

50% INCREASE TO PROJECTED FREE CASHFLOW FOR BATANGAS GOLD PROJECT

- Improved Australian gold price and reduced fuel costs increase Batangas Gold Project interim DFS free cash flow forecast by 50% to A\$45 million
- Projected operating cash flow increased to A\$67 million in first 5.2 years of production
- Permitting advanced with endorsement of 10 of 10 local Barungay (township) Councils

Perth, Western Australia: Red Mountain Mining Ltd: A combination of the increased Australian dollar gold price and substantially reduced diesel fuels costs in the Philippines, has resulted in an increase in projected free cash flow, from A\$30 million to **A\$45 million**, for the Company's Batangas Gold Project, in the Philippines.

This is based on an updated interim Definitive Feasibility Study (DFS) financial modelling that incorporates the current Australian dollar gold price of A\$1,600/oz (22 January 2015) and reduced diesel fuel costs in the Philippines, which are down 25% since the last update in November 2014. Diesel is used for power generation that is a significant component of planned CIL processing costs and also in mining and haulage. The 25% decrease in the Philippines diesel price has resulted in a 5% reduction to forecast mining and processing operating costs. All other input parameters are as described in the DFS interim update released to the ASX on 20 November 2014. An updated financial model summary is presented in the table below:

	Interim DFS financials at range of gold prices		
	-10%	22nd Jan 2015	+10%
Gold Production Recovered Gold Oz	100,000	100,000	100,000
Gold Price A\$ (A\$/US\$: 0.806)	\$1,440	\$1,600	\$1,760
Gold Price US\$	\$1,160	\$1,290	\$1,420
Net Revenue A\$M	148	165	182
Operating Costs A\$M	90	90	90
Operating costs exc. taxes A\$/Oz	873	873	873
Operating cost exc. taxes US\$/Oz	703	703	703
Taxes, Fees, royalties A\$M	7.2	7.5	7.9
Operating cash-flow including taxes A\$M	51	67	84
Installed Capital A\$M inc. 10% contingency	15.4	15.4	15.4
Pre-strip and Sustaining Capital A\$M	7.3	7.3	7.3
Total Capital A\$M	22.7	22.7	22.7
Total Cash Flow A\$M (C3) – Initial 5.2 years	28	45	61
IRR (inc. financing, 5% interest)	44%	65%	83%
NPV (8%) (inc. financing) A\$M	16.5	28.5	40.4



The Company further advises it has now achieved endorsement from 10 out of the 10 potentially affected Barangay (township) Councils for the Batangas Gold Project development and production plan (Declaration of Mining Project Feasibility (DMPF)). The next step is Lobo Municipal Council endorsement prior to the DMPF proceeding to the central Mines and Geosciences Bureau (MGB) for final processing and approval.

Red Mountain Managing Director Jon Dugdale said: *"The project is now at a turning point, with the improved gold price, reduced input costs and the new funding partnership giving us the impetus to complete the DFS and permitting and move the Batangas gold project towards production."*

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About Red Mountain Mining Limited and the Batangas Gold Project

Red Mountain Mining (ASX: RMX) is a gold exploration and development 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 announced Agreement with London backed, BVI registered, BMVL on 23 December 2014 which includes a two stage funding arrangement totalling US\$5.5 million (~A\$6.7 million), earning BMVL up to 50% of the currently wholly owned subsidiary, Red Mountain Mining Singapore Ltd, which is the holder of the Philippines based Batangas Gold Project assets.

Funding under the Agreement with BMVL will allow the Company to complete a 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 announcement 20 November 2014).

Final mine development permitting submissions have been lodged with the Philippines Government (ASX announcement 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. Other than as noted in this announcement, 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.