

**RED MOUNTAIN AGREES TERMS FOR STRATEGIC FINANCING PARTNERSHIP**

- **Agreement reached on strategic joint venture financing for two stage funding of Definitive Feasibility Study (DFS) and final permitting, then development financing,**
- **Stage 1: US\$1 million (m) to fund DFS and permitting completion, converting to 15% of Batangas project beneficial owner, subsidiary Red Mountain Mining Singapore (RMMS),**
- **Stage 2: additional US\$4.5m development finance, converting to additional 35% of RMMS.**

Perth, Western Australia: Red Mountain Mining Ltd ("Red Mountain", "the Company") is pleased to announce that it has agreed terms with a private company backed by London based investors ("London Co."), for a two stage transaction totalling US\$5.5 million (approximately A\$6.7 million) to convert to a 50% stake in Red Mountain's 100% owned subsidiary RMMS, the 100% owner of the Philippines subsidiary company that holds the Batangas Gold Project assets, 120km south of Manila in the Philippines ("Transaction").

This represents a "see-through" valuation for 100% of the Batangas Gold Project of ~A\$13.4 million, representing a substantial premium to RMX's current ASX market capitalisation of ~\$4 million, with funding to be used to complete the DFS and permitting, then provide the initial project development financing.

Key terms of the proposed two staged Transaction are:

- Stage 1:** A Convertible Note totalling US\$1 million, which is convertible to a 15% stake in Red Mountain 100% owned subsidiary RMMS, the 100% owner of the Philippines subsidiary company that holds the Batangas Gold Project assets. If not converted previously, the Convertible Note shall be redeemed on 31 December 2015. However, if final mine permitting is not completed by 31 December 2015, the Convertible Note may be extended under certain conditions.
- Stage 2:** US\$4.5 million for an additional 35% (for a total 50%) stake in RMMS on satisfaction (or waiver by London Co.) of certain conditions precedent:
 - completion of DFS satisfactory to London Co, demonstrating internal rate of return of >25%,
 - receipt of the Declaration of Mining Feasibility (DMF) and Environmental Compliance Certificate (ECC) issued by the Philippines MGB and DENR respectively, to allow commencement of development of the Batangas Gold Project; and
 - definition of Proved and Probable Ore Reserves to support a production schedule recovering at least 100,000 Oz of gold equivalent.

Settlement of the Stage 1 Convertible Note of US\$1 million will occur as soon as practicable following completion of due diligence (to be completed by no later than 31 December 2014). London Co. has already satisfactorily completed technical due diligence and is awaiting legal and financial sign off to complete the entire due diligence process, by which time the parties expect to have signed the final binding agreement with respect to the Transaction.

Red Mountain Managing Director Jon Dugdale said: *"This strategic investment partnership is a very important milestone for the Company as it is anticipated to provide funding to complete the DFS and mine permitting for the low cost Batangas Gold Project, then provide a further contribution to project development costs."*

Upon conversion of the Stage 1 Convertible Notes and the Stage 2 investment, RMMS will be a 50:50 incorporated joint venture, with each party entitled to hold two seats on an RMMS board of four.

More detail will be released on signing the final subscription and joint venture agreement.

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 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.