



RED MOUNTAIN SIGNS NEW STRATEGIC FINANCING AGREEMENT FOR THE BATANGAS GOLD PROJECT

- **New Strategic Financing Agreement signed, increases Stage 1 Funding to US\$1.7 million (M)**
- **Red Mountain to be repaid US\$850,000 of loaned funds plus interest by 27 November 2015**
- **New option for partner to sole fund prior to permitting or increase total funding to US\$5.5M**
- **Funding secured to initiate high-grade gold target drilling and complete DFS and permitting**

Perth, Western Australia: Red Mountain Mining Limited (ASX:RMX) is pleased to announce that, together with its wholly owned subsidiary Red Mountain Mining Singapore Ltd (RMMS), it has signed a new project level Strategic Financing Agreement (**new Agreement**), with UK based Bluebird Merchant Ventures Ltd (**Bluebird**), which offers significant benefits for Red Mountain. The new Agreement replaces the original Strategic Financing Agreement (**Original Agreement**), first released to the ASX on 23 December 2014, and as varied.

Under the new Agreement, Bluebird will increase **Stage 1 Funding** from US\$1M to US\$1.7M (A\$2.4M), to earn an aggregate 25% interest in RMMS, the holder of the Company's Batangas Gold Project (**BGP**) assets, located 120km south of Manila in the Philippines.

Bluebird will then have two alternative options to increase equity in RMMS to 50.1%; a **Sole Funding Option**, prior to the DFS and permitting being completed, or the **Stage 2 Funding** option which must be exercised if Stage 2 Conditions Precedent including the DFS and final permitting (**Stage 2 CPs**) are satisfied (see 16 December 2014 release for details of the Stage 2 CPs, as mirrored in new Agreement).

Stage1 Funding has now been split into two tranches:

- a) **Stage 1a:** US\$1M, to be paid on or before 27 November 2015, (including US\$0.5M that has been paid previously), earning Bluebird an initial 15% of RMMS; and
- b) **Stage 1b,** an additional US\$0.7M, to be paid on or before 29 February 2016, earning Bluebird an additional 10% of RMMS (total 25%).

On completion of Stage 1 Funding the parties will form a 25% Bluebird/75% RMX incorporated joint venture (**Incorporated JV**) and project expenditure will be funded according to the parties respective JV interests. Bluebird will then have two alternative options to increase its interest in RMMS from 25% to 50.1%:

- i) The **Sole Funding Option**, which may be exercised prior to the DFS and final permitting being completed, whereby Bluebird will pay an additional US\$1.7M, (total US\$3.4M / A\$4.7M) to increase equity in RMMS to 50.1%. The Sole Funding Option may be exercised at any time up to 30 September 2016 and must be paid in full within 10 business days of exercise, or;
- ii) if the Sole funding Option is not exercised or expires, the **Stage 2 Funding** option, whereby an additional US\$3.8M (total US\$5.5M/A\$7.5M) is payable upon completion of the Stage 2 CPs, including the DFS and final permitting. This will also increase Bluebirds equity in RMMS to 50.1%. The Stage 2 Funding option will expire on 31 December 2016, and may be extended by agreement of all parties.

The Incorporated JV will continue to operate if neither Option is exercised.



In addition, Red Mountain, RMMS and Bluebird have varied the Loan Agreement (see ASX release 12 June 2015) that covers any shortfall in Stage 1 Funding by Bluebird from June to November 2015. The shortfall has been loaned by Red Mountain to RMMS and, upon receipt from Bluebird of Stage 1a and part of the Stage 1b funding on or before 27 November 2015, RMMS will immediately repay the loans totalling US\$850,000 (A\$1.2M), plus interest and costs, to Red Mountain.

Red Mountain Managing Director Jon Dugdale said, *"The signing of this new strategic financing agreement with Bluebird is a very positive milestone for the Company, as it will provide funding to advance the Batangas Gold Project to Definitive Feasibility and final permitting then initial development."*

"Preparations to commence the planned drilling program are underway and we are very keen to drill our immediate high grade gold targets at Tamarind and SWB Extended as soon as possible."

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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, 227,000oz 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 objective of upgrading mineral resources at Batangas.

The Company announced a Strategic Financing Agreement (the Original Agreement) with Bluebird Merchant Ventures Ltd (Bluebird) on 23 December 2014. A new Agreement (the Agreement) has been signed that includes a two stage funding arrangement totalling up to US\$5.5M, that will earn Bluebird 50.1% of the current wholly owned subsidiary, Red Mountain Mining Singapore Ltd (RMMS), that holds the Company's interest in the Batangas Gold Project assets in the Philippines.

Stage 1 funding of US \$1.7M under the Agreement with Bluebird will allow the Company to complete 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 a 10 year production plan (ASX announcement 20 November 2014 and updated 23 January 2015).

Final mine Declaration of Mining Feasibility (DMF) permitting has been endorsed by all 10 Local Barangay (township) Councils and the Company is seeking endorsement of the Lobo Municipal Council. The Environmental Compliance Certificate (ECC) is reaching the final stages of approval and,



once the Company has the necessary two of three LGU endorsements, the DMF will proceed to central Mines and Geosciences Bureau (MGB) for final approval and signing by the Secretary of the Department of Environment and Natural Resources (DENR).

The Company is on the lookout for other advanced gold development and exploration opportunities, which will be reviewed on a continuous basis.

Cautionary Statement

The production targets referred to in this announcement were first released to ASX on 20 November 2014 and updated on 23 January 2015. 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 historic 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 the information is 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.