ASX ANNOUNCEMENT **RED MOUNTAIN MINING LTD (ASX:RMX)** **1 DECEMBER 2014**

RED MOUNTAIN TARGETS STRATEGIC FINANCING PARTNERSHIP AND LOCKS IN COST REDUCTIONS

- **Company in advanced discussions with strategic financing partners for Batangas Gold Project**
- **Cash burn-rate reduced via tenement rationalisation and reduced workforce**

Perth, Western Australia: Red Mountain Mining Ltd ("Red Mountain" or "the Company") is in advanced discussions to secure a strategic financing partner at project level to fund the following key milestones towards development of its Batangas Gold Project in the Philippines:

a) completion of the Definitive Feasibility Study (DFS) and final permitting for development; and
b) subject to the final results of the DFS, provide project financing for the mine development.

Securing a strategic, project level, funding partnership will fast track the completion of the DFS and permitting requirements, without the requirement to draw funds from the Company's cash reserves.

In addition, site based costs have been reduced through tenement rationalisation and workforce reductions.

The Company's tenement base at Batangas in the Philippines includes over 277 square kilometres of Exploration Permits and two Mineral Production Sharing Agreements (MPSA's – the Philippines equivalent of Mining Leases), where the development and permitting activities are focused. Exploration Permits that are not seen as prospective or required for the Batangas Gold Project have been relinquished or reduced in area (see Figure 1 below), which will significantly reduce tenement expenditure commitments.

The site based workforce has also been reduced by approximately 25% with retained staff and local employees focused on permitting, ongoing environmental monitoring, community development projects and exploration mapping leading to potential resource targets.

In addition to the reduction in site based costs, non-executive director's fees have also recently been reduced by 20% (ASX release 17 November 2014) and the Company continues to maintain very low corporate costs.

Managing Director Jon Dugdale said, *"By significantly reducing our burn rate we will be able to devote more discretionary funding to high impact exploration.*

"This is an exciting phase for the Company as we look to secure a strategic financing partner at project level to fund and progress the low cost Batangas Gold Project towards development and continue to target more high-grade ounces."

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

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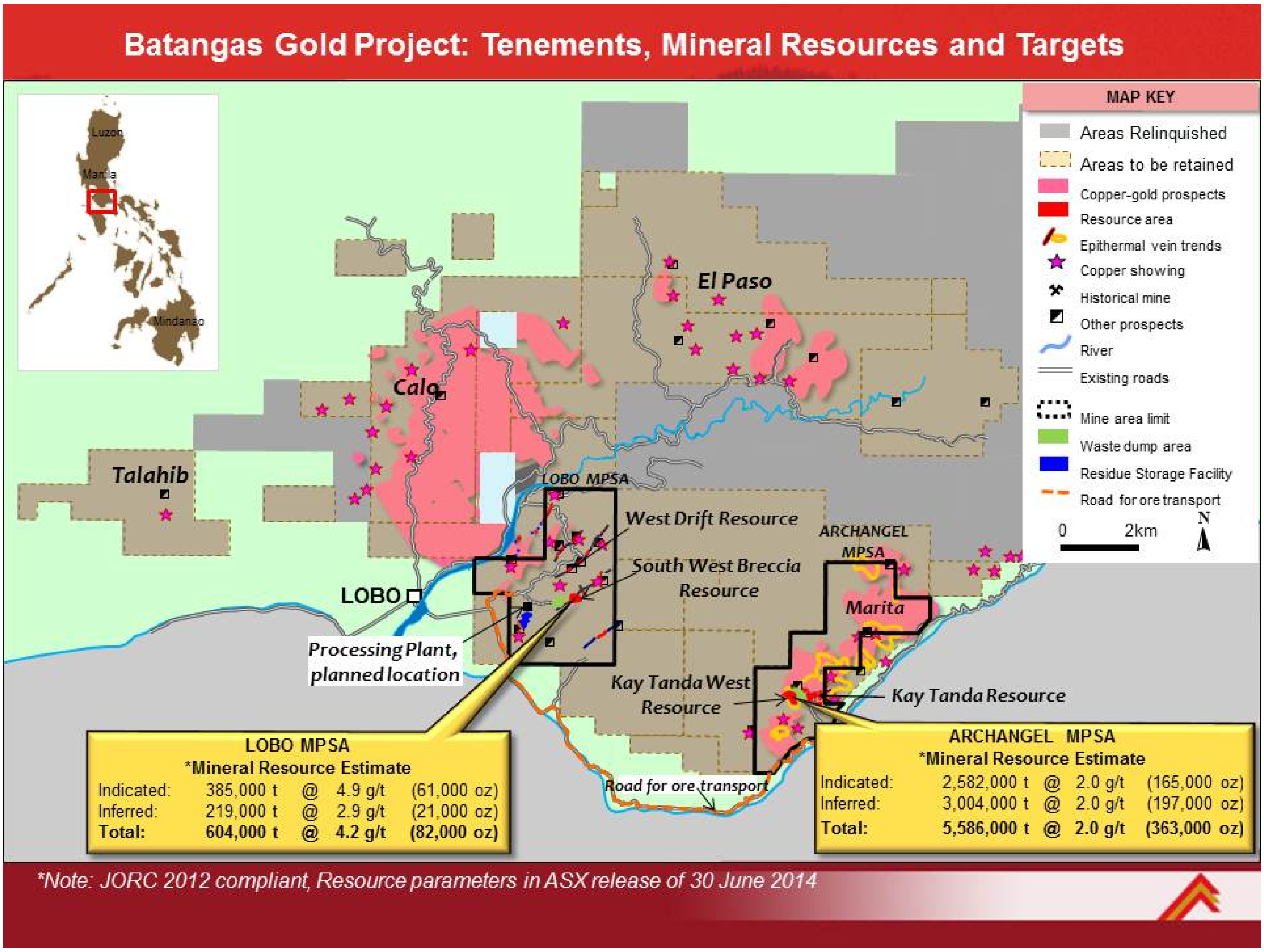

Figure 1: Batangas Gold Project Retained Tenements (in beige)

For further information about Red Mountain please visit our **new website www.redmm.com.au** or contact:

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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 results confirming low capital and operating costs and recovery of over 100,000 ounces of gold during the initial 5 years of production (ASX 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 production targets referred to in this announcement were released to ASX on 20 November 2014. They are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets, will be realised. All material assumptions underpinning production targets or forecast financial information derived from production targets continue to apply and have not materially changed.

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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