STRATEGIC FINANCING PARTNERSHIP SIGNED AND RED MOUNTAIN TO RAISE UP TO $1.15 MILLION VIA PLACEMENT AND ENTITLEMENT ISSUE

- Strategic financing partnership, US$5.5million (**A$6.7m**) to fund Batangas Gold Project
- Placement to raise approximately **$0.245** million from sophisticated investors
- Non renounceable pro-rata Entitlement Issue to raise up to **$0.90** million
- Funds raised for development and exploration at Batangas and for working capital

Strategic Financing:

Perth, Western Australia, based Red Mountain Mining Limited (**the Company**, **ASX:RMX**) is pleased to announce that it has signed a binding Strategic Financing Partnership Agreement (**the Agreement**) with London backed, BVI registered private company Bluebird Merchant Ventures Ltd (**BMVL**).

The Agreement includes a two stage funding arrangement totalling US$5.5 million (**m**) (**A$6.7m**), earning BMVL up to 50% of the currently wholly owned subsidiary, Red Mountain Mining Singapore Ltd (**RMMS**), which is the holder of the Philippines based Batangas Gold Project assets.

The two stage funding Agreement includes Stage 1, US$1m (**A$1.2m**) to complete the Definitive Feasibility Study (DFS) and final mine permitting. This will enable BVML to earn a 15% equity interest in RMMS. Stage 2, US$4.5m (**A$5.5m**) to part fund the development of the Batangas Gold Project will enable BVML to earn an additional 35% equity in RMMS. Exercise of Stage 2 funding is subject to conditions precedent including completion of final mine permitting and a DFS producing a >25% internal rate of return (IRR) and producing >100,000 oz of gold equivalent over the initial mine life.

The material terms of the Agreement are described in ASX release dated 16 December 2014. Technical due diligence has been completed and an initial payment of US$100,000 from Stage 1 funding will be paid no later than 9 January 2015, with the balance of the Stage 1 US$1m to be paid in monthly instalments over a maximum of 6 months or the balance on listing of BMVL on the London Stock Exchange, AIM market, whichever is earlier.

Placement and Entitlement Issue:

The Company further advises it has received firm commitments from professional and sophisticated investors to raise A**$0.25m** (before costs) at an issue price of $0.004 (0.4 cent) per share (**Placement**). In addition, for every two (2) shares issued under the Placement, the Company will grant one (1) listed option exercisable at $0.012 (1.2 cents) each on or before 31 March 2016 (**RMXO Options**) and one (1) listed option exercisable at $0.03 (3 cents) each on or before 30 June 2016 (**RMXOA Options**).

Shares issued under the Placement will be issued pursuant to shareholder approval at the Company's general meeting on 15 December 2014. The free attaching options to the Placement will be issued under the Company's existing 15% placement capacity pursuant to Listing Rule 7.1.

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ABN 40 119568106

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BBY Limited (**BBY**) was appointed as Lead Manager to the Placement, on commercial terms.

The Board is pleased to announce that it has resolved to raise a further **$0.9m** (before costs), by offering existing eligible shareholders with a registered address in Australia or New Zealand the opportunity to participate in a pro-rata, non-renounceable Entitlement Issue on the basis of one (1) new share for every four (4) shares held by shareholders on the record date, at an issue price of A$0.004 (0.4 cent) per new share and for every 2 shares issued under the Entitlements Issue, the Company will grant one (1) RMXO Option and one (1) RMXOA Option (**Entitlement Issue**). It is intended that Placement shares will be issued prior to the record date for the Entitlement Issue to enable participation in the Entitlement Issue. Red Mountain intends to lodge a transaction specific Prospectus for the Entitlement Issue with ASIC and ASX on or around 5 January 2015.

Red Mountain's Chairman Neil Warburton and Managing Director Jon Dugdale have indicated they intend to take up at least their full entitlements.

Funds raised pursuant to the Placement and Entitlement Issue are expected to total approximately **$1.15 million** (before costs) if the Entitlement Issue is fully subscribed.

Red Mountain's Managing Director, Jon Dugdale, said: *"We're very pleased that the strategic financing partnership has been signed and the Batangas Gold Project is now funded to initial development. This agreement is the culmination of many months work and it is very pleasing to see it come together."*

"We've also been able raise additional capital at Red Mountain parent level and will offer all eligible shareholders the opportunity through the Entitlement Issue to participate in what will be a very exciting phase for the Company, as we head towards becoming a gold producer."

<u>Proposed Capital Structure</u>

On completion of the above mentioned Placement and Entitlement Issue, assuming full take up, the Company's capital structure is expected to be as follows:

Description	Shares	Options[1]	Gross Amount Raised
Existing	819,920,844	208,444,329[2]	
Placement	61,250,000	61,250,000	$245,000
Issue to contractors	12,009,953[3]		
Sub Total	**893,180,797**	**269,694,329**	**$245,000**
Rights Issue (1:4)	223,295,199	223,295,199	$893,181
Capital Structure on completion	**1,116,475,996**	**492,989,528**	**1,138,181**

1. The Company also has 79,850,500 performance rights on issue (conversion subject to performance based conditions).
2. The Company currently has 95,604,869 RMXO Options; 97,839,460 RMXOA Options and 15,000,000 unlisted options exercisable at $0.20 each on or before 15 September 2016 on issue.
3. The Company intends to issue approximately 12,009,953 shares to contractors at the same time as the Placement shares, as approved by shareholders on 15 December 2014.

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Use of Funds

It is intended that funds raised by the Placement and Entitlement Issue will be used for selective exploration of near surface, high grade targets at Lobo and for general working capital purposes.

Existing Resources and the general layout of the planned Batangas Gold Project development are shown on Figure 1 below.

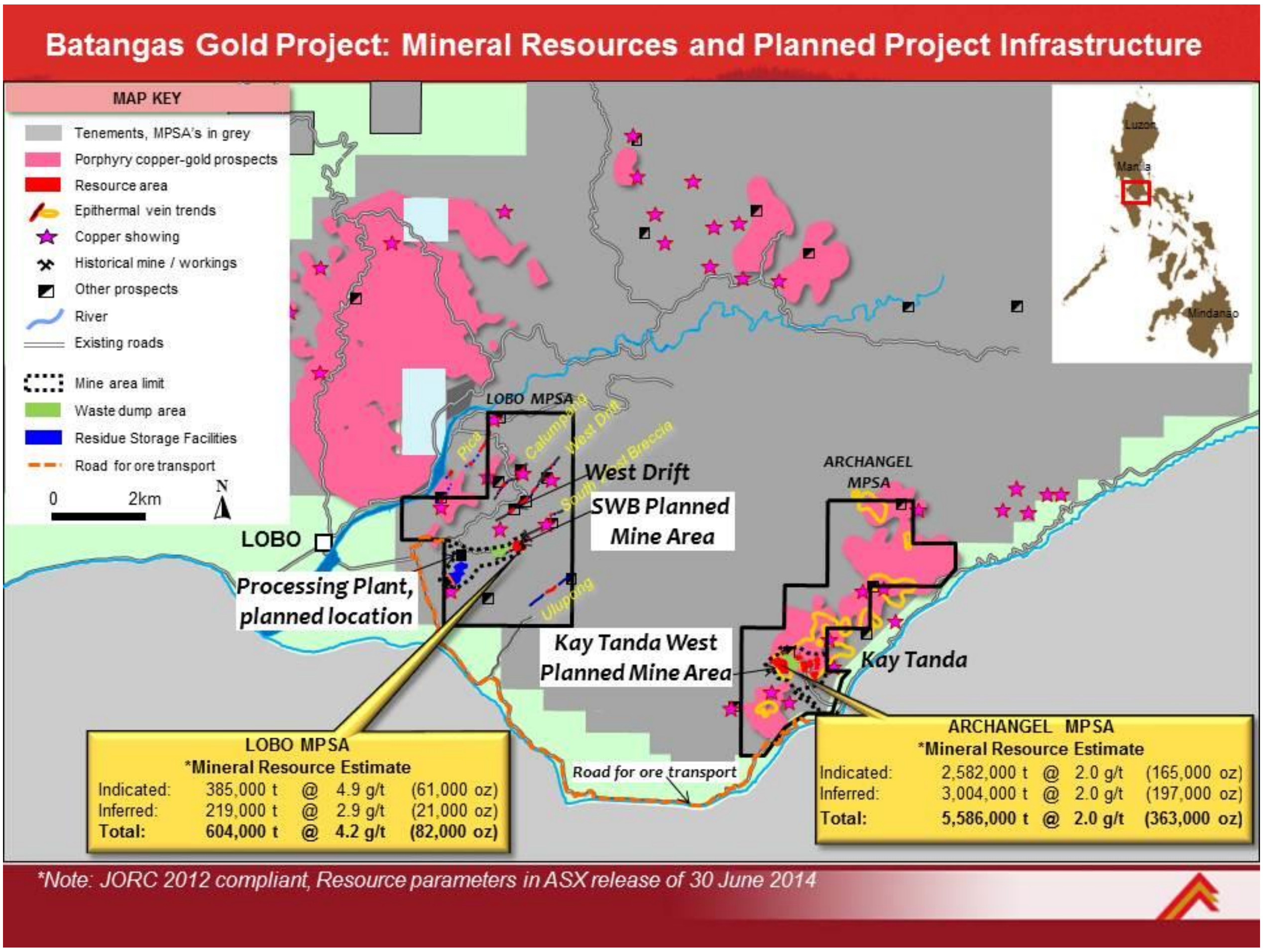

Figure 1: Batangas Gold Project, Mineral Resources and Planned Development Layout

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For further information about Red Mountain please visit 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.

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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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