

7 January 2015

Dear Shareholder

Notice to Shareholders of Rights Issue

We write to you as the registered holder of Red Mountain Mining Limited (ACN 119 568 106) (**Red Mountain or Company**) shares as at today's date. As announced on 23 December 2014 and 6 January 2015, the Directors of Red Mountain have resolved to offer a pro-rata non-renounceable rights issue of up to approximately 224,061,991 fully paid ordinary shares (**New Shares**), on the basis of one New Share for every four Shares held on the Record Date at an issue price of \$0.004 (0.4c) per New Share, with one free attaching listed option exercisable at \$0.012 (1.2c) each on or before 31 March 2016 (**RMXO**) and one free attaching option exercisable at \$0.006 (0.6c) each on or before 30 June 2016 (**New 0.6c Option**) for every two New Shares subscribed for (together, **New Options**) under the Prospectus to raise approximately \$896,248 before costs (**Rights Issue or Offer**). New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue. The Company intends to apply for quotation of the New Shares and New Options but notes that quotation of the New 0.6c Options will be subject to satisfaction of the ASX Listing Rules requirement (particularly in regards to spread).

The funds raised from the Rights Issue are intended to be used for:

- a) selective exploration of near surface, high grade targets at Lobo;
- b) general working capital; and
- c) payment of the costs of the Rights Issue process.

Participation in the Rights Issue is available to Red Mountain shareholders registered on the record date at 5:00pm on 13 January 2015 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

The Rights Issue is being made pursuant to a prospectus which was lodged with the Australian Securities and Investments Commission and the ASX on 6 January 2015 (**Prospectus**). The Prospectus is available at the Company's website: www.redmm.com.au or on the ASX website (company announcements section, ASX code: RMX) at www.asx.com.au.

Following completion of the Offer, the Company will have issued approximately 224,061,991 New Shares and 112,030,995 RMXO and 112,030,995 New 0.6c Options, resulting in total Shares on issue of approximately 1,120,309,957 and total options to acquire Shares on issue of approximately 493,831,319.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded down to the nearest whole number of New Shares and New Options.

Key Dates:

The current proposed timetable for the Rights Issue is as follows*:

Event	
Lodgement of Prospectus with the ASIC	6 January 2015
Lodgement of Prospectus & Appendix 3B with ASX	6 January 2015
Notice sent to Optionholders	6 January 2015

Red Mountain Mining Ltd ACN 119 568 106

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Ex date (date from which Shares trade on ASX without the entitlement to participate in the Offer)	9 January 2015
Record Date for determining entitlements	13 January 2015
Prospectus despatched to Shareholders	16 January 2015
Closing Date	28 January 2015
ASX notified of under subscriptions	29 January 2015
Issue date	2 February 2015
Deferred settlement trading ends	2 February 2015
New Securities commence normal trading on ASX	3 February 2015

* Dates subject to change and indicative only. The Company reserves the right to amend this timetable, including, subject to the Corporations Act 2001 (Cth) and the Listing Rules of ASX, to extend the Closing Date.

A copy of the Prospectus is available on ASX's and the Company's website and will be sent to you on 16 January 2015 if you are an Eligible Shareholder. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus. If you wish to participate in the Rights Issue, it will be necessary for you to complete an Entitlement and Acceptance Form, which will accompany your Prospectus, and return it with the appropriate application monies, to the Company before the Closing Date.

Actions required of Eligible Shareholders

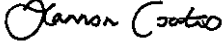
There are a number of actions Eligible Shareholders may take:

- **Taking up all of your Entitlement:** If you wish to take up all of your rights to subscribe for New Shares (**Entitlement**), complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form. You should then forward your completed Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- **Taking up all your Entitlement and applying for Shortfall Securities:** Eligible Shareholders may, in addition to taking up all their Entitlement, apply for Shortfall Shares. A single cheque should be used for the application moneys for your Entitlement and the number of Shortfall Shares you wish to apply for as stated on the Entitlement and Acceptance Form.
- **Taking up part of your Entitlement:** If you wish to take up only part of your Entitlement, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required.
- **Allow all or part of your Entitlement to lapse:** If you do nothing, your Entitlement will lapse and while you will continue to hold the same number of shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

The Directors of Red Mountain Mining recommend that if you are in doubt as to the value of the Rights Issue then you should contact your financial adviser.

If you have any queries in relation to the Rights Issue, or the action you are required to take to subscribe for New Shares, please do not hesitate to contact Shannon Coates, the Company Secretary on (08) 9226 5668.

Yours faithfully



Shannon Coates
Company Secretary