ASX ANNOUNCEMENT RED MOUNTAIN MINING LTD (ASX:RMX) 20 MARCH 2014

SCOPING STUDY CONFIRMS LOW COST, EARLY PAYBACK, GOLD PROJECT

- **Projected life of mine revenue from gold sales of A$134 million (at current A$1500/oz Au price)**
- **Projected net cash flow including all capital and taxes of A$40 million (no debt financing)**
- **Production of 90,000 oz of gold over 4.5 year initial mine life**
- **Low [1]C1 cash operating cost of A$769 per oz of gold recovered (US$690/oz)**
- **Capital cost of A$16.7 million (US$15 million) with potential 1.2 year payback**
- **Over A$8 million in royalties and taxes to Philippines Government and local communities**
- **Study based on existing, high-grade, open pit mineable resources only, 90% Indicated**

Scoping Study Required Cautionary Statement:
The Scoping Study is based on low level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Scoping Study is partly based on Inferred Resources that comprise less than 10% of the total mining inventory. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target will be realised.

Perth-based Red Mountain Mining Ltd is pleased to announce the results of the Scoping Study into the viability of mining and processing existing gold resources at the Batangas project, 120km south of Manila, in the Philippines.

The Scoping Study has confirmed a strongly viable, low capital, low operating cost, initial gold mining and processing project with the $16.7m pre-production capital cost potentially recovered in just 14 months.

The Scoping Study is entirely based on open pit mining and carbon in leach (CIL) processing of existing, high grade resources, of which 90% of the resources to be mined are in the Indicated Mineral Resource category. The processing plant is intended to be located at Lobo, close to the very high grade South West Breccia (SWB) resource and local infrastructure, and 2km east of Lobo township (See Figure 1).

The project is expected to yield free cash for Red Mountain Mining of approximately $40m over the initial mine life of 4.5 years. This includes capital payback, taxes, royalties and all other operating costs.

Red Mountain Mining Managing Director Jon Dugdale said "The results from the Scoping Study are very positive for us. It shows we can establish the project relatively quickly, generate early cashflow and payback the up-front capital within a short timeframe based only on known existing resources."

"We'll continue our exploration drilling campaign testing high grade targets at the Lobo prospect and anything we find there could improve the bottom line even further." said Mr Dugdale.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Average annualised production is estimated at 20,000 oz gold (Au) and 46,000 oz silver (Ag) per annum over an initial mine life of 4.5 years.

[1]C1 cash operating costs (World Gold Council guidance June 2013 including royalties and site taxes, refining charges and by-product silver credits) are forecast to average A$769 per recovered gold oz (US$690/oz Au).

Average operating cash flow, after C1 cash costs, is estimated to be approximately A$14.5 million per annum, to return pre-production capital of $16.8 million within a short time frame of just 14 months from initial production.

The Company also announced that the Board has today approved a Definitive Feasibility Study (DFS) based on the outcomes of the Scoping Study will be commenced immediately. It is anticipated that the DFS will cost A$1.1 million and be completed by December 2014. Based on a successful DFS, funding options will then be evaluated and finalised prior to anticipated commencement of construction in early 2015.

The Scoping Study was compiled with the assistance of Sedgman Ltd in Perth on process engineering and design, supported by a number of Philippines based consultants and coordinated by management.

Initial production is planned to be open pit mining inventory from the South West Breccia (SWB) resources on the granted Lobo mining permit (Mineral Production Sharing Agreement - MPSA), following which the higher grade mining inventory from Kay Tanda West resources will be transported from the granted Archangel MPSA, a distance of 15km by road to the planned Lobo plant. Low grade mining inventory (using a cut-off grade of 0.85 g/t Au) from the Kay Tanda West mine will be stockpiled.

Project parameters and financial model outputs are summarised below:

Batangas-Lobo Gold Project	Unit	A$	US$
Mine Life (Processing)	Years	4.5	
Tonnes Processed	T	880,000	
Head Grade Gold (Au)	Au g/t	3.4	
Head Grade Silver (Ag)	Ag g/t	9.2	
Head Grade (Au Equ.)	Au Equ. g/t	3.6	
Recovered Ounces Gold (Au)	Oz Au	**90,000**	
Total Net Revenue from Gold Sales	A$M	**$135**	**$120**
Total C1 Cost/Oz (inc. Royalties, Production Taxes)	A$/Oz	**$769**	**$690**
Operating C1 Cash Flow	A$M	**$65**	**$60**
Sustaining Capital Life of Mine	A$M	$4.1	3.7
Corporate Admin and Taxes	A$M	$5.4	4.8
Pre Production Capital including Contingency	A$M	$16.7	15.0
Payment to Vendors and Recoverable Capital	A$M	-$0.8	-$1.6
Total C3 Cost/Oz (inc. Capital, Corporate costs, Taxes)	A$/oz	**$1,050**	**$950**
Total C3 Cash Flow Life of Mine	A$M	**$40**	**$36**
IRR	%	70%	
Pay Back (no debt)	Years	1.2	
Gold Price	A$/Oz	$1,500	$1,350
Silver Price	A$/Oz	$24	$22
Exchange Rate	A$/US$	0.9	0.9

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Revenue and cash flow at different gold prices are shown below:

	-10.0%	**Current**	+10.0%	+20.0%
Gold Price A$	$1,350	**$1,500**	$1,650	$1,800
Gold Price US$ (A$/US$ 0.9)	$1,215	**$1,350**	$1,485	$1,620
Total Net Revenue from Gold Sales	$120	**$134**	$147	$170
Total C3 Cash Flow Life of Mine	$27	**$40**	$53	$74
Pay Back (Years)	1.5	**1.2**	1.0	0.8

Mineral Resources and Mining Inventory

The two Mineral Resource areas the subject of the Scoping Study are located on the Lobo and Archangel MPSA's (the Philippines equivalent of Mining Leases), located 2km and 10km east of the city of Lobo respectively (see Figure 1 below).

The Mineral Resources that form the basis of the Scoping Study were released on 30 January 2013 in accordance with the guidelines of the JORC Code (2004 edition) and are summarised below:

Deposit	Resource Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Archangel (Kay Tanda)	Inferred	3,004,000	2.0	197,000	1.3	124,000
	Indicated	2,582,000	2.0	165,000	5.7	471,000
	Total	**5,586,000**	**2.0**	**363,000**	**3.3**	**595,000**
Lobo (SWB)	Inferred	16,000	5.3	3,000	1.7	1,000
	Indicated	178,000	7.4	42,000	1.8	10,000
	Total	**194,000**	**7.2**	**45,000**	**1.8**	**11,000**
Total	Total Inferred	3,020,000	2.1	200,000	1.3	125,000
	Total Indicated	2,760,000	2.3	208,000	5.4	481,000
	Total	**5,780,000**	**2.2**	**408,000**	**3.3**	**606,000**

Note: Batangas Gold Project Mineral Resource Estimates at a 0.85 g/t Au lower cut off.

The SWB Mineral Resources at Lobo are associated with a linear, steeply dipping, epithermal lode with high-grade "shoots" of mineralisation. The Kay Tanda Mineral Resources at Archangel are associated with a low to moderate grade stockwork gold deposit in andesitic volcanics.

An open pit mining inventory has been derived from the Mineral Resource estimates above after the application of mining and processing parameters generated by independent expert Dallas Cox of Crystal Sun Consulting, a Chartered Professional (CP) mining engineer contracted by the Company.

The mining inventory that forms the basis of the initial Scoping Study includes 880,000 tonnes grading 3.4 g/t Au, 9.2 g/t Ag (3.6 g/t Au equivalent). This includes 150,000t grading 6.4 g/t Au from the upper 80m of the SWB Mineral Resources at Lobo, to be mined then processed within the first 18 months of production. A further 730,000t grading 2.8 g/t Au, 11 g/t Ag (3 g/t Au equivalent) from Kay Tanda West at Archangel is to be mined and transported to Lobo by road then processed over the subsequent three years. Over 90% of the mining inventory is in the Indicated Mineral Resource category.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Average mining cost is A$3.40/t mining inventory and $2.60/t waste. Transportation of mining inventory from Kay Tanda West to the Lobo processing plant is estimated at A$7.20/t. The total cost is A$37 per mining inventory tonne (includes all high grade, low grade and waste mining and transport).

There remains an opportunity to extend high grade production through identifying further high grade resources. There is also an opportunity to mine and process further lower grade resources from the Archangel project, based on higher prevailing gold price or lower cost processing on site.

Processing

Metallurgical testing (see release 24 January 2014) indicates that the two mining inventory resource types need to be processed at different grind sizes and leaching residence times for optimum recovery and cost.

It is planned that SWB mining inventory will be processed at 12.5 t/hour with 80% passing 45μm and 48 hours leaching residence time. Kay Tanda West mining inventory will be processed at 32.3 t/hour with 80% passing 106μm and 24 hours leaching residence time.

This translates to a processing rate for SWB mining inventory of 100,000 tonnes per annum (tpa) and average gold recovery of 95% and a processing rate for Kay Tanda West mining inventory of 258,000tpa and average gold recovery of 90% for a total life of mine average processing rate of 196,000tpa and average gold recovery of 92%. Average silver recovery is 80%.

The processing plant, to be located at Lobo, includes a preliminary circuit design produced by Sedgman Ltd based on the SWB production rate. The processing plant comprises two stage crushing, ball milling, cyanide leach and carbon adsorption (CIL), carbon elution and regeneration, gold room incorporating electrowinning, cyanide detoxification, reagent mixing and distribution, power distribution and associated infrastructure. Process plant residues will be gravity fed to a Residue Storage Facility (RSF) close to the processing plant.

Capital and operating cost estimates for the processing plant are to an accuracy of +/-30%.

Processing costs are summarised below for the different mining inventory categories.

	SWB	Kay Tanda West		
Process Plant Location	Lobo	Lobo		
Mining Inventory Category	transition	oxide	transition	fresh
Operating Cost	A$44/t	A$22/t	A$24/t	A$23/t

Total average processing cost is A$27 per mining inventory tonne processed.

The estimated capital cost of the processing plant is A$10.7 million, including direct costs of A$8.6 million and indirect costs, commissioning and contingency of $2.1 million.

Infrastructure and Administration

It is anticipated a total of 232 personnel will be employed in the Batangas operation, including all mining, processing and other personnel. This includes 144 personnel from the local area, 86 from elsewhere in the Philippines and 2 senior expatriates.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Accommodation for the workforce will be in the nearby Lobo township, with transport by Company bus to the Lobo mine and processing site within 2km to 3km of Lobo or the Archangel mine site approximately 12km east of the Lobo. Site offices and other administration facilities will be shared with the Lobo processing plant, with the exception of mining related facilities.

Permanent access roads will be established to the Lobo and Archangel sites totaling approximately 9km and the existing roads will be refurbished from Lobo to the Lobo mine and processing plant access and to the Archangel mine access, a total distance by road of 15km.

Power generation for the processing plant and associated infrastructure will be via a leased diesel generating facility with 1.3 megawatt generating capacity and operating costs of US$0.24 (A$0.27) per kw hour. There is an opportunity to utilise grid power from Batangas by extending high voltage facilities within 30km's of the processing plant site.

A residue storage facility (RSF) will be established close to the Lobo processing plant with the initial lift catering for 2 years production then a second lift for the remaining 2.5 years. The RSF will be lined and built to required environmental and seismic standards. The RSF will be capped and rehabilitated with vegetation at completion of the project.

Capital Expenditure

The capital expenditure required to first gold production totals A$16.7 million, including initial land access costs, processing plant contingency, value added taxes (VAT) and duties as summarised below. Financing costs are not included.

The sustaining capital life of mine totals A$4.1 million, including RSF lifts and mine closure rehabilitation.

Capital Cost Estimate	**Pre Production**	**Sustaining**
	A$ 000's	**A$ 000's**
Land Access	590	468
Processing Plant inc. Contingency	10,660	In Opex
Site Infrastructure		
Residue Storage Facility	1,000	1,706
Site Preparation Earthworks	2,650	390
Building Construction and Fitout	370	-
Vehicles and Mobile Equipment	670	-
Power Connection (Diesel, lease)	80	-
Mine Rehabilitation		1,519
Total Development Capex	**16,020**	**4,083**
VAT and Duties	700	41
Total Project Development and Sustaining Capital	**16,720**	**4,124**
Net payments and capital cost recovery credits	**-0.8**	

This capital expenditure estimate assumes that the majority of plant and equipment is purchased new. A definitive feasibility study will assess the opportunity of purchasing refurbished second hand equipment and/or the opportunity to carry out a higher proportion of construction locally using the high quality engineering and construction facilities at nearby Batangas city.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director

Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Operating Expenditure

A breakdown of the C1 operating cost estimate, totaling A$769 per recovered gold ounce (US$690/oz) for the Batangas Gold Project life of mine, are presented below:

Life of Mine Operating Costs per Tonne	**A$/t processed**
Mining and Rehandle	37
Plant and Processing	27
Technical & Administration	14
Total	**78**
Life of Mine Operating Costs per Gold Ounce Produced	**A$ / Au Oz**
Mining and Rehandle	365
Plant and Processing	262
Technical & Administration	139
Total Site Costs	**766**
Additional costs including royalties, refining and net silver credits	**3**
Total C1 Costs / Au oz	**A$769**

Financial Model

The financial cashflow model for the Batangas Gold Project was prepared by consultants on behalf of the Company and independently verified and audited by Michael Conan-Davies FAusIMM(CP), a qualified person with over 15 years relevant experience.

The financial model outputs (no rounding) are summarised below. The Company has adopted the World Gold Council (WGC) guidance on cost reporting measures released June 2013.

Batangas Gold Project	**AUD $ / Oz**	**USD $ /Oz**	**Total Project A$,000**	**Total Project US$,000**
Total Revenue from Gold Sales	**1,500**	**1,350**	**133,707**	**120,336**
On Site Operating Costs	766	690	68,300	61,470
Refining and Smelting	3	3	295	266
By Product Credits	-56	-51	-5,021	-4,519
Royalties (inc. Excise and other taxes/fees)	56	50	4,989	4,490
Total C1 Site Operating Cost	**769**	**692**	**68,564**	**61,707**
Operating C1 Cash Flow	**731**	**658**	**65,143**	**58,629**
Corporate Tax	37	33	3,318	2,986
Corporate Admin Costs	23	21	2,044	1,840
Sustaining Capex	46	42	4,124	3,711
Total C2 Sustaining Cost	**876**	**788**	**78,049**	**70,244**
Operating C2 Sustaining Cash Flow	**624**	**562**	**55,658**	**50,092**
Capex Pre Production	188	169	16,717	15,046
Other Payments and Credits	-10	-9	-935	-842
Total C3 All in Cost	**1,053**	**947**	**93,832**	**84,448**
Total C3 all in Cash Flow	**447**	**403**	**39,875**	**35,888**
Gold Price			1,500	1,350
Silver Price			24	22
A$/US$			0.90	0.90

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Next Steps and Timeline to Production

Based on the Scoping Study demonstrating a profitable Batangas gold mining and processing project, Red Mountain will now commission a Definitive Feasibility Study (DFS).

The DFS will be completed in parallel with submission of an expanded 10 year mining plan to meet the requirements for Declaration of Mining Project Feasibility (DMPF) and related permit applications to be submitted to the Philippines Government Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR).

The DFS and permitting process is expected to cost A$1.1 million and be completed by December 2014. The Scoping Study contemplates commencement of construction Q2 (June Quarter) 2015, and processing/gold production commencing Q1 (March Quarter) 2016, subject to financing.

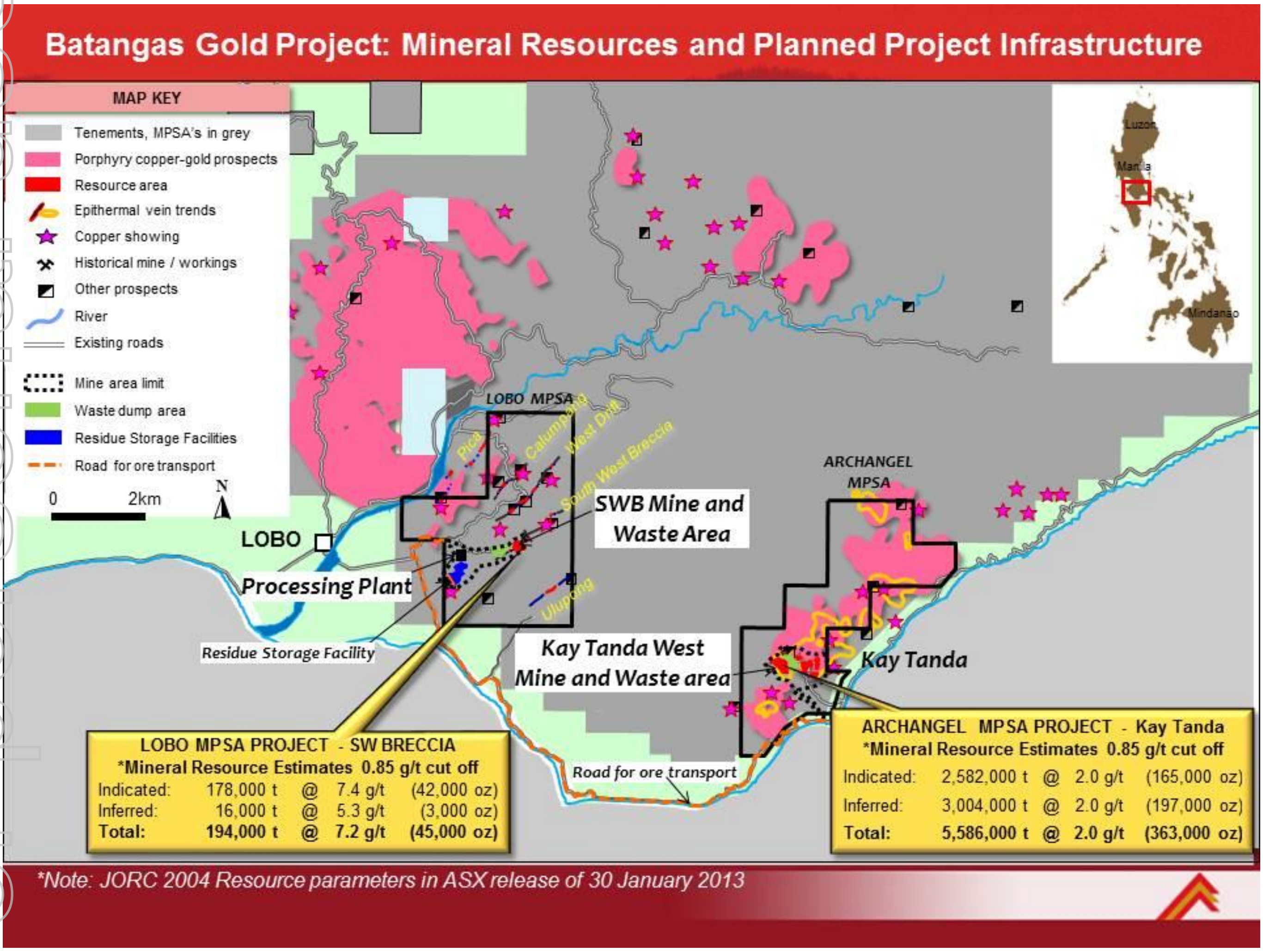

Figure 1: Batangas Gold Project Mineral Resources (JORC 2004) and planned project infrastructure

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

For further information about Red Mountain please visit www.redmm.com.au or contact:

Company Investors	**Media**
Jon Dugdale	Matt Birney
Managing Director	Birney Corporate
(+61) 402 298 026	(+61) 419 217 090
(+61) 8 9226 5668	(+61)8 9226 5668
E : jon.dugdale@redmm.com.au	E : matt@birneycorporate.com.au

About Red Mountain Mining Limited and the Batangas Gold Project

Red Mountain Mining (ASX: RMX) is primarily a gold explorer 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, at a 0.85 g/t Au lower cut off, include Indicated Resources of 2.76 million tonnes @ 2.3 g/t Au, 208,000 oz Au and Inferred Resources of 3.02 million tonnes @ 2.1 g/t Au, 200,000oz Au for a total of 5.78 million tonnes at 2.2 g/t Au, 408,000oz Au (30 January 2013, JORC 2004).

The Company will continue exploration with the objectives of upgrading Mineral Resources at Batangas and complete a scoping study to demonstrate the potential viability of a gold mining and processing project.

Other gold opportunities will be reviewed on a continuous basis.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au

Appendix A – Further Information

Competent Person Statement

The mining inventory and production targets and other information in this announcement that relate to Mineral Resources are based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 and 2012 Editions 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. Mr Dugdale takes responsibility and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Mineral Resources in this announcement upon which the mining inventory and production targets are based was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Gold Equivalent Reporting

Gold equivalent has been calculated using a gold (Au) price of $1,500 per oz and silver (Ag) price of $24 per oz, representing approximate current pricing of those metals at the time of this announcement. This represents a ratio of 48 g/t Ag/ 1 g/t Au. Metal recovery assumptions are 92% for Au and 80% for Ag, as reported in the scoping study model, based on actual metallurgical recovery data. This represents a recovery ratio of gold to silver of 1.15:1. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

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.

ASX code: RMX
ABN 40 119568106

COMPANY DIRECTORS
Neil Warburton
Non-Executive Chairman
Jon Dugdale
Managing Director
Michael Wolley
Non-Executive Director
Shannon Coates
Company Secretary

CONTACT DETAILS
RED MOUNTAIN MINING LTD
Head Office
Unit 1, 2 Richardson Street
West Perth Western Australia 6005
www.redmm.com.au
info@redmm.com.au