



BATANGAS GOLD PROJECT

DEFINITIVE FEASIBILITY STUDY UPDATE

- **New metallurgy shows significantly increased gold recovery for Kay Tanda West resource**
- **New production schedule shows longer initial mine-life & increased production to 100,000oz gold**
- **Completion of Definitive Feasibility Study to be aligned with expected final permitting timeframe**

Perth-based Red Mountain Mining Ltd is pleased to present an update on the progress of its Definitive Feasibility Study (DFS) into the viability of mining and processing existing gold and silver resources at the Batangas Gold Project, located 120 kilometres south of Manila, in the Philippines.

The highlights of the DFS to date include:

- i) Recent metallurgical testing (at ALS, managed by Como Engineers) indicates **significantly increased metallurgical recovery** for a composite sample from the larger Kay Tanda West (KTW) Indicated Resource at the Archangel Prospect, compared to the metallurgical recovery assumptions in the Scoping Study* (released 20 March 2014). In particular, the recoveries for fresh (sulphide) material from KTW, at the assumed 106 micron grind size, are estimated to be **96%** gold recovery based on the DFS testing program compared to **83%** gold recovery assumed in the Scoping Study. Oxide resource metallurgical recovery for KTW is now **97%** gold recovery compared to **92%** and transition recovery remains unchanged at **90%**. The increased recoveries for resources at KTW may lead to even lower production cost per ounce, a deeper pit design and increased total production from KTW.

**The Scoping Study referred to in this announcement is based on lower-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. There is a low level of geological confidence associated with inferred Mineral Resources (that represent only 10% of the mining inventory in the Scoping Study) and there is no certainty that further exploration work will result in the determination of indicated Mineral Resources or that the production target itself will be realised. There is no certainty that the Scoping Study production targets, or the forecast financial information derived from production targets, will be realised. All material assumptions underpinning the production targets and forecast financial information derived from the production targets, full details of which were released to ASX on 20 March 2014, continue to apply and have not materially changed.*

The metallurgical recovery modelled, based on metallurgical testing of oxide-transition material from South West Breccia (SWB), is moderately lower than assumed in the Scoping Study at **90%** gold recovery compared to **95%**. Testing was also completed for fresh (sulphide) material from SWB, producing recoveries averaging **84%** gold recovery at the assumed 45 micron grind size.

Further testing will examine the potential to increase recovery from the fresh (sulphide) zone of the SWB ore body, through gravity concentration of the sulphide residues after leaching of a relatively coarse grind, then completing a very fine grind and intensive leach on the concentrated residues. Once the flow sheet is settled, metallurgical testing will continue on a suite of variability samples representing all parts of the preliminary mining inventory at SWB and KTW.

- ii) A revised, preliminary production schedule indicates potentially longer mine life and increased production compared to the Scoping Study production schedule. The new, revised, production schedule is based only on the new Indicated Resources (released 30 June 2014) and includes an increased “high grade” mining inventory, equivalent to probable ore reserves totaling: **1.08 million tonnes grading 3.0 g/t gold (Au) and 10.3 g/t silver (Ag) or 3.13 g/t Au¹equivalent**. Based on production rates assumed for the Scoping Study of 100,000 tonnes per annum (tpa) for SWB and 250,000tpa for KTW, and the new metallurgical recovery assumptions, this would allow for an **increased initial mine life to 5.5 years (previously 4.5 years) producing 100,000oz of gold¹equivalent**.

Additional mining inventory, including Kay Tanda Main (KTM) Indicated and Inferred Resources, is included in a 10 year production schedule submitted to the Mines and Geosciences Bureau (MGB) as part of Declaration of Mining Project Feasibility final permitting, currently being processed.

- iii) Geotechnical studies (RDCL, consultants) indicate that it may be possible to steepen the eastern, footwall of the planned SWB open pit, allowing for lower mining costs for the, Indicated Resources totaling 214,000 tonnes grading 6.4 g/t Au (released 30 June 2014). The current open pit stages are shown on a cross section through SWB, Figure 1 below.
- iv) A residue storage options study (completed by ATC Williams) has concluded that thickened residues disposal will result in a lower environmental risk and lower capital cost (due to decreased wall volume) compared to “conventional” residue disposal methods. Detailed design and costing of the thickened residues options will be completed in the second stage of the DFS.
- v) Detailed surveying (McDonald Surveys) has been completed for all potential mining and infrastructure areas.

Red Mountain Mining Managing Director Jon Dugdale said, “*the initial results from the DFS are encouraging and indicate a potentially longer initial mine life and greater gold recovery compared to the Scoping Study outcomes. The second stage of the DFS, including detailed process engineering and infrastructure design, will be aligned with the expected timing of final permitting by the first quarter of 2015.*”

The Batangas Gold Project Scoping Study

The Scoping Study, which was released on the 20 March 2014, confirmed the potential for a strongly viable, low capital, low operating cost, initial gold mining and processing project at Batangas.

The Scoping Study was 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 were 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 2 kilometres east of Lobo township (see Figure 2).

Under the Scoping Study, average annualised production was estimated at 20,000oz gold (Au) and 46,000oz silver (Ag) per annum over an initial mine life of 4.5 years (increased to 5.5 years under DFS preliminary production schedule described above).

C1 cash operating costs were forecast to average A\$769 per recovered gold oz (US\$690/oz Au).

Average operating cash flow, after C1 cash costs, (adjusted for recent gold pricing averaging US\$1,300 per ounce and exchange rate of A\$:US\$ 0.93) averages approximately A\$12.4 million per annum for the initial mine life of

4.5 years, and returns pre-production capital of A\$16.8 million within a short time frame of just 1.3 years from initial production. The project is expected to produce total C1 operating cashflow of approximately A\$56 million or A\$31million C3 cashflow after initial capital, sustaining capital, taxes, royalties and all other operating costs.

The table below shows operating C1 cashflow and total C3 cashflow at various gold prices.

Scoping Study Assumptions	Potential Cashflow at Varied Gold Price			
Gold Price US\$ (A\$/US\$ 0.93)	\$1,250	¹ \$1,300	\$1,350	\$1,400
Total C1 Operating Cashflow 4.5 years A\$m	\$51m	\$56m	\$61m	\$66m
Total C3 Cashflow 4.5 yrs including Capital A\$m	\$27m	\$31m	\$36m	\$40m
Capital Pay Back (Years)	1.5	1.3	1.2	1.0

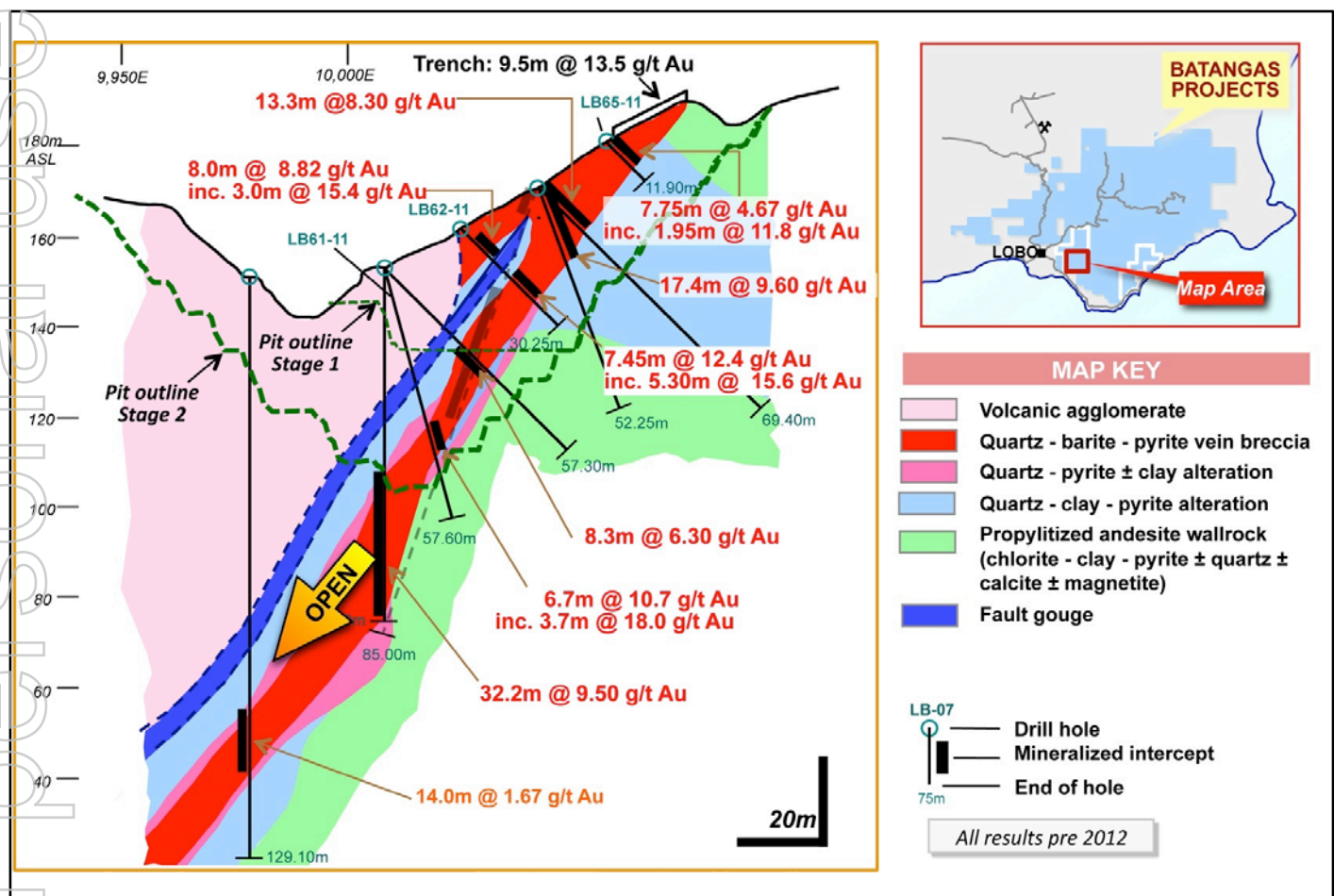


Figure 1: South West Breccia cross section with current pit outlines, to be potentially deepened

Batangas Gold Project: Mineral Resources and Planned Project Infrastructure

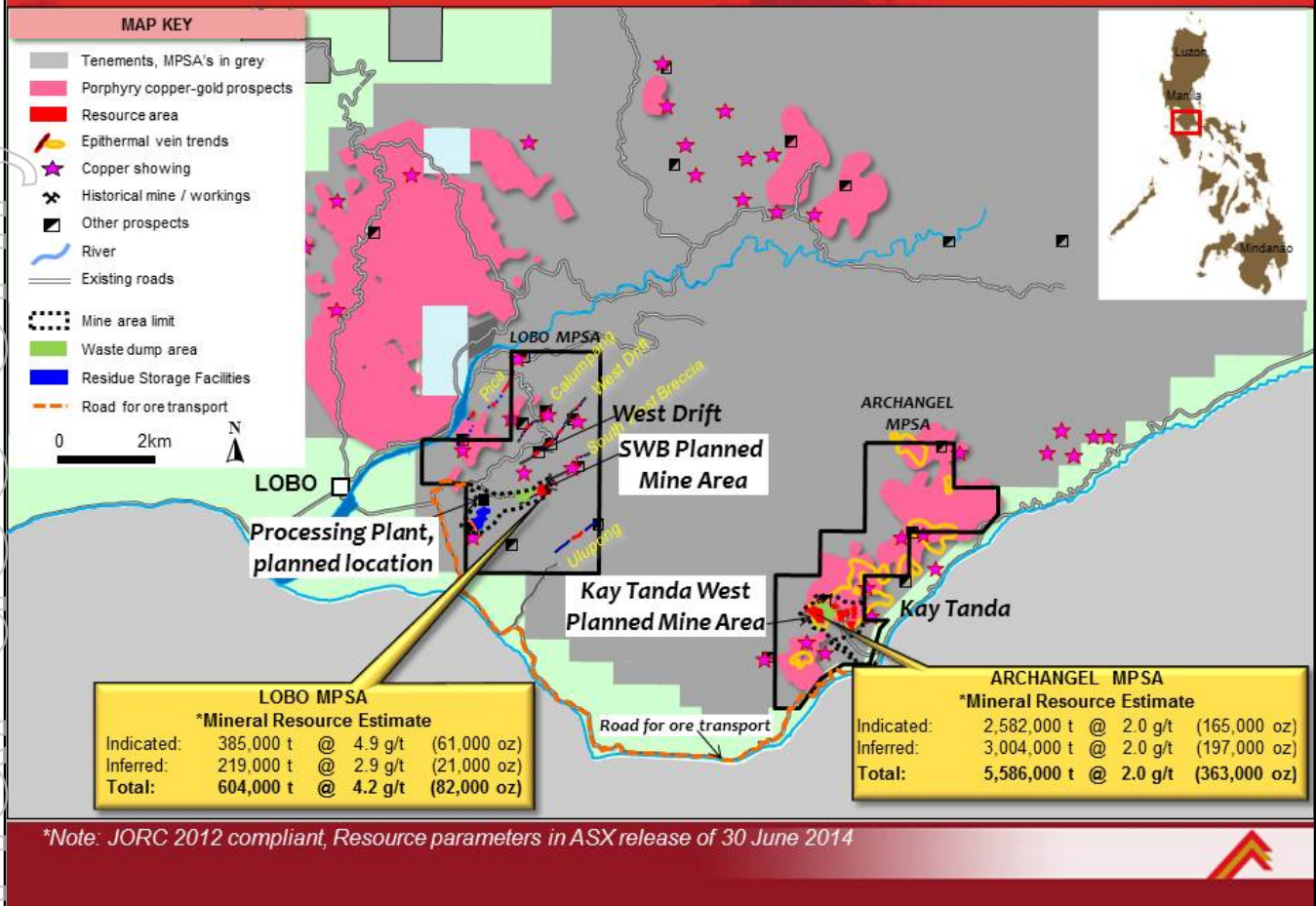


Figure 2: Batangas Gold Project Resources and Planned Development Layout subject to DFS

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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,

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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 and shown on Figure 2).

The Company will continue exploration with the objectives of upgrading Mineral Resources at Batangas.

A Scoping Study (ASX release 20 March 2014) has demonstrated a strongly viable, low capital and operating cost, gold development based on initially recovering 90,000oz of gold over 4.5 years and potentially generating A\$57 million of cash flow, including A\$17 million of pre-production capital (US\$ 1,350/oz; A\$:US\$ exchange 0.9).

The Company is completing a Definitive Feasibility Study (DFS) on the project and final permitting submissions have been lodged with the Philippines Government for approval to develop the Batangas Project, gold mining and processing operation (ASX release 30 April 2014).

Other gold opportunities will be reviewed on a continuous basis.

Gold Equivalent Reporting

Gold equivalent has been calculated using a gold (Au) price of US\$1,300 per oz and silver (Ag) price of US\$20 per oz, representing approximate current pricing of those metals at the time of this announcement. This represents a ratio of 65 g/t Ag / 1 g/t Au. Metal recovery assumptions are 92% for Au and 80% for Ag, based on updated metallurgical testing results in this release. This represents a recovery ratio of gold to silver of 1.15 to 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.

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 previously released 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.