



ASX ANNOUNCEMENT

RED MOUNTAIN MINING LTD (ASX:RMX)

26 September 2014

DESPATCH OF RIGHTS ISSUE PROSPECTUS AND ENTITLEMENT & ACCEPTANCE FORM

Red Mountain Mining Limited (ASX: RMX) ("the Company" or "Red Mountain") confirms that the Prospectus for its pro-rata renounceable rights issue ("Rights Issue"), together with the Entitlement & Acceptance Form and a letter from the Company's Chairman, a copy of which follows, was today despatched to eligible shareholders.

As previously announced, the Prospectus was lodged with ASIC and ASX on 18 September 2014 and a letter advising shareholders of the offer was despatched to eligible shareholders on 19 September 2014.

The Rights Issue offer opens on 29 September 2014 and the Closing Date for receipt of applications is 5.00pm WST, Thursday 9 October 2014.

Enquiries about the Rights Issue should be made to the Red Mountain Mining Rights Issue Offer information line on 1300 557 010 (from within Australia) or +61 3 9415 4000 (from outside Australia).

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

Company Investors

Jon Dugdale

Managing Director

(+61) 402 298 026

(+61) 8 9226 5668

E: jon.dugdale@redmm.com.au

Media

Matt Birney

Birney Corporate

(+61) 419 217 090

(+61)8 9226 5668

E: matt@birneycorporate.com.au

18 September 2014

Dear Fellow Shareholder,

PRO RATA RENOUNCEABLE RIGHTS ISSUE - RED MOUNTAIN MINING LIMITED

Red Mountain Mining is actively pursuing its dual strategy of developing an initial low cost, early payback, gold mining and processing operation whilst continuing exploration and building the high grade gold resource base at its Batangas gold project (**Batangas Project**), located 120 kilometres south of Manila in the Philippines.

To assist the Company in pursuing this strategy, I am pleased to offer you the opportunity to further invest via a fully underwritten pro rata, renounceable Rights Issue that also includes additional incentives - namely, a free attaching Option, which will be independently tradeable on the ASX (**Rights Issue**).

New shares will be offered under the Rights Issue on a two for nine basis at an issue price of \$0.008 (**New Shares**). The New Shares will be offered together with one free attaching Option for every two New Shares subscribed for, exercisable at \$0.012 on or before 31 March 2016.

I will be taking up New Shares to the equivalent of my full personal Rights Issue entitlement and encourage all shareholders to do the same. I also invite existing shareholders to apply for New Shares in addition to their entitlement (see the Entitlement and Acceptance Form with the Prospectus for more details).

In addition to the Rights Issue, the following two offers are being made under the same prospectus:

- (a) up to 37,480,000 options on the same terms as New Options, free attaching to the Shares issued as part of the placement announced on 15 September 2014; and
- (b) the options to the sub-underwriters as noted above.

On completion of the Rights Issue, the Company will have a market capitalisation of \$7.5 million (based on a Share price of \$0.008) and cash of circa \$2.8 million (after costs of the offers under the prospectus). It is intended that funds raised pursuant to the Rights Issue, together with existing cash, will be used to progress the Definitive Feasibility Study, further exploration programs and permitting at the Company's Batangas Project and for general working capital.

Thank you in anticipation of your continued support.

Yours sincerely,



Neil Warburton
Chairman

RED MOUNTAIN MINING LIMITED
ACN 119 568 106

PROSPECTUS

For the renounceable pro-rata rights issue of up to approximately 169,670,665 New Shares, on the basis of two New Shares for every nine Shares held at an issue price of \$0.008 per New Share, to raise approximately \$1,357,365 and one free New Option (exercisable at \$0.012 each on or before 31 March 2016) for every two New Shares subscribed for under the Entitlement Offer

AND

For the issue of up to 37,480,000 Placement Options (exercisable at \$0.012 each on or before 31 March 2016) to participants who subscribed to the Placement for nil consideration

AND

For the issue of up to 56,556,888 Underwriting Options (exercisable at \$0.012 each on or before 31 March 2016) to the underwriter or sub-underwriters (or their nominee/s) to the Entitlement Offer for nil cash consideration

The Entitlement Offer closes at 5:00pm WST on 9 October 2014

**The Entitlement Offer is underwritten by Patersons Securities Limited.
Refer to Section 3.8 of this Prospectus for details regarding the terms of the Underwriting Agreement.**

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offers. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offers or this Prospectus, you should speak to your professional adviser.

The New Securities offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 18 September 2014 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Securities will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company some of whose securities have been granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with the Offers that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

Applications for New Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

Restrictions on distribution

The Offers are made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offers. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are eligible to accept the relevant Offer.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at www.redmm.com.au. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

Rights trading

If you have an Entitlement, your Rights may have value. If you decide not to exercise all or part of your Rights you should consider whether to sell your Rights. It is important that you either accept or sell your Rights in accordance with the instructions in Section 3.2 of this Prospectus.

Individual applicants are responsible for determining their allocations of Rights and Shares before trading in them. Eligible Shareholders who trade in Rights or Shares before receiving confirmation of their allocation do so at their own risk.

Shareholders who take no action in respect of their Rights will receive no benefits. An Entitlement and Acceptance Form is enclosed with this Prospectus.

Risk factors

Potential investors should be aware that subscribing for New Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 2 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

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 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 this prospectus. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed.

CORPORATE DIRECTORY

DIRECTORS

Mr Neil Warburton (Non-Executive Chairman)

Mr Jon Dugdale (Managing Director)

Mr Michael Wolley (Non-Executive Director)

COMPANY SECRETARY

Ms Shannon Coates

BUSINESS OFFICE

Suite 1, 2 Richardson Street
West Perth WA 6005

Tel: +61 8 9226 5668

Fax: +61 8 9486 8616

UNDERWRITER AND LEAD MANAGER AND BROKER

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth WA 6000

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

SHARE REGISTRY *

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000

Tel: (AUS) 1300 557 010
+61 3 9415 4000 (outside Australia)

*The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

TABLE OF CONTENTS

INVESTMENT OVERVIEW	2
1. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY	7
1.1 Background	7
1.2 Use of Funds	7
1.3 Effect on shareholders' equity and cash reserves	8
1.4 Effect on capital structure.....	9
1.5 Details of Substantial Shareholders	10
1.6 Pro forma Statement of financial position.....	10
1.7 Potential Effect on Control	12
2. RISK FACTORS	13
2.1 Introduction.....	13
2.2 Specific Risks	13
2.3 General Investment Risks	16
2.4 Speculative investment.....	16
3. DETAILS OF THE OFFERS	17
3.1 The Entitlement Offer.....	17
3.2 Placement Offer and Underwriting Offer.....	18
3.3 What Eligible Shareholders may do under the Entitlement Offer	18
3.4 Payment.....	20
3.5 Excluded Shareholders	21
3.6 Shortfall	21
3.7 Allotment and quotation.....	22
3.8 Underwriting, sub-underwriting and Lead Manager arrangements	23
4. ADDITIONAL INFORMATION	26

4.1 Rights attaching to New Shares26

4.2 Terms of New Options27

4.3 Litigation.....28

4.4 Transaction specific prospectus and continuous disclosure obligations28

5.5 Board and Management.....34

5.6 Directors' Interests34

5.7 Interests of experts and advisers37

5.8 Expenses of the Offers37

5.9 Consents.....38

5.10 Privacy Act.....38

6. DIRECTORS' AUTHORISATION AND CONSENT 40

7. GLOSSARY 41

For personal use only

INVESTMENT OVERVIEW

Question	Response	Where to find more information
What are the Offers?	<p>Entitlement Offer: We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata renounceable Rights Issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for two New Shares for every nine Shares held on the Record Date. Each Eligible Shareholder will also be entitled to one free New Option for every two New Shares subscribed for under the Prospectus. Application will be made for quotation of the New Options.</p>	Section 3.1
	<p>Placement Offer: We are also offering to issue Placement Options on the basis of 1 Placement Option for every 2 Shares subscribed for and issued under the Placement, being up to 37,480,000 Placement Options. The Placement Options will be issued to recipients of the Shares under the Placement and will be on the same terms as the New Options.</p>	Section 3.2
	<p>Underwriting Offer: We are also offering to issue up to 56,556,888 Underwriting Options to the Underwriter or its nominee(s). The Underwriting Options will be on the same terms as the New Options.</p>	Section 3.2
What is the Issue Price for the New Securities?	The Issue Price is \$0.008 per New Share and nil for the New Options, Placement Options and Underwriting Options.	Section 3.1
What are the terms of the New Options?	The New Options have an exercise price of \$0.012 and an expiry date of 31 March 2016. The full terms of the New Options are set out in Section 4.2.	Section 4.2
Who is an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 3.1(a)
How many New Securities will be issued?	<p>The expected maximum number of New Securities that will be issued:</p> <ul style="list-style-type: none"> under the Entitlement Offer is approximately 169,670,665 New Shares and approximately 84,835,333 New Options; under the Placement Offer is 37,480,000 Placement Options; and under the Underwriting Offer is 56,556,888 Underwriting Options. 	Section 1.4

For personal use only

Question	Response	Where to find more information
	<p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Entitlement Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Entitlement Offer.</p>	
<p>What is the amount that will be raised under the Entitlement Offer?</p>	<p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$1,357,365 before expenses. If existing Option holders exercise their Options before the Record Date so as to participate in the Entitlement Offer, the amount raised under the Entitlement Offer may increase.</p> <p>The Offer is underwritten by the Underwriter.</p> <p>Nil funds will be raised under the Placement Offer or Underwriting Offer.</p>	<p>Section 1.2</p>
<p>What are the Underwriter and Lead Manager arrangements with the Underwriter?</p>	<p>The Underwriter (Patersons Securities Limited) is also the Lead Manager to the Entitlement Offer and the appointed nominee for Excluded Shareholders under the Entitlement Offer.</p> <p>The Entitlement Offer is underwritten by the Underwriter to the extent of 169,670,665 New Shares and 84,835,333 New Options, being the number that would be issued under the Entitlement Offer based on the number of Shares on issue on the date of lodgement of this Prospectus. The underwriting does not extend to any additional Shares issued prior to the Record Date, including as a result of the exercise of any options on issue.</p> <p>The fees of the Underwriter are set out in Section 3.8(e).</p>	<p>Section 3.8</p>
<p>What are the purposes of the Offers?</p>	<p>The purpose of the Entitlement Offer is to raise funds for:</p> <ul style="list-style-type: none"> • Further exploration, including drilling of high priority targets on the Batangas Gold Project. • Completion of the Batangas Gold Project's Definitive Feasibility Study and final permitting. • General working capital. • Payment of the costs of the Rights Issue process including underwriting fee. <p>A budget of how we intend to use the funds raised is set out in Section 1.2. As with any budget, new circumstances may change the way we apply the funds.</p> <p>The purpose of the Placement Offer is to complement the placement recently completed and the purpose of the</p>	<p>Section 1.2</p>

For personal use only

Question	Response	Where to find more information
	Underwriting Offer is to in payment of services for the underwriting and sub-underwriting (refer to section 3.2 of this Prospectus).	
What is the effect of the Offers?	<p>The effect of the Offers is to:</p> <ul style="list-style-type: none"> • Increase the number of Shares and Options on issue. • Increase our cash reserves by up to approximately \$1,357,365 before the costs of the Offers. 	Sections 1.3 and 1.4
What are the risks of a further investment in the Company?	<p>The investment in New Securities should be considered highly speculative. Before deciding to subscribe under the Offers, you should consider the risk factors set out in this Prospectus and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> • Exploration and development risk – Resource exploration and development is by its nature a high risk undertaking. The key focus of the Company is the development of the Batangas Gold Project in the Philippines. There is no assurance that the Company's activities on its projects including the further development of the Batangas Gold Project will result in a commercially viable operation. • Future capital needs and additional funding – The Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all which would prejudice the development of projects and the viability of the Company. • Philippines based risks – There are various risks by reason of the Company's operations in the Philippines including foreign acquisition laws, mining policy changes, sovereign and political risks and renewal of licences. • Gold price – The Company is seeking to develop gold projects. Adverse fluctuations in the gold price may detrimentally affect the Company. • Project acquisition – As part of its business strategy the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions. • Reliance on key personnel – The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives. 	Section 2

For personal use only

Question	Response	Where to find more information
What are the alternatives for Eligible Shareholders?	<p>The Entitlement Offer is renounceable so that you are able to trade your Rights.</p> <p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Rights; • take up all of your Rights and: <ul style="list-style-type: none"> ○ apply for Shortfall Securities; ○ sell the balance on the ASX; ○ sell the balance other than on the ASX; ○ allow the balance to lapse; • sell all of your Rights on the ASX; • sell all of your Rights other than on the ASX; or • allow all of your Rights to lapse. 	Section 3.1
What happens if Eligible Shareholders don't accept their Entitlement?	<p>Any Entitlement not accepted will form part of the Shortfall.</p> <p>The Underwriter must apply for the Shortfall Shares up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not, by its sub-underwriting, increase its relevant interest in Shares to 20% or more.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the discretion of the Directors, in consultation with the Underwriter.</p>	Sections 3.3 and 3.6
What will happen to Excluded Shareholders' Rights?	The Company has appointed the Underwriter as nominee to sell the Excluded Shareholders' Rights. The Underwriter will sell the Excluded Shareholders' Rights and distribute the proceeds of the sale net of expenses (in Australian dollars) to each of the Excluded Shareholders in proportion to their shareholdings.	Section 3.5
What are the key dates of the Offers?	<p>Prospectus lodged with ASIC and ASX 18 September 2014</p> <p>Appendix 3B lodged with ASX 18 September 2014</p> <p>Notice sent to Optionholders 18 September 2014</p> <p>Notice sent to Shareholders 19 September 2014</p> <p>"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer) 23 September 2014</p>	

For personal use only

For personal use only

Question	Response	Where to find more information
	Rights trading commences	23 September 2014
	Record Date (to determine eligibility of Shareholders to participate in the Entitlement Offer)	25 September 2014
	Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	29 September 2014
	Last day for Rights trading	1 October 2014
	Last day to extend closing date	3 October 2014
	Closing Date	9 October 2014
	ASX notified of under-subscriptions	13 October 2014
	Issue date of the New Securities	16 October 2014
	Deferred settlement trading ends	16 October 2014
	New Securities commence normal trading on ASX.	17 October 2014
	Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offers without prior notice.	

1. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

1.1 Background

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 the Batangas Gold Project 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 which was issued with the prior written consent of Mr Jon Dugdale), JORC 2012).

We are making the Offers, including a pro-rata renounceable rights issue of up to approximately 169,670,665 New Shares to Eligible Shareholders. The Entitlement Offer is made on the basis of two New Shares for every nine Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.008 per New Share and one free New Option for every two New Shares subscribed for under the Entitlement Offer ("**Rights Issue**"). On this basis, the Rights Issue will seek to raise up to approximately \$1,357,365 (before costs).

The Entitlement Offer is renounceable, so that Eligible Shareholders who do not wish to take up some or all of their Entitlement may be able to sell or otherwise transfer all or part of their Entitlement through the financial market operated by ASX or by way of an off-market transfer. Refer to Section 3.2 for more information.

As at the date of this Prospectus, we have 763,517,994 Shares, 112,839,477 Options and 28,000,000 performance rights on issue. The conversion terms of the performance rights are set out in Section 1.4. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Entitlement Offer. In this event, the number of New Securities to be issued under the Entitlement Offer and the funds raised as a result of the Rights Issue may vary.

1.2 Use of Funds

We are seeking to raise a total of up to approximately \$1,357,365 from the Rights Issue (with nil being raised under the other Offers). Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Entitlement Offer:

Funds Available	
Cash on hand ¹	\$1,564,000
Funds raised under the Entitlement Offer ²	\$1,357,365
Total funds available	\$2,921,365
Use of Funds	
Definitive Feasibility Study and Final Permitting	\$700,000
Permitting – DMPF, ECC	\$300,000

Reserve for land access costs	\$300,000
Drilling of Batangas Project (Lobo) exploration targets	\$760,000
30 holes	
General working capital, including: ²	\$701,365
<i>Evaluating new gold or polymetallic project opportunities</i>	\$50,000
<i>ASX and share registry fees, legal, tax and audit fees, insurance</i>	\$250,000
<i>Directors Fees and Salaries</i>	\$240,000
<i>Corporate administration including rent, utilities, travel and promotional expenses</i>	\$161,365
Estimated expenses of the Offer including Underwriting fee ³	\$160,000
Total	\$2,921,365

1. Includes cash on hand at 31 August 2014 plus \$599,680 raised in the Placement, less estimated costs of the Placement (\$36,000).
2. The table assumes that none of the existing Option holders exercise their Options and the Company does not otherwise issue any new Shares before the Record Date to allow further participants under the Entitlement Offer. In the event that more funds are raised than \$1,357,365, we will allocate those additional funds to general working capital.
3. General working capital includes but is not limited to corporate administration and operating costs and may be applied to Directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. Further, general working capital may be applied to evaluating new gold or polymetallic project opportunities that may complement the existing projects of the Company.
4. The table is a statement of our proposed application of cash on hand and the funds raised as at the date of this Prospectus. The Batangas Gold Project and specifically the two mineral production sharing agreements ("MPSA") (Archangel and Lobo) will be the primary focus of the intended use of funds. The immediate objectives of the Company are to complete the Definitive Feasibility Study ("DFS") and final permitting of the Batangas Gold Project development and drill the priority exploration targets at Lobo to build the high grade resource base. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

1.3 Effect on shareholders' equity and cash reserves

The principal effects of the Offers on the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 1.4); and
- (b) increase our cash reserves by approximately \$1,357,365, before taking into account the expenses of the Offers (see Section 1.5).

A pro forma statement of financial position, which that contains further information about the effect of the Offers on the Company, is provided in Section 1.5.

For personal use only

1.4 Effect on capital structure

Assuming that no existing Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital as at the date of this Prospectus will be as shown in the following table:

Shares	
Existing Shares	763,517,994
New Shares issued under Rights Issue	169,670,665
Total Shares on issue after completion of the Rights Issue	933,188,659
Options	
Existing Options (exercise price \$0.03 expiring 30.6.16)	97,839,477
Existing Options (exercise price \$0.20 expiring 15.9.16)	15,000,000
Placement Options (exercise price \$0.012 expiring 31.3.2016)	37,480,000
New Options issued under Rights Issue (exercise price \$0.012 expiring 31.3.2016)	84,835,333
Underwriting Options (exercise price \$0.012 expiring 31.3.2016)	56,556,888
Total Options on issue after completion of the Rights Issue	291,711,698
Performance Rights	
Performance Rights ¹	28,000,000

1. 7,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, subject to vesting conditions (\$0.05 share price and 12 months continued service from grant date); 10,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, subject to vesting conditions (\$0.10 share price and 24 months continued service from grant date); and 10,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to vesting conditions (\$0.15 share price and 36 months continued service from grant date).

1.5 Details of Substantial Shareholders

As set out in substantial shareholder notices lodged as at 17 September 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
E Pishas & Sons Pty Ltd ¹	64,000,000	9.3%
Mindoro Resources Ltd ²	46,000,001	6.7%
Viv Mac Pty Ltd <Vivienne McMahon Super A/C> (and associates) ³	4,100,000	5.2%

1. As provided to the Company on 23 April 2014.
2. As provided to the Company on 7 April 2014.
3. As provided to the Company on 23 January 2012.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offers.

1.6 Pro forma Statement of financial position

To illustrate the effect of the Offers on the Company, a pro forma statement of financial position has been prepared based on the unaudited balance sheet as at 30 June 2014. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Unaudited 30-Jun-14 \$	Pro-Forma 30-Jun-14 \$
CURRENT ASSETS		
Cash and cash equivalents	1,719,452	3,480,497 ¹
Trade and other receivables	356,978	356,978
TOTAL CURRENT ASSETS	2,076,430	3,837,475
NON-CURRENT ASSETS		
Fixed assets	78,816	78,816
Exploration	18,457,991	18,457,991
TOTAL NON-CURRENT ASSETS	18,536,807	18,536,807
TOTAL ASSETS	20,613,237	22,374,282
CURRENT LIABILITIES		
Trade and other payables	599,722	599,722
Provisions	93,662	93,662
Current taxes payable	18,356	18,356
TOTAL CURRENT LIABILITIES	711,740	711,740
NON-CURRENT LIABILITIES		
Other non-current liabilities	112,437	112,437
TOTAL NON-CURRENT LIABILITIES	112,437	112,437
TOTAL LIABILITIES	824,177	824,177
NET ASSETS (LIABILITIES)	19,789,060	21,550,105
EQUITY		
Share capital	32,011,161	33,772,206
Minority Interest	279,566	279,566
Options Reserve	3,265,332	3,265,332
Retained loss	-15,766,999	-15,766,999
TOTAL EQUITY	19,789,060	21,550,105

1. The pro forma statement of financial position represents the position as at 30 June 2014 plus total funds raised pursuant to the Placement and Offers, less estimated costs of the Placement and Offers in accordance with the terms outlined in this Prospectus.

1.7 Potential Effect on Control

The Underwriter has appointed sub-underwriters to sub-underwrite the shortfall of the Underwritten Amount. No one sub-underwriter by its own underwriting will increase its voting power in Shares to 20% or more. Further information on the potential effect on control is set out in section 3.8(f).

For personal use only

2. RISK FACTORS

2.1 Introduction

An investment in the securities the subject of this Prospectus is highly speculative as the Company is a gold explorer and project acquisition company. The Company currently has an interest in projects in the Philippines, with its primary focus being the continued exploration and development of the Batangas Gold Project.

There are a number of factors that may have a material impact on our future operating and financial performance. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the resource industry and having operations in the Philippines. The general investment risks below are some of the risks to the Company of a general economic nature.

2.2 Specific Risks

Exploration

Investors should understand that exploration and development is by its nature a high risk undertaking. There can be no assurance that the Company's exploration of its existing projects or any other exploration projects that may be acquired in the future will result in a commercially viable discovery.

Definitive Feasibility Study and Project Development

The Definitive Feasibility Study into the future development of a mining operation at any of the Company's projects is dependent on, and may be affected by, a number of factors including, but not limited to, failure to determine feasibility to economically recover ore bodies, determination of unfavourable geological conditions, unanticipated technical and operational factors encountered when examining extraction and production methods, complexities determined with respect to operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risks from third parties providing essential services.

Having determined feasibility there is a risk of failure to receive the necessary approvals from all relevant authorities and parties. Unseasonal weather patterns, excessive seasonal weather patterns when developing the project may effect successful commissioning.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

Future Capital Needs and Additional Funding

The funds raised by the Entitlement Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

Sovereign and Political Risks Associated with Operating in the Philippines

The projects of the Company are located in the Philippines and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

Philippines Government Mining Policy, Executive Order 079

In January 2012 the Philippines Government issued a new mining policy termed Executive Order 079 ("EO79"). The Implementing Rules and Regulations (IRR) of the EO79 have been issued. However there is a risk that further changes under the EO79 policy will involve increases to royalties and taxes that will affect the revenue derived by the Company from any future operation.

Philippine Foreign Acquisition Laws

An entity not of Philippine nationality may only acquire up to 40% of a Philippine MPSA (mineral production sharing agreement) or the holder of an MPSA directly. The restriction on foreign ownership relates to the ownership of an MPSA and its holder, the operation of an MPSA, the total physical area that may be held by a foreign held entity and the role that a foreign person may have in an entity that has more than 40% of an MPSA or MPSA holder.

The Company has considered this in structuring the holding of interests and contractual rights in the MPSAs, such that the direct holding is only 40% of the holder of the MPSAs and the remaining 60% is held as a contractual right. However, there is a risk that the current or future structure of the Company's holdings may be subject to legal challenge.

Conditions and Renewal of Licences

The permits and agreements on the projects are governed by the Philippine legislation and are evidenced by the granting of permits and agreements, extension of permits and/or extension of specific stages of the MPSA's. Each permit, agreement or extension is for a specific term and carries with its annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Consents from Surface Land Holders

The Philippines Mining Act sets out the requirement for entities wishing to access mineral permits for the purpose of exploration, development and utilisation to receive the consent of the surface owners or occupants of the land in writing prior to such access and to pay them an appropriate amount of compensation.

Although seeking such consent is a common task for mining companies in the Philippines, there is no guarantee that it will be a fast or cost effective process for the Company.

Gold and Commodity Price Volatility

It is anticipated that any revenues derived from mining will be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold and the terms of any offtake agreements which it enters into.

Gold and metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for gold and metals, forward selling by producers and production cost levels in mineral producing regions.

Moreover, gold and metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the relevant commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

Reliance on Key Personnel

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives.

Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. They are also influenced by the recoverability of the value component from the defined resource.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

Environmental

The Company's projects are subject to laws and regulations regarding environmental matters. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the

Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

2.3 **General Investment Risks**

Securities Investments and Share Market Conditions

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in countries in which the Company operates may adversely affect the financial performance of the Company.

2.4 **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Prospectus.

Therefore, the New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

3. DETAILS OF THE OFFERS

3.1 The Entitlement Offer

(a) Overview

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 5.00pm WST, 25 September 2014.

As an Eligible Shareholder you are entitled to subscribe for two New Shares for every nine Shares held on the Record Date at the Issue Price of \$0.008 per New Share. You are also entitled to one free New Option for every two New Shares subscribed for.

When calculating your Rights, we will round down fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 9 October 2014).

The Entitlement Offer is renounceable. This means that you may sell your Rights.

(b) Entitlement Offer is underwritten

The Offer is underwritten by the Underwriter to the Underwritten Amount, being the number that would be issued under the Entitlement Offer based on the number of Shares on issue on the date of lodgement of this Prospectus. The underwriting does not extend to any additional Shares issued prior to the Record Date, including as a result of the exercise of any options on issue. The Underwriter is not a related party or shareholder in the Company. Further information about the underwriting is set out in Section 3.8.

(c) Rights attaching to New Shares and terms of New Options

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 4.1 and 4.2.

(d) Taxation

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares and New Options.

(e) Minimum subscription

There is no minimum subscription under the Entitlement Offer.

3.2 Placement Offer and Underwriting Offer

In addition to the Entitlement Offer, this Prospectus is for the offer of:

- (a) up to 37,480,000 Placement Options, on the basis of 1 Placement Option for every 2 Shares subscribed for and issued under the Placement. The Placement Options will be issued to recipients of the Shares under the Placement and will be on the same terms as the New Options. The Placement Options will be issued by the Company and do not need an application form submitted; and
- (b) up to 56,556,888 Underwriting Options to the Underwriter of its nominee(s). The Entitlement Options will be on the same terms as the New Options. The Underwriting Options will be issued by the Company and do not need an application form submitted.

3.3 What Eligible Shareholders may do under the Entitlement Offer

(a) Alternatives

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement or Rights) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Rights, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Rights (refer Section 3.2(b));
- take up all of your Rights and:
 - apply for Shortfall Securities (refer Section 3.2(c));
 - sell the balance on the ASX (refer Section 3.2(d));
 - sell the balance other than on the ASX (refer Section 3.2(e));
 - allow the balance to lapse (refer Section 3.2(f));
- sell all of your Rights on the ASX (refer Section 3.2(g));
- sell all of your Rights other than on the ASX (refer Section 3.2(h)); or
- allow all of your Rights to lapse (refer Section 3.2(i)).

(b) Taking up all of your Rights

If you wish to take up all of your Rights, 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 application moneys in accordance with Section 3.4 to reach the Company's Share Registry no later than 5.00pm (WST) on the Closing Date.

(c) Taking up all your Rights and applying for Shortfall Securities

Eligible Shareholders may, in addition to taking up all their Rights, apply for Shortfall Securities as described in Section 3.5.

A single cheque should be used for the application moneys for your Rights and the number of Shortfall Securities you wish to apply for as stated on the Entitlement and Acceptance Form.

(d) Taking up part of your Rights and selling the balance on the ASX

The Rights are renounceable which means that all or part of those Rights may be traded on the ASX. If you wish to take up only part of your Rights, 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 in accordance with Section 3.2(b). You may then provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX.

(e) Taking up part of your Rights and selling the balance other than on the ASX

If you wish to take up only part of your Rights, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up. You should then follow the process set out in clause 3.2(i) for the remaining Rights.

If the Share Registry receives both a completed renunciation and acceptance form and a completed Entitlement and Acceptance Form in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

(f) Taking up part of your Rights and allowing the balance to lapse

If you wish to take up part of your Rights and allow the balance to lapse, 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 in accordance with Section 3.2(b). If you take no further action, the balance of your Rights will lapse and you will have forfeited any potential benefit to be gained from selling/trading your Rights.

(g) Selling all of your Rights on the ASX

If you wish to sell all of your Rights on the ASX, contact your stockbroker as soon as possible and provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

(h) Dealing with your Rights other than on the ASX

You may transfer your Rights to another person other than on the ASX provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of Shares.

If you wish to transfer your Rights to another person other than on the ASX, forward a completed standard renunciation and acceptance form (obtainable from the Company's Share Registry) and the applicable transferee's cheque or bank draft for the New Shares and New Options they wish to subscribe for to the Company's Share Registry by 5.00pm (WST) on the Closing Date.

If the Share Registry receives both a completed renunciation and acceptance form and a completed Entitlement and Acceptance Form in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

If you wish to transfer all or a proportion of your Rights to another person on the CHES subregister you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The application monies for New Shares (and New Options) the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with section 3.2(b).

(i) **Allow your Rights to lapse**

Your Rights may have value. Rights are renounceable, which enable Eligible Participants who do not wish to accept some or all of their Rights, to sell or trade all or part of their Rights on the ASX. If you do nothing, your Rights will lapse and you will have forfeited any potential benefit to be gained from selling/trading your rights.

3.4 **Payment**

The price for New Shares is payable in full on application by a payment of \$0.008 per new Share by way of:

- an Entitlement and Acceptance Form, accompanied by a cheque or bank draft of the Application Moneys; or
- a BPAY® payment.

Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**Red Mountain Mining Limited – Rights Issue Account**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued. You should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s). If the amount of your cheque(s) is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared moneys will pay for or your application may be rejected.

If you pay by BPAY®, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY®. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY® payments.

Returning a completed Entitlement and Acceptance Form or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

3.5 Excluded Shareholders

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia or New Zealand) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and New Securities will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

The Entitlement Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Pursuant to Listing Rule 7.7.1, the Company has appointed the Underwriter as nominee ("**Nominee**") to sell the Rights to which Excluded Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Rights will be sold and the manner of any such sale. The Company will pay the Nominee a brokerage fee of the higher of 1.5% of the value of the securities sold or \$100 on the execution of the sale of any Rights. The New Securities not taken up will form part of the New Securities to be taken up by the Underwriter under the Underwriting Agreement, provided they are within the Underwritten Amount.

Any interest earned on the proceeds of the sale of these Rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Excluded Shareholders as described below.

The net proceeds of the sale of these Rights will then be forwarded by the Company as soon as practicable to the Excluded Shareholders, in proportion to their share of such Rights (after deducting brokerage commission and other expenses).

Notwithstanding that the Nominee will arrange for the sale of the Rights, Excluded Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds or if no sale occurs. In this regard, the Nominee will not be required to sell, including at a particular price, Excluded Shareholders' Entitlements.

Eligible Shareholders holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.6 Shortfall

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities, with the New Shares to be issued at the same price as under the Entitlement Offer. The Shortfall Securities will be placed at the discretion of the Underwriter, in accordance with the Underwriting Agreement.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Rights Issue. The offer to issue Shortfall Securities is a separate offer under this Prospectus, which will be open for up to three months after the Closing Date.

Shareholders may apply for any Shortfall Securities by completing the relevant Shortfall Securities section in the Entitlement and Acceptance Form and sending it to the Company's share registry (refer to Section 3.2(a) above) together with a cheque in the amount of Shortfall applied for. Shortfall may not be applied for by way of BPAY®.

Application for Shortfall with moneys does not guarantee any allotment of any Shortfall Securities. The Directors, in consultation with the Underwriter, may determine that an applicant for Shortfall Securities will receive a lesser number of Shortfall Securities than the number applied for or may reject an application for Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated, will be returned without interest.

The Underwriter is obliged to take up and subscribe for Shortfall Shares up to the Underwritten Amount.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

3.7 Allotment and quotation

(a) Allotment of New Securities

The New Securities issued pursuant to the Offers will be allotted in accordance with the timetable set out in Section 1, other than the Shortfall Securities, which will be issued on a progressive basis.

Pending the allotment and issue of New Securities or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

No securities will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

(b) Quotation by ASX

We intend to apply to ASX for quotation of the New Securities in accordance with the timetable set out at the commencement of this Prospectus. If the ASX accepts our application, quotation of the New Securities will commence after the allotment of the New Securities. The fact that ASX may grant Official Quotation to the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities now offered.

If any New Shares, New Options, Placement Options and/or Underwriting Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, including if ASX does not agree to the quotation of the New Options, Placement Options and Underwriting Options as a new class of quoted securities, the issue of those New Shares, New

Options, Placement Options and/or Underwriting Options will be void and any Application Money in respect of the New Shares will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) **Holding statements**

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share or option certificate. You will receive a holding statement setting out the number of New Securities issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

3.8 **Underwriting, sub-underwriting and Lead Manager arrangements**

(a) **The Underwriter**

The Underwriter is appointed under the Underwriting Agreement to underwrite the Rights Issue up to the Underwritten Amount, being the number that would be issued under the Entitlement Offer based on the number of Shares on issue on the date of lodgement of the Prospectus. The underwriting does not extend to any additional Shares issued prior to the Record Date, including as a result of the exercise of any options on issue. The Underwriter is not a related party or a Shareholder of the Company.

In the event of a Shortfall, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

(b) **Underwriting Agreement**

The Underwriting Agreement was negotiated on an arms' length basis. Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Securities up to the Underwritten Amount within 3 business days of receiving notice from us as to the number of Shortfall Securities.

The fees payable to the Underwriter are set out in section 3.8(e). We are also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Entitlement Offer in accordance with all relevant regulatory requirements and we have given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

As is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of Shortfall Shares. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index falls to a level that is 10% or more than the level at the close of business on the business day prior to the date of this Prospectus, the Shares of the Company finish trading for 3 trading days upon which Shares trade with a closing price that is less than this Offer price of 1 cent and

where an adverse change occurs in respect of the Company or its assets which has a material adverse effect. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

(c) **Sub-Underwriting**

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not, by its sub-underwriting, increase its relevant interest in Shares to 20% or more. Other than the issue of the Underwriting Options, the Underwriter is responsible for fees payable to sub-underwriters. None of the sub-underwriters are related parties of the Company.

(d) **Lead Manager**

By the Mandate Agreement between the Company and the Underwriter, the Underwriter has agreed to lead manage the Placement and will be paid a fee of 6% of funds raised under the placement, being \$35,980.

(e) **Fees to Underwriter**

The fees payable to the Underwriter or its nominees (exclusive of GST) in relation to the Rights Issue are:

- \$40,000 corporate advisory fee payable upon completion of the Entitlement Offer;
- \$81,441 underwriting fee (being 6% of the Underwritten Amount) payable upon completion of the Entitlement Offer; and
- 56,556,888 Underwriting Options to be issued to the Underwriter or its nominee(s) on completion of the Entitlement Offer.

No additional fees will be payable to the Underwriter by Shareholders taking up their Entitlement.

(f) **Effect on control**

The Underwriter currently has no relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Securities up to the Underwritten Amount. In addition, under the Underwriting Offer, the Underwriter (or its nominee(s)) may be issued up to 56,556,888 Underwriting Options.

The extent to which New Securities are issued pursuant to the underwriting and the Underwriting Options are issued to the Underwriter will increase the Underwriters' voting power in the Company to a higher or lesser degree depending on the exercise of New Options and Underwriting Options. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

In the event that the Underwriter is required to subscribe for all of the Shortfall Securities up to the Underwritten Amount, the relevant interest of the Underwriter will be up to 18.18% (933,188,659 Shares) if no further Shares are issued, up to 25.00% (1,018,023,992 Shares) if all New Shares and New Options are issued to

the Underwriter and all New Options are exercised and up to 28.95% (1,074,580,880 Shares) if all New Shares, New Options and Underwriting Options are issued to the Underwriter and all New Options and Underwriting Options exercised. However, the Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount and accordingly, the above scenarios are extremely unlikely and assume that no Shareholder or third party take up any Entitlement or Shortfall Securities and all sub-underwriters fail to satisfy their obligations under sub-underwriting agreements with the Underwriter. Furthermore, no sub-underwriter by its sub-underwriting will increase its voting power in Shares to 20% or more.

4. ADDITIONAL INFORMATION

4.1 Rights attaching to New Shares

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share excluding amounts credited or paid in advance of a call. Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the value of the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share (not credited) bears to the total issue price of the share (excluding amounts credited). All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to

For personal use only

shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (or the number nearest to one third) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the managing director.

Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

Amendment of Constitution

The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

Predominance of Listing Rules

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.2 Terms of New Options

The terms of the issue of the New Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 31 March 2016.
- (c) The exercise price of the Options is \$0.012 each.

- (d) Application will be made for the Options to be quoted and the Options will, subject to quotation, be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

4.3 **Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

4.4 **Transaction specific prospectus and continuous disclosure obligations**

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is only required to contain information in relation to the effect of the Offers on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

We lodged our latest annual report with ASX on 18 October 2013. Since then, we have made the following announcements to ASX, shown in the table below.

Date	Description of Announcement
30/10/2013	Quarterly Activities and Cashflow Report
01/11/2013	Red Mountain's Share Register Tightens
01/11/2013	Appendix 3B
01/11/2013	Secondary Trading Notice
06/11/2013	Red Mountain discovers ounce per tonne Gold lode

Date	Description of Announcement
11/11/2013	Typhoon Haiyan
18/11/2013	Results of Meeting
18/11/2013	Constitution
19/11/2013	Change of Director's Interest Notice
07/01/2014	Red Mountain discovers new bonanza gold shoot at Lobo
07/01/2014	Clarifying Announcement - Lobo
09/01/2014	Red Mountain releases more, exceptional, gold results
13/01/2014	Trading Halt
15/01/2014	Suspension from Official Quotation
15/01/2014	Suspension Request
15/01/2014	Reinstatement to Official Quotation
15/01/2014	Red Mountain funded to drill high grade gold lode targets
16/01/2014	Corporate Presentation
16/01/2014	Notice of General Meeting/Proxy Form
21/01/2014	Quarterly Activities and Cashflow Report
21/01/2014	Appendix 3B
21/01/2014	Secondary Trading Notice
21/01/2014	Share Purchase Plan Offer Document
24/01/2014	Excellent metallurgy results for high grade gold resources
28/01/2014	Drilling commenced under exceptionally high grade trenches
29/01/2014	More exceptional gold surface results for Red Mountain
04/02/2014	Share Purchase Plan Revised Closing Date
11/02/2014	Share Purchase Plan Oversubscribed
11/02/2014	Appendix 3B
12/02/2014	Additional Surface Results confirm High Grade Gold Zone
12/02/2014	Presentation

Date	Description of Announcement
12/02/2014	General Meeting Reminder and Proxy
12/02/2014	Change of Directors Interest Notice
13/02/2014	Appendix 3B – Exercise of Options
13/02/2014	Secondary Trading Notice
13/02/2014	Change of Directors Interest Notice
14/02/2014	Research Notice
17/02/2014	Results of Meeting
17/02/2014	Release from Escrow and Share Buy-back
18/02/2014	Release from Voluntary Escrow - Clarification
19/02/2014	MDO: Red Mountain Shares to be Released from Escrow
25/02/2014	Lobo Project Exploration Update
04/03/2014	Scoping Study Nearing Completion
05/03/2014	Release from Voluntary Escrow and Share Buy Back
05/03/2014	Appendix 3B
05/03/2014	Secondary Trading Notice
07/03/2014	Change in substantial holding from MDO
10/03/2014	Change in substantial holding from MDO
12/03/2014	Half Yearly Report and Accounts
19/03/2014	Trading Halt
20/03/2014	Scoping Study confirms Low Cost, Early Payback, Gold Project
21/03/2014	Drilling defines high grade South West Breccia extension
24/03/2014	Change in substantial holding from MDO
24/03/2014	Company Presentation
03/04/2014	Red Mountain submits permits for gold mine development

Date	Description of Announcement
07/04/2014	MDO: Mindoro Raises \$792,686 from Sale of RMX Shares
07/04/2014	Becoming a substantial holder
08/04/2014	Notice of General Meeting/Proxy Form
09/04/2014	Appendix 3B
09/04/2014	Secondary Trading Notice
09/04/2014	Listing Rule 3.8A - ASIC Form 484
23/04/2014	Exploration Update
28/04/2014	Quarterly Activities and Cashflow Report
30/04/2014	New high grade trench intersection
01/05/2014	Change of Director's Interest Notice
02/05/2014	Research Note
07/05/2014	High Grade Drilling Intersections from South West Breccia
08/05/2014	Definitive Feasibility Study commenced
09/05/2014	Results of Meeting
19/05/2014	Exceptional new trench intersection extends SWB
30/05/2014	Notice to Listed Optionholders
10/06/2014	High grade drilling intersections extend SWB shoot
20/04/2014	Listed Options Timetable
20/06/2014	Presentation
24/06/2014	Clarification of 20 June 2014 Presentation
30/06/2014	Significant increase to Red Mountain's Lobo Resource
30/06/2014	Appendix 3B - Exercise of Options
30/06/2014	Secondary Trading Notice
01/07/2014	Expiration of Options
01/07/2014	Change of Director's Interest Notice x 2

Date	Description of Announcement
02/07/2014	Replacement - Change of Director's Interest Notice
03/07/2014	Appendix 3B
03/07/2014	Secondary Trading Notice
15/07/2014	New High Grade target identified at Lobo
16/07/2014	Change of Director's Interest Notice
28/07/2014	Quarterly Activities and Cashflow Report
05/08/2014	New High Grade Gold Targets Identified For Drilling
05/08/2014	Change of Director's Interest Notice x3
12/08/2014	Corporate Presentation
12/08/2014	Change of Director's Interest Notice
25/08/2014	High Grade Results at Lobo
27/08/2014	Change of Director's Interest Notice
02/09/2014	Drilling commenced testing High-grade Target at Lobo
03/09/2014	Red Mountain executes controlled placement agreements
04/09/2014	Second silver-gold zone extends Camo drilling target
08/09/2014	New silver copper results extend Camo drilling target
10/09/2014	Update on Definitive Feasibility Study
11/09/2014	Trading Halt
11/09/2014	Variation to Managing Director's Employment Terms
15/09/2014	Red Mountain to raise \$2 million
15/09/2014	Presentation
17/09/2014	Red Mountain intersects 12 metre breccia lode at Camo

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website www.redmm.com.au.

5.4 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	1.4 cents	21 June 2014
Lowest	0.8 cent	22 August 2014
Latest	0.8 cent	17 September 2014

5.5 Board and Management

The Board consists of:

- Mr Neil Warburton (Non-Executive Chairman)
- Mr Jon Dugdale (Managing Director)
- Mr Michael Wolley (Non-Executive Director)

Messrs Warburton and Dugdale as current or former executive directors are not considered independent directors.

Mr Wolley is an independent director.

5.6 Directors' Interests

(a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) **Interests in securities as at the date of this Prospectus**

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue.

Director	Number of Shares currently held	Number of Options currently held	Number of Performance Rights currently held
Neil Warburton	15,566,624 ¹	6,497,350 ²	6,000,000 ³
Jon Dugdale	4,032,200 ⁴	37,500 ⁵	12,000,000 ⁶
Michael Wolley	0	0	4,000,000 ⁷

Notes:

1. Comprising 125,000 Shares held directly; 4,565,625 Shares held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 8,325,999 Shares held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; and 1,925,000 held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust and 625,000 held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Warburton is a director and shareholder.
2. Comprising 6,403,600 Options exercisable at 3 cents expiring 30 June 2016 held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust and 93,750 600 Options exercisable at 3 cents expiring 30 June 2016 held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust.
3. Comprising 1,500,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, subject to vesting conditions (5 cent share price and 12 months continued service from grant date) held indirectly by Michlange Pty Ltd < Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; 2,250,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, subject to vesting conditions (10 cent share price and 24 months continued service from grant date) held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust and 2,250,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to vesting conditions (15 cent share price and 36 months continued service from grant date) held indirectly by Michlange Pty Ltd < Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust.
4. Comprising of 4,032,200 shares held indirectly by LJ and Dr AL Dugdale <Dugdale Superannuation Fund A/C> of which Mr Dugdale is a beneficiary.

5. Comprising 3,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, subject to vesting conditions (5 cent share price and 12 months continued service from grant date); 4,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, subject to vesting conditions (10 cent share price and 24 months continued service from grant date) and 4,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to vesting conditions (15 cent share price and 36 months continued service from grant date).
6. Comprising 1,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, subject to vesting conditions (5 cent share price and 12 months continued service from grant date); 1,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, subject to vesting conditions (10 cent share price and 24 months continued service from grant date) and 1,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to vesting conditions (15 cent share price and 36 months continued service from grant date).
7. Neil Warburton may participate in the Entitlement Offer by taking up his Entitlement. Neil Warburton has advised the Company that he intends to subscribe for a total of 3,320,360 New Shares in his capacity as a Shareholder. This represents Neil Warburton's full Entitlement, less the Entitlement held by Australian Beijing Holdings Pty Ltd.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Entitlement Offer.

In the event that Neil Warburton subscribes for 3,320,360 New Shares, his relevant interest in Shares will be 2.02%.

8. Jon Dugdale may participate in the Entitlement Offer by taking up his Entitlement. Jon Dugdale has advised the Company that he intends to subscribe for up to 896,044 New Shares in his capacity as a Shareholder.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Entitlement Offer.

In the event that Jon Dugdale subscribes for 896,044 New Shares, his relevant interest in Shares will be 0.5%.

(c) **Remuneration of Directors**

Mr Neil Warburton is paid \$72,000 per annum for his role as Non-executive Chairman. In the two years prior to the date of this Prospectus Mr Warburton has received a total remuneration of \$515,395 including his former role of Executive Chairman and acting Chief Executive Officer.

Mr Jon Dugdale is paid \$260,000 plus statutory superannuation per annum as Managing Director. In the two years prior to the date of this Prospectus Mr Dugdale has received a total remuneration of \$324,218. Mr Dugdale commenced as a part-time Executive Director on 1 November 2012 and transitioned to full-time Executive Director on 21 January 2013.

Mr Michael Wolley is paid \$45,000 per annum as a Non-executive Director. In the two years prior to the date of this Prospectus Mr Wolley has received a total remuneration of \$64,511.

Following Shareholder approval on 17 February 2014, 22 million performance rights were issued to the Directors. See section 5.6(b) of this Prospectus for details.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company.

5.7 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter of the Company or underwriter to the Entitlement Offer (or other Offers) or financial services licensee named in the Prospectus as a financial services licensee involved in the issue, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any person noted in the above paragraph, for services rendered by that person in connection with the formation or promotion of the Company or the Offers.

Steinepreis Paganin Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$10,000 (excluding GST) for these services. In the past two years, Steinepreis Paganin Lawyers has been paid fees (excluding GST) of approximately \$32,716 by the Company.

Patersons Securities Limited is the Underwriter and Lead Manager in relation to the Rights Issue and the fees payable to Patersons Securities Limited are set out in Section 3.8(e) (not including fees related to the Placement). In the past two years, Patersons Securities Limited Lawyers has been paid fees (excluding GST) of approximately \$282,116 by the Company.

5.8 Expenses of the Offers

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$160,000. These estimated expenses include the following:

	\$
ASIC fees	2,290
ASX fees	13,625

Underwriting/ Lead manager fees	121,441
Legal fees	10,000
Management, printing and distribution (inc. postage)	9,300
Miscellaneous	<u>3,344</u>
Total	<u>\$160,000</u>

5.9 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Steinepreis Paganin Lawyers has consented to being named as the Solicitors to the Offer.

Patersons Securities Limited has consented to being named as the Underwriter and Lead Manager to the Offer and the inclusion in the Prospectus of all statements made by and referring to it.

Jon Dugdale has consented to being named as the Competent Person in this Prospectus and to the inclusion of the results in section 1.1.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- have not caused or authorised the issue of this Prospectus.

5.10 Privacy Act

If you complete an application for New Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a securityholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Securities, the Company may not be able to accept or process your application.

For personal use only

6. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 18 September 2014

.....
Signed for and on behalf of Red Mountain Mining Limited
By Mr Neil Warburton
Chairman

For personal use only

7. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who submits and Entitlement and Acceptance Form.
Application	An application for New Securities under the Offers.
Application Money	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
Board	The Board of Directors.
Closing Date	The time and date at which the Offers expire, being 5.00pm WST, 9 October 2014, subject to the Company varying this date in accordance with the Listing Rules.
Company or Red Mountain Mining	Red Mountain Mining Limited (ACN 119 568 106).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth)
Director	A director of the Company for the time being.
Eligible Shareholders	Shareholders with a registered address in Australia or New Zealand at the Record Date.
Entitlement	The entitlement to subscribe for New Shares and New Options under the Rights Issue.
Entitlement and Acceptance Form	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Entitlement Offer.
Entitlement Offer	The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.
Excluded Shareholder	A Shareholder whose registered address is not in Australia, or New Zealand.
Full Subscription	The maximum amount to be raised under the Entitlement Offer being the sum of \$1,357,365 assuming no existing Options are exercised.

JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Issue Price	\$0.008 per New Share, being the price payable to subscribe for each New Share.
Lead Manager	The Underwriter.
Listing Rules	The official listing rules of ASX.
Mandate Agreement	The mandate agreement between the Company and the Underwriter dated 1 August 2014, and as amended on 4 September 2014 and 10 September 2014.
New Options	An Option offered under the Rights Issue exercisable at \$0.012 on or before 31 March 2016 on the terms set out in Section 4.2.
New Securities	The New Shares, New Options, Placement Options and Underwriting Options.
New Shares	The Shares offered under the Rights Issue.
Offers	The Entitlement Offer, Placement Offer and Underwriting Offer.
Official List	The official list of the ASX.
Option	An option to acquire a Share.
Placement	Placement of 74,960,000 Shares at an issue price of \$0.008 to raise \$599,680, together with a free attaching option on a one for two basis, as announced to ASX on 15 September 2014.
Placement Offer	The offer of the Placement Options under this Prospectus.
Placement Options	Options to be issued pursuant to the Placement, on the same terms as the New Options.
Prospectus	This prospectus dated 18 September 2014.
Record Date	The time and date for determining a Shareholder's entitlement to participate in the Rights Issue, being 5.00pm WST, 25 September 2014.
Rights	The right to subscribe for New Shares and New Options under this Prospectus.

For personal use only

Rights Issue	The pro-rata renounceable offer to Eligible Shareholders of 2 New Shares for every 9 Shares held by Eligible Shareholders on the Record Date with 1 free New Option for every 2 New Shares subscribed for.
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	Registered holder of Shares.
Shortfall	Securities not applied for under the Offer before the Closing Date.
Shortfall Securities	New Securities constituting the Shortfall.
Underwriter	Patersons Securities Limited (ACN 008 896 311) (AFSL 239052).
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter dated 18 September 2014.
Underwriting Offer	The offer of the Underwriting Options under this Prospectus.
Underwriting Options	Options to be issued to the sub-underwriters of the Entitlement Offer (or their nominee/s), on the same terms as the New Options.
Underwritten Amount	\$1,357,365.
WST	Western Standard Time.
\$	Australian dollars unless otherwise stated.