equivalents		
- Australia	515,766	3,299,510
- Hong Kong	41,213	237,741
- China	272,400	842,899
- Singapore	8,948	-
- Philippines	152,908	-
	991,235	4,380,150

Interest rate sensitivity analysis

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At 30 June 2013, if interest rates had been 1% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on post-tax profit as a result of changes in the interest rates would be as follows:

	Higher/(Lower)	
	2013	2012
	\$	\$
Judgments of reasonably possible movements:		
<i>Post tax profit</i>		
+1.0% (100 basis points)	9,912	43,802
-1.0% (100 basis points)	(9,912)	(43,802)

Currency risk

The Group's subsidiary is based in Hong Kong and its sustainability is dependent on the provision of cash from the parent entity. Cash funds in Hong Kong are held in Hong Kong dollars, US dollars and Australian Dollars. The Group's subsidiary is based in China and its sustainability is dependent on the provision of cash from its parent entity. Cash funds in China are held in Chinese Yuan and US Dollars. The Group's subsidiary is based in Singapore and its sustainability is dependent on the provision of cash from its parent entity. Cash funds in Singapore are held in Singapore Dollars. The Group's subsidiary based in the Philippines is dependent on the provision of cash from the parent entity. Cash funds in Philippines are held in US Dollars and Philippines Peso thus the Group is exposed to diminution of cash balances through currency exchange risk.

The Group manages its currency risks by closely monitoring exchange rate fluctuations.

Foreign currency risk sensitivity analysis

The Group's exposure to foreign currency risk at the reporting date was as follows:

30 June 2013	USD
Cash and cash equivalents	256,856
Trade and other receivables	-
Trade and other payables	-
Total foreign currencies	256,856
Total converted into AUD	280,847

30 June 2012	USD
Cash and cash equivalents	1,005,394
Trade and other receivables	-
Trade and other payables	-
Total foreign currencies	1,005,394
Total converted into AUD	996,044

Based on the financial instruments held at 30 June 2013, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the financial year would have been \$28,085 lower/higher (2012: \$99,604 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments as detailed in the above table. Profit or loss is more sensitive to

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movements in AUD/USD exchange rates. The Group's exposure to other foreign exchange movements is not material.

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial assets and liabilities have been recognised at the reporting date at their net fair values.

The carrying amount of cash and cash equivalents, trade receivable and payables are assumed to approximate their fair values due to their short-term maturity.

- Receivables and payables: The carrying amount approximates fair value.

Price risk

The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed directly to commodity price risk.

(iii) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are recorded at the invoiced amount. The Group does not have any off-balance-sheet credit exposure related to the customers. The credit risk of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, available-for-sale financial assets, as well as credit exposure to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of A (or equivalent) are accepted. The Group assesses credit risk and allowance for doubtful accounts on a customer specific basis. The Group has adopted the policy of only dealing with credit worthy counterparties. As of 30 June 2013 and 2012, the Group does not have an allowance for doubtful debt accounts.

Credit risk further arises during the financial year ended 30 June 2013 as a result of the acquisition of Mindoro's Batangas and Tapanan San Francisco gold and copper-gold assets in the Philippines. The maximum credit risk exposure of the Group at 30 June 2013 is \$991,235 (2012: \$4,380,150). There are no impaired receivables at 30 June 2013 (2012: Nil).

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

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Note 3. Critical accounting estimates and judgments and assumptions

(i) Significant accounting judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(ii) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out in note 1(w). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income.

(iii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 4. Revenue and expenses

	2013 \$	2012 \$
(a) Revenue		
Interest received	141,874	174,499
(b) Other Income		
Net foreign exchange gains	144,349	55,897
	286,223	230,396
(b) Expenses		
Depreciation expense	19,630	3,919
Impairment expense	1,616,714	-
Employee benefits expense		
- Salary and wages	1,241,054	455,345
Share-based payment expense	158,025	789,068
Finance cost		
- Interest expense	259	183

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Note 5. Income tax

	2013 \$	2012 \$
(a) Income tax expense		
Current tax	78,228	-
Deferred tax	-	-
	78,228	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,171,402)	(5,178,481)
Tax at the Australian tax rate of 30%	(1,251,421)	(1,553,544)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Legal fees		
Directors share based payments	-	72,695
Employee benefit - ESOP	32,400	236,721
Lead Manager share based payments	15,008	330,000
Taxable service revenue (eliminated)	29,694	-
Other Non- Assessable	(139)	(558)
Other Non- Deductible	401,208	369,320
Difference in tax rates	4,644	(118,501)
	(768,606)	(663,867)
Current year tax assets not recognised	846,894	663,867
Income tax expense	78,228	-

(c) The estimated potential deferred tax benefits not brought to account at 30%

Revenue losses - Australia	1,875,028	1,293,000
Temporary differences - Australia	101,277	74,750
Temporary differences – Overseas	457,518	2,351

The potential future income tax benefit will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

No deferred tax assets have been recognised due to the fact that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

The franking account balance at year end was nil.

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Note 6. Current Assets – Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank and on hand	881,368	1,573,510
Short term deposits and deposits on call	109,867	2,806,640
	991,235	4,380,150

There are \$40,000 of unused credit facilities
The Group's exposure to interest rate and credit risk is disclosed in Note 2.

Note 7. Current assets – Trade and other receivables

	2013 \$	2012 \$
Trade receivables	20,590	-
Advances	21,570	-
Prepayments	107,779	60,482
Other	16,260	84,302
	166,199	144,784

The Group's maximum exposure to credit risk is disclosed in Note 2. Carrying value of trade and other receivables approximates fair value due to short-term nature. There are no impaired receivables as at the reporting date.

Note 8. Exploration & Evaluation Expenditure

	2013 \$	2012 \$
Carrying amount at 1 July	-	-
Acquisition (a)	14,794,556	-
Additions	3,641,631	-
Less impairment	(1,616,714)	-
Exchange difference on translating foreign operations	(114,657)	-
Carrying amount at 30 June	16,704,816	-

(a) Refer to Note 28 for details of acquisition

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Note 9. Property, Plant and Equipment

	2013	2012
	\$	\$
Carrying amount at 1 July	31,371	4,221
Additions	71,192	31,069
Disposals/Write-offs	-	-
Less depreciation	(19,630)	(3,919)
Carrying amount at 30 June	82,933	31,371

Note 10. Current liabilities - Trade and other payables

	2013	2012
	\$	\$
Trade payables	278,472	76,485
Other payables	277,750	182,005
	556,222	258,490

The Group's exposure to liquidity and foreign exchange risk related to trade and other payable is disclosed in Note 2. The carrying amount approximates fair value due to short-term nature.

Note 11. Current liabilities – Provisions

	2013	2012
	\$	\$
Provisions for employee benefits	72,505	21,545

Note 12. Non-Current liabilities – Provisions

	2013	2012
	\$	\$
Retirement benefits	275,209	-

The Group has an unfunded defined retirement benefit plan covering all of its regular employees in the Philippines. The plan provides for payment of retirement, death, disability and voluntary and involuntary separation benefits to its employees or their beneficiaries. Under the provisions of the plan, the normal retirement age is 60 but employees with at least five (5) years of service can avail of early retirement. Upon normal retirement, a member of the plan shall receive a benefit equivalent to the minimum retirement benefit as provided by R.A. 7641 at the time of his/her retirement. The projected unit credit method was used to determine the current service cost for the period.

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Note 13. Current – Tax Liabilities

	2013 \$	2012 \$
Income Tax payable - Philippines	78,228	-

Note 14. Contributed equity

(a) Share capital

		Parent entity	
		2013 \$	2012 \$
	Notes	Shares	Shares
Ordinary shares fully paid	14(b)	247,897,026	11,657,848

(b) Movements in ordinary share capital

Date	Details	Notes	Share No.	Issue price \$	\$
1 July 2011	Balance		39,060,026		4,139,848
1 September 2011	Share issue upon listing	(d) (i)	40,000,000	0.20	8,000,000
	Share issue expenses				(492,000)
	Issue of options				10,000
1 July 2012	Balance		79,060,026		11,657,848
30 October 2012	Shares issued for acquisition of subsidiary	(d) (ii)	100,000,000	0.14	13,750,612
2 January 2013	Placement to sophisticated investors	(d) (iii)	8,412,000	0.125	1,051,500
7 January 2013	Placement to sophisticated investors	(d) (iv)	100,000	0.125	12,500
25 June 2013	Rights Issue - shares issued	(d) (v)	55,000,000	0.01	550,000
25 June 2013	Rights Issue - shares issued	(d) (v)	5,325,000	0.01	53,250
	Share issue expenses		-	-	(162,433)
30 June 2013	Balance		247,897,026		26,913,277

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(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

(d) Ordinary share issues

- i. On 1 September 2011, 40,000,000 shares were issued upon listing.
- ii. On 30 October 2012, the Company issued 100,000,000 ordinary shares at 14 cents each for the acquisition of the Batangas and Tapani San Francisco projects. Refer to Note 28 for details of acquisition
- iii. On 2 January 2013 a placement of 8,412,000 ordinary shares at 12.5 cents each was made to sophisticated investors.
- iv. On 7 January 2013 a placement of 100,000 ordinary shares at 12.5 cents each was made to sophisticated investors.
- v. On 25 June 2013, 60,325,000 fully paid ordinary shares and 27,499,995 options at a price of 1.5 cent each expiring on 30 June 2014, and 41,249,991 options at a price of 3 cents each expiring on 30 June 2016 were issued to participants of a Rights Issue.

(e) Performance shares

	Notes	Parent entity			
		2013		2012	
		Performance Shares	\$	Performance Shares	\$
Performance shares	14(f)	50,000,000	-	-	-

(f) Movement in performance shares

Date	Details	Notes	Performance Shares No.	\$
30 June 2011	Balance		-	-
30 June 2012	Balance		-	-
30 October 2012	Performance shares issued to Mindoro Resources Ltd in relation to the acquisition of subsidiary (i)		50,000,000	-
30 June 2013	Balance		50,000,000	-

(i) 50,000,000 performance shares in the capital of Red Mountain Mining that convert into ordinary shares if, within 12 months of completion of the sale, both (a) the gold resource across the Assets increase to 600,000 ounces at a JORC Indicated level; and (b) a scoping study is completed on the Assets that confirms that the development of a mine is economically viable, where the scoping study must have a minimum of 50% conversion of the 600,000 ounces Indicated JORC Resource to Probable Reserves.

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(g) Options

	Notes	Parent entity			
		Options	\$	Options	\$
Options over ordinary shares of the Company	14(h)	113,196,544	2,932,797	38,287,474	2,038,272

(h) Movement in options on issue

Date	Details	Notes	Options No.	\$
30 June 2011	Balance		19,446,558	149,204
21 December 2011	Issue of options to Lead Manager		10,000,000	1,100,000
21 December 2011	Issue of options to Directors		8,840,916	789,068
30 June 2012	Balance		38,287,474	2,038,272
4 September 2012	Issue of options to Directors		4,000,000	108,000
30 October 2012	Options issued to consultants in relation to acquisition of subsidiary		15,000,000	736,500
30 October 2012	Issue of options under ESOP		1,000,000	50,025
13 May 2013	Options cancelled		(13,840,916)	-
25 June 2013	Rights issue options		68,749,986	-
30 June 2013	Balance		113,196,544	2,932,797

Terms and conditions of options on issue

	Unlisted options expiry 30/06/2014 @ \$0.20	Unlisted options expiry 12/09/2013 @ \$0.20 escrowed until 1/09/13	Unlisted options expiry 15/09/2016 @ \$0.20	Listed options expiry 30/06/2014 @ \$0.015	Listed options expiry 30/06/2016 @ \$0.03
No. of options	27,728,125	1,718,433	15,000,000	27,499,995	41,249,991

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Terms and conditions of options on issue (continued)

	2013		2012	
	No. of Options	Weighted average exercise price (\$)	No. of Options	Weighted average exercise price (\$)
Balance at beginning of year	38,287,474	0.22	19,446,558	0.20
Granted during the year	88,749,986	0.07	18,840,916	0.25
Forfeited/cancelled during the year (i)	(13,840,916)	(0.31)	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at the end of the year	113,196,544	0.10	38,287,474	0.22
Exercisable at the end of the year	113,196,544	0.10	38,287,474	0.22

(i) During the financial year, the following options were cancelled:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016;
- 4,420,458 unlisted options exercisable at \$0.25 per share expiring on 31 July 2014;
- 4,420,458 unlisted options exercisable at \$0.35 per share expiring on 31 July 2016;
- 1,000,000 unlisted options exercisable at \$0.20 per share expiring on 30 October 2017.

Note 15. Reserves and Accumulated Losses

	2013 \$	2012 \$
(a) Reserves		
Share-based payments reserve	2,932,797	2,038,272
Foreign currency translation reserve	562,601	(101,739)
Total reserves at the end of the financial year	3,495,398	1,936,533
Movements:		
Share-based payments reserve		
Balance at beginning of year	2,038,272	149,204
Share-based payments during the year	158,025	1,889,068
Consultant options	736,500	-
Balance at the end of the financial year	2,932,797	2,038,272

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Note 15. Reserves and Accumulated Losses (cont'd)

	2013 \$	2012 \$
Movements:		
Foreign currency translation reserve		
Balance at beginning of year	(101,739)	(101,412)
Exchange differences on translation of foreign operation	664,340	(327)
Balance at the end of the financial year	562,601	(101,739)

(b) Accumulated losses

Accumulated losses at the beginning of the financial year	(9,318,111)	(4,139,630)
Net loss attributable to members of the Company	(4,210,932)	(5,178,481)
Accumulated losses at the end of the financial year	(13,529,043)	(9,318,111)

(c) Nature and purpose of reserve

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity benefits provided to directors as remuneration or to suppliers as payment for products and services. The details of share-based payments are disclosed in note 22.

(ii) Foreign currency translation reserve

Exchange differences arising from translation of the foreign controlled entities are taken to the foreign currency translation reserve, as prescribed in note 1(r). The reserve is recognised in the profit and loss when the net investment is disposed of.

Note 16. Key management personnel disclosures

(a) Directors

The following persons were Directors of Red Mountain Mining Ltd during the financial year:

N F Warburton	Non-executive Chairman (<i>transitioned from Executive Chairman to Non-executive Chairman on 1 May 2013</i>)
J Dugdale	Managing Director (<i>transitioned from Executive Director to Managing Director on 1 April 2013</i>)
K B Rowe	Non-executive Director (<i>transitioned from Executive Director to Non-executive Director 21 January 2013, resigned 11 July 2013</i>)
M Wolley	Non-executive Director
G Boswell	Country Manager – MRL Gold Inc, Philippines (<i>appointed 4 February 2013</i>)

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(b) Key management personnel compensation

Payments to key management personnel included cash payments and accruals for the period from 1 July 2012 to 30 June 2013. No bonuses pertaining to the financial year 2013 had been recommended or paid at the date of this report.

	2013 \$	2012 \$
Short-term employee benefits - Cash salaries and fees	603,708	437,936
Early termination payments	79,033	
Long-term benefits – Superannuation	53,933	57,343
Share-based payments – Options (refer to note 22)	108,000	639,068
	844,674	1,134,347

(c) Key management personnel compensation disclosure

The Board policy in determining the nature and amount of compensation and discussion of the relationship between the Board's policy and the entity's performance are provided in the remuneration report section of the Director's report.

(d) Equity instrument disclosures relating to key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Red Mountain Mining Ltd and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Red Mountain Mining Ltd				
N F Warburton	7,015,625	-	6,879,403	13,895,028
J Dugdale	-	-	675,000	675,000
M Wolley	-	-	-	-
K B Rowe	5,453,125	-	6,523,153	11,976,278
G Boswell	-	-	-	-

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2012				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Red Mountain Mining Ltd				
N F Warburton	6,290,625	-	725,000	7,015,625
K B Rowe	5,353,125	-	100,000	5,453,125
M Wolley	-	-	-	-
B Zhou	2,418,750	-	(2,418,750) ¹	-

¹ B Zhou still holds the shares. The change merely reflected the fact that B Zhou ceased to be a non-executive director.

Options

4,000,000 options were provided in lieu of remuneration for the period ending 30 June 2013. These options were subsequently cancelled during the year. Details are as follows:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016

The numbers of options over ordinary shares in the Company held during the financial year by each director of Red Mountain Mining Ltd and other key management personnel of the group, including their personally related parties, are set out below.

2013	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors of Red Mountain Mining Ltd							
N F Warburton	6,243,319	4,000,000	-	3,098,107	13,341,426	13,341,426	13,341,426
J Dugdale	-	-	-	112,500	112,500	112,500	112,500
M Wolley	2,000,000	-	-	(2,000,000)	-	-	-
K B Rowe	6,014,903	-	-	6,714,336	12,729,239	12,729,239	12,729,239
G Boswell	-	-	-	-	-	-	-

2012	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors of Red Mountain Mining Ltd							
N F Warburton	4,697,875	1,545,444	-	-	6,243,319	6,243,319	6,243,319
K B Rowe	3,696,735	2,318,168	-	-	6,014,903	6,014,903	6,014,903
M Wolley	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
B Zhou	1,936,110	1,159,084	-	-	3,095,194	3,095,194	3,095,194

For details for the above options, please refer to audited Remuneration Report.

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(e) Loans to key management personnel

There are no loans, payables, receivables or other transactions at the end of the financial year or prior year to directors or other key management personnel and their related parties of Red Mountain Mining Ltd or the consolidated entity.

(f) Share-based remuneration

Details of options over ordinary shares in the Company that were cancelled as remuneration to each key management personnel are set out in the following table.

2013 Name	Number granted	Grant/ Cancell- -tion date	Value per option at grant date (\$)	Number vested	Number lapsed/ cancelled	Exercise price (\$)	First exercise date	Last exercise date
Neil Warburton	-	31/05/2013	0.083	-	(772,722)	0.25	21/12/2011	31/07/2014
Neil Warburton	-	31/05/2013	0.099	-	(772,722)	0.35	21/12/2011	31/07/2016
Neil Warburton	2,000,000	31/05/2013	0.023	-	(2,000,000)	0.25	Subject to vesting conditions ¹	01/07/2014
Neil Warburton	2,000,000	31/05/2013	0.031	-	(2,000,000)	0.50	03/04/2016 ²	01/07/2016
Keith Rowe	-	31/05/2013	0.083	-	(1,159,084)	0.25	21/12/2011	31/07/2014
Keith Rowe	-	31/05/2013	0.099	-	(1,159,084)	0.35	21/12/2011	31/07/2016
Michael Wolley	-	31/05/2013	0.083	-	(1,000,000)	0.25	21/12/2011	31/07/2014
Michael Wolley	-	31/05/2013	0.099	-	(1,000,000)	0.35	21/12/2011	31/07/2016
Bo Zhou	-	31/05/2013	0.083	-	(579,542)	0.25	21/12/2011	31/07/2014
Bo Zhou	-	31/05/2013	0.099	-	(579,542)	0.35	21/12/2011	31/07/2016

2012 Name	Number granted	Grant/ Cancell- -tion date	Value per option at grant date (\$)	Number vested	Number lapsed	Exercise price (\$)	First exercise date	Last exercise date
Neil Warburton	772,722	21/11/2011	0.083	772,722	-	0.25	21/12/2011	31/07/2014
Neil Warburton	772,722	21/11/2011	0.099	772,722	-	0.35	21/12/2011	31/07/2016
Neil Warburton	2,000,000	05/09/2012	0.023	2,000,000	-	0.25	Subject to vesting conditions ¹	01/07/2014
Neil Warburton	2,000,000	05/09/2012	0.031	2,000,000	-	0.50	03/04/2016 ²	01/07/2016
Keith Rowe	1,159,084	21/11/2011	0.083	1,159,084	-	0.25	21/12/2011	31/07/2014
Keith Rowe	1,159,084	21/11/2011	0.099	1,159,084	-	0.35	21/12/2011	31/07/2016
Michael Wolley	1,000,000	21/11/2011	0.083	1,000,000	-	0.25	21/12/2011	31/07/2014
Michael Wolley	1,000,000	21/11/2011	0.099	1,000,000	-	0.35	21/12/2011	31/07/2016
Bo Zhou	579,542	21/11/2011	0.083	579,542	-	0.25	21/12/2011	31/07/2014
Bo Zhou	579,542	21/11/2011	0.099	579,542	-	0.35	21/12/2011	31/07/2016

1. The Options will vest if and when the trading price of the Company's shares is 20 cents or greater (on a pre-consolidation basis) or at or above an equivalent post-consolidation price for more than 30 consecutive trading days on which the shares in the Company trade.

2. The Options will vest on Mr Neil Warburton completing 4 years continuous service as a Director or Chief Executive Officer of the Company from his commencement date of 3 April 2012.

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitable valued using a binomial option pricing model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Remuneration of auditors

	2013 \$	2012 \$
During the year the following services were paid or payable to the auditors of the Group, its related entities and non-related audit firms:		
Audit services		
Audit and review of financial report		
- parent entity auditors-BDO Audit (WA) Pty Ltd (2012: Butler Settineri)	34,375	51,180
- controlled entities auditors-RSM Nelson Wheeler, BDO Singapore, PWC Manila (2012: OCRA & Jacky Chang)	12,974	5,200
Non-audit services		
- BDO Corporate Tax	5,355	-
- BDO Corporate Finance	1,530	-
- Other	5,789	11,500
	60,023	67,880

Note 18. Contingent liabilities

The Group has no contingent liabilities at 30 June 2013.

Note 19. Commitments for expenditure

Remuneration commitments

The Group has no remuneration commitments as of 30 June 2013.

Lease Commitments

within one year	59,200	95,904
later than one year but not later than five years	16,356	63,936
later than five years	-	-
	75,556	159,840

Exploration & Evaluation Commitments

within one year	76,269	-
later than one year but not later than five years	63,421	-
later than five years	-	-
	139,690	-

The Group has no other commitments for expenditure at 30 June 2013.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Related parties

Directors and specified executives

Disclosures relating to directors and other key management personnel are set out in Note 16.

Wholly-owned group

The wholly-owned group consists of Red Mountain Mining Ltd and its wholly-owned subsidiaries as described in Note 21.

Aggregate amounts receivable at reporting date:

	Parent	
	2013	2012
	\$	\$
<i>Red Mountain Mining (Hong Kong) Holdings Ltd</i>		
Non-current receivables	3,342,260	4,059,181
Less: Provision for non-recovery	(3,342,260)	(4,059,181)
	-	-
<i>MRL Gold</i>		
Non-current receivables	20,340,633	-
Less: Provision for non-recovery	(20,340,633)	-
	-	-

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following note.

Note 21. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2013 %	2012 %
Red Mountain Mining (Hong Kong) Holdings Ltd	Hong Kong	Ordinary	100	-
Red Mountain Mining Consulting (Shenyang) Co Ltd	People's Republic of China	Ordinary	100	100
Red Mountain Mining (Singapore) Pte Ltd	Singapore	Ordinary	100	-
MRL Gold Inc	Philippines	Ordinary	100	-
Egerton Gold Philippines Inc	Philippines	Ordinary	60	-

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 22. Share-based payments

The Group provides benefits to directors and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve the Board and shareholders goal congruence.

Terms and conditions of options issued as share-based payments

	Unlisted options expiry 30/06/2014 @ \$0.20
No. of options	16,000,000

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.36 years.

During the year, the Company issued 4,000,000 options to Mr N Warburton as performance based remuneration for the period ending 30 June 2013. These options were subsequently cancelled during the year. Details are as follows:

- 2,000,000 unlisted options exercisable at \$0.25 per share expiring on 1 July 2014;
- 2,000,000 unlisted options exercisable at \$0.50 per share expiring on 1 July 2016.

The price was calculated in accordance with AASB 2: *Share Based Payments* by using the Black-Scholes option pricing model by applying the assumptions set out below:

Options granted during the year as share based payments

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitable valued using a binomial option pricing model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

No. of options	Grant date	Expiry date	Fair Value per option (\$)	Underlying Security spot price (\$)	Exercise price (\$)	Option life (year)	Expected volatility	Expected Dividends	Risk-free interest rate
2,000,000 ¹	05/09/2012	1/07/2014	0.023	0.105	0.25	1.82	85%	Nil	2.65%
2,000,000 ¹	05/09/2012	1/07/2016	0.031	0.105	0.50	3.82	85%	Nil	2.43%
250,000	01/09/2011	30/6/2014	0.0448	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0482	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0520	0.089	0.20	5.00	100%	Nil	2.72%
250,000	01/09/2011	30/6/2014	0.0551	0.089	0.20	5.00	100%	Nil	2.72%
10,000,000	01/09/2011	30/6/2014	0.0491	0.089	0.20	3.88	100%	Nil	2.59%
5,000,000	01/09/2011	30/6/2014	0.0491	0.089	0.20	3.88	100%	Nil	2.59%

¹ Options were cancelled 31/5/2013.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options granted during the year as share based payments (cont'd)

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2013 \$	2012 \$
Director's incentive options	108,000	-
ESOP	50,025	-
	158,025	-

A total of 15,000,000 options valued at \$736,500 were issued to consultants in relation to acquisition of subsidiary during the financial year. The fair value of the services provided could not be valued therefore the value of the options was based upon the equity valuation used for the acquisition. For details of the acquisition of the subsidiary, refer to Note 28.

Note 23. Reconciliation of loss from ordinary activities after income tax to net cash outflow used in operating activities

	2013 \$	2012 \$
(i) Reconciliation of cash and cash equivalent:		
Cash at Bank	991,235	4,380,150
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Operating loss after income tax	(4,249,630)	(5,178,481)
Interest accrued	-	(13,868)
Provision for employee benefits	-	21,545
Impairment	1,616,714	-
Depreciation	19,630	3,919
Share based payments	158,025	1,889,068
Forex reserve	-	(327)
Net foreign exchange losses/(gains)	(144,349)	(55,897)
Change in operating assets and liabilities		
(Increase)/decrease in other receivables	25,434	(4,642)
Increase/(decrease) in trade creditors	215,680	(399,579)
Increase/(decrease) in current tax liability	78,228	-
Increase/(decrease) in other operating assets / liabilities	142,404	128,690
Net cash used in operating activities	(2,137,864)	(3,609,572)

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 23. Reconciliation of loss from ordinary activities after income tax to net cash outflow used in operating activities (cont'd)

(iii) Non-cash financing and investing activities

2013

Other than as detailed in Note 22 and the Directors Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2013.

2012

Other than as detailed in Note 22 and the Directors Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2012.

Note 24. Loss per share

	2013 Cents	2012 Cents
Basic and diluted loss per share	(2.80)	(7.15)
Weighted average number of shares used as the denominator	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	150,561,801	72,393,359
Losses used in calculating losses per share		
Net loss	(4,210,932)	(5,178,481)

Diluted loss per share

As at 30 June 2013, none of the outstanding options were dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

Note 25. Dividend

The Board does not recommend the payment of a dividend for the financial year ended 30 June 2013. No dividends were paid during the financial year.

Note 26. Operating Segments

Red Mountain Mining Limited operates predominantly in one industry being the mining and exploration industry in Australia and Philippines.

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 26. Operating Segments (cont'd)

The Company is managed primarily on the basis of its gold exploration in the Philippines and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

(i) Gold exploration

Segment assets, including acquisition cost of exploration licenses and all expenses related to the tenements in Philippines are reported on in this segment.

(ii) Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 26. Operating Segments (cont'd)

	Year ended 30 June 2013			
	Corporate	Exploration	Eliminations	Total
	\$	\$	\$	\$
Revenue	87,684	54,191		141,874
Depreciation	(8,950)	(10,680)		(19,630)
Employee Costs	(1,047,602)	(107,525)		(1,155,126)
Consulting fees	(399,774)	(93,356)		(493,131)
Other expenditures	(1,522,656)	(1,200,961)	-	(2,723,617)
Loss before income tax	(2,891,299)	(1,358,331)		(4,249,630)
Total assets	36,047,087	19,222,773	(37,324,678)	17,945,182
Total liabilities	274,736	21,096,813	(20,389,385)	982,164

The Company only had one operating segment at the end of the financial year 30 June 2012.

Note 27. Parent entity information

The following information relates to the parent entity, Red Mountain Mining Ltd, as at 30 June 2013. The information presented hereto has been prepared using accounting policies consistent with those presented in Note 1.

Parent	2013 \$	2012 \$
Current assets	562,039	3,429,239
Non-current assets	16,675,715	31,387
Total assets	17,237,754	3,460,626
Current liabilities	274,736	277,046
Total liabilities	274,736	277,046
Contributed equity	26,913,277	11,657,848
Share Based Payment Reserve	2,932,797	2,038,272
Accumulated losses	(12,883,056)	(10,512,540)
Net Assets	16,963,018	3,183,580
Loss for the year	(2,370,515)	(6,161,991)
Other comprehensive loss	(9,905)	(59,914)
Total comprehensive loss for the year	(2,380,421)	(6,221,905)

The parent entity has no contingent liabilities or capital commitment as at 30 June 2013.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28. Acquisition of Exploration and Evaluation Assets

On 24 July 2012, the Company signed a binding Share Sale Agreement (“SSA”) with Mindoro Resources Limited (“Mindoro”) to acquire Mindoro’s gold and copper gold assets in the Philippines in consideration for 100,000,000 fully paid ordinary shares and 50,000,000 performance shares. On 30 October 2012, upon the completion of the acquisition, the Company, via subsidiaries, obtained a 100% interest in the Batangas Project and a 75% interest in the Tapan San Francisco Project. Transfer of certain tenements is subject to further restructure, to be completed within 12 months of closing.

The transaction is not a business combination as the Company’s acquired assets did not meet the definition of a business as defined in the Australian Accounting Standards. The substance and intent was for the Company to acquire the exploration and evaluation assets in the Philippines for the purpose of building the Company’s resource base in line with the Company’s strategy. Therefore, this transaction has been accounted for under AASB2 Share Based Payments.

Pursuant to the SSA, the Company issued 10,000,000 options to Cygnet Capital and 5,000,000 options to Zeffron Reeves subsequent to the completion of the acquisition.

The fair value of the assets acquired at the date of acquisition and share based payments are outlined as follows:

	30 October 2012
	\$
Consideration	
Ordinary shares issued to vendor	13,750,612
Share-based payments issued to consultants (*)	736,500
Acquisition related costs (**)	278,055
Total consideration	14,765,167
 Value of assets acquired	
Cash and cash equivalents	182,553
Other receivables	46,702
Exploration and evaluation expenditures (***)	14,794,556
Fixed assets	7,027
Trade and other payables	(154,410)
Provisions	(111,261)
Fair value of asset acquired	14,765,167

* The details of share-based payments are referred to note 22.

** The Company had incurred acquisition related costs of \$278,055 since July 2012.

*** The fair value of exploration and evaluation expenditures was calculated on the basis of independent valuation report and acquisition adjustments.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 29. Events occurring after reporting date

On 1 July 2013, the Company announced the issue of the shortfall securities pursuant to the pro-rate renounceable rights issue.

On 11 July 2013, Mr Keith Rowe, non-executive director of the Company resigned.

On 16 July 2013, the Company announced a drilling program to confirm high grade, at surface, exploration targets at lobo, Batangas gold project, the Philippines.

On 1 August 2013, the Company announced the commencement of the drilling program at Batangas gold project in the Philippines.

On 14 August, the Company completed its pro rata renounceable rights issue, raising an additional \$2.2 million (after costs) from the oversubscribed shortfall placement. The funds raised are to be used by the Company to conduct its current drilling program, testing defined, high-grade, epithermal gold exploration targets on its Lobo prospect at Batangas Gold Project in the Philippines, and to complete a scoping study to demonstrate the viability of a gold mining project at Batangas.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Red Mountain Mining Ltd and its controlled entities

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
 - (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of the performance, as represented by the results of their operations, changes in equity and the cash flows, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (4) of the Corporations Act 2001.



Neil Warburton
Non-executive Chairman

Perth, Western Australia
20 September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED MOUNTAIN MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Red Mountain Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Mountain Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Red Mountain Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Red Mountain Mining Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton
Director

Perth, Western Australia
Dated this 20th day of September 2013