Red Mountain Mining Ltd

ACN 119 568 106

Annual Report
30 June 2014

Red Mountain Mining Ltd ACN 119 568 106

Contents

Competent Person Statement

The information in this Annual Report relating to Mineral Resources and post December 2013 Exploration Results 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 the 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 is not aware of any new information or data that materially affects the information as previously released and all material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed. Mr Dugdale has consented to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears. The Annual Mineral Resource Statement is based on and fairly represents information and supporting documentation prepared by competent persons. The Annual Mineral Resource Statement as a whole has been approved by Mr Dugdale.

The information in this Annual Report relating to pre December 2013 Exploration Results 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 the 2004 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. Mr Dugdale takes responsibility and consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

Cautionary Statement

The Scoping Study referred to in this Annual Report is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with inferred mineral resources (that represent 10% of the mining inventory in the Scoping Study) and there is no certainly that further exploration work will result in the determination of indicated Mineral Resources or that the production target itself will be realised. There is no certainty that the Scoping Study production targets or the forecast financial information derived from production targets, will be realised. All material assumptions underpinning the production targets and forecast financial information derived from the production targets, full details of which were released to ASX on 20 March 2014, continue to apply and have not materially changed.

Red Mountain Mining Ltd ACN 119 568 106

Corporate Directory

Directors
Neil Warburton
Non-executive Chairman

Jon Dugdale
Managing Director

Michael Wolley
Non-executive Director

Secretary
Shannon Coates

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitor
Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

Bankers
National Australia Bank
1232 Hay St
West Perth WA 6005

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

Securities Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Codes: RMX, Ordinary fully paid shares
RMXOA, Options expiring 30 June 2016

Principal registered office in Australia
Unit 1
2 Richardson Street
West Perth WA 6005

Website
www.redmm.com.au

Red Mountain Mining Ltd and its controlled entities
Chairman's Letter

Dear fellow Shareholder,

It gives me great pleasure to present to you the Red Mountain Mining Annual Report for the year to 30 June 2014.

In a year in which domestic equity, capital and mineral commodities markets in Australia's resources sector came under immense price and performance pressures, particularly for junior explorers, I am pleased to report that against this trend, Red Mountain achieved substantial progress at our Batangas gold project (Batangas Project) in the highly prospective Philippines region.

Our strategy to emerge as a significant gold developer was considerably advanced during the year. Whilst many gold juniors have necessarily abandoned their exploration plans, I am pleased to report that Red Mountain spent a high proportion of funds in-ground, completing extensive surface trenching and drilling programs that resulted in a substantial, 82% increase in contained gold resource ounces for the Lobo prospect and the identification of numerous targets for further exploration.

The substantial increase in gold resource ounces at Lobo contributed to a new, significantly increased JORC 2012 Indicated and Inferred gold resource of 6.19 million tonnes at an average grade of 2.2 grams per tonne gold for 444,000 ounces of gold (using a 0.85 g/t gold lower cut off) at Batangas, with potential upside through further exploration.

Another major achievement was the completion of a Scoping Study for the Batangas Project, demonstrating the viability of a gold mining and processing project initially mining the high grade Lobo resource areas, to be followed by mining the larger, lower grade, Archangel resources. Based on the success of the Scoping Study, your Board decided to immediately commence a Definitive Feasibility Study (DFS), which is anticipated to be completed by early 2015.

Importantly, the Scoping Study shows a potential A$40 million of free cashflow, from the production of 90,000 gold ounces over the initial 4.5 year mine life, including A$17 million pre-production capital potentially paid back in the first 14 months at an assumed gold price of A$1,500/ounce. Additionally, upgrades on existing gold resources could lead to a minimum 10 year mine life. Please refer to the Operations Report for more detailed information.

The DFS, and how it points to future project financing options for Batangas and Red Mountain, will be a key milestone for your Company over the next 12 months.

At a financial level, Red Mountain launched, post balance date, a capital raising initiative that includes an underwritten Rights Issue available to all eligible shareholders. This will inject net funding of around $2.0 million into your Company's exploration and development programs for 2014-2015, including funding to complete the DFS.

The success of the capital raising, against an unsympathetic equities market for juniors, means Red Mountain is now fully funded to conduct all of its scheduled drilling campaigns and complete the DFS. The Company remains debt free.

So our objectives for 2014-2015 are very clear: complete the DFS, and if favourable, initiate and implement financing and project partner discussions with a view to developing our first gold mine. In parallel with this strategy, we will work towards locating more, high-grade gold ounces at Lobo, to further underwrite the mine when it commences.

I thank, sincerely and deeply, the commitment of my fellow Directors, our strong management team and our advisors for their input and guidance over the past year. They have answered every challenge to ensure that we establish a pathway to build value for you, our shareholders.

Thank you for your support. We welcome your continued partnership with Red Mountain as we look to a promising year ahead.

Neil Warburton
Chairman

Your Directors present their report on the Consolidated Entity (Group) consisting of Red Mountain Mining Ltd (Red Mountain Mining or Company) and the entities it controlled at the end of, or during, the financial year ended 30 June 2014.

Directors

The following persons were Directors of Red Mountain Mining for the full financial year and up to the date of this report, unless otherwise stated:

Neil Warburton	*Non-executive Chairman*
Jon Dugdale	*Managing Director*
Michael Wolley	*Non-executive Director*
Keith Rowe	*Non-executive Director (resigned 10 July 2013)*

Significant changes in state of affairs

Operations

On 20 March 2014 the Company completed a Scoping Study on the Batangas Gold Project in the Philippines (Batangas Project), with the assistance of Sedgman Limited on process engineering and design, and a number of Philippines based consultants. The Study confirmed the potential to develop a strongly viable, low capital, low operating cost gold mining and processing project based on open pit mining and carbon in leach processing of existing high grade gold resources, recovering 90,000 ounces of gold over 4.5 years. The Company has committed to completing a Definitive Feasibility Study (DFS), targeting December 2014.

On 3 April 2014, the Company announced its Philippines subsidiary has submitted the key permitting applications to the Philippines government that are necessary to allow development, mining and processing of the gold mining inventory at its Batangas Project.

On 8 May 2014, the Company officially commenced the Definitive Feasibility Study (DFS) on the Batangas Project in the Philippines. Any additional resources defined during the exploration program will be incorporated into the DFS.

On 30 June 2014, the Company announced an 82% gold ounces (or 37,000 ounces) increase in its total high grade resource at its Lobo Prospect within the Batangas Project, compared to the previous JORC 2004 compliant Mineral Resource estimate released on 30 January 2013. The new resource at Lobo includes re-estimated South West Breccia (SWB) figures, which include new drilling and trenching data, with Indicated resources increased from 93% to 98% of the total 221,000t @ 6.3g/t gold for 45,000 ounces gold. The increase to the Lobo resources contributed to a significantly increased JORC 2012 Indicated and Inferred gold resource of 6.19 million tonnes at an average grade of 2.2 grams per tonne gold for 444,000 ounces of gold.

Corporate

On 10 July 2013, Mr Keith Rowe, Non-Executive Director of the Company, resigned.

On 14 August 2013, the Company completed a pro-rata renounceable rights issue, raising $2.2 million (after costs) from the oversubscribed shortfall placement. The Company issued 5,325,000 fully paid ordinary shares and 2,662,500 listed options exercisable at $0.03 each on or before 30 June 2016. The funds raised were used by the Company to conduct a drilling program testing defined, high-grade, epithermal gold exploration targets on its Lobo Prospect at the Batangas Project, and to complete the Scoping Study to demonstrate the viability of a gold mining project.

On 5 September 2013, the Company issued 8,636,950 fully paid ordinary shares at a deemed issue price of $0.01 per share, to consultants of the Company for the provision of professional services.

On 23 September 2013, the Company issued Sedgman Limited with 3,875,000 fully paid ordinary shares at a deemed issue price of $0.01 per share as part consideration for engineering services provided in connection with the Batangas Project Scoping Study.

On 1 November 2013, the Company announced its major shareholder, Mindoro Resources Ltd (Mindoro) agreed to a maximum six month Voluntary Escrow period on the 100 million fully paid ordinary shares issued to it on 30 October 2012 as consideration for the sale of Philippines gold and copper-gold exploration assets, beyond expiry of the original 12 month escrow period, in order to allow transfer of certain contractual rights and amendments to a Technical Service Agreement at the Batangas Project to be finalised.

In addition, in accordance with the terms of the Share Sale Agreement (SSA), the 50 million performance shares held by Mindoro were converted to 1 fully paid ordinary share on 1 November 2013, due to applicable milestones not having been satisfied by 30 October 2013.

The Company issued 144,398,375 fully paid ordinary shares pursuant to a Share Purchase Plan for existing shareholders, together with 60,000,000 fully paid ordinary shares in a private placement, on 21 January 2014, raising approximately $3.47 million before costs, to fund the drilling program, further trenching and completion of the Company's Scoping Study.

Approval was given at a general meeting of shareholders on 17 February 2014, for the issue of 22,000,000 performance rights to Directors, convertible to fully paid ordinary shares at various price and milestone vesting conditions, as part compensation for the reduction in annual remuneration packages in 2013 and to align Director and shareholder returns. These performance rights were issued on 5 March 2014, together with a further 6,000,000 performance rights issued to an employee of the Company on the same terms and conditions.

On 4 March 2014, Mindoro's 100,000,000 shares were released from voluntary escrow. Also at that time, 4,000,000 shares were bought back from Mindoro, as consideration for the return to Mindoro of the rights to certain tenements that had not been transferred as required under the SSA, and cancelled by the Company, pursuant to shareholder approval at the Company's general meeting of shareholders held on 17 February 2014.

On 5 March 2014, following receipt of valid option exercise notices and cleared funds for the exercise of 2,917, 201 listed options, exercisable at $0.015 each on or before 30 June 2014, the Company issued 2,917,201 fully paid ordinary shares on conversion of listed options. At that time, the Company also issued Crystal Sun Consulting Limited 431,000 fully paid ordinary shares at a deemed issue price of $0.029 per share, in lieu of cash consideration for technical services provided to the Company.

During the year, Mindoro sold approximately 93.8 million Red Mountain shares and at the date of this Annual Report, retains a 0.9% interest in Red Mountain and has ceased to be a substantial shareholder.

On 9 April 2014, 1,695,652 shares at $0.014 each were issued to Crystal Sun Consulting Limited in part consideration for technical services provided in connection with the Batangas Project Scoping Study.

On 30 June 2014, a further 63,750 listed options, exercisable at $0.015 each on or before 30 June 2014 were converted to 63,750 fully paid ordinary shares.

Principal activities

During the financial year, the principal activities of the consolidated entity consisted of advancing exploration and development studies on the Company's flagship Batangas Project in the Philippines.

REVIEW OF OPERATIONS

SUMMARY

The 12 months to 30 June 2014 saw Red Mountain Mining Ltd achieve several key milestones towards realising the Company's 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 Project, located two hours south of Manila in the Philippines. The key highlights during the year ended 30 June 2014 were:

- Discovery of high grade gold mineralisation within a 500 metres strike extension of the SWB lode structure, one of five parallel epithermal structures totalling 15 kilometres strike length at the Lobo Prospect. A total of 21 new trenches included intersections of:
    - Trench 21: **6m @ 31.2 g/t Au** (ASX release 12 February 2014);
    - Trench 7: **2m @ 31.1 g/t Au** (ASX release 6 November 2014); and
    - Trench 13: **2.6m @ 28.6 g/t Au** (ASX release 7 July 2014);

- A diamond drilling program of 30 holes for 1,750 metres delineated the near surface gold mineralisation at SWB that remains open to the southwest under limestone, and intersected high grade gold-base metal mineralisation at Pica including PC-07: **2.5m @ 9.2 g/t Au, 38.4 g/t Ag, 8.6% Zn, 3.8% Pb** (ASX release 30 September 2014);

- Release of excellent metallurgical leaching results demonstrating very high gold leach recoveries of up to **96.7%** for SWB oxide-transition resources, based on fine grinding (<45 micron) and 48 hours leaching time for a composite sample grading 8.8 g/t Au, and recoveries of up to **97.4%** for Kay Tanda (West) oxide-transition resources, based on a standard grind size (75 micron) and 48 leaching time. The positive metallurgical results were incorporated into a Scoping Study, released on 20 March 2014 (see below);

- Completion of the Scoping Study into the Batangas Project that showed projected cashflow of approximately A$57 million, including A$17 million of pre-production capital (gold price A$1,500/oz / US$1350/oz, exchange rate A$:US$ of 0.9), over the initial 4.5 year mine life;

- Based on the positive Scoping Study results, commencement of a DFS for the Batangas Project;

- Submission of final mine permitting applications to the Philippines Government on 30 March 2014, including permit submissions necessary to achieve Declaration of Mining Project Feasibility (DMPF) and Environmental Compliance Certificate (ECC) for an expanded 10 year mining operation; and

- Release on 30 June 2014 of a significant JORC 2012 compliant Mineral Resource upgrade for the Lobo Prospect, including an 82% gold ounce increase to a total Indicated and Inferred figure of **604,000t at an average grade of 4.2 g/t Au, containing 82,000 ounces (oz) of gold**. The total JORC 2012 Mineral Resource estimate for the entire Batangas Project, including the Archangel Prospect, now stands at an Indicated and Inferred total of **6.19mt @ 2.2 g/t Au, containing 444,000oz Au**.

WHY THE PHILIPPINES

The Company's flagship Batangas Project is located in the Philippines, on the main northern island of Luzon, only 120 kilometres south of the Philippines Capital, Manila (see Figure 1 below).

The Philippines, and particularly Luzon Island, is strongly endowed with major gold and copper-gold resources. Several major, low cost mining operations have been developed by Australian companies in the Philippines, including the Masbate gold project developed by CGA Mining; the Co-O gold project, developed by Medusa Mining and the Didipio Copper-Gold project, developed by OceanaGold. All of these major projects were approved and developed within the last 10 years.

The Company is well established at Batangas in the Philippines, with granted Mineral Production Sharing Agreements (MPSA's – the Philippines equivalent of Mining Licences) over established resources, with immediate upside exploration potential, and a development plan focussed on taking the initial low cost project to development and production.

The key to achieving production and exploration success in the Philippines is the support of the local communities and local government units. The Company's Philippines subsidiary has been supporting community health, education and environmental projects over a 12 year period and has established a clean track record of safety and environmental performance.

BATANGAS GOLD PROJECT EXPLORATION AND DEVELOPMENT PROGRAMS

General

The Batangas Project tenements cover an area of 270 square kilometres and include two key gold Mineral Resource areas located on MPSA's at the Lobo and Archangel Prospects, and copper-gold exploration areas with some advanced prospects such as El Paso, Calo and Biga, on granted Exploration Permits (EP's).

The Batangas Project is located within the Batangas mineral district, within a mineralised corridor termed the West Luzon Volcanic Arc (Rohrlach, 2012).

Gold and copper-gold mineralisation is hosted by the Talahib volcanics, a sequence of predominantly andesitic volcanics and intrusives exposed in the key resource areas at Lobo and Archangel.

At Lobo, high grade epithermal gold and copper-silver mineralisation occurs within the over 15 kilometre strike-length of epithermal vein-breccia hosting structures that have been mapped, of which only 1 kilometre has been tested by drilling to date. In addition, porphyry copper-gold mineralisation has been intersected at Lobo, underlying the epithermal vein mineralisation intersected at Pica.

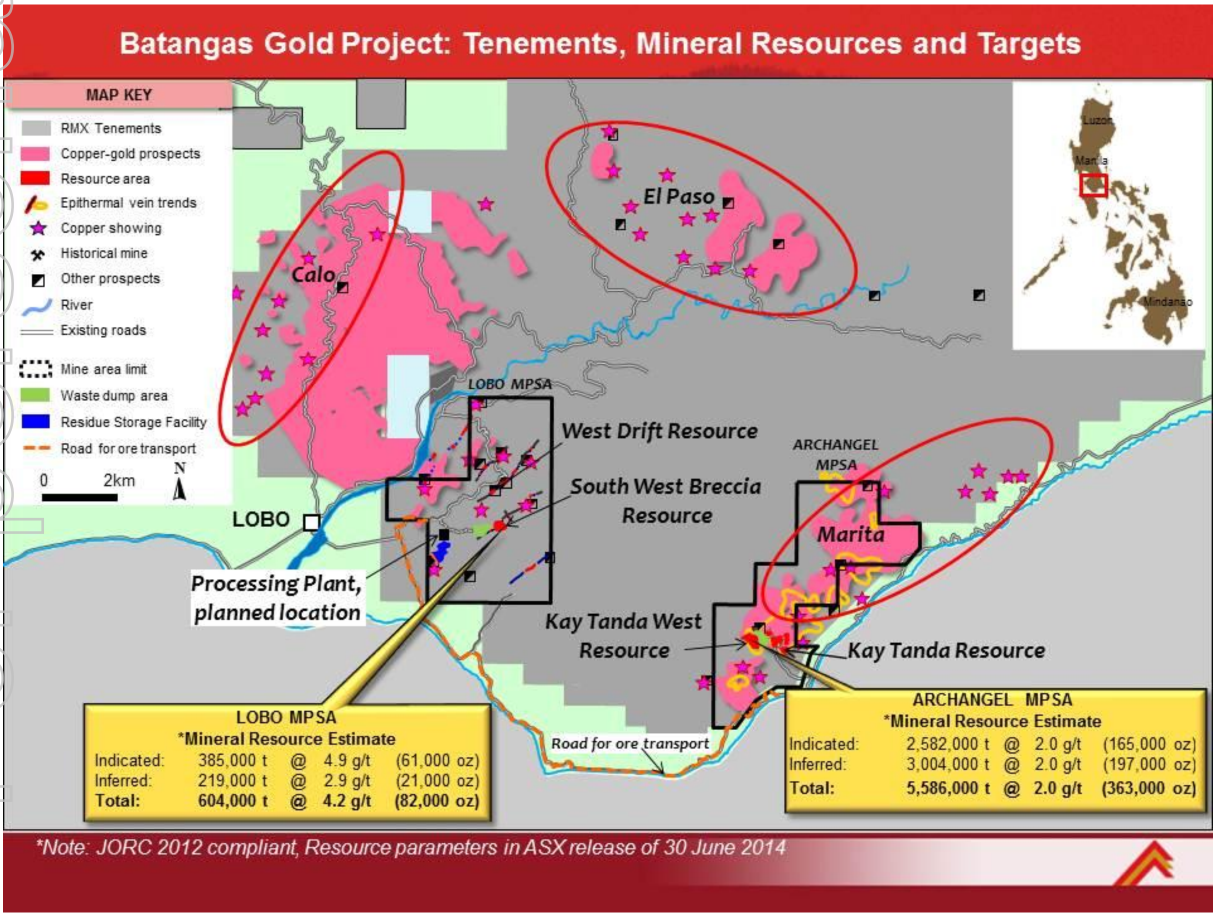

Figure 1: Batangas Gold Project Mineral Resources (JORC 2012) and planned project infrastructure.

At Archangel, gold and silver mineralisation is associated with extensive quartz stockwork veining and hydrothermal breccia's hosted by shallow dipping andesitic volcanics. The stockwork mineralisation is variably preserved and overlies a complex of mineralised porphyritic dacite intrusions that represent targets for porphyry copper-gold mineralisation.

Lobo Gold Prospect Trenching and Drilling Results

Exploration during the 12 months to 30 June 2014 continued to focus on testing targets for high grade epithermal gold mineralisation within the five mapped epithermal structures at the Lobo Prospect, with a total strike length of over 15 kilometres. This program included completion and sampling of 21 trenches and 30 drillholes for 1,750 metres.

The highlight of this program was the discovery of high grade extensions to the SWB lode system. Trenching of a 500 metre strike length zone of intermittently exposed epithermal lode material produced exceptionally high grade results from three areas: Trench 7: **2m @ 31.1 g/t Au** (ASX release 6 November 2013) and **3m @ 22.2 g/t Au** (ASX release 7 January 2014), located 100 metres southwest of Japanese Tunnel; Trench 13: **2.6m @ 28.6 g/t Au** (ASX release 7 January 2014)**,** located at the southwestern most lode exposure before the structure passes under younger limestone and Trench 19: **8.35m @ 18.3 g/t Au** and Trench 21: **6.0m @ 31.2 g/t Au** (ASX release 12 February 2014), located immediately west of the SWB resource (SWB Extended).

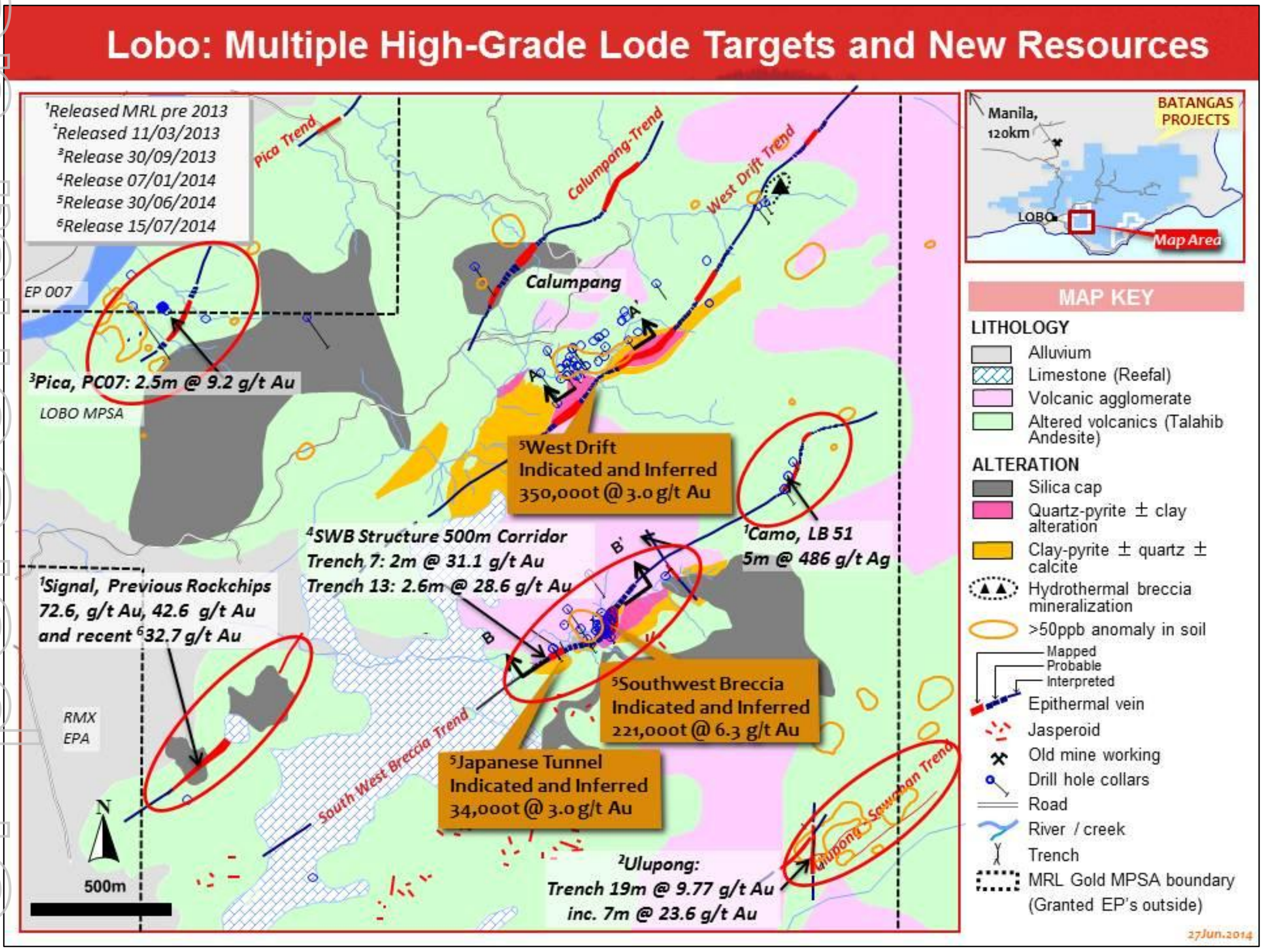

Figure 2: Plan of the Lobo epithermal lode structures with results and targets.

Drilling commenced testing under the high grade trenching results in February 2014. A total of 20 holes were completed within the SWB corridor for 837m (see Figure 3 for locations).

Initial drilling results confirmed extensions to the surface mineralisation sampled in the trenches:

- at SWB Extended where LB 93 intersected **3.95m @ 4.6 g/t gold (Au)** from surface including **0.75m @ 15.8 g/t Au** and **0.5m @ 7.16 g/t Au, 15.3 g/t silver (Ag)** and LB92 intersected **1.5m @ 8.07 g/t Au** from 5.25 metres downhole including **0.5m @ 12.0 g/t Au** (ASX release 21 March 2014);
- at Trench 13 where LB105 intersected **0.65m @ 18 g/t Au** from 10 metres downhole depth, open to the southwest (ASX release 23 April 2014); and
- between Japanese Tunnel and Trench 7, below Trench 20, where LB 103 intersected **1.5m @ 3.63 g/t Au** from 38.7 metres downhole including **0.5m @ 4.73 g/t Au** (ASX release 23 April 2014), indicating that the mineralisation weakens below the surface trench results but then strengthens with depth, associated with a flattening of the lode.

Trenching and drilling locations and results are shown in Figure 3 below:

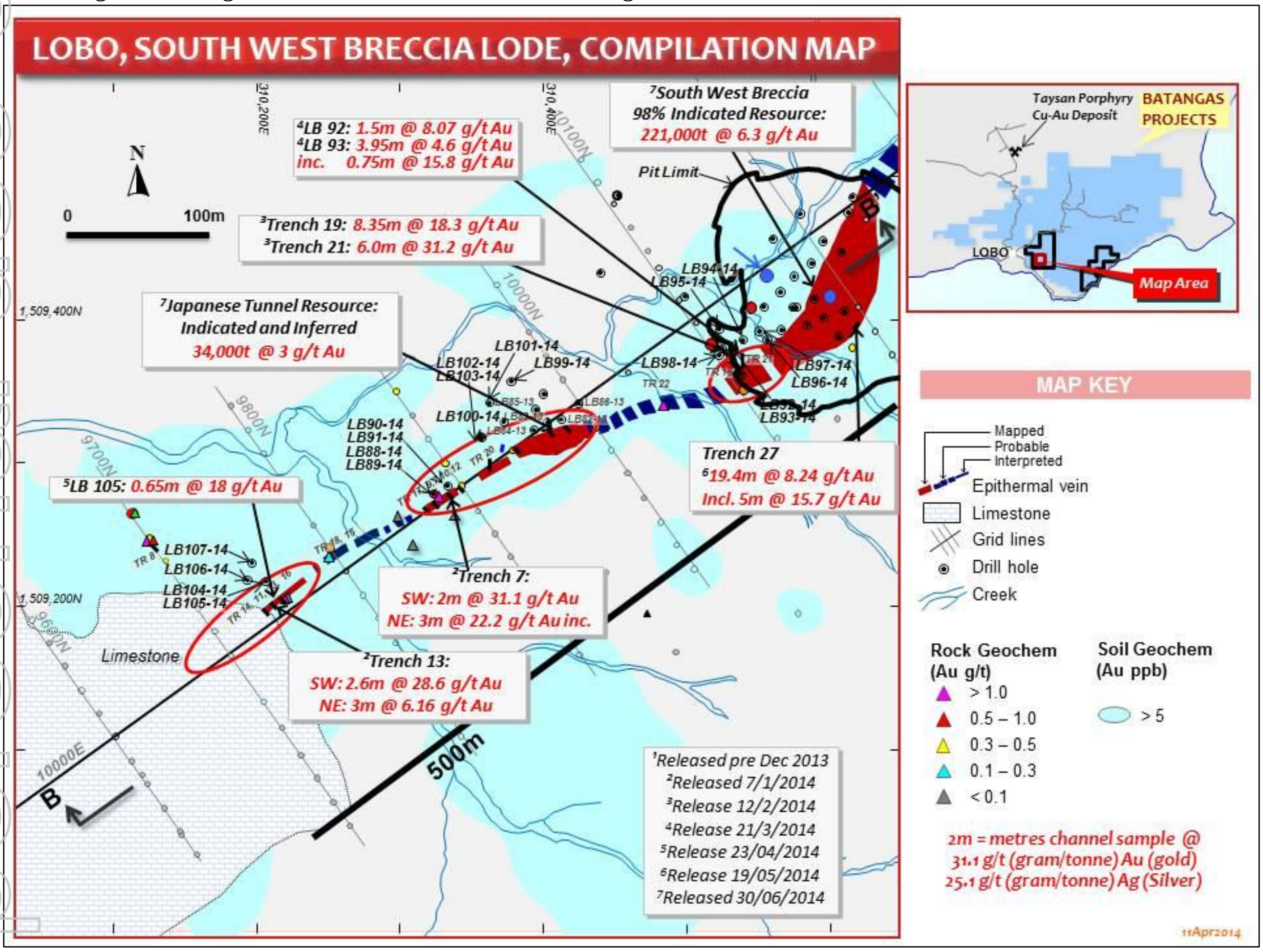

Figure 3: Plan of the SWB lode with results and resources.

Diamond drilling and trenching also tested the northern extent and at depth below the previous JORC 2004 SWB resource (ASX release 30 January 2013). A total of eight drill holes for 530 metres were completed, with the additional objectives of obtaining geotechnical information and providing metallurgical samples for testing, as part of the DFS program.

Peak intersections from the SWB lode drilling and trenching program included:

- LB109: **6.7m @ 11.6 g/t Au** from 9.3 metres and **18m @ 6.85 g/t Au** from 31 metres (ASX release 7 May 2014);
- LB 110: **6m @ 7.16 g/t Au** from 43 metres including **3m @ 11.5 g/t Au** (ASX release 7 May 2014);
- LB115: **5.35m @ 8.18 g/t Au** from surface including **1m @ 18.5 g/t Au** (ASX release 10 June 2014);
- Trench 17: **19.4m @ 8.24 g/t Au** including **5.05m @ 15.7 g/t Au** (ASX release 19 May 2014); and
- Under Trench 13, LB 105: **0.65m @ 18.0 g/t Au** from 10 metres (ASX release 23 April 2014).

The SWB resource remains open at depth (see longitudinal projection in Figure 4). All results have been incorporated into the JORC 2012 resource upgrade (ASX release 30 June 2014).

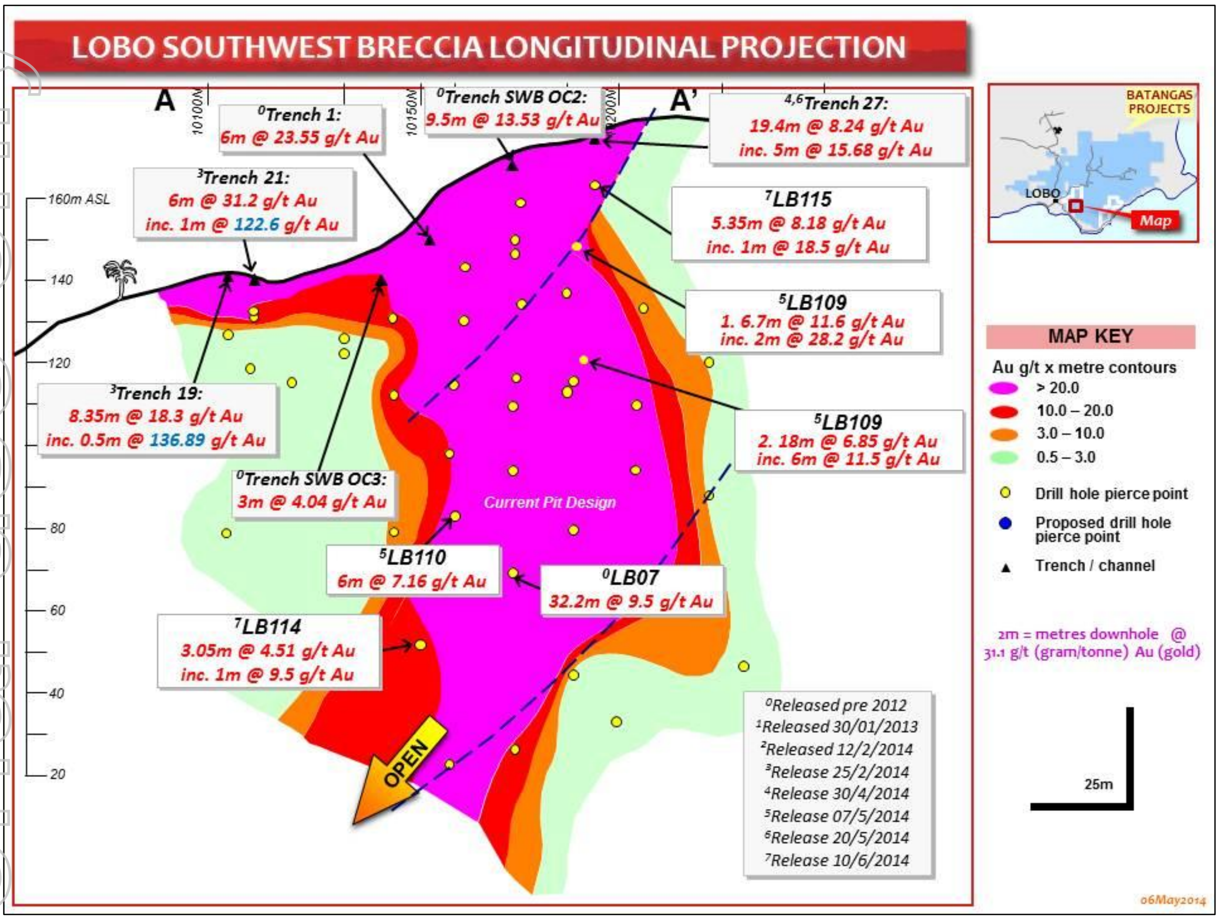

Figure 4: Longitudinal projection of the SWB shoot, with recent results.

Two diamond drillholes for 384.75 metres were also completed at the Pica target (see Figure 2 for location).

Diamond drillhole PC-07 intersected a steeply dipping epithermal quartz-barite-sulphide vein and produced a high grade intersection of **2.5m @ 9.2 g/t Au, 28.4 g/t Ag, 8.6% Zinc (Zn)** from 97.9 metres downhole, including **1.0m @ 14.2 g/t Au, 38.6 g/t Ag, 9.5% Zn**. PC 07 also produced a thick porphyry copper-gold-zinc intersection of **141.85m @ 0.23 g/t Au, 0.19% Cu, 0.2% Zn** including **100.4m @ 0.3 g/t Au, 1.56 g/t Ag, 0.2% Cu, 0.28% Zn** from 54.5 metres depth downhole (ASX release 30 September 2014).

Exploration potential remains at Pica to define a high grade epithermal vein and/or porphyry Cu-Au-(Zn) resource.

Batangas Project Mineral Resource Upgrade

On 30 June 2014, the Company announced an upgraded Mineral Resource, prepared in accordance with JORC Code 2012, which included an increase of 37,000 oz, or an 82% increase in terms of gold ounces for the Lobo Prospect. The Company also reviewed and reported the Archangel Prospect Mineral Resource estimate in accordance with JORC Code 2012.

The Lobo Mineral Resource estimate now stands at a total Indicated and Inferred figure of: **604,000t at an average grade of 4.2 g/t gold, containing 82,000oz of gold**. This includes a new resource estimate for SWB which includes new drilling and trenching data, with Indicated Resources increased from 93% to 98% of a total **221,000t at an average grade of 6.3 g/t Au containing 45,000oz of gold**.

In addition to SWB, a maiden Mineral Resource estimate was released for Japanese Tunnel (see Figure 2) and West Drift (see Figure 2), both of which were drilled over the last 18 months.

The total Mineral Resource estimate for the entire Batangas Project, including the Archangel Prospect (Kay Tanda West and Kay Tanda Main zones, which remain unchanged) now stands at an Indicated and Inferred total of **6.19 million tonnes at an average grade of 2.2 g/t Au, containing 444,000oz Au**, using a 0.85g/t Au cut off for potential open pit resources and 2.0g/t Au for potential underground resources.

Mineral Resources were estimated with the assistance of Optiro, minerals industry consultants based in West Perth, Western Australia. Summaries of the JORC Code 2012 Lobo and Archangel Mineral Resource estimates are presented in the ASX release dated 30 June 2014 with Tables 1(a) and 1(b) summarising parameters, QA-QC and methodology.

The Mineral Resources for the Batangas Project are summarised in the Table 1 below:

Total Mineral Resource, Batangas Gold Project, 30 June 2014

Deposit	Rescat	Cut-Off Au g/t	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Kay Tanda West	Indicated	0.85	1,421,000	2.1	96,100	9.2	421,000
	Inferred	0.85	229,000	2.3	17,100	2.1	15,000
	Total Kay Tanda West	**0.85**	**1,650,000**	**2.1**	**113,200**	**8.2**	**436,000**
Kay Tanda Main	Indicated	0.85	1,161,000	1.9	69,400	1.4	50,000
	Inferred	0.85	2,775,000	2.0	180,300	1.2	109,000
	Total Kay Tanda Main	**0.85**	**3,936,000**	**2.0**	**249,700**	**1.3**	**159,000**
Archangel MPSA	**Total Archangel MPSA**	**0.85**	**5,586,000**	**2.0**	**363,000**	**3.3**	**595,000**
South West Breccia	Indicated	0.85	214,000	6.4	44,200	1.8	12,700
	Inferred	0.85	7,000	2.3	500	1.9	400
	Total South West Breccia	**0.85**	**221,000**	**6.3**	**44,700**	**1.8**	**13,100**
Japanese Tunnel	Indicated	0.85	26,000	3.3	2,800	5.9	4,900
	Inferred	0.85	7,000	2.3	500	5.7	1,300
	Total Japanese Tunnel	**0.85**	**34,000**	**3.0**	**3,300**	**5.7**	**6,200**
West Drift	Indicated	2.00	145,000	3.1	14,200	4.7	21,900
	Inferred	2.00	205,000	2.9	19,400	4.3	28,000
	Total West Drift	**2.00**	**350,000**	**3.0**	**33,600**	**4.4**	**49,900**
Lobo MPSA	**Total Lobo MPSA**	**0.85, WD 2.00**	**604,000**	**4.2**	**82,000**	**3.6**	**69,200**
Batangas Gold Project	Indicated		2,968,000	**2.4**	227,000	**5.4**	511,000
	Inferred		3,222,000	**2.1**	218,000	**1.5**	154,000
	Total Batangas	**0.85, WD 2.00**	**6,190,000**	**2.2**	**444,000**	**3.3**	**665,000**

Metallurgical Results

On 24 January 2014, the Company released excellent results from metallurgical Carbon in Leach (CIL) testing demonstrating:

- high gold recoveries of over 95% after fine grinding (<45 micron) and 48 hours of leaching of an oxide-transition composite sample grading 8.8 g/t Au from the high grade SWB Indicated Resource at the Lobo Prospect; and

- high gold recoveries of over 97% after standard grinding (<75 micron) and 48 hours leaching for oxide and transition samples grading 2.1 g/t Au and 1.3 g/t Au respectively, from the Indicated Resource at Kay Tanda (West), Archangel Prospect.

Petrography on concentrates from the SWB sample indicate that fine gold occurs as both free grains and as occluded grains in sulphides, mostly pyrite. Average gold grain size is less than 50 micron, which may explain the jump in recovery between a grid size of 105 micron (75%) and 45 micron (>95%).

Gold recovery from the Kay Tanda West samples does not vary markedly between grinds, indicating that gold is accessible and coarser than for the SWB sample.

The metallurgical test work was conducted by Minercon Laboratories (non NATA registered) based in Manila, Philippines and reviewed by Sedgman Limited before the results were incorporated into the Scoping Study.

Batangas Gold Project Scoping Study

On 20 March 2014, the Company announced the results of the Scoping Study into the viability of mining and processing existing gold resources at the Batangas Project. The Scoping Study confirmed a strongly viable, low capital and low operating cost gold mining and processing project that will potentially generate cash flow for Red Mountain of approximately A$57 million, including A$16.7 million pre-production capital, over the initial mine life of 4.5 years. This is after payment of sustaining capital, taxes, royalties and all other operating costs (and based on a gold price of US$1350/oz, at an exchange rate A$:US$ of 0.90).

The Scoping Study was entirely based on open pit mining and carbon in leach (CIL) processing of the high grade JORC 2004 resources released 30 January 2013, (now superseded by the 30 June 2014 upgrade to JORC 2012), of which 90% of the resources to be mined are in the Indicated category. The processing plant is intended to be located at Lobo, close to the very high grade SWB resource and local infrastructure, and 2 kilometres east of Lobo Township (Figure 1).

Average annualised production is estimated at 20,000 oz gold, 46,000 oz silver per annum over the initial 4.5 years.

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

Initial production is planned to be open pit mining inventory from the high grade SWB resource on the granted Lobo mining permit (MPSA), following which it is intended that higher grade mining inventory from the Kay Tanda West resources will be transported from the granted Archangel MPSA, a distance of 12 kilometres by road, to the planned Lobo processing plant. Lower grade mining inventory (using a cut-off grade of 0.85 g/t Au) from the Kay Tanda West mine will be stockpiled for future processing as part of the 10 year extended mining plan submitted to the Philippines Government.

Table 2: Scoping Study project parameters and financial model outputs:

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

Table 3: Revenue and cash flow at different gold prices:

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

Based on the positive results of the Scoping Study, the Company submitted final permitting applications and commenced a DFS.

Permitting

On 30 March 2014, the Company's Philippines subsidiary submitted the key permitting applications to the Philippines Government that are necessary to allow development, mining and processing of the gold mining inventory at the Batangas Project.

The permitting applications included the DMPF, Exploration Report and the Environmental Impact Statement (EIS) that, with other environmental permit applications, forms the submission for the grant of an ECC.

The DMPF seeks approval for an expanded 10 year mining operation that will initially focus on mining and processing the reported mining inventory from the SWB mineral resource, on the Lobo MPSA, then mining, transporting to Lobo and processing of the Kay Tanda West reported mining inventory, as detailed in the Company's ASX release of 20 March 2014. It is anticipated that additional resources from Kay Tanda (Main) then lower grade stockpiles will be mined, transported and processed out to year 10 of the operation.

The objectives of the Company are to complete the DFS in parallel with progressing the Batangas Project to final permitting. Financing options will be reviewed upon completion of the DFS.

Definitive Feasibility Study

The Company commenced a DFS on the Batangas Project based on the positive outcomes of the Scoping Study.

Detailed surveying, further metallurgical testing, geotechnical work, an options study into low risk residue storage options, initial infrastructure studies and a new mining plan and schedule are in progress with the objective of producing a new production plan and initial costings for the financial model by September 2014. The DFS will then enter the design phase for the initial gold mining and processing project.

SUSTAINABLE DEVELOPMENT IN THE PHILIPPINES

The Company remains committed to safe and sustainable operations and maintaining its social and environmental "licence to operate" among the communities that surround its operations in the Philippines.

The Company's safety, social and environment track record continues to be a strong focus. No lost time or serious medically treated injuries or environmental incidents were recorded on site during the 12 months ended 30 June 2014.

The Company recognises that any successful exploration and development venture must have the support of the impacted local communities. We encourage communities to become active partners in the development of the mineral resources found in their areas. The Company employs 54 Filipino employees, including 32 from the local Batangas-Lobo area. Many of these employees are involved, through our Philippines subsidiary MRL Gold Inc., in the Company's well established social, community development and environmental programs that provide significant benefits to the local community.

The Company has submitted a new Social Development Management Plan to the Philippines Government for approval, alongside other permitting applications, for the Company's planned gold mine development. The Company is looking forward to approval of the Batangas Project development plan, which we anticipate will provide many benefits to the local community.

EXPLORATION AND DEVELOPMENT PROGRAMS FOR 2014 – 2015

The Company is focussed on realising the dual strategy of completing a DFS and achieving final permitting for the proposed Batangas Project development and, at the same time, continuing exploration, to build the high grade gold resource base.

In August 2014, the Company prioritised testing of five new high grade gold and silver-copper targets at its Lobo Prospect, following a detailed exploration target review for the entire Batangas Project.

The high priority gold and silver-copper-gold targets are generally at Lobo, where a new model for preserved "blind" high grade epithermal gold shoots has been developed based on evidence that a silica cap historically covered the high grade SWB resource and has since been eroded, exposing the high grade mineralisation within a 500 metre long window (ASX release 15 July 2014). Silica caps within the Lobo Prospect are generally carrying high silver-copper grades and they are still intact at the majority of the high priority targets within the 15 kilometre of mapped strike within the epithermal structures at Lobo.

Drilling has commenced testing the high priority targets, starting with the Camo target, where high grade silver-copper-gold mineralisation at surface will be tested down plunge towards a potentially preserved high grade gold system. Sampling of other targets continues in preparation for further drilling.

The DFS and final permitting are on track to be completed by early 2015. At that stage, the Board of Red Mountain will assess the results of the DFS with the objective of reaching financial investment decision (FID) and potentially developing production.

CORPORATE

A summary of consolidated revenues and results is set out below:

	2014 $	2013 $
Revenue	90,008	141,874
Loss before income tax expense	(2,500,909)	(4,171,402)
Income tax benefit/(expense)	55,982	(78,228)
Loss attributable to members of Red Mountain Mining Ltd	(2,444,927)	(4,249,630)

Financial Position
The Group has a total contributed equity of $32,011,161 (2013: $26,913,277) at the end of the reporting period.

During the financial year the Group had a net increase in contributed equity of $5,097,884 (2013: $15,255,429) net of share issue costs as a result of capital raising issuing a total of 425,431,414 fully paid ordinary shares. In addition, 14,638,602 fully paid ordinary shares were issued to consultants in consideration of services provided. A total of 2,980,951 fully paid ordinary shares were issued as a result of conversion of options and 1 fully paid ordinary share was issued for Mindoro's conversion of 50,000,000 performance shares during the financial year.

At the end of the financial year the Group had net cash balances of $1,719,452 (2013: $991,235) and net assets of $19,789,060 (2013: $16,963,019).

Total liabilities (being trade and other creditors and provisions) amounted to $824,177 (2013: $982,164).

Commentary

Matters subsequent to the end of the financial year

On 3 September 2014, the Company announced it executed a Controlled Placement Agreement (CPA) with Acuity Capital Investment Management Pty Ltd. It provides Red Mountain with access to standby equity capital of up to $3 million over the period to 28 July 2015 whilst Red Mountain retains full control of the placement process, including having sole discretion as to whether or not to utilise the program. The Company can specify the period and control the maximum number of shares that are issued and minimum price requirements. There are no restrictions or conditions on other capital raising activities the Company may wish to undertake.

On 15 September 2014, the Company announced a Placement and underwritten Rights Issue to raise a total of approximately $2 million (before costs) to fund drilling priority targets and to complete the definitive feasibility study and permitting. On 18 September 2014, Red Mountain confirmed it had raised $0.6 million from professional and sophisticated investors (before costs) at an issue price of $0.008 (0.8 cent) per share (Placement). A further $1.4 million (before costs) will be raised by offering existing eligible shareholders to participate in a pro-rata, renounceable Rights Issue on the basis of two new shares for every nine shares held by the shareholders at an issue price of $0.008 (0.8 cent) per share (Rights Issue). In addition, for every two shares issued under both the Placement and Rights Issue, the Company will grant one new option exercisable at $0.012 (1.2 cents) each on or before 31 March 2016, and a further 56,556,888 options on the same terms will be issued to the underwriter or its nominees in consideration for underwriting services provided.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Information on directors

Neil Warburton ***Assoc MinEng WASM, MAUSIMM, FAICD***

Non-executive Chairman
Neil Warburton has worked within the Mining Industry throughout his entire career in roles ranging from corporate non-executive directorships to managing large mining and contracting companies. This experience covers gold and base metal mining.

Neil was until March 2012, the Chief Executive Officer of Barminco Limited, one of Australia's largest underground mining contractors. Neil successfully guided and grew the company both within Australia and Africa with revenues having more than doubled during his tenure.

Before joining Barminco, he was Managing Director of Coolgardie Gold. Neil is also a non-executive director of Australian Mines Limited, Peninsula Energy Ltd and Sirius Resources Ltd, all companies listed on the ASX.

Neil graduated from the Western Australia School of Mines with an Associate Degree in Mining Engineering, is a Fellow of the Australian Institute of Company Directors and Member of the Australian Institute of Mining and Metallurgy.

Neil is a member of the Audit and Risk Committee, Nomination and Remuneration Committee and Chairman of the Sustainability Committee.

Jon Dugdale ***BSc (Hons 1), FAUSIMM, MAICD***

Managing Director

Jon was appointed as Managing Director effective 1 April 2013 after having joined the Board on 30 October 2012 as an Executive Director. The transition to Managing Director was part of the acquisition of the gold and copper gold assets from Mindoro Resources Ltd, where he was former President and CEO.

Jon graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 27 years mining and investment experience in Australia and the Asian region. Before Mindoro, Jon spent four years with Asian Lion, part of the Lion Selection Group, as an investment manager and analyst focussed on valuation and investment in mining projects in the Asian region.

With MPI Mines from 1993 to 2004, Jon was involved with the exploration and development of several discoveries made by the MPI exploration team, including direct involvement in the 1 million ounce Golden Gift discovery at Stawell, Victoria for which he jointly received the Joe Harmes Medal for excellence in mineral exploration and contributions to the discovery of ore deposits.

Jon's early career from 1986 to 1993 was with Western Mining Corporation in gold and nickel exploration and mine geology at Kambalda and Leinster in WA and in far north Queensland.

Jon is a member of the Sustainability Committee.

Michael Wolley ***BE, MM, MAICD***

Non-executive Director

Michael is a senior executive with Todd Corporation and has a depth of experience in the resources and industrial sectors in both Australia and internationally.

Michael was recently Managing Director of a junior gold development business, Golden Iron Resources, and prior to that was Chief Operating Officer for Lynas Corporation, an ASX 100 company that is a vertically integrated mining and minerals business with mining and processing facilities in Western Australia and downstream processing in Malaysia. Prior to Lynas Corporation, Michael held senior executive roles with industrial and construction services businesses across Asia Pacific including the position of Managing Director Asia Pacific for a refrigeration and climate control business and as President BlueScope Steel China. Prior to joining BlueScope Steel Michael was General Manager Operations for Dexion, a business servicing the logistics industry across Asia Pacific. He began his career with Mobil Oil Australia and over a 15 year period held senior roles in engineering, production and planning across Australia and New Zealand.

Michael holds a first class honours degree in Chemical and Materials Engineering from Auckland University and a Masters of Management from Macquarie Graduate School of Management. Michael is a Member of both the Australian and New Zealand Institutes of Company Directors.

Michael is Chairman of the Audit and Risk Committee and Nomination and Remuneration Committee.

Keith Rowe ***B App Sci (Pt), Grad Dip (Mt), MAICD***

Non-executive Director *(resigned 10 July 2013)*

Keith Rowe has over 20 years' experience in the mining industry throughout Australia as a Consultant to mining operations in the development, delivery and management of occupational health and safety systems. Prior to accepting the executive role at Red Mountain Mining Ltd he was Senior Safety Advisor to Ausdrill Ltd.

Keith is a founding Director of the Finding Sydney Foundation which managed the successful search for the HMAS *Sydney II* which was sunk off the Western Australian Coast in 1941 and located in 2008, and received the Gold Swan Award at the 2010 Western Australia Citizen of the Year Awards.

Keith qualified as a physiotherapist at Curtin University and has a B.App.Sci (PT) and Grad.Dip (Manip. Th.) and is a Member of the Australian Institute of Company Directors.

Keith was a member of the Audit and Risk Committee, Nomination and Remuneration Committee and Sustainability Committee.

Shannon Coates ***LLB, ACS, GAICD***

Company Secretary

Ms Coates completed a Bachelor of Laws through Murdoch University in 1993 and has since gained over 18 years in-house experience in corporate law and compliance for public companies. She is a Chartered Secretary and an Associate Member of both the Institute of Chartered Secretaries & Administrators and Chartered Secretaries Australia. She is also a member of the Australian Institute of Company Directors.

Ms Coates is currently employed as General Manager Corporate with Evolution Corporate Services, a company providing corporate advisory services and is also company secretary to a number of ASX and AIM listed companies.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	**Company**	**Period of directorship**
Neil Warburton	Australian Mines Ltd Peninsula Energy Ltd Sirius Resources Ltd	April 2003 to date February 2013 to date August 2013 to date
Jon Dugdale	Mindoro Resources Ltd	January 2010 to December 2012
Michael Wolley	Rutila Resources Limited (formerly Forge Resources Limited) Wolf Minerals Ltd	June 2012 to date June 2013 to date

Directors' interests in shares and options

As at the date of this report the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary Shares		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Neil Warburton	125,000	15,441,624[1]	-	6,497,350[2]	-	6,000,000[3]
Jon Dugdale	-	4,032,200[4]	-	37,500[5]	12,000,000[6]	-
Michael Wolley	-	-	-	-	4,000,000[7]	-

1. Comprising 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; 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 $0.03 expiring on 30 June 2016 held indirectly by Michlange Pty Ltd as trustee for the NF Warburton Family A/C of which Mr Warburton is a director and shareholder and beneficiary of the trust; 93,750 Options exercisable at $0.03 expiring on 30 June 2016 held indirectly by Michlange Pty Ltd as trustee for the Warburton Super A/C of which Mr Warburton is a director and shareholder and beneficiary of the fund.

3. Comprising 1,500,000 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) held indirectly by Michlange Pty Ltd as trustee for the 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 ($0.10 share price and 24 months continued service from grant date) held indirectly by Michlange Pty Ltd as trustee for the 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 ($0.15 share price and 36 months continued service from grant date) held indirectly by Michlange Pty Ltd as trustee for the 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 as trustee for the Dugdale Superannuation Fund A/C, of which Mr Dugdale is a beneficiary.

5. Comprising of 37,500 Options exercisable at $0.03 expiring on 30 June 2016 held indirectly by LJ and Dr AL Dugdale as trustee for the Dugdale Superannuation Fund A/C, of which Mr Dugdale is a beneficiary.

6. Comprising 3,000,000 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), 4,500,000 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 4,500,000 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).

7. Comprising 1,000,000 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), 1,500,000 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 1,500,000 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).

Directors' Remuneration

Please refer to the Remuneration Report for information relating to the Directors' remuneration for the financial year.

Meetings of directors

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Audit and Risk Committee		Remuneration Committee		Sustainability Committee*	
	A	B	A	B	A	B	A	B
Neil Warburton	15	15	5	5	2	2	1	1
Jon Dugdale	15	15	-	-	-	-	1	1
Keith Rowe[1]	-	-	-	-	-	-	-	-
Michael Wolley	14	15	5	5	2	2	-	-

1. Resigned 10 July 2013

A - denotes the number of meetings attended
B - denotes the number of meetings held during the time the Director held office or was a member of the Committee during the year.

Shares and options on issue

At the date of this report, the Company has 763,518,011 fully paid ordinary shares on issue.

The following options over ordinary shares and performance rights in the Company were on issue at the date of this report:

Type	Date of Expiry	Exercise Price AUD	Number
Listed Options	30 June 2016	$0.03	97,839,460
Unlisted Options	12 September 2016	$0.20	15,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

During the financial year, 425,431,414 fully paid ordinary shares, 113,179,004 options exercisable at $0.015 each on or before 30 June 2014 and 56,589,486 options exercisable at $0.03 each on or before 30 June 2014, were issued in conjunction with capital raisings. A further 14,638,602 fully paid ordinary shares were issued to consultants in lieu of services provided to the Company and 1 fully paid ordinary share was issued to Mindoro Resources Limited on the lapse of 50 million Performance Shares, pursuant to the Share Sale Agreement for the Batangas Project. 4,000,000 shares previously issued to Mindoro Resources Ltd were cancelled and 2,980,951 options were exercised at $0.015 each.

During the financial year, 114,513,151 fully paid ordinary shares were released from escrow and the following options lapsed unexercised:

- 1,718,433 unlisted options exercisable at $0.20 per share expiring on 12 September 2013;
- 137,698,048 listed options exercisable at $0.015 per share expiring on 30 June 2014; and
- 27,728,125 unlisted options exercisable at $0.20 per share expiring on 30 June 2014.

Performance Rights granted during the year

At the Company's AGM held 18 November 2013, shareholders approved a Performance Rights Plan ("PRP") that is designed to provide incentives to the employees and Executive Directors of the Company and to recognise their contribution to the Company's success subject to certain milestones being achieved. Under the Company's current circumstances, the Directors consider that the issue of Performance Rights to employees and Executive Directors is a cost effective and efficient means for the Company to provide an incentive to employees and Executive Directors as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. Performance Rights are rights to acquire Shares subject to satisfaction of specified vesting conditions in a specified performance period ("Performance Rights"). 28 million Performance rights were issued to directors and executives as part of their remuneration under the Group's PRP.

The following Performance Rights were granted during the year:

Performance rights	Number issued	Grant date	Vesting date	Expiry date	Fair value per performance right ($)[4]	Total value at grant date ($)	Underlying security spot price ($)
Class A	7,000,000	05/03/2014	Subject to vesting conditions[1]	18/11/2016	0.019	133,000	0.35
Class B	10,500,000	05/03/2014	Subject to vesting conditions[2]	18/11/2017	0.018	189,000	0.35
Class C	10,500,000	05/03/2014	Subject to vesting conditions[3]	18/11/2018	0.016	168,000	0.35

Vesting conditions of the Performance Rights issued during the year are as follows:

Class A Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 3 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for twelve (12) months from the date of grant of the Class A Performance Rights, prior to the Class A Expiry Date (as defined above).

Class B Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 5 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for twenty four (24) months from the date of grant of the Class B Performance Rights, prior to the Class B Expiry Date (as defined above).

Class C Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 7 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for thirty six (36) months from the date of grant of the Class C Performance Rights, prior to the Class C Expiry Date (as defined above).

Performance Rights that do not vest in accordance with their terms and conditions will automatically lapse.

Share-based payments

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitable valued using a binomial option pricing model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset. There were no options granted as share-based payments during the year.

Dividends

No dividends were paid to members during the financial period and the Directors do not recommend the payment of a dividend.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

The Directors of Red Mountain Mining present the Remuneration Report which has been audited as required by section 308 (3C) of the Corporations Act 2001. Information regarding the remuneration of key management personnel (KMP) is required by Corporations Regulations 2M.3.03. KMP are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

The Remuneration Report covers the following matters:

a. Directors and KMP disclosed;
b. Remuneration governance;
c. Principles used to determine the nature and amount of remuneration;
d. Executive service agreements;
e. Details of remuneration;
f. Share-based remuneration; and
g. Other information.

(a) Directors and KMP disclosed

KMP include the following Non-executive Directors, Executive Directors, and Senior Executives who were in office during or since the end of financial year 2014:

(i) Non-Executive Directors

Neil Warburton	Non-executive Chairman
Michael Wolley	Non-executive Director
Keith Rowe	Non-executive Director *(resigned 10 July 2013)*

(ii) Executive Directors

Jon Dugdale	Managing Director

(iii) Key Management Personnel

Geoff Boswell	Country Manager – MRL Gold Inc – Philippines

(b) Remuneration governance

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching remuneration framework;
- operation of the incentive plans which apply to the Executive team, including key performance indicators and performance hurdles;
- remuneration levels of executive directors and other KMP; and

- Non-executive Directors fees.

The Committee's objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

The members of the Committee, consisting of only Non-Executive Directors for the 2014 financial year are:

- Neil Warburton (appointed 15 July 2013);
- Keith Rowe (resigned 10 July 2013); and
- Michael Wolley.

The Nomination and Remuneration and Nomination Committee is governed by its Charter, which was developed in line with ASX Corporate Governance Principles and Recommendations. Full details of the roles and responsibilities of the Nomination and Remuneration Committee are detailed in the Corporate Governance Statement of this Annual Report and can be accessed on the Company's website.

(c) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:
- motivating senior executives to pursue the long-term growth and success of the Group; and
- demonstrating a clear relationship between senior executives' performance and remuneration.
- attracting and retaining senior executives and Directors; and
- not paying excessive remuneration.

Red Mountain Mining has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group. The remuneration packages are reviewed annually by the Nomination and Remuneration Committee and evaluation is based on specific criteria including business performance of the Company (e.g. share price, market capitalisation, performance against budget) and its subsidiaries, whether company objectives are being achieved and the development of management and personnel. The remuneration structure that has been adopted by the Group consists of the following components:
- Fixed remuneration being annual salary; and
- Short term incentives, being cash bonuses and
- Long term incentives, being employee share schemes.

Executive Directors' remuneration has been structured to reflect short and long-term performance objectives appropriate to the Group's circumstances and company objectives.

Executive Directors' and senior executives' remuneration packages involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Group's circumstances and strategic objectives.

Non-Executive Directors' remuneration has been formulated with regard to the following guidelines:
- Non-Executive Directors will be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity (being shares, options, performance rights and other share-based payments. Refer to section (f) of the Remuneration Report for details), usually without participating in schemes designed for the remuneration of executives;
- Non-Executive Directors will not be provided with retirement benefits other than superannuation;
- No Director is involved in setting their own remuneration or terms and conditions and in such a case relevant Directors are required to be absent from the full Board discussion;
- Non-Executive Directors do not have other responsibilities incurring fees beyond the director fees; and
- The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting is currently set at $500,000.

Use of remuneration consultants

The Group did not engage external remuneration consultants for the financial year ended 30 June 2014. However, in 2013 the remuneration committee approved the engagement of Squire Sanders in accordance with Section 206K Corporations Act, for remuneration consulting services regarding service contracts key management personnel and to provide report containing remuneration recommendations to the remuneration committee. The Board is satisfied that remuneration information and guidance provided by Squire Sanders was free of undue influence.

Voting and comments made at the Company's 2013 Annual General Meeting ("AGM")

At the 2013 AGM, 64.47% of votes received were against the adoption of the remuneration report for the year ended 30 June 2013. The Company was given a "first strike" at the November 2013 Annual General Meeting, as more than 25% of votes cast were against the motion to adopt the Remuneration Report.

The directors subsequently discussed the Remuneration Report with key shareholders namely Mindoro Resources who was the major shareholder at that time. These discussions highlighted various remuneration packages and percentage of total expenditure used to remunerate executives and directors. The Board has subsequently addressed these concerns.

A vote against the adoption of the 2014 Remuneration Report of 25% or more of the votes cast at the 2014 Annual General Meeting will trigger a requirement for a spill resolution to be put to the 2014 Annual General Meeting. If this resolution receives a simple majority of votes cast, the Company will be required to hold a further general meeting within 90 days at which all directors (other than the managing director) in office at the date of the second approved remuneration report must stand for re-election (known as a 'spill meeting').

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	**2013**	**2012**
EPS (cents)	(0.42)	(2.80)	(7.15)
Dividends (cents per share)	-	-	-
Net profit/(loss)	(2,444,927)	(4,249,630)	(5,178,481)
Closing share price (cents)	1.0	0.8	8.0
Change in share price during the year (cents)	0.2	(7.2)	(12.0)

Company performance and link to remuneration

During the year, the Company issued a total of 22,000,000 performance rights to Messers Warburton, Dugdale and Wolley as performance based remuneration for the period ending 30 June 2014. Details are as follows:

Mr Neil Warburton: Comprising 1,500,000 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), 2,250,000 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 2,250,000 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).

Mr Jon Dugdale: Comprising 3,000,000 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), 4,500,000

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 4,500,000 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).

Mr Michael Wolley: Comprising 1,000,000 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), 1,500,000 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 1,500,000 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).

Executive service agreements

Name[1]	**Base Salary**	**Term of agreement**	**Notice period**
Jon Dugdale *Managing Director*	$300,000 ($240,000 reduced by Variation May 2013) plus statutory supererannuation per annum up to 30 June 2014. $260,000 per annum plus statutory superannuation, effective 1 July 2014.	Full-time Remuneration to be reviewed on the date 12 month from commencement date and every 12 months after.	3 months
Geoff Boswell *Country Manager - Philippines Operations*	$120,000 USD ($96,000 USD reduced by Variation May 2013) per annum paid by Red Mountain Mining Singapore; and $120,000 USD per annum plus statutory Superannuation (Philippines equivalency of superannuation) paid by MRL Gold Inc.	Full time Full time	3 months 3 months

1. On 20 May 2013, the Nomination and Remuneration Committee proposed, and the Board approved, a 20% reduction in salaries/fees effective from 1 June 2013 for all directors and senior executives.

(e) Details of remuneration

Director and other KMP Remuneration

Details of the nature and amount of each element of the remuneration of each KMP of Red Mountain Mining are shown in the table below:

Name	Year	Short term benefits, cash salary and fees ($)	Superannuation ($)	Other benefits ($)	Share-based payments Options and Performance Rights ($)	Total ($)	% of Remuneration which is performance based
J Dugdale[1]	2014	256,902	23,047	-	44,512	324,361	13.7
J Dugdale	2013	150,914	13,582	-	-	164,496	-
N Warburton	2014	72,000	-	-	22,256	94,256	23.6
N Warburton	2013	308,885	26,510	-	108,000	443,395	24.4
M Wolley	2014	32,952	3,048	-	14,837	50,837	29.2
M Wolley	2013	39,067	3,516	-	-	42,583	-
K Rowe[2]	2014	-	-	-	-	-	-
K Rowe	2013	135,430	10,113	-	-	145,543	-
G Boswell	2014	234,978	8,645	-	22,256	265,879	17.5
G Boswell	2013	98,232	212	-	-	98,444	-
Total	**2014**	**596,832**	**34,740**	-	**103,861**	**735,433**	**17.6**
Total	2013	**732,528**	**53,933**	-	**108,000**	**894,461**	**12.8**

1. Jon Dugdale was appointed as Executive Director on 30 October 2012. Included in the above is a $9,153 discretionary cash bonus granted to Mr Dugdale during the year ended 30 June 2014.
2. Keith Rowe resigned as Director on 10 July 2013.

Performance rights issued as performance incentives as of 30 June 2014 are described in (f).

(f) Share-based remuneration

Details of share-based payments in the Company held during the financial year by each Key Management Personnel, including their personally related parties, are set out below.

(fa) Performance Rights issued as remuneration to Key Management Personnel

2014	Number granted	Grant date	Value each at grant date ($)	Number vested	Number lapsed/ cancelled	Exercise price ($)	First exercise date(i)	Last exercise date
Performance Rights								
Neil Warburton	1,500,000	05/03/2014	0.019	-	-	-	1	18/11/2016
Neil Warburton	2,250,000	05/03/2014	0.018	-	-	-	2	18/11/2017
Neil Warburton	2,250,000	05/03/2014	0.016	-	-	-	3	18/11/2018
Jonathon Dugdale	3,000,000	05/03/2014	0.019	-	-	-	1	18/11/2016
Jonathon Dugdale	4,500,000	05/03/2014	0.018	-	-	-	2	18/11/2017
Jonathon Dugdale	4,500,000	05/03/2014	0.016	-	-	-	3	18/11/2018
Michael Wolley	1,000,000	05/03/2014	0.019	-	-	-	1	18/11/2016
Michael Wolley	1,500,000	05/03/2014	0.018	-	-	-	2	18/11/2017
Michael Wolley	1,500,000	05/03/2014	0.016	-	-	-	3	18/11/2018
Geoff Boswell	1,500,000	05/03/2014	0.019	-	-	-	1	18/11/2016
Geoff Boswell	2,250,000	05/03/2014	0.018	-	-	-	2	18/11/2017
Geoff Boswell	2,250,000	05/03/2014	0.016	-	-	-	3	18/11/2018

(i) Vesting conditions:

1. The performance rights will vest if and when the trading price of the Company's shares is 5 cents or greater and 12 months continued service from grant date.
2. The performance rights will vest if and when the trading price of the Company's shares is 10 cents or greater and 24 months continued service from grant date.
3. The performance rights will vest if and when the trading price of the Company's shares is 15 cents or greater and 36 months continued service from grant date.

(fb) Options as remuneration to Key Management Personnel

2013	Number granted	Grant date	Value per option at grant date ($)	Number vested	Number lapsed/ cancelled	Exercise price ($)	First exercise date	Last exercise date
Options								
Neil Warburton	-	21/11/2011	0.083	-	(772,722)	0.25	21/12/2011	31/07/2014
Neil Warburton	-	21/11/2011	0.099	-	(772,722)	0.35	21/12/2011	31/07/2016
Neil Warburton	2,000,000	05/09/2012	0.023	2,000,000	(2,000,000)	0.25	Subject to vesting conditions[1]	01/07/2014
Neil Warburton	2,000,000	05/09/2012	0.031	2,000,000	(2,000,000)	0.50	03/04/2016	01/07/2016
Keith Rowe	-	21/11/2011	0.083	-	(1,159,084)	0.25	21/12/2011	31/07/2014
Keith Rowe	-	21/11/2011	0.099	-	(1,159,084)	0.35	21/12/2011	31/07/2016
Michael Wolley	-	21/11/2011	0.083	-	(1,000,000)	0.25	21/12/2011	31/07/2014
Michael Wolley	-	21/11/2011	0.099	-	(1,000,000)	0.35	21/12/2011	31/07/2016
Bo Zhou	-	21/11/2011	0.083	-	(579,542)	0.25	21/12/2011	31/07/2014
Bo Zhou	-	21/11/2011	0.099	-	(579,542)	0.35	21/12/2011	31/07/2016

1. The Options will vest if and when the trading price of the Company's shares is 20 cents or greater (on a pre-consolidation basis) or at or above an equivalent post-consolidation price for more than 30 consecutive trading days on which the shares in the Company trade.

Equity instrument disclosures relating to key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each Director of Red Mountain Mining and other KMP of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the year[1]**	**Balance at the end of the year**
Directors				
N F Warburton	13,895,028	2,807,201	(1,135,605)	15,566,624
J Dugdale	675,000	-	1,607,200	2,282,200
M Wolley	-	-	-	-
K B Rowe	11,976,278	-	-	11,976,278[1]
Executives				
G Boswell	-	-	-	-

1. Represents holdings as at date of resignation from Board on 10 July 2013.

2013 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the year[1]**	**Balance at the end of the year**
Directors				
N F Warburton	7,015,625	-	6,879,403	13,895,028
J Dugdale	-	-	675,000	675,000
M Wolley	-	-	-	-
K B Rowe	5,453,125	-	6,523,153	11,976,278
Executives				
G Boswell	-	-	-	-

1. Changes in holdings during the year are a result of the purchase and sale of holdings on-market at normal commercial arms-length terms.

Options

The numbers of options over ordinary shares in the Company held during the financial year by each director of Red Mountain Mining and other KMP of the Group, including their personally related parties, are set out below.

2014 **Name**	**Balance at the start of the year**	**Granted as remuneration**	**Exercise of options**	**Bought & (Sold)/ (Cancelled)[2]**	**Balance at the end of the year**	**Total number of options vested**	**Total number of options exercisable**
Directors							
N Warburton	13,341,426	-	(2,807,201)	(4,036,875)	6,497,350	6,497,350	6,497,350
J Dugdale	112,500	-	-	(75,000)	37,500	37,500	37,500
M Wolley	-	-	-	-	-	-	-
K Rowe[1]	12,729,239	-	-	(12,729,239)	-	-	-
Executives							
G Boswell	-	-	-	-	-	-	-

1. Resigned from Board on 10 July 2013.
2. Refer page 25, (fb) above for details of cancelled options.

2013 Name	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors							
N F Warburton	6,243,319	4,000,000	-	3,098,107	13,341,426	13,341,426	13,341,426
J Dugdale	-	-	-	112,500	112,500	112,500	112,500
M Wolley	2,000,000	-	-	(2,000,000)	-	-	-
K B Rowe	6,014,903	-	-	6,714,336	12,729,239	12,729,239	12,729,239
Executives							
G Boswell	-	-	-	-	-	-	-

Performance Rights

The numbers of performance rights in the Company held during the financial year by each director of Red Mountain Mining and other KMP of the Group, including their personally related parties, are set out below.

2014 Name	Balance at the start of the year	Granted as remuneration	Bought & (Sold)/ (Cancelled)	Lapsed Un-exercised	Balance at the end of the year	Total number of options vested	Total number of options exercisable
Directors							
N Warburton	-	6,000,000[1]	-	-	6,000,000	6,000,000	6,000,000
J Dugdale	-	12,000,000[2]	-	-	12,000,000	12,000,000	12,000,000
M Wolley	-	4,000,000[3]	-	-	4,000,000	4,000,000	4,000,000
K Rowe	-	-	-	-	-	-	-
Executives							
G Boswell	-	6,000,000[4]	-	-	6,000,000	6,000,000	6,000,000

1. Comprising 1,500,000 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), 2,250,000 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 2,250,000 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).

2. Comprising 3,000,000 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), 4,500,000 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 4,500,000 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).

3. Comprising 1,000,000 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), 1,500,000 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 1,500,000 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).

4. Comprising 1,500,000 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), 2,250,000 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 2,250,000 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).

(g) Other information

Loans to key management personnel

There are no loans, payables, receivables or other transactions at the end of the financial year or prior year to directors and other key management personnel and their related parties of Red Mountain Mining Ltd or the consolidated entity.

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director share plan.

END OF REMUNERATION REPORT

Environmental regulations

The operations of the Group are not subject to any particular and significant environmental regulations under a law of the Commonwealth or state. There have been no known significant breaches of any other environmental requirement.

The National Greenhouse and Energy Reporting Act (NGER) legislation was considered and not determined to be applicable to the entity at the current stage.

Indemnities given and insurance premiums paid to officers and auditors

During the year, Red Mountain Mining paid a premium of $17,810 to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

There were no non-audit services that were paid or payable to the auditors of the Group, its related entities and non-related audit firms during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

This report is made in accordance with a resolution of the Directors.

Neil Warburton
Non-executive Chairman

Perth, Western Australia
30 September 2014

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DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF RED MOUNTAIN MINING LIMITED

As lead auditor of Red Mountain Mining Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

1. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Red Mountain Mining Limited and the entities it controlled during the period.

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2014

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Red Mountain and its controlled entities (the Group) have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review and performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Group to operate with the highest standards of behaviour and accountability. The aim of the Corporate Governance Statement is to ensure that the Group is effectively directed and managed, that risks are identified, monitored and assessed and that appropriate disclosures are made.

Subject to the exceptions outlined below the Group has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments" (ASX Principles) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Further information on the Group's corporate governance policies and practices can be found on Red Mountain Mining Limited's website at http://www.redmm.com.au

	ASX Corporate Governance Principle	Company Comments
1	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board has adopted a Corporate Governance Statement (set out on the company's website) which discloses the specific responsibilities of the Board and provides that the Managing Director is responsible for running the affairs of the Company under delegated authority from the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Chairperson and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1.*	During the reporting year, the Company held an annual Board review. The Corporate Governance Statement which is available on the Company's website discloses the specific responsibility of the Board. The Corporate Governance Statement also specifically outlines the role of the Company's Chairperson and Company Secretary as well as the Board Charter.
2	**Structure the board to add value**	
2.1	A majority of the Board should be independent.	Currently the Board is comprised of only one independent Director, Mr Michael Wolley. The Chairman, Mr Neil Warburton, is not considered independent as he held an executive role from 3 April 2012 to 1 May 2013. However, from 1 May 2013 Mr Warburton has acted in a non-executive capacity. Managing Director, Mr Jon Dugdale, is not considered independent as a result of his current executive role. Notwithstanding that the current composition of the Board does not meet the requirements of ASX Principle 2, the Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The Board has formed the view that the individuals on the Board can, and do make quality judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

2.2	The Chair should be an independent Director	The current Chair is Mr Neil Warburton, who is not considered independent as, while he is currently non-executive, he held an executive role from 3 April 2012 to 1 May 2013. Notwithstanding he is not considered independent, Mr Warburton is considered suitable to the position as he has considerable experience and is well qualified for the position. The Board believes Mr Warburton is able to and does bring impartial judgment to all relevant issues falling within the scope of Chair.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	The Company currently complies with this recommendation as the current Chair is Mr Neil Warburton, while Mr Jon Dugdale is the Company's Managing Director.
2.4	The Board should establish an Nomination Committee. The Nomination Committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members.	The Company's Nomination and Remuneration Committee was established in May 2012. The Company has adopted a formal Nomination and Remuneration Committee Charter, available on the Company's website, which includes information on the Company's approach to selection and appointment of Directors. The Committee undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board. For the duration of the 2014 financial year, the Nomination and Remuneration Committee was comprised of Mr Michael Wolley, as independent chair, and Non-executive Chairman, Mr Neil Warburton. The Company has considered the ASX Corporate Governance Council's guidelines in relation to director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. While the structure of the Nomination and Remuneration does not currently meet the requirements of ASX Principle 2, the Company considers the composition is adequate for the Company's current size and operations. This position will be regularly reviewed by the Board.
2.5	Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors.	A process has been established to review and evaluate the performance of the Board, individual Directors and senior executives on a bi-annual basis. The Board is required to meet bi-annually with the specific purpose of reviewing the role of the Board, assessing the performance of the Board and individual Directors over the previous 12 months and examining ways in which the Board can better perform its duties. The Company held an annual Board review during the reporting year.

		The Managing Director is responsible for assessing the performance of the key executives within the Company. Performance evaluations of senior executives were conducted during the period.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2.*	The current Directors have a broad range of qualifications, experience and expertise in the mining operations, industrial and finance industries. A description of the skills and experience of each of the current Directors is contained in the Directors' Report. Given the Company's early stage of development and given the current size and structure of the Board, it has not fully complied with Principle 2 of the ASX Principles. However, it will seek to do so as it develops and the Board grows. To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. The policy for the appointment of new Directors is set out in the Corporate Governance Statement on the Company's website. Directors are appointed for a term of 3 years before rotation by retirement. Directors may seek shareholder approval for a further term.

3	**Promote ethical and responsible decision making**	
3.1	Companies should establish a Code of Conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has adopted a Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment. The Code of Conduct is set out in Appendix A of the Corporate Governance Statement on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy having regard to the suggestions set out in the ASX Principles. Our Diversity Policy covers gender, age, ethnicity and cultural background. It includes a requirement that the Board establish measurable objectives for achieving gender diversity, with progress in achieving these objectives assessed annually by the Nomination and Remuneration Committee. Due to the current nature and scale of Red Mountain's activities, the Board has not established measurable objectives for achieving gender diversity but will review this position on a regular basis going forward.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	The Company has not yet established the measurable objectives for achieving gender diversity however these will be considered by the Board during its current term. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	The table below shows the proportion of women employees in the whole organization, women in senior executive positions and women on the Board: Board: Nil of a Board of three. Senior Executive: Nil of two Senior Executives. However the Company notes that the contracted positions of Financial Controller and Company Secretary are both held by women. Employees: 17%
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3.*	The Company's Code of Conduct and Diversity Policy are available on the Company's website.

4	**Safeguard integrity in financial reporting**	
4.1	The Board should establish an Audit Committee.	The Company established an Audit and Risk Committee in May 2012. The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial risk management procedures and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee, the external auditors and the management of Red Mountain. The Company has prepared a formal Audit and Risk Committee Charter, available from the Company's website, which promotes an environment consistent with best practice financial reporting and includes information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
4.2	The Audit Committee should be structured so that it: •consists only of Non-Executive Directors; •consists of a majority of independent Directors; •is chaired by an independent Chair, who is not Chair of the Board; and •has at least three members.	For the duration of the financial year, the Audit and Risk Committee was comprised of Mr Michael Wolley, who acted as independent Chair, and Non-executive Chairman Mr Neil Warburton. The Board has considered the ASX Corporate Governance Council's guidelines in relation to Director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. However, the Directors (other than Mr Warburton) consider that Mr Warburton has considerable relevant experience and is well qualified for the position. The Board believes Mr Warburton is able to and does bring impartial judgment to all relevant issues falling within the scope of Audit and Risk Committee.
4.3	The Audit Committee should have a formal charter.	The Audit and Risk Committee Charter was adopted during the reporting period.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4.*	The Directors Report at page 20 contains details of the names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meeting of the Audit and Risk Committee. The Company's Audit and Risk Committee Charter is available on the Company's website.

5	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in *Guide to reporting on Principle 5.*	A summary of this policy is set out in the Company's Corporate Governance statement on the web site.
6	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication is made as appropriate by mail or email.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6.*	The Company's website will also be used to provide additional relevant information to security holders.
7	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has adopted polices for the management of business risks and a summary of these policies is available on the Company's website.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	It is the responsibility of the Managing Director (or equivalent) to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board. The Board reviews the effectiveness of implementation of the risk management system and internal control system at least annually.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all	The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. The Board has received assurance from the Managing Director in accordance with s295A of the Corporations Act.

	material respects in relation to financial reporting risks.	
7.4	Companies should provide the information indicated in the *Guide to reporting on Principle 7.*	The Chief Executive Officer (or equivalent) is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.
8	**Remunerate fairly and responsibly**	
8.1	The Board should establish a Remuneration Committee.	The Company's Nomination and Remuneration Committee was established in May 2012. The Company has adopted a formal Nomination and Remuneration Committee Charter, available on the Company's website.
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Director; and • has at least three members.	For the duration of the 2014 financial year, the Nomination and Remuneration Committee was comprised of Mr Michael Wolley, as independent chair, and Non-executive Chairman, Mr Neil Warburton. The Company has considered the ASX Corporate Governance Council's guidelines in relation to director independence, and concludes that Mr Warburton is not considered independent due to his previous executive position with the Company. While the structure of the Nomination and Remuneration Committee does not currently meet the requirements of ASX Principle 8.2, the Company considers the composition is adequate for the Company's current size and operations. This position will be regularly reviewed by the Board.
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	The Board distinguishes the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives. The Company's Constitution also provides that the remuneration of Non-executive Directors will not be more than the aggregate fixed sum determined by shareholders in general meeting.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8.*	See page 20 of the Directors Report for membership and meetings of the Nomination and Remuneration Committee during the reporting period. As at the date of this statement, there are no schemes for retirement benefits for Non-executive Directors. The Company prohibits entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

In relation to the above, the Directors believe that, notwithstanding the Company's departure from the ASX Principles 2.1, 2.2, 3.2, 3.3, 4.2, 8.2 and 8.4 the Board has implemented suitable practices and procedures with respect to corporate governance, considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company.

FINANCIAL REPORT – 30 JUNE 2014

Contents

This financial report covers the Consolidated Entity consisting of Red Mountain Mining Ltd and its controlled entities.

This financial report is presented in Australian dollars.

Red Mountain Mining Ltd is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Red Mountain Mining Ltd
Unit 1, 2 Richardson Street
West Perth WA 6005

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 30 September 2014. The Company has the power to amend and reissue the financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue from continuing operations	**4**	**90,008**	141,874
Professional fees		**(260,280)**	(205,537)
Consultancy costs		**(632,871)**	(485,020)
Depreciation expense	**4**	**(37,670)**	(19,630)
Write off of exploration & evaluation	**4**	**(297,811)**	(1,616,714)
Employee benefits expenses	**4**	**(597,328)**	(1,241,054)
Exploration consulting costs		**(1,510)**	(8,111)
Legal fees		**(66,749)**	(97,096)
Travelling expenses		**(47,242)**	(156,680)
Finance cost	**4**	**(71)**	(259)
Net foreign exchange (loss)/gain	**4**	**(117,461)**	144,349
Capital raising costs		**-**	(7,619)
Share-based payment expenses		**(103,861)**	(158,025)
Bad debts written off		**(20,272)**	-
Gain on disposal of assets		**20,704**	-
Other expenses		**(428,495)**	(461,880)
Loss before income tax		**(2,500,909)**	(4,171,402)
Income tax benefit/(expense)	**5**	**55,982**	(78,228)
Net loss for the year		**(2,444,927)**	(4,249,630)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**90,372**	786,425
Other comprehensive income for the year		**90,372**	786,425
Total comprehensive loss for the year (net of tax)		**(2,354,555)**	(3,463,205)
Loss attributable to:			
Members of the parent entity		**(2,237,956)**	(4,210,932)
Non-controlling interest		**(206,971)**	(38,698)
		(2,444,927)	(4,249,630)
Total Comprehensive loss attributable to:			
Members of the parent entity		**(2,550,734)**	(3,546,592)
Non-controlling interest		**196,179**	83,387
		(2,354,555)	(3,463,205)
		Cents	Cents
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	**24**	**(0.57)**	(2.80)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	**2014** $	2013 $
Current assets			
Cash and cash equivalents	6	**1,719,452**	991,235
Trade and other receivables	7	**356,426**	166,199
Total current assets		**2,075,878**	1,157,434
Non-current assets			
Exploration & evaluation expenditure	8	**18,457,991**	16,704,816
Property, Plant and Equipment	9	**78,816**	82,933
Total non-current assets		**18,536,807**	16,787,749
Total assets		**20,613,237**	17,945,183
Current liabilities			
Trade and other payables	10	**599,722**	556,222
Provisions	11	**93,662**	72,505
Current tax liability	13	**17,252**	78,228
Total current liabilities		**711,188**	706,955
Non-Current liabilities			
Provisions	12	**112,437**	275,209
Total non-current liabilities		**112,437**	275,209
Total liabilities		**824,177**	982,164
Net assets		**19,789,060**	16,963,019
Equity			
Contributed equity	14	**31,990,012**	26,913,277
Reserves	15 (a)	**3,286,481**	3,495,398
Accumulated losses	15 (b)	**(15,766,999)**	(13,529,043)
Capital & reserves attributable to the owners of Red Mountain Mining Ltd		**19,509,494**	16,879,632
Non-controlling interest		**279,566**	83,387
Total equity		**19,789,060**	16,963,019

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2014

Consolidated Group	Note	Contributed equity $	Accumulated losses $	Foreign currency translation reserve $	Share-based payments reserve $	Other reserves $	Total $	Non-Controlling interest $	Total $
Balance at 1 July 2012		**11,657,848**	**(9,318,111)**	**(101,739)**	**2,038,272**	**-**	**4,276,270**	**-**	**4,276,270**
Loss for the year		-	(4,210,932)	-	-	-	(4,210,932)	(38,698)	(4,249,630)
Other comprehensive income		-	-	664,340			664,340	122,085	786,425
Total comprehensive loss for the year		-	(4,210,932)	664,340	-	-	(3,546,592)	83,387	(3,463,205)
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs	14(b)	15,255,429	-	-	-	-	15,255,429	-	15,255,429
Issue of options to employees and consultants	14(g)	-	-	-	894,525	-	894,525	-	894,525
Balance at 30 June 2013		**26,913,277**	**(13,529,043)**	**562,601**	**2,932,797**	**-**	**16,879,632**	**83,387**	**16,963,019**
Loss for the year		-	(2,237,956)	-	-	-	(2,237,956)	(206,971)	(2,444,927)
Other comprehensive income/(loss)		-	-	(354,186)	-	41,408	(312,778)	403,150	90,372
Total comprehensive loss for the year		-	(2,237,956)	(354,186)	-	-	(2,550,734)	196,179	(2,354,555)
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs	14(b)	5,572,735	-	-	-	-	5,572,735	-	5,572,735
Share based payment		-	-	-	103,861	-	103,861	-	103,861
Share buy back	14(a)	(496,000)	-	-	-	-	(496,000)	-	(496,000)
Balance at 30 June 2014		**31,990,012**	**(15,766,999)**	**208,415**	**3,036,658**	**41,408**	**19,509,494**	**279,566**	**19,789,060**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 30 June 2014

	Notes	**2014** **$**	2013 $
Cash flows from operating activities			
Other receipts		**87,493**	62,825
Payments to employees and suppliers (inclusive of goods and services tax)		**(2,232,629)**	(2,270,718)
Interest received		**33,035**	70,037
Interest paid		**(71)**	(8)
Net cash (outflow) from operating activities	23	**(2,112,172)**	(2,137,864)
Cash flows from investing activities			
Payment for exploration properties		**(2,710,387)**	(2,699,884)
Payment for property, plant and equipment		**(33,998)**	(64,166)
Cash received from acquisition	29	**-**	182,553
Acquisition costs	29	**-**	(278,055)
Net cash (outflow) from investing activities		**(2,744,385)**	(2,859,552)
Cash flows from financing activities			
Proceeds from issue of shares	14	**5,791,679**	1,614,000
Proceeds from issue of options	14	**-**	53,250
Share issue costs	14	**(197,795)**	(162,433)
Net cash inflow from financing activities		**5,593,884**	1,504,817
Net (decrease)/increase in cash held		**737,327**	(3,492,599)
Cash at the beginning of the year		**991,235**	4,380,150
Effect of exchange rate changes on Cash & Cash equivalents		**(9,110)**	103,684
Cash at the end of the year	6	**1,719,452**	991,235

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Summary of Significant Accounting Policies

(a) General Information

Red Mountain Mining Limited ("Red Mountain Mining" or the "Company") is a limited company incorporated in Australia. The address of its registered office is Unit 1, 2 Richardson Street, West Perth, Western Australia.

(b) Statement of Compliance

Red Mountain Mining is a for-profit entity. These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Accounting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements comprise the consolidated financial statements of Red Mountain Mining and its controlled entities ("the Group").

(c) Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost convention and the accrued basis, as explained in the accounting policies below.

(d) Adoption of New and Revised Accounting Standards

The Company has adopted all the new and revised AIFRSs that are relevant to its operations and effective for the reporting period starting from 1 July 2013.

At the date of authorisation of the financial statements, the Company has not applied the new Standards and Interpretations that were in issue but not yet effective.

(e) Critical accounting judgments and the key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Refer to note 3 for further details.

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2014 and the results of all controlled entities for the financial year then ended. The Company and its controlled entities together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the parent entity has control if it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised income and expenses on transactions between group companies are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(g) Segment reporting

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses. They are reported in a manner consistent with the internal reporting to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors ("Board").

(h) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognised:

Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

All revenue stated is net of goods and services tax ("GST").

(i) Income tax

The income tax expense for the reporting period is the tax payable on the current financial year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Imputation Credits

Pursuant to AASB 1054, Imputation Credits that will arise from the payment of the amount of the provision for income tax or the receipt of dividends are recognised as receivables at the reporting date. The disclosure of Imputation Credits shall be made separately in respect of any Australian imputation credits. To date, the Imputation Credits for the financial year ended 30 June 2014 is nil.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of profit or loss and other comprehensive income.

(m) Financial instruments

Financial assets and financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets other than financial assets and financial liabilities at fair value through profit or loss. Financial assets and financial liabilities are recognised in the statement of financial position.

(2) Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position

(3) Financial Liabilities and equity instruments

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities are non-derivative financial liabilities that are recognized initially at fair value plus any directly attributable transaction costs. Upon initial recognition, they are measured at amortised cost, using the effective interest rate method.

(4) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on a trade date basis – the date on which the Group commits to purchase or sell the asset. Financial liability is recognised when the Group becomes a party of the contractual provision of the financial instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Upon derecognition of a financial asset, the difference between the asset's carrying value and the sum of consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the contract are discharged or cancelled or expire. Upon derecognition of a financial liability, the difference between the carrying amount of liability derecognized and consideration paid is recognised in profit or loss.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid 30 days end of month. Trade and other payables are carried at amortised cost, using the effective interest method.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(2) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Goods and services tax (GST) and Valued added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the Australian Taxation Office/Philippines JRS. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the Australian Taxation Office/Philippines JRS is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office/Philippines JRS, are presented as operating cash flow.

(r) Foreign currency translation

Both the functional and the presentation currency of Red Mountain Mining Limited is the Australian Dollar.

Transactions in foreign currencies are initially recorded in the functional currency at the rate prevailing at that transaction date. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate of exchange at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Gains and losses arising from this translation policy are recognised in profit or loss.

The functional currency of Red Mountain Mining (Hong Kong) Holdings Ltd is the Hong Kong Dollar. The functional currency of Red Mountain Mining Consulting (Shenyang) Co Ltd is the Chinese Yuan.
The functional currency of Red Mounting Mining (Singapore) Pte Ltd is Singapore Dollar.
The functional currency of MRL Gold Inc and Egerton Gold Philippines Inc is Philippines Peso.

At the reporting date the assets and liabilities of the overseas subsidiaries are translated into presentation currency of Red Mountain Mining Limited at the rate prevailing at the reporting date and the statement of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the period. Resulting exchange differences are recognised in equity.

(s) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the profit or loss immediately.

(t) Property, plant and equipment

Each class of equipment is carried at cost value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	18.75% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(u) Provisions for employee benefits

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice. The group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions.

The liability or asset recognised in the Statement of Financial Position in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is a deep market in high-quality corporate bonds, the market rates on those bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Contributions to the defined contribution section of the group's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(a) Short-term benefits
Salaries and wages, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Company. Short-term employee benefit obligations are measured on an undiscounted basis.

(b) Retirement benefits
The Company maintains a defined benefit pension plan which is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of credited service, and compensation.

The liability recognized in the statements of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in financial and demographic assumptions are charged or credited as 'remeasurements' to other comprehensive income in the period in which they arise, unless it is included as part of an asset.

Past-service costs are recognized immediately in profit or loss.

(c) Termination benefit

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

(v) Operating Lease

A lease that does not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating lease. For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense on a straight-line basis over the lease term.

(w) Mineral exploration, evaluation and development expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest where we have the right of tenure. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to Mine Properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(x) Share-based payment transactions

Equity settled transactions:
The Group provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Share Option Plan (ESOP) in place to provide these benefits to directors, senior executives and employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model, further details of which are given in Note 22.

Performance rights were issued to directors and executives under the Group's Performance Rights Plan approved at the annual general meeting held on 18 November 2013. The value of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a Monte-Carlo simulation over 100,000 iterations to calculate on the average number of performance rights passing the performance condition. This model also takes into account the probability at the grant date the fair value as required for market based conditions per AASB 2. Refer to Note 22 for further details.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Red Mountain Mining Ltd (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired and
(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(y) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to fund investment opportunities and develop or secure access to a producing mining asset.

Consistently with others in the industry, the Group monitors capital on the basis of working capital requirements.

During 2014, the Group's strategy - which was unchanged from 2013 - was to maintain a current account balance sufficient to meet the Group's day to day expenses with the balance held in term deposits.

	2014 **$**	2013 $
Cash and cash equivalents	**1,719,452**	991,235
Trade and other receivables	**356,426**	166,199
Trade and other payables	**(599,722)**	(556,222)
Provisions	**(93,662)**	(72,505)
Working capital position	**1,382,494**	528,707

(z) Changes in accounting policies

New, revised or amending Accounting Standards and Interpretations adopted with no effect on consolidated financial statements

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and

obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Standards and Interpretations in issue not yet effective

At the date of authorisation of these consolidated financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Their adoption is unlikely to have significant impact on the amounts and disclosure reported in these consolidated financial statements.

Reference and issue date	Title	Summary	Application date of standard	First affected reporting date for Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	01-Jan-17	1-Jul-17
IFRS 15 (issued June 2014	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	01-Jan-17	1-Jul-17
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	01-Jan-15	1-Jul-15
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB	01-Jan-17	1-Jul-17

		9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.		
AASB 2013-4 (issued July 2013)	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)	Clarifies treatment of novated hedging instruments and continuation of hedge accounting where entities are required to replace the original party with a central counterparty as a consequence of laws or regulations or the introduction of laws and regulation.	01-Jan-14	1-Jul-14
AASB 2013-5 (issued August 2013)	Amendments to Australian Accounting Standards -Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into AASB 12 *Disclosure of Interests in Other Entities* and amends AASB 127 *Separate Financial Statements.*	01-Jan-14	1-Jul-14

AASB 2013-3 (issued June 2013)	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	01-Jan-14	1-Jul-14
AASB 2014-1	Amendments to Australian Accounting Standards [Operative dates: Parts A-C – 1 Jul 2014; Part D – 1 Jan 2016; Part E – 1 Jan 2015]	Non-urgent but necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014, 1 January 2016, 1 January	1 July 2014, 1 July 2015, 1 July 2016
AASB 2014-2	Annual Improvements 2011-2013 Cycle (IFRS13 & IAS 40)	Non-urgent but necessary changes to standards • AASB13 – Clarifies portfolio exception in relation to contracts under AASB 39 • AASB 40 – Clarifies interrelationship between AASB 3 & AASB 40 when classifying the acquisition of property as investment or owner occupied	01-Jul-14	1-Jul-14
Interpretation 21 (issued June 2013)	Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	01-Jan-14	1-Jul-14

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Note 2. Financial risk management

Financial Instruments

The following details the Group's financial instruments at the reporting date:

	2014 **$**	2013 $
Financial Assets		
Cash and Cash equivalents	1,719,452	991,235
Trade and other receivables	209,346	45,428
Total Financial Assets	**1,928,798**	1,036,663
Financial Liabilities		
Trade and other payables	558,891	486,183
Total Financial Liabilities	**558,891**	486,183

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including fair value interest rate risk, currency risk and price risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors. The Board identifies and evaluates financial risks in close co-operation with management and provides written principles for overall risk management.

The Board meets regularly to analyse and monitor the financial risks associated to the business operations.

(i) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, prudent oversight of future funding requirements and maintaining ongoing contact to facilitators of further funding.

The Group has implemented a creditors policy, authorisation matrix and purchase order system in order to consistently improve the quality of control over contractual obligations, cash flow and budgeting.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and maintain appropriate liquidity levels.

Contractual maturities of financial liabilities	Less than 6 months $	6 months to 1 year	1 to 5 years $	Carrying amount of liabilities $
30 June 2014				
Non-derivatives				
Trade and other payables	558,891	-	-	558,891
30 June 2013				
Non-derivatives				
Trade and other payables	486,183	-	-	486,183

The Group funds its activities through capital raising in order to limit its liquidity risk.

The Group does not have any unused credit facilities.

(ii) Market risk

Fair value interest rate risk

As the Group's major assets are cash deposits held in fixed and variable interest rate deposits, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The Group manages this risk by only investing in A+ rated institutions and maintaining an appropriate mix between different terms.

At reporting date, the Group had the following exposure to variable interest rate risk.

	2014 **$**	2013 **$**
Financial assets		
Cash and cash equivalents		
- Australia	1,139,044	515,766
- Hong Kong	16,478	41,213
- China	266,661	272,400
- Singapore	2,198	8,948
- Philippines	295,071	152,908
	1,719,452	991,235

Interest rate sensitivity analysis

Weighted average interest rate for the financial year ended 30 June 2014 was 2.09%. At 30 June 2014, if interest rates had been 1% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on post-tax profit as a result of changes in the interest rates would be as follows:

	Higher/(Lower)	
	2014 **$**	2013 **$**
Judgments of reasonably possible movements:		
Post tax profit		
+1.0% (100 basis points)	**17,195**	9,912
-1.0% (100 basis points)	**(17,195)**	(9,912)

Currency risk

The Group's subsidiary is based in Hong Kong and its sustainability is dependent on the provision of cash from the parent entity. Cash funds in Hong Kong are held in Hong Kong dollars, US dollars and Australian Dollars. The Group's subsidiary is based in China and its sustainability is dependent on the provision of cash from its parent entity. Cash funds in China are held in Chinese Yuan and US Dollars. The Group's subsidiary is based in Singapore and its sustainability is dependent on the provision of cash from its parent entity. Cash funds in Singapore are held in Singapore Dollars. The Group's subsidiary based in the Philippines is dependent on the provision of cash from the parent entity. Cash funds in Philippines are held in US Dollars and Philippines Peso thus the Group is exposed to diminution of cash balances through currency exchange risk.

The Group manages its currency risks by closely monitoring exchange rate fluctuations.

Foreign currency risk sensitivity analysis

The Group's exposure to foreign currency risk at the reporting date was as follows:

30 June 2014	**USD**
Cash and cash equivalents	247,929
Trade and other receivables	-
Trade and other payables	-
Total foreign currencies	247,929
Total converted into AUD	262,656

30 June 2013	**USD**
Cash and cash equivalents	256,856
Trade and other receivables	-
Trade and other payables	-
Total foreign currencies	256,856
Total converted into AUD	280,847

Based on the financial instruments held at 30 June 2014, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the financial year would have been $26,266 lower/higher (2013: $28,085 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments as detailed in the above table. Profit or loss is more sensitive to movements in AUD/USD exchange rates. The Group's exposure to other foreign exchange movements is not material.

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial assets and liabilities have been recognised at the reporting date at their net fair values.

The carrying amount of cash and cash equivalents, trade receivable and payables are assumed to approximate their fair values due to their short-term maturity.
- Receivables and payables: The carrying amount approximates fair value.

Price risk

The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed directly to commodity price risk.

(iii) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are recorded at the invoiced amount. The Group does not have any off-balance-sheet credit exposure related to the customers. The credit risk of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, available- for-sale financial assets, as well as credit exposure to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of A (or equivalent) are accepted. The Group assesses credit risk and allowance for doubtful accounts on a customer specific basis. The Group has adopted the policy of only dealing with credit worthy counterparties. As of 30 June 2014 and 2013, the Group does not have an allowance for doubtful debt accounts.

The maximum credit risk exposure of the Group at 30 June 2014 is $1,719,452 with $1,424,381 with AA-rated institutions and $295,071 with B rated institutions (2013: $991,235). There are no impaired receivables at 30 June 2014 (2013: Nil).

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

Note 3. Critical accounting estimates and judgments and assumptions

(i) Significant accounting judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(ii) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out in note 1(w). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income.

(iii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options issued is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. For performance rights issued, the fair value is determined by using a Monte-Carlo simulation taking into account the probability of meeting the market based conditions at grant date. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(iv) Retirement benefits liability

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions. The estimates and assumptions used in determining the net cost (income) for pensions include the discount rate, mortality rate and salary rate increase. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(v) Income taxes

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Further, recognition of deferred income taxes depends on the management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Accordingly, the Group did not recognize deferred tax assets in respect of deductible temporary differences and unused tax losses and credits.

Note 4. Revenue and expenses

		2014 $	2013 $
(a)	**Revenue**		
	Interest received	**90,008**	141,874
(b)	**Other Income**		
	Net foreign exchange gains	**-**	144,349
	Gain on disposal of assets	**20,704**	-
		110,712	286,223
(c)	**Expenses**		
	Depreciation expense	**37,670**	19,630
	Write off of exploration and evaluation	**297,811**	1,616,714
	Employee benefits expense		
	- Salary and wages	**597,328**	1,241,054
	Share-based payment expense	**103,861**	158,025
	Finance cost		
	- Interest expense	**71**	259
	Net foreign exchange loss	**117,461**	-

Note 5. Income tax

	2014 **$**	2013 $
(a) Income tax expense		
Current tax benefit/(expense)	**(4,994)**	(78,228)
Deferred tax	**-**	-
Under/over provision	**60,976**	-
	55,982	(78,228)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(2,444,928)**	(4,171,402)
Tax at the Australian tax rate of 30% (2013: 30%)	**(733,478)**	(1,251,421)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Legal fees		
Directors share based payments	**9,621**	-
Employee benefit - ESOP	**-**	32,400
Share based payments	**31,158**	15,008
Taxable service revenue (eliminated)	**-**	29,694
Other Non- Assessable	**(5,362)**	(139)
Other Non- Deductible	**104,062**	401,208
Difference in tax rates	**-**	4,644
	(593,998)	(768,606)
Current year tax assets not recognized	**593,998**	846,834
Withholding tax	**4,994**	-
Under/over provision	**(60,976)**	-
Income tax expense/(benefit)	**55,982**	78,228
(c) The estimated potential deferred tax benefits not brought to account at 30%		
Revenue losses - Australia	**2,264,807**	1,875,028
Temporary differences - Australia	**66,994**	101,277
Temporary differences – Overseas	**149,456**	457,518

The potential future income tax benefit will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefit.

No deferred tax assets have been recognised due to the fact that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

The franking account balance at year end was nil.

Note 6. Current Assets – Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	**683,022**	881,368
Short term deposits and deposits on call	**1,036,430**	109,867
	1,719,452	991,235

There are $40,000 of unused credit facilities
The Group's exposure to interest rate and credit risk is disclosed in Note 2.

Note 7. Current assets – Trade and other receivables

	2014 $	2013 $
Trade receivables	**1,540**	20,590
Advances	**26,840**	21,570
Prepayments	**106,098**	107,779
Other	**221,948**	16,260
	356,426	166,199

The Group's maximum exposure to credit risk is disclosed in Note 2. Carrying value of trade and other receivables approximates fair value due to short-term nature. There are no impaired receivables as at the reporting date.

Note 8. Exploration & Evaluation Expenditure

	2014 $	2013 $
Carrying amount at 1 July	**16,704,816**	-
Acquisition	**-**	14,794,556
Additions	**2,710,387**	3,641,631
Fair value of tenements disposed	**(1,569,477)**	-
Less impairment	**(297,811)**	(1,616,714)
Exchange difference on translating foreign operations	**910,076**	(114,657)
Carrying amount at 30 June	**18,457,991**	16,704,816

Note 9. Property, Plant and Equipment

	2014	2013
	$	$
Leasehold improvements		
Carrying amount at 1 July	**-**	-
Additions	**22,861**	-
Less depreciation	**(2,858)**	-
Carrying amount at 30 June	**20,004**	-
Computer equipment		
Carrying amount at 1 July	**70,304**	17,993
Additions	**1,630**	67,361
Disposals/Write-offs	**(925)**	-
Less depreciation	**(27,157)**	(15,049)
Carrying amount at 30 June	**43,852**	70,305
Transportation equipment		
Carrying amount at 1 July	**1,678**	2,971
Less depreciation	**(1,678)**	(1,294)
Carrying amount at 30 June	**-**	1,678
Office equipment		
Carrying amount at 1 July	**3,903**	667
Additions	**9,987**	3,830
Less depreciation	**(3,485)**	(594)
Carrying amount at 30 June	**10,405**	3,903
Furniture and fittings		
Carrying amount at 1 July	**7,048**	9,741
Less depreciation	**(2,493)**	(2,693)
Carrying amount at 30 June	**4,555**	7,048

Note 10. Current liabilities - Trade and other payables

	2014 $	2013 $
Trade payables	**291,680**	278,472
Other payables	**308,042**	277,750
	599,722	556,222

The Group's exposure to liquidity and foreign exchange risk related to trade and other payable is disclosed in Note 2. The carrying amount approximates fair value due to short-term nature.

Note 11. Current liabilities – Provisions

	2014 $	2013 $
Provisions for employee benefits	**93,662**	72,505

Note 12. Non-Current liabilities – Provisions

	2014 $	2013 $
Retirement benefits	**112,437**	275,209

The Group has an unfunded defined retirement benefit plan covering all of its regular employees in the Philippines. The plan provides for payment of retirement, death, disability and voluntary and involuntary separation benefits to its employees or their beneficiaries. Under the provisions of the plan, the normal retirement age is 60 but employees with at least five (5) years of service can avail of early retirement. Upon normal retirement, a member of the plan shall receive a benefit equivalent to the minimum retirement benefit as provided by R.A. 7641 at the time of his/her retirement. The projected unit credit method was used to determine the current service cost for the year based on the most recent actuarial valuation of the Group's retirement benefit plan for the year ended 30 June 2014.

Note 13. Current – Tax Liabilities

	2014 $	2013 $
Income Tax payable - Philippines	**17,252**	78,228

Note 14. Contributed equity

(a) Share capital

		Parent entity			
			2014		2013
	Notes	Shares	$	Shares	$
Ordinary shares fully paid	14(b)	**686,947,994**	**31,990,012**	**247,897,026**	**26,913,277**

Note 14. Contributed equity (cont'd)

(b) Movements in ordinary share capital

Date	Details	Notes	Share No.	Issue price $	$
1 July 2013	**Balance**		**247,897,026**		**26,913,277**
14 August 2013	Subscribers of entitlements issue	(d) (i)	213,977,644	0.01	2,139,776
15 August 2013	Subscribers of entitlements issue	(d) (i)	7,055,395	0.01	70,554
5 September 2013	Shares issued to consultants in lieu of services	(d) (ii)	8,636,950	0.01	69,096
23 September 2013	Shares issued to Sedgman Limited in lieu of services	(d) (iii)	3,875,000	0.008	27,125
1 November 2013	Conversion of Performance Shares	(d) (iv)	1	-	-
21 January 2014	Placement to sophisticated investors	(d) (v)	60,000,000	0.017	1,020,000
11 February 2014	Share Purchase Plan	(d) (vi)	144,398,375	0.017	2,454,772
13 February 2014	Exercise of options $0.015 expiring30 June 2014		2,807,201	0.015	42,108
17 February 2014	Cancellation of shares - Mindoro buy back	(d) (vii)	(4,000,000)	0.10	(496,000)
5 March 2014	In lieu of services – Crystal Sun	(d) (viii)	431,000	0.029	12,499
5 March 2014	Exercise of options $0.015 expiring 30 June 2014		110,000	0.015	1,650
9 April 2014	In lieu of services – Crystal Sun	(d) (ix)	1,695,652	0.014	23,739
30 June 2014	Exercise of options $0.015 expiring 30 June 2014		33,750	0.015	506
30 June 2014	Exercise of options $0.015 expiring 30 June 2014		30,000	0.015	450
	Share issue expenses		-	-	(289,540)
30 June 2014	**Balance**		**686,947,994**		**31,990,012**

Note 14. Contributed equity (cont'd)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Performance shares are not entitled to voting rights.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

(d) Ordinary share issues

i. On 14 August 2013, 213,997,644 fully paid ordinary shares, 106,988,807 options at a price of 1.5 cents each expiring on 30 June 2014 and 53,494,388 options at a price 3 cents each expiring on 30 June 2016 were issued to participants of a Rights Issue. A further 7,055,395 fully paid ordinary shares, 3,527,697 options at a price of 1.5 cents each expiring on 30 June 2014 and 1,763,848 options at a price of 3 cents each expiring on 30 June 2016 were issued on 15 August 2013.

ii. On 5 September 2013, the Company issued 8,636,950 ordinary shares (4,285,000 ordinary shares to Iron Infrastructure and 4,351,950 ordinary shares to Indodrill) at 1 cent each to consultants in consideration for consulting services provided to the Company.

iii. On 23 September 2013, the Company issued 3,875,000 ordinary shares at 0.8 cent each to Sedgman Limited in part consideration for engineering services provided in connection with the Batangas Gold Project Scoping Study.

iv. On 1 November 2013, the 50 million Performance Shares held by Mindoro Resources Ltd were converted to a single fully paid ordinary share due to the applicable milestones not having been satisfied by 31 October 2013.

v. On 21 January 2014, a placement of 60,000,000 ordinary shares at 1.7 cents each was issued to sophisticated investors.

vi. On 11 February 2014, the Company issued a total of 144,398,375 ordinary shares at $$0.017 per share under the Share Purchase Plan announced on 15 January 2014.

vii. Upon shareholder approval on 17 February 2014, the Company cancelled 4 million (out of the 100 million) fully paid ordinary shares held by Mindoro Resources Ltd in return for the Company relinquishing its contractual rights to the low priority Taipan San Francisco Joint Venture exploration prospect on Mindano Island in the Philippines.

viii. On 5 March 2014, the Company issued Crystal Sun Consulting Limited 431,000 fully paid ordinary shares at a deemed issue price of $0.029 per share, in lieu of cash consideration for technical services provided.

ix. On 9 April 2014, the Company issued Crystal Sun Consulting Limited 1,695,652 fully paid ordinary shares at a deemed issue price of $0.014 per share, in part consideration for technical services provided in connection with the Batangas Gold Project scoping study.

(e) Performance shares

		Parent entity			
	Notes	**2014**		2013	
		Performance Shares	**$**	Performance Shares	$
Performance shares	14(f)	-	-	50,000,000	-

Note 14. Contributed equity (cont'd)

(f) Movement in performance shares

Date	Details	Notes	Performance Shares No.	$
30 June 2013	**Balance**		**50,000,000**	**-**
1 November 2013	Conversion of Performance Shares 14(d) (iv)		(50,000,000)	-
30 June 2014	**Balance**		**-**	**-**

(g) Performance rights

	Notes	Parent entity 2014 Performance Rights	2014 $	2013 Performance Rights	2013 $
Performance rights	14(h)	**28,000,000**	**103,861**	-	-

(h) Movement in performance rights

Date	Details	Notes	Performance Rights No.	$
30 June 2013	**Balance**		**-**	**-**
5 March 2014	Issue of performance rights to directors and key management personnel (i)		28,000,000	103,861
30 June 2014	**Balance**		**28,000,000**	**103,861**

(i) The following performance rights were issued to the Company's Directors and Key Management Personnel on 5 March 2014:

	Performance Rights A	Performance Rights B	Performance Rights C	**Total**
J Dugdale	3,000,000	4,500,000	4,500,000	**12,000,000**
N Warburton	1,500,000	2,250,000	2,250,000	**6,000,000**
M Wolley	1,000,000	1,500,000	1,500,000	**4,000,000**
G Boswell	1,500,000	2,250,000	2,250,000	**6,000,000**
Total	**7,000,000**	**10,500,000**	**10,500,000**	**28,000,000**

There are no voting rights for performance rights holders.

Note 14. Contributed equity (cont'd)

(i) Options

	Notes	Parent entity			
		Options	**$**	Options	$
Options over ordinary shares of the Company	14(j)	**112,839,477**	**2,932,797**	113,196,544	2,932,797

(j) Movement in options on issue

Date	Details	Notes	Options No.	$
30 June 2012	**Balance**		**38,287,474**	**2,038,272**
4 September 2012	Issue of options to Directors		4,000,000	108,000
30 October 2012	Options issued to consultants in relation to acquisition of subsidiary		15,000,000	736,500
30 October 2012	Issue of options under ESOP		1,000,000	50,025
13 May 2013	Options cancelled		(13,840,916)	-
25 June 2013	Rights issue options		68,749,986	-
30 June 2013	**Balance**		**113,196,544**	**2,932,797**
1 July 2013	Rights issue options		3,993,750	-
14 August 2013	Rights issue options		160,483,195	-
15 August 2013	Rights issue options		5,291,545	-
12 September 2013	Expiry of options		(1,718,433)	-
13 February 2014	Exercise of options		(2,807,201)	-
5 March 2014	Exercise of options		(110,000)	-
30 June 2014	Exercise of options		(63,750)	-
30 June 2014	Expiry of options		(165,426,173)	-
30 June 2014	**Balance**		**112,839,477**	**2,932,797**

Note 14. Contributed equity (cont'd)

Terms and conditions of options on issue

	Listed options expiry 30/06/2016 @ $0.03	Unlisted options expiry 15/09/2016 @ $0.20
No. of options	97,839,477	15,000,000

	2014		2013	
	No. of Options	Weighted average exercise price ($)	No. of Options	Weighted average exercise price ($)
Balance at beginning of year	113,196,544	0.10	38,287,474	0.22
Granted during the year	169,768,490	0.03	88,749,986	0.07
Forfeited/cancelled during the year	-	-	(13,840,916)	(0.31)
Exercised during the year	(2,980,951)	(0.0004)	-	-
Expired during the year (i)	(167,144,606)	(0.07)	-	-
Balance at the end of the year	112,839,477	0.06	113,196,544	0.10
Exercisable at the end of the year	112,839,477	0.06	113,196,544	0.10

(i) During the financial year, the following options expired:
- 1,718,433 options exercisable at $0.20 each expiring on 12 September 2013;
- 137,698,048 options exercisable at $0.015 each expiring on 30 June 2014;
- 27,728,125 options exercisable at $0.20 each expiring on 30 June 2014.

Note 15. Reserves and Accumulated Losses

(a) Reserves

	2014 $	2013 $
Share-based payments reserve	**3,036,658**	2,932,797
Foreign currency translation reserve	**208,415**	562,601
Other reserves	**41,408**	-
Total reserves at the end of the financial year	**3,286,481**	3,495,398

Note 15. Reserves and Accumulated Losses (cont'd)

	2014 $	2013 $
Share-based payments reserve		
Movements:		
Balance at beginning of year	**2,932,797**	2,038,272
Share-based payments during the year	**103,861**	158,025
Consultant options	**-**	736,500
Balance at the end of the financial year	**3,036,658**	2,932,797
Foreign currency translation reserve		
Movements:		
Balance at beginning of year	**562,601**	(101,739)
Exchange differences on translation of foreign operation	**(354,186)**	664,340
Balance at the end of the financial year	**208,415**	562,601
Other reserves		
Movements:		
Balance at beginning of year	**-**	-
Pension remeasurement in the Philippines	**41,408**	-
Balance at the end of the financial year	**41,408**	-

(b) Accumulated losses

	2014 $	2013 $
Accumulated losses at the beginning of the financial year	**(13,529,043)**	(9,318,111)
Net loss attributable to members of the Company	**(2,237,956)**	(4,210,932)
Accumulated losses at the end of the financial year	**(15,766,999)**	(13,529,043)

(c) Nature and purpose of reserve

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity benefits provided to directors as remuneration or to suppliers as payment for products and services. The details of share-based payments are disclosed in Note 22.

(ii) Foreign currency translation reserve

Exchange differences arising from translation of the foreign controlled entities are taken to the foreign currency translation reserve, as prescribed in Note 1(r). The reserve is recognised in the profit and loss when the net investment is disposed of.

Note 16. Key management personnel disclosures

(a) Directors

The following persons were Directors of Red Mountain Mining Ltd during the financial year:

N F Warburton	Non-executive Chairman
J Dugdale	Managing Director
M Wolley	Non-executive Director
K B Rowe	Non-executive Director *(resigned 10 July 2013)*
G Boswell	Country Manger – MRL Gold Inc, Philippines

(b) Key management personnel compensation

Details of remuneration paid to key management personnel have been disclosed in the Directors' Report. No bonuses pertaining to the financial year 2014 had been recommended or paid at the date of this report.

Aggregate of remuneration paid to key management personnel during the financial year as follows:

	2014 **$**	2013 $
Short-term employee benefits - Cash salaries and fees	596,832	732,528
Early termination payments	-	79,033
Long-term benefits – Superannuation	34,740	53,933
Share-based payments – Options and performance rights (refer to Note 22)	103,861	108,000
	735,433	894,461

(c) Key management personnel compensation disclosure

The Board policy in determining the nature and amount of compensation and discussion of the relationship between the Board's policy and the entity's performance are provided in the remuneration report section of the Director's report.

Note 17. Remuneration of auditors

	2014 **$**	2013 $
During the year the following services were paid or payable to the auditors of the Group, its related entities and non-related audit firms:		
Audit services		
Audit and review of financial report		
- parent entity auditors-BDO Audit (WA) Pty Ltd	**38,593**	34,375
- controlled entities auditors-RSM Nelson Wheeler, BDO Singapore, PWC Manila	**15,080**	12,974
Non-audit services		
- BDO Corporate Tax (WA) Pty Ltd	**-**	5,355
- BDO Corporate Finance (WA) Pty Ltd	**-**	1,530
- Other	**-**	5,789
	53,673	60,023

Note 18. Contingent liabilities

The Group has no contingent liabilities at 30 June 2014.

Note 19. Commitments for expenditure

Remuneration commitments

The Group has no remuneration commitments as of 30 June 2014.

Lease Commitments

within one year	78,029	59,200
later than one year but not later than five years	28,768	16,356
later than five years		-
	106,798	75,556

Exploration & Evaluation Commitments

within one year	**184,592**	76,269
later than one year but not later than five years		63,421
later than five years	**-**	-
	184,592	139,690

The Group has no other commitments for expenditure at 30 June 2014.

Note 20. Related parties

Directors and specified executives

Disclosures relating to directors and other key management personnel are set out in Note 16.

Wholly-owned group

The wholly-owned group consists of Red Mountain Mining Ltd and its wholly-owned subsidiaries as described in Note 21.

Aggregate amounts receivable at reporting date:

	Parent	
	2014	2013
	$	$
Red Mountain Mining (Hong Kong) Holdings Ltd		
Non-current receivables	**3,335,541**	3,342,260
Less: Provision for non-recovery	**(3,335,541)**	(3,342,260)
	-	-
MRL Gold		
Non-current receivables	**23,600,734**	20,340,633
Less: Provision for non-recovery	**(23,600,734)**	(20,340,633)
	-	-

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following note.

Note 21. Investments in controlled entities

(a) Material subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding 2014 %	2013 %
Red Mountain Mining (Hong Kong) Holdings Ltd	Hong Kong	Ordinary	100	100
Red Mountain Mining Consulting (Shenyang) Co Ltd	People's Republic of China	Ordinary	100	100
Red Mountain Mining (Singapore) Pte Ltd	Singapore	Ordinary	100	100
MRL Gold Inc	Philippines	Ordinary	100	100
Egerton Gold Philippines Inc	Philippines	Ordinary	40*	40*

* MRL Gold Inc. has an investment in Egerton Gold Philippines Inc.("EGPI") that pertains to 40% ownership. MRL Gold Inc. has option on EGPI's 60% remaining issued and outstanding capital.

Note 21. Investments in controlled entities (cont'd)

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for the subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised Balance Sheet	**Egerton Gold Philippines Inc.** As at 30 June 2014	As at 30 June 2013
Current assets	324,441	37,164
Current liabilities	(20,343,109)	(17,468,681)
Current net assets	(20,018,668)	(17,431,517)
Non-current assets	19,505,786	17,274,917
Non-current liabilities	(11,701)	(34,866)
Non-current net assets	19,494,084	17,240,051
Total net assets	(524,584)	(191,466)
Accumulated NCI	279,565	83,387

Summarised Statement of Comprehensive Income	**For the year ended 30 June 2014**	**For the 6 months ended 30 June 2013**
Revenue	364	1
Profit/(loss) for the year	(344,954)	(64,497)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(344,954)	(64,497)

Summarised Cashflows	**For the year ended 30 June 2014**	**For the 6 months ended 30 June 2013**
Cashflows from operating activities	(20,258)	(111,169)
Cashflows from investing activities	(1,680,584)	(89,375)
Cashflows from financing activities	1,876,992	-
Net increase/(decrease) in cash and cash equivalents	(178,915)	(196,881)

Note 22. Share-based payments

The Group provides the following in the form of share-based payment transactions:

- Options to acquire ordinary shares are issued to directors and contractors of the Group as an incentive to improve the Board and shareholders goal congruence;
- Performance rights are issued to directors and executives of the Group.

Options

Terms and conditions of options as share-based payments existed at end of financial year:

	Listed options expiry 30/06/2016 @ $0.03	Unlisted options expiry 15/09/2016 @ $0.20
No. of options	97,839,477	15,000,000

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.02 years.

The Company did not issue any options to directors or other key management personnel as performance based remuneration during the financial year ended 30 June 2014.

The 15,000,000 options valued at $736,500 with exercise price of $0.20 each expiring on 15 September 2016 were issued to consultants in relation to acquisition of subsidiary in the previous financial year.

Performance Rights

Performance rights were issued to directors and executives as part of their remuneration under the Group's Performance Rights Plan which was approved at the annual general meeting held on 18 November 2013 (refer to the Remuneration Report).

Terms and conditions of performance rights as share-based payments issued during the financial year:

	Tranche A @ $0.019 per right (i)	Tranche B @ $0.018 per right (ii)	Tranche C @ $0.016 per right (iii)
No. of performance rights	7,000,000	10,500,000	10,500,000
Total value	$133,000	$189,000	$168,000

Note 22. Share-based payments (cont'd)

Vesting conditions of the Performance Rights issued during the year are as follows:

Class A Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 3 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for twelve (12) months from the date of grant of the Class A Performance Rights, prior to the Class A Expiry Date (as defined above).

Class B Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 5 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for twenty four (24) months from the date of grant of the Class B Performance Rights, prior to the Class B Expiry Date (as defined above).

Class C Performance Rights shall vest and convert to Shares if:

(i) the price of the Company's shares as traded on ASX is at least 7 cents or more for thirty (30) consecutive trading days; and

(ii) the recipient remains an employee/director of the Company for thirty six (36) months from the date of grant of the Class C Performance Rights, prior to the Class C Expiry Date (as defined above).

A total value of $490,000 of performance rights issued will be allocated across the vesting period. The value of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date of shareholder approval on 17 February 2014 using the market value at that date, the probability of the relevant market conditions being met and the expected length of the vesting period.

The fair value is determined using a Monte-Carlo simulation to calculate the average number of performance rights passing the performance condition based on the following:

Share price	$0.024
Volatility	200%
Risk free rate	2.99%

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2014 $	2013 **$**
Performance rights	**103,861**	-
Director's incentive options	**-**	108,000
ESOP	**-**	50,025
	103,861	158,025

Note 23. Reconciliation of loss from ordinary activities after income tax to net cash outflow used in operating activities

	2014 **$**	2013 $
(i) Reconciliation of cash and cash equivalent:		
Cash at Bank	**1,719,452**	991,235
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Operating loss after income tax	**(2,444,927)**	(4,249,630)
<u>Non-cash items</u>		
Bad debts written off	**20,272**	-
Gain on disposal of assets	**(20,704)**	-
Impairment	**297,811**	1,616,714
Depreciation	**37,670**	19,630
Share based payments	**103,861**	158,025
Net foreign exchange losses/(gains)	**117,461**	(144,349)
<u>Change in operating assets and liabilities</u>		
(Increase)/decrease in other receivables	**24,350**	25,434
Increase/(decrease) in trade creditors	**(66,730)**	215,680
Increase/(decrease) in current tax liability	**(121,364)**	78,228
Increase/(decrease) in other operating assets / liabilities	**(59,872)**	142,404
Net cash used in operating activities	**(2,112,172)**	(2,137,864)

(iii) Non-cash financing and investing activities

2014
Other than as detailed in Note 22 and the Directors Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2014.

2013
Other than as detailed in Note 22 and the Directors Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2013.

Note 24. Loss per share

	2014 Cents	2013 Cents
Basic and diluted loss per share	**(0.42)**	(2.80)

	2014 Number	2013 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	**534,329,027**	150,561,801
Losses used in calculating losses per share		
Net loss	**(2,237,956)**	(4,210,932)

Diluted loss per share

As at 30 June 2014, none of the outstanding options were dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

Note 25. Dividend

The Board does not recommend the payment of a dividend for the financial year ended 30 June 2014. No dividends were paid during the financial year.

Note 26. Operating Segments

Red Mountain Mining Limited operates predominantly in one industry being the mining and exploration industry in Australia and Philippines.

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its gold exploration in the Philippines and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Note 26. Operating Segments (cont'd)

Types of reportable segments

(i) Gold exploration

Segment assets, including acquisition cost of exploration licenses and all expenses related to the tenements in Philippines are reported on in this segment.

(ii) Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Note 26. Operating Segments (cont'd)

Year ended 30 June 2014

	Corporate	Exploration	Eliminations	Total
	$	$	$	$
Revenue	71,571	18,437	-	90,008
Depreciation	(8,638)	(29,032)	-	(37,670)
Impairment	-	(297,811)	-	(297,811)
Employee Costs	(595,531)	(105,658)	-	(701,189)
Consulting fees	(513,980)	(118,891)	-	(632,871)
Other expenditures	(520,119)	(345,275)	-	(865,394)
Loss after income tax	**(1,566,697)**	**(878,230)**	-	**(2,444,927)**
Total assets	**39,669,222**	**21,062,548**	**(40,118,533)**	**20,613,237**
Total liabilities	**194,128**	**23,945,544**	**(23,315,495)**	**824,177**

Year ended 30 June 2013

	Corporate	Exploration	Eliminations	Total
	$	$	$	$
Revenue	87,684	54,191	-	141,874
Depreciation	(8,950)	(10,680)	-	(19,630)
Employee Costs	(1,047,602)	(107,525)	-	(1,155,126)
Consulting fees	(399,774)	(93,356)	-	(493,131)
Other expenditures	(1,522,656)	(1,200,961)	-	(2,723,617)
Loss after income tax	**(2,891,299)**	**(1,358,331)**	-	**(4,249,630)**
Total assets	**36,047,087**	**19,222,773**	**(37,324,678)**	**17,945,182**
Total liabilities	**274,736**	**21,096,813**	**(20,389,385)**	**982,164**

Note 27. Parent entity information

The following information relates to the parent entity, Red Mountain Mining Ltd, as at 30 June 2014. The information presented hereto has been prepared using accounting policies consistent with those presented in Note 1.

Parent	**2014** **$**	2013 $
Current assets	**1,214,962**	562,039
Non-current assets	**18,768,229**	16,675,715
Total assets	**19,983,191**	17,237,754
Current liabilities	**194,131**	274,736
Total liabilities	**194,131**	274,736
Contributed equity	**32,086,012**	26,913,277
Share Based Payment Reserve	**3,036,658**	2,932,797
Accumulated losses	**(15,333,610)**	(12,883,056)
Net Assets	**19,789,060**	16,963,018
Loss for the year	**(3,397,014)**	(2,370,515)
Other comprehensive income/(loss)	**5,117**	(9,905)
Total comprehensive loss for the year	**(3,391,897)**	(2,380,421)

The parent entity has no contingent liabilities or capital commitment as at 30 June 2014.

Note 28. Events occurring after reporting date

On 3 September 2014, the Company announced it executed a Controlled Placement Agreement (CPA) with Acuity Capital Investment Management Pty Ltd. It provides Red Mountain with access to standby equity capital of up to $3 million over the 12 months to 28 July 2015 whilst Red Mountain retains full control of the placement process, including having sole discretion as to whether or not to utilise the program. The Company can specify the period, control the maximum number of shares that are issued and minimum price requirements. There are no restrictions or conditions on other capital raising activities the Company may wish to undertake.

On 13 September 2014, the Company announced its Placement and underwritten Rights Issue to raise a total of approximately $2 million (before costs) to fund drilling priority targets and to complete feasibility study and permitting. On 18 September 2014, Red Mountain confirmed it had raised $0.6 million (before costs) at an issue price of $0.008 (0.8 cent) per share (Placement). A further $1.4 million (before costs) will be raised by offering existing eligible shareholders to participate in a pro-rata, renounceable right issue on the basis of two new shares for every nine shares held by the shareholders at an issue price of $0.008 (0.8 cent) per share (Rights Issue). In addition, for every two shares issued under both the Placement and Rights Issue, the Company will grant one new option exercisable at $0.012 (1.2 cents) each on or before 31 March 2016 , and a further 56,556,888 options on the same terms will be issued to the underwriter or its nominees in consideration for underwriting services provided.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

(a) the consolidated entity’s operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity’s state of affairs in future financial years.

Note 29. Acquisition of Exploration and Evaluation Assets

On 24 July 2012, the Company signed a binding Share Sale Agreement (SSA) with Mindoro Resources Limited (Mindoro) to acquire Mindoro's gold and copper gold assets in the Philippines in consideration for 100,000,000 fully paid ordinary shares and 50,000,000 performance shares. On 30 October 2012, upon the completion of the acquisition, the Company, via subsidiaries, obtained a 100% interest in the Batangas Project and a 75% interest in the Tapian San Francisco Project. Transfer of certain tenements is subject to further restructure, to be completed within 12 months of closing.

The transaction is not a business combination as the Company's acquired assets did not meet the definition of a business as defined in the Australian Accounting Standards. The substance and intent was for the Company to acquire the exploration and evaluation assets in the Philippines for the purpose of building the Company's resource base in line with the Company's strategy. Therefore, this transaction has been accounted for under AASB2 Share Based Payments.

Pursuant to the SSA, the Company issued 10,000,000 options to Cygnet Capital and 5,000,000 options to Zeffron Reeves subsequent to the completion of the acquisition.

The fair value of the assets acquired at the date of acquisition and share based payments are outlined as follows:

	30 October 2012
	$
Consideration	
Ordinary shares issued to vendor	13,750,612
Share-based payments issued to consultants (*)	736,500
Acquisition related costs (**)	278,055
Total consideration	**14,765,167**
Value of assets acquired	
Cash and cash equivalents	182,553
Other receivables	46,702
Exploration and evaluation expenditures (*)	14,794,556
Fixed assets	7,027
Trade and other payables	(154,410)
Provisions	(111,261)
Fair value of asset acquired	**14,765,167**

* The fair value of exploration and evaluation expenditures was calculated on the basis of independent valuation report and acquisition adjustments.

Directors' Declaration

In the Directors' opinion:

(a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
- (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of the performance, as represented by the results of their operations, changes in equity and the cash flows, for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (4) of the Corporations Act 2001.

Neil Warburton
Non-executive Chairman

Perth, Western Australia
30 September 2014

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Red Mountain Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Red Mountain Mining Limited, which comprises he consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Mountain Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Red Mountain Mining Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Red Mountain Mining Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton

Director

Perth, 30 September 2014

ADDITIONAL SHAREHOLDERS' INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 12 September 2014.

Substantial Shareholders

The number of securities held by substantial shareholders who have provided substantial shareholder notices to the Company and their associates are set out below:

Shareholder	Shares	%
Mindoro Resources Limited[1]	46,000,001	6.7%
E Pishas & Sons Pty Ltd[2]	64,000,000	9.28%
Viv Mac Pty Ltd <Vivienne McMahon Super A/C> (and associates)[3]	4,100,000	5.19%

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.

Voting Rights

Ordinary shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance Rights
Performance Shares carry no voting rights.

Options
Options carry no voting rights.

Unmarketable Parcels

There were 375 holders of less than a marketable parcel of ordinary shares, which as at 12 September 2014 was 50,000.

Distribution Schedules

Quoted Securities

Ordinary Shares

Holding	Number of Holders	Shares
1 – 1,000	75	8,443
1,001 – 5,000	5	17,492
5,001 – 10,000	38	362,814
10,001 – 100,000	544	29,617,601
100,000 and over	756	656,941,644
	1,419	686,947,994

ADDITIONAL SHAREHOLDERS' INFORMATION (Cont'd)

Listed Options, exercisable at $0.03 on or before 30 June 2016

Holding	Number of Holders	Options
1 – 1,000	5	936
1,001 – 5,000	15	55,882
5,001 – 10,000	9	73,105
10,001 – 100,000	53	2,758,727
100,001 and over	114	94,950,827
	196	97,839,477

Unquoted Securities

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

Options, exercisable at $0.20 each on or before 15 September 2016

Holding	Number of Holders	Shares
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	14	15,000,000
	14	15,000,000

1. China Resource Fund Pty Ltd holds 3,000,000 options comprising 20.00% of this class.

ADDITIONAL SHAREHOLDERS' INFORMATION (Cont'd)

Top Holders of Quoted Securities

Fully Paid Ordinary Shares

	Name	**Number of Shares**	**%**
1	E PISHAS & SONS PTY LTD	64,000,000	9.32
2	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	17,400,000	2.53
3	MICHLANGE PTY LTD	14,816,624	2.16
4	CUSTOM AV PTY LTD	12,250,000	1.78
5	CANNOW PTY LTD <C & T FAMILY S/FUND A/C>	12,000,000	1.75
6	MR JOHN VIEIRA & MRS TRACEY LOIS VIEIRA <BAYVIEW RETIREMENT PLAN A/C>	10,782,647	1.57
7	MR ANTHONY GALE	9,682,647	1.41
8	KRONENDAL HOLDINGS PTY LTD	6,675,000	0.97
9	MINDORO RESOURCES LTD	6,198,400	0.90
10	MURITAI PTY LTD <BURNETT SUPER FUND A/C>	5,782,647	0.84
11	TOWN TOWERS PTY LTD	5,782,647	0.84
12	MR IAN NGUYEN	5,500,000	0.80
13	MR DAVID RICHARD BURT & MRS CHRISTINE ELIZABETH BURT <OTTO SUPER FUND A/C>	5,000,000	0.73
14	JBWERE (NZ) NOMINEES LIMITED <45198 A/C>	5,000,000	0.73
15	MR GIOVANNI BERNARD STAGNO	5,000,000	0.73
16	MR ANH DUY PHAN & MRS LIEN XUAN THI TRAN	4,725,000	0.69
17	MR VINCENZO MAIO	4,626,000	0.67
18	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,480,098	0.65
19	MS SHUANG YANG	4,400,000	0.64
20	MR ANTHONY PAUL RODBARD-BEAN	4,087,068	0.59
	Totals	**208,188,778**	**30.31**

ADDITIONAL SHAREHOLDERS' INFORMATION (Cont'd)

Listed Options exercisable at $0.03 each on or before 30 June 2016

	Name	Number of Options	%
1	MICHLANGE PTY LTD	6,497,350	6.64
2	MR ANH DUY PHAN & MRS LIEN XUAN THI TRAN	5,800,000	5.93
3	MR ROHAN DAVID WILLIAMS	4,250,000	4.34
4	INTERNATIONAL BUSINESS NETWORK (SERVICES) PTY LTD	4,000,000	4.09
5	MR JOHN VIEIRA & MRS TRACEY LOIS VIEIRA <BAYVIEW RETIREMENT PLAN A/C>	3,400,000	3.48
6	MR JOHN CUERDEN	3,270,865	3.34
7	MR AIYAZ DEAN & MRS SHABANA KHAN	3,248,000	3.32
8	BAR RAD PTY LTD <BAR RAD SUPER FUND A/C>	2,708,884	2.77
9	MR GLEN STEPHENSON	2,050,000	2.10
10	MR MARK ROWLEY	2,002,000	2.05
11	TANDEM TECHNICAL CONSULTANTS PTY LTD <TANDEM TECHNICAL CON A/C>	2,000,010	2.04
12	MR RODNEY DARRYL SAINES	1,950,000	1.99
13	MR JUSTIN NEIL WARBURTON	1,804,080	1.84
14	JJL INVESTMENTS PTE LTD	1,773,083	1.81
15	MR MARK DENNIS ROWLEY MARK ROWLEY & MR TIMOTHY JAMES DURIK <MARK ROWLEY SUPERFUND A/C>	1,714.000	1.75
16	MR TRENT BRINDLE	1,708,000	1.75
17	BR TRADING AUSTRALIA PTY LTD	1,500,000	1.53
18	BAOWIN INVESTMENTS PTY LTD	1,486,598	1.52
19	MR ANTHONY PAUL RODBARD-BEAN	1,452,720	1.48
20	CAUTIOUS PTY LTD	1,250,000	1.28
	Totals	**53,865,590**	**55.06**

Restricted Securities

There are no restricted securities.

On Market Buy Back

There is no current on market buy back.

Securities exchange

The Company is listed on the Australian Securities Exchange.

ADDITIONAL SHAREHOLDERS' INFORMATION (Cont'd)

TENEMENT SCHEDULE

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER/ APPLICANT	AREA, HECTARE	DATE OF RENEWAL PERIOD EXPIRATION	PERMIT TERM EXPIRY	LOCATION	INTEREST / CONTRACTUAL RIGHT
Lobo	MPSA-176-2002-IV	Egerton Gold Philippines Inc.	1,164	26-Sep-14	29-Mar-14	Batangas Province, Philippines	100%
Archangel	MPSA-177-2002-IV	Egerton Gold Philippines Inc.	1,012	29-Mar-14	29-Mar-14	Batangas Province, Philippines	100%
Calo	EP-IVA-006	Egerton Gold Philippines Inc.	2,493	5-Sep-14	5-Sep-14	Batangas Province, Philippines	100%
Pica	EP-IVA-007	Egerton Gold Philippines Inc.	4,488	5-Sep-14	5-Sep-14	Batangas Province, Philippines	100%
Biga	EP-IVA-008	Egerton Gold Philippines Inc.	977	23-Oct-14	23-Oct-14	Batangas Province, Philippines	100%
El Paso	EP-IVA-009	MRL Nickel Phils. Inc.	5,000	12-Apr-14	12-Apr-14	Batangas Province, Philippines	100%
Philex	EP-IVA-010	Egerton Gold Philippines Inc.	1,579	23-Oct-14	23-Oct-14	Batangas Province, Philippines	100%
Talahib	EP-IVA-011	Egerton Gold Philippines Inc.	873	5-Oct-13	5-Oct-13	Batangas Province, Philippines	100%
Rosario	EP-IVA-014	MRL Nickel Phils. Inc.	2,991	20-Feb-15	20-Feb-15	Batangas Province, Philippines	100%
East Lobo	EP-IVA-015	Egerton Gold Philippines Inc.	2,461	20-Feb-15	20-Feb-15	Batangas Province, Philippines	100%
SW Lobo	EPA-IVA-093	MRL Nickel Phils. Inc.	166	Application	Application	Batangas Province, Philippines	100%
Calo Extension	EPA-IVA-102	MRL Nickel Phils. Inc.	850	Application	Application	Batangas Province, Philippines	100%
Batangas Extension	EPA-IVA-103	MRL Nickel Phils. Inc.	3,033	Application	Application	Batangas Province, Philippines	100%
Villena	EPA-IVA-106	Hernando Villena	831	Application	Application	Batangas Province, Philippines	100%

ANNUAL MINERAL RESOURCE STATEMENT

The Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes.

On 30 June 2014, Red Mountain released its revised Mineral Resource Statement ("Mineral Resource Statement") for the Company's Batangas gold project in the Philippines in compliance with the 2012 edition of the JORC Code. The upgraded resource as described in the Mineral Resource Statement was calculated after the completion of an exploration programme by Red Mountain and is based on information from 50 drillholes for 4,980 metres, and the associated laboratory results.

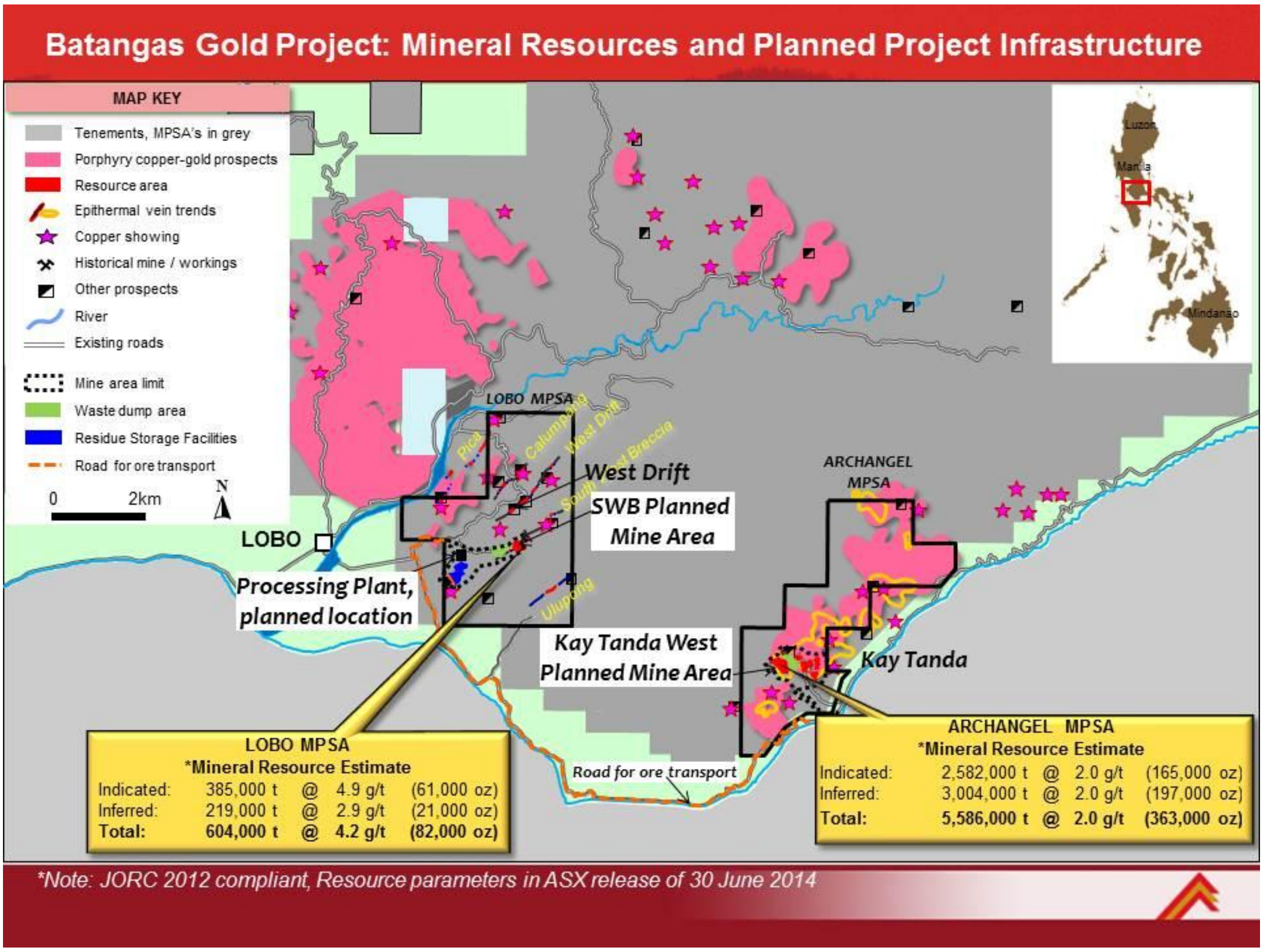

Figure 1: Locality of the Batangas Gold Project in the Philippines.

In completing the annual review for the year ended 30 June 2014, the historical resource factors were reviewed and found to be relevant and current. The Batangas Gold Project has not been converted to an active operation yet and hence no resource depletion has occurred for the review period.

The Resource Statement

The current Mineral Resource Statement for the Batangas Gold Project is shown in Table 1 below. The geographical distribution of the Mineral Resources, located within the Lobo Mineral Production Sharing Agreement (MPSA) area and Archangel MPSA area, are shown in Figure 1 above.

Total Mineral Resource, Batangas Gold Project, 30 June 2014							
Deposit	**Resource category**	**Cut-Off Au g/t**	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**
Kay Tanda West	Indicated	0.85	1,421,000	2.1	96,000	9.2	421,000
	Inferred	0.85	229,000	2.3	17,000	2.1	15,000
	Total Kay Tanda West	**0.85**	**1,650,000**	**2.1**	**113,000**	**8.2**	**436,000**
Kay Tanda Main	Indicated	0.85	1,161,000	1.9	69,000	1.4	50,000
	Inferred	0.85	2,775,000	2.0	180,000	1.2	109,000
	Total Kay Tanda Main	**0.85**	**3,936,000**	**2.0**	**250,000**	**1.3**	**159,000**
Archangel MPSA	**Total Archangel MPSA**	**0.85**	**5,586,000**	**2.0**	**363,000**	**3.3**	**595,000**
South West Breccia	Indicated	0.85	214,000	6.4	44,000	1.8	13,000
	Inferred	0.85	7,000	2.3	1,000	1.9	400
	Total South West Breccia	**0.85**	**221,000**	**6.3**	**45,000**	**1.8**	**13,000**
Japanese Tunnel	Indicated	0.85	26,000	3.3	3,000	5.9	5,000
	Inferred	0.85	7,000	2.3	1,000	5.7	1,000
	Total Japanese Tunnel	**0.85**	**34,000**	**3.0**	**3,000**	**5.7**	**6,000**
West Drift	Indicated	2.00	145,000	3.1	14,000	4.7	22,000
	Inferred	2.00	205,000	2.9	19,000	4.3	28,000
	Total West Drift	**2.00**	**350,000**	**3.0**	**34,000**	**4.4**	**50,000**
Lobo MPSA	**Total Lobo MPSA**	**0.85, WD 2.00**	**604,000**	**4.2**	**82,000**	**3.6**	**69,000**
Batangas Gold Project	Indicated		2,968,000	**2.4**	227,000	**5.4**	511,000
	Inferred		3,222,000	**2.1**	218,000	**1.5**	154,000
	Total Batangas	**0.85, WD 2.00**	**6,190,000**	**2.2**	**444,000**	**3.3**	**665,000**

Table 1: Mineral Resource Statement (ASX Release 30 June 2014).

Material Changes and Mineral Resource Statement Comparison

On 30 January 2013, the Company reported Indicated Resources of 2.76 million tonnes @ 2.3 g/t Au, 208,000 oz Au and Inferred Resources of 3.02 million tonnes @ 2.1 g/t Au, 200,000oz Au for a total of 5.78 million tonnes at 2.2 g/t Au, 408,000oz Au at Batangas, at a 0.85 g/t Au lower cut off (30 January 2013, JORC 2004).

On 30 June 2014, the Company upgraded its previously reported Mineral Resource in accordance with JORC 2012 to a total of **6.19 million tonnes @ 2.2 g/t Au, containing 444,000oz Au**, using a 0.85g/t Au cut off for potential open pit resources and 2.0g/t Au for potential underground resources (West Drift only).

Relative to the 30 January 2013 Mineral Resource statement, this represented an increase of 37,000 oz Au, an approximately 82% increase in terms of gold ounces on the Lobo MPSA, and 9% increase in terms of gold ounces overall, from the previously reported Mineral Resource.

The increase is due to the following factors:

- The inclusion of re-estimated South West Breccia (SWB), Lobo MPSA, figures which included new drilling and trenching data, with Indicated Resources increased from 93% to 98% of the total SWB Mineral Resource to **221,000t @ 6.3 g/t Au for 45,000oz Au;**
- The release of maiden Mineral Resource estimates for the Japanese Tunnel and West Drift Prospects, also on the Lobo MPSA, both of which were drilled over the 18 months prior to release of the upgraded Mineral Resource.

Total Batangas - 30 June (released 30 January) 2013						
Deposit	**Rescat**	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**
Archangel MPSA	Inferred	3,004,000	2.0	197,000	1.3	124,000
	Indicated	2,582,000	2.0	165,000	5.7	471,000
	Total Archangel	**5,586,000**	**2.0**	**363,000**	**3.3**	**595,000**
Lobo MPSA	Inferred	16,000	5.3	3,000	1.9	1,000
	Indicated	178,000	7.4	42,000	1.8	10,000
	Total Lobo	**194,000**	**7.2**	**45,000**	**1.8**	**11,000**
Batangas	**Total Batangas**	**5,780,000**	**2.2**	**408,000**	**3.3**	**606,000**
Total Batangas - 30 June 2014						
Deposit	**Rescat**	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**
Archangel MPSA	Inferred	3,004,000	2.0	197,000	1.3	124,000
	Indicated	2,582,000	2.0	165,000	5.7	471,000
	Total Archangel	**5,586,000**	**2.0**	**363,000**	**3.3**	**595,000**
Comparison to 2013		**0%**		**0%**		**0%**
Lobo MPSA	Inferred	218,000	3.0	21,000	4.3	30,000
	Indicated	386,000	4.9	61,000	3.1	39,000
	Total Lobo	**604,000**	**4.2**	**82,000**	**3.6**	**69,000**
Comparison to 2013		**211%**		**82%**		**527%**
	Total Batangas	**6,190,000**	**2.2**	**444,000**	**3.3**	**664,000**
Comparison to 2013		**7%**		**9%**		**10%**

Table 2: Summary of the Mineral Resource variance for the period 1 July 2013 to 30 June 2014.

There has been no change to the Mineral Resource Statement reported on the 30 June 2014 to the date of this Annual Report.

Governance Arrangements and Internal Controls

Red Mountain has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by an independent external consultant who is experienced in best practices in modelling and estimation methods. The consultant has also undertaken reviews of the quality and suitability of the underlying information used to general the resource estimation. In addition, Red Mountain management carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resource dated 30 June 2014 was compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2012 Edition.