ASX ANNOUNCEMENT **RED MOUNTAIN MINING LTD (ASX:RMX)** **20 NOVEMBER 2014**

DEFINITIVE FEASIBILITY STUDY RESULTS TO DATE INDICATE ROBUST PHILIPPINES GOLD PROJECT

- **DFS modeling confirms robust, low cost gold project with 46% Internal Rate of Return (IRR)**
- **A$52 million operating cash flow in first 5.2 years of production at US$1,250/oz gold price**

Perth, Western Australia: Red Mountain Mining Ltd is pleased to announce that DFS results to date confirm low Capex, low operating costs, a high IRR and economically robust cash flows over the initial 5.2 years of mining and processing of existing gold resources at the Batangas Gold Project, 120km south of Manila, in the Philippines (Figure 1).

The first phase of the DFS focussed on mining, metallurgy and processing cost and recovery inputs for the initial 5.2 years production target of **100,000oz of gold (Au)** and **250,000oz of silver (Ag)**. The initial two years of production will be from the high grade South West Breccia (SWB) open pit at Lobo, mining and processing **174,000 tonnes @ 6.8 g/t Au** (diluted) (see 3-D model Figure 2). The second, 3.25 year production phase will mine transport and process **854,000 tonnes @ 2.6 g/t Au, 12 g/t Ag** (diluted) from Kay Tanda West (KTW) orebody, at Archangel, 15 kilometres by road to the east of the Lobo plant (Figure 1).

The production target is underpinned by current, JORC 2012, Indicated Resources totalling 2.97 million tonnes @ 2.4 g/t Au, containing 227,000 oz Au. The Company has a further 3.2 million tonnes of Inferred Resources grading 2.1g/t Au containing 218,000 ounces that are not included in the DFS.

The total Indicated and Inferred Resources at the Batangas Gold Project are 6.19 million tonnes grading 2.2 g/t Au containing 444,000 oz of gold, as prepared by a competent person in accordance with the JORC Code 2012 (see ASX announcement, 30 June 2014).

Updated capital cost inputs are preliminary at this stage, and will be the main focus of the second, detailed engineering phase of the DFS.

Highlights from the interim DFS cash flow model for the initial 5.2 years of production include:

- Mining Inventory [1] for 5.2 years totalling **1.03 million tonnes @ 3.3 g/t Au, 10.3 g/t Ag**.
- Production target of **100,000oz Au and 250,000oz Ag** from processing of 1.03 million ore tonnes.
- Pre tax operating costs of **US$753/oz Au** (A$865/oz Au).
- Sustaining operating costs (including all taxes and charges) of **US$811/oz Au** (A$933/oz Au).
- Pre-production capital of **A$18.4 million**, including A$15.4 million installed (inc. 10% contingency).
- Total all-in costs including pre production and sustaining capital of **US$998/oz Au** (A$1147/oz Au).
- Cash flows of **A$52 million**[2] , including free cash flow after capital of **A$30 million**[2] (exc. financing).
- Assuming approximately 50% debt financing and repayment in 3 years (5% interest) the Internal Rate of Return **(IRR) is 46%**[2] and **NPV** (8% discount rate) is **A$ 17.6 million**[2].

[1]Mining Inventory based on Indicated Resources, convertible to Probable Ore Reserves on completion of the DFS.
[2]Assuming a long term gold price of US$1,250/oz Au and US$17.85/oz Ag (A$:US$ exchange rate:0.87)

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Red Mountain's Managing Director Jon Dugdale commented: "The initial DFS results are encouraging and support our strategy to focus on initially developing a low cost, high grade gold project based on existing Indicated Resources, that generates strong cash flow and a high rate of return from the outset."

"In parallel with the development strategy we will continue to focus on advancing exploration targets where there is potential to add more high grade ounces to the mining inventory."

Based on these encouraging initial DFS results the Red Mountain Board has approved proceeding to the final, detailed design phase of the DFS, which is targeted to be completed, in parallel with final mine permitting of the project, targeting the first half of 2015.

Interim DFS financial modeling results at a range of gold prices are shown in Table 1 below:

Table 1: Key outputs from the DFS interim financial model at different gold prices.

	DFS financials at different Gold prices		
Gold Production Recovered Oz Equ.	**103,000[3]**	**103,000[3]**	**103,000[3]**
Gold Price AUD (AUD/USD: 0.87)	$1,322	$1,437	$1,552
Gold Price USD	**$1,150**	**$1,250**	**$1,350**
Net Revenue AUD x M	**136**	**148**	**160**
Operating Costs AUD x M	**89**	**89**	**89**
Operating Earnings (EBITDA) AUD x M	**47**	**59**	**71**
Operating costs exc. taxes AUD/Oz	865	865	865
Operating cost exc. taxes USD/Oz	**753**	**753**	**753**
Taxes, Fees, royalties AUD x M	**6.7**	**7.0**	**7.2**
Operating cash-flow including taxes AUD x M	**40**	**52**	**63**
Sustaining operating costs AUD/Oz	933	933	933
All in sustaining costs USD/Oz	**811**	**811**	**811**
Installed Capital A$M inc. 10% contingency	**15.4**	**15.4**	**15.4**
Pre-strip SWB capital AUD x M	**3.0**	**3.0**	**3.0**
Sustaining Capital AUD x M	**3.8**	**3.8**	**3.8**
Total Capital AUD x M	**22.2**	**22.2**	**22.2**
Total Cost including all Capital AUD/Oz (C3)	1,147	1,147	1,147
Total Cost including all Capital USD/Oz (C3)	**998**	**998**	**998**
Total Cash Flow AUD x M (C3) - 5 year	**18**	**30**	**41**
IRR (inc. financing)	**30%**	**46%**	**61%**
NPV (8%) (inc. financing) AUD x M	**9.1**	**17.6**	**26**

[3]Note: The gold equivalence calculation represents total metal value for each metal summed and expressed in equivalent gold grade in grams per tonne (g/t). The prices used in the calculation being A$1250/oz Au, A$17.85/oz Ag. Based on metallurgical testing average recovery of 91% for gold, 73% for silver the gold equivalent calculation is Au equivalent = (((gold oz recovered x US1,250)+(silver oz recovered x US$17.85/oz))/(total gold + silver oz recovered))/US$1,250. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

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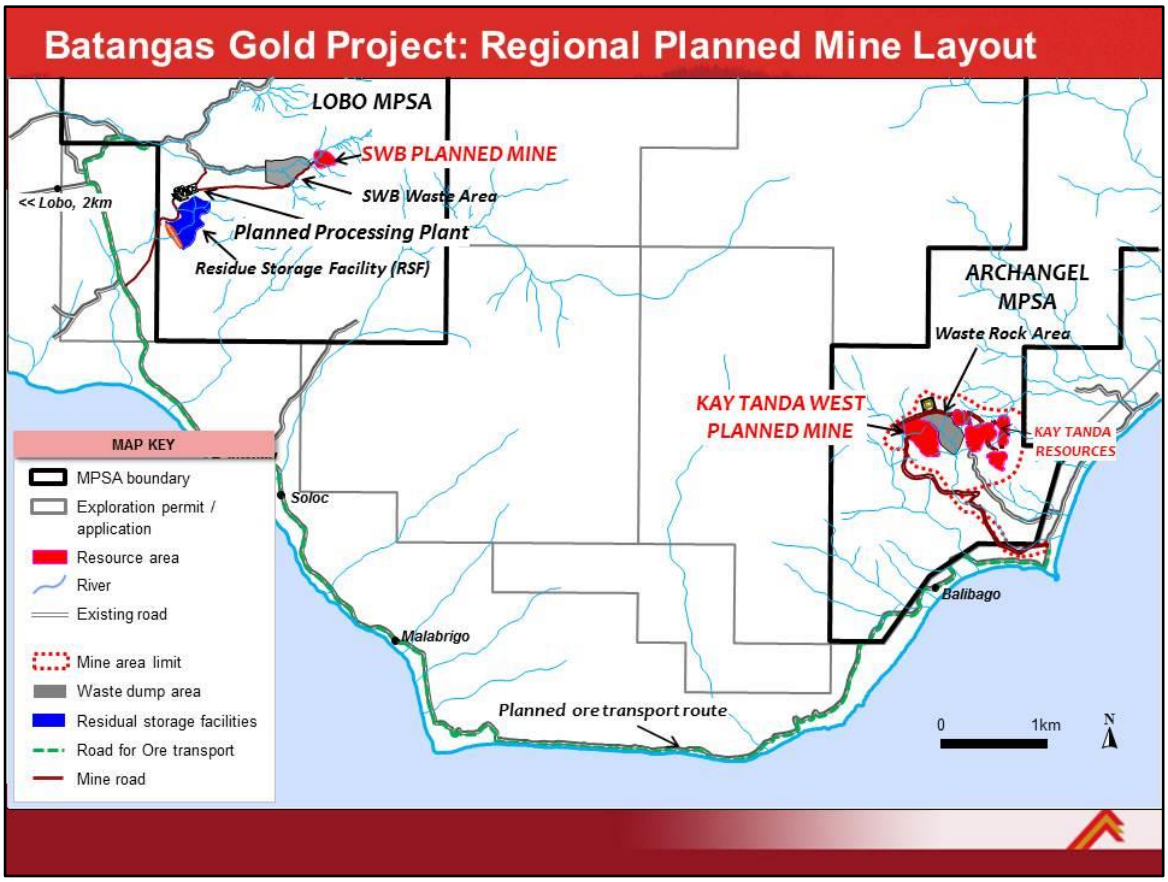

Figure 1: Batangas Gold Project and planned project infrastructure

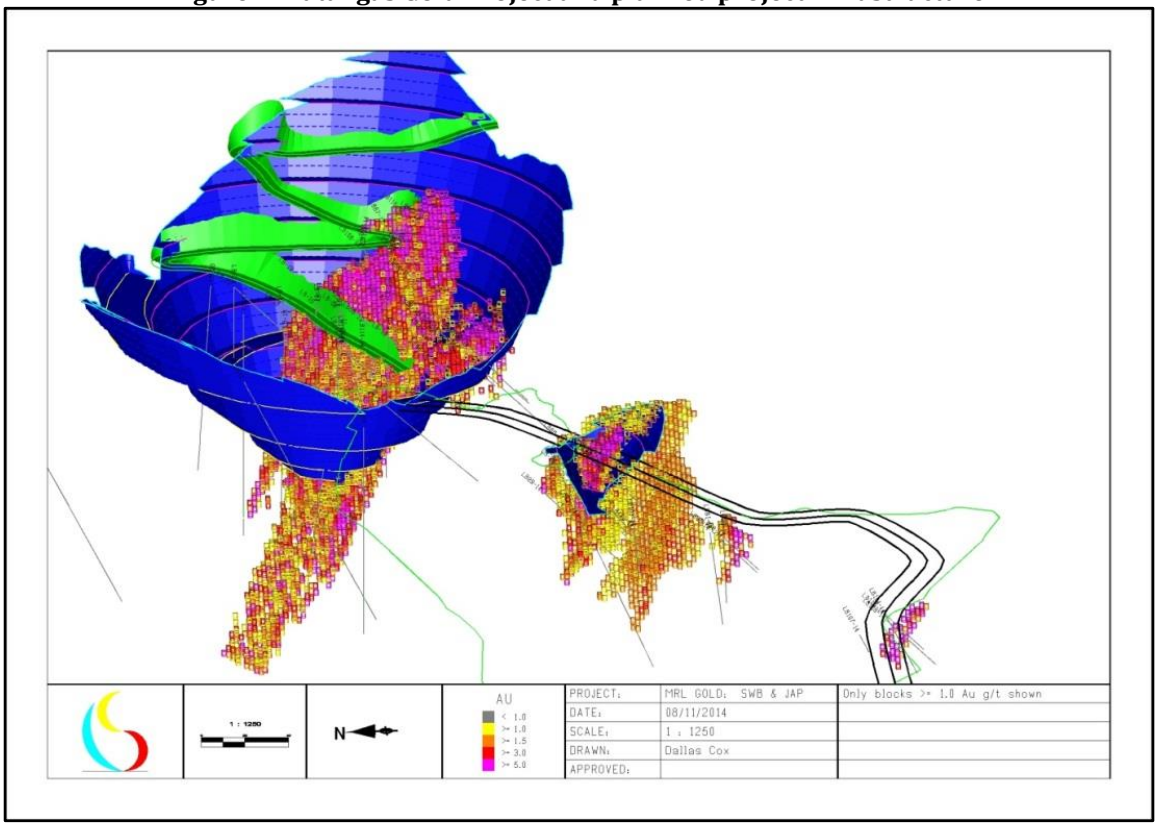

Figure 2: SWB (and Japanese Tunnel) resources, open pit designs and access. Purple = >5 g/t Au.

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Material assumptions underpinning the interim DFS financial model:

- **Mining/Resources**:
  New pit designs and a detailed, monthly, mining schedule have been generated by consultant Crystal Sun Consulting. These are based on 30 June Indicated Resources; mining and ore cartage costs based on contractor/owner miner supplier inputs and a haulage trial (mining and haulage operating costs summarised below), as well as geotechnical considerations generated by RDCL that produced new pit wall slope assumptions (subject to additional geotechnical drilling).
  Mining costs are tabulated below:

	Ore A$/t	Waste A$/t	Total A$/t	Cost/t Ore
South West Breccia	$6.10	$4.20	$4.30	$73.60
Kay Tanda West	$4.36	$4.35	$4.35	$35.50

The new mining inventory, including mining dilution, (ore reserve equivalent once DFS completed) for the initial 5.25 years of processing is summarised below:

Mining Inventory	Tonnes	Au g/t	Ag g/t	Au Ounces	Ag Ounces
South West Breccia	173,600	6.8	2.2	38,050	12,450
Kay Tanda West High Grade	547,320	3.4	11.6	60,470	203,340
Kay Tanda West Low Grade	306,830	1.2	12.7	11,680	125,170
Total	**1,027,750**	**3.3**	**10.3**	**110,200**	**340,960**

- **Metallurgy/Processing:**
  Results from metallurgical testing (at ALS, managed by Como Engineers) on composite samples from the South West Breccia (SWB) and Kay Tanda West (KTW) Indicated Resources have been incorporated into updated cost inputs and recoveries as tabulated below. Grind sizes and leaching times remain as modelled in the Batangas Gold Project Scoping Study (released 20 March 2014).

PARAMETERS USED	**Unit**	**SWB Ox-Tr**	**SWB Fr**	**KTW Ox**	**KTW Tr**	**KTW Fr**
Tonnage	t/h	12.5	12.5	32.3	32.3	32.3
Au Resource Grade	g/t	7.3	6.2	2.7	2.8	3.3
Au Residue Grade at Resource Grade	g/t	0.7	1.0	0.2	0.2	0.3
Au Recovery at Resource Grade	**%**	**90.0**	**84.4**	**94.1**	**92.5**	**91.7**
Ag Resource Grade	g/t	1.5	1.5	20.3	6.9	2.5
Ag Recovery at Resource Grade	%	60.3	42.6	82.0	55.0	68.0
Leach Feed P80	µm	45	45	106	106	106
PRELIMINARY OPERATING COSTS						
COST AREA						
GENERAL AND ADMINISTRATIVE		$0.98	$0.98	$0.38	$0.38	$0.38
TRAVEL AND ACCOMMODATION		$0.35	$0.35	$0.13	$0.13	$0.13
PROCESS and MAINTENANCE LABOUR		$4.82	$4.82	$1.87	$1.87	$1.87
REAGENTS and OPERATING CONSUMABLES		$19.04	$17.65	$11.04	$11.42	$12.60
POWER		$16.50	$17.10	$6.66	$6.89	$7.34
MAINTENANCE		$2.54	$2.54	$0.98	$0.98	$0.98
TOTAL COST PER TONNE		**$44.23**	**$43.44**	**$21.07**	**$21.67**	**$23.31**

The finer grind size and 48 hour leaching times required for the SWB ore will mean that SWB is processed at rate equivalent to 100,000 tonnes per annum at a processing cost of $44/t.

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The increased recoveries from KTW at a coarser, 106 micron grind and 24 hour leaching time allow for a processing rate of up to 250,000 tonnes per annum. Consequently processing costs for KTW are much lower at $22/t.

The final flow sheet and processing configuration will be developed during the second stage of the DFS. The Scoping Study configuration and Capital costs have been retained for this interim study.

- **Administration:**
  Administration costs, outside of administration contained within mining and processing costs, have been updated. Accommodation will be in Lobo township rented accommodation. Approximately 200 staff and local labourers will be employed in all areas of the operation.

- **Capital Costs:**
  Land access (purchase) costs have been updated based on the new "footprint" and consultation with local government officials.

  Site preparation and earthworks, buildings fit out, power connection (to leased diesel plant), and vehicles and mobile equipment costs are updated but remain preliminary.

  The configuration of the processing plant has not been altered since the Scoping Study (released 20 March 2014) so processing plant capital costs have not been altered.

  The Residue Storage Facility (RSF) was the subject of a detailed options study by consultant ATC Williams, where a RSF suitable for disposal of thickened residues was selected. Pre production capital costs including first lift, polishing ponds, drainage, pumps and a thickener are included, as well as sustaining capital for further lifts etc.

  A contingency of 10% has been applied to all installed capital.

  Sustaining capital costs include road construction, site preparation and land access for the KTW ore body; upgrade to the coastal road, additional lifts to the RSF (see above), and the statutory mine rehabilitation fund (FMRDP) that is deposited according to a schedule during operations then drawn at mine closure to pay for rehabilitation.

  The capital cost inputs are summarised below:

Capital Cost Estimate A$ x 000's	Pre Production	Sustaining	Total
Land Access	900	1,100	2,000
Processing Plant inc. Contingency and Replacement spares	10,300		10,300
Site Infrastructure, earthworks including Residue Storage Facility (RSF)	2,000	2,900	4,900
Vehicles and Mobile Equipment	670		670
Power Connection (Diesel, lease)	80		80
Contingency 10%	1,400		1,400
Total Installed Capex	**15,400**		
Mine Rehabilitation Fund (FMRDP)		1,500	1,500
SWB pre production waste (pre strip)	3,000		3,000
VAT and Duties, payments and reclaim/rebates		-1,700	-1,700
Total Project Capital	**18,400**	**3,800**	**22,200**

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About Red Mountain Mining Limited and the Batangas Gold Project

Red Mountain Mining (ASX: RMX) is primarily a gold explorer/developer and project acquisition company which listed on the ASX in September 2011. The Company's strategy is to unlock the potential of 'under-developed' gold and polymetallic projects in the greater Asian region by introducing Australian exploration and mining methods and improving efficiencies to gain significant exploration and production upside.

The Company holds a 100% direct and indirect contractual right interest in tenements in the Philippines that contain significant gold resources. Total Mineral Resources at Batangas include Indicated Resources of 2.97 million tonnes @ 2.4 g/t Au, 227,000 oz Au and Inferred Resources of 3.22 million tonnes @ 2.1 g/t Au, 218,000oz Au for a total of 6.19 million tonnes at 2.2 g/t Au, 444,000oz Au (ASX announcement 30 June 2014, JORC 2012). The Company is continuing exploration with the objectives of upgrading Mineral Resources at Batangas.

The Company is completing a Definitive Feasibility Study (DFS) on the project, with initial indications of an extended mine life to >5 years recovering over 100,000oz of gold (ASX release 10 September 2014 and this release 20 November 2014).

Final mine development permitting submissions have been lodged with the Philippines Government (ASX release 3 April 2014) and are proceeding towards approval.

Other gold opportunities will be reviewed on a continuous basis.

Cautionary Statement

The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with inferred mineral resources (that represent 10% of the mining inventory in the Scoping Study) and there is no certainly that further exploration work will result in the determination of indicated Mineral Resources or that the production target itself will be realised.

The production targets referred to in this announcement are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets, will be realised.

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Competent Person Statement

The information in this report relating to Mineral Resources is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale is a full time employee and Managing Director of Red Mountain Mining Ltd. The Company confirms that the form and context in which previously released Mineral Resources are presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed.

Forward Looking Statements

This announcement contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on Red Mountain Mining's current expectations, estimates and projections about the industry in which Red Mountain Mining operates, and beliefs and assumptions regarding Red Mountain Mining's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Red Mountain Mining, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Red Mountain Mining cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Red Mountain Mining only as of the date of this presentation. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Red Mountain Mining will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

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