



ACN 119 568 106

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting

20 September 2016

Time of Meeting

9.00am (WST)

Place of Meeting

Quest West Perth
Level 1, 54 Kings Park Road
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1587.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A General Meeting of the Shareholders of Red Mountain Mining Limited will be held at 9.00am WST on 20 September 2016 at:

Quest West Perth
Level 1, 54 Kings Park Road
West Perth WA 6005

Voting Entitlement

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that the persons eligible to vote at the Meeting are those who are registered Shareholders as at 5.00pm (WST) on 18 September 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the Meeting.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 9.00am WST.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on facsimile number (61 8) 9486 8616; or
- deliver or post the Proxy Form to the principal office of the Company at Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005.

so that it is received by no later than 9.00am WST on 18 September 2016, being 48 hours before the Meeting.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and

- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Your Proxy Form is enclosed.

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of Red Mountain Mining Limited (ABN 40 119 568 106) (**Company**) will be held at Quest West Perth, Level 1, 54 Kings Park Road, West Perth, Western Australia, on 20 September 2016 at 9.00am WST, for the purpose of transacting the business referred to in this Notice of General Meeting (**Notice**).

An Explanatory Statement, containing information in relation to the following Resolutions, and a Proxy Form accompany this Notice. Please note capitalised terms used in this Notice have the meanings set out in the glossary of the Explanatory Statement accompanying this Notice.

ORDINARY BUSINESS:

Resolution 1 – Ratification of issue of 390,000,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 390,000,000 Shares at an issue price of \$0.001 per Share to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue the subject of Resolution 1 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 2 – Ratification of issue of 195,000,000 Options

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 195,000,000 Options (exercisable at \$0.0015 each on or before 31 March 2018) for nil cash consideration to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by any person who participated in the issue the subject of Resolution 2 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 3 – Ratification of issue of 38,000,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 38,000,000 Shares at a deemed issue price of \$0.001 per Share to consultants of the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue the subject of Resolution 3 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 4 – Ratification of issue of 50,000,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 50,000,000 Shares at a deemed issue price of \$0.001 per Share to a contractor and employee of the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 5 – Consolidation

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Section 254H(1) of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every thirty two (32) Shares be consolidated into one (1) Share;*
- (b) all Options on issue be adjusted in accordance with Listing Rule 7.22; and*
- (c) all Performance Rights on issue be adjusted in accordance with Listing Rule 7.21,*

and where this consolidation results in a fraction of a security being held by a security holder, the Directors be authorised to round that fraction up to the nearest whole security, with such consolidation to take effect in accordance with the timetable and otherwise on the terms and conditions set out in the Explanatory Statement.”

Resolution 6 – Approval for issue of up to 300,000,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 5 in this Notice, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 300,000,000 Shares at an issue price of \$0.01 per Share (on a post-Consolidation basis) to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any of the persons who may participate in the proposed issue the subject of Resolution 6 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 6 is passed and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 7 – Approval for related party to participate in Capital Raising – Jason Bontempo

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 6 and for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act and for all other purposes, approval is given for Mr Jason Bontempo (or his nominee) to subscribe for, and for the Company to issue up to 10,000,000 Shares (on a post-Consolidation basis) to Mr Jason Bontempo (or his nominee) in the capital raising the subject of Resolution 6, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by Mr Jason Bontempo (or his nominee) and any of Mr Bontempo’s Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 8 – Approval for related party to participate in Capital Raising – Lincoln Ho

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 6 and for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act and for all other purposes, approval is given for Mr Lincoln Ho (or his nominee) to subscribe for, and for the Company to issue up to 5,000,000 Shares (on a post-Consolidation basis) to Mr Lincoln Ho (or his nominee) in the capital raising the subject of Resolution 6, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by Mr Lincoln Ho (or his nominee) and any of Mr Ho's Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 9 – Approval for related party to participate in Capital Raising – Jeremy King

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 6 and for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act and for all other purposes, approval is given for Mr Jeremy King (or his nominee) to subscribe for, and for the Company to issue up to 10,000,000 Shares (on a post-Consolidation basis) to Mr Jeremy King (or his nominee) in the capital raising the subject of Resolution 6, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by Mr Jeremy King (or his nominee) and any of Mr King's Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 10 – Approval for issue of Shares to PAC Partners

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 6 in this Notice, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 28,000,000 Shares (on a post-Consolidation basis) to PAC Partners (or their nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 10 by PAC Partners (or its nominee) and any of its Associates and any other persons who may participate in the proposed issue the subject of Resolution 10 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 10 is passed and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 11 – Approval for issue of Loyalty Options

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 5 in this Notice, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Loyalty Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 11 by any of the persons who may participate in the proposed issue the subject of Resolution 11 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 11 is passed and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 12 – Approval for issue of Options to related party – Mr Jason Bontempo

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 2,500,000 options (on a post-Consolidation basis) exercisable at \$0.02 each and expiring on the date that is three years from the date of issue to Mr Jason Bontempo (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 12 by Mr Jason Bontempo (or his nominee) and any of Mr Bontempo’s Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 13 – Approval for issue of Options to related party – Mr Lincoln Ho

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 2,500,000 options (on a post-Consolidation basis) exercisable at \$0.02 each and expiring on the date that is three years from the date of issue to Mr Lincoln Ho (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 13 by Mr Lincoln Ho (or his nominee) and any of Mr Ho’s Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 14 – Approval for issue of Options to related party – Mr Jeremy King

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 10,000,000 Options (on a post-Consolidation basis) exercisable at \$0.02 each and expiring on the date that is three years from the date of issue to Mr Jeremy King (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 14 by Mr Jeremy King (or his nominee) and any of Mr King’s Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement “Associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.**

Resolution 15 – Approval for issue of Shares to related party – Mr Jason Bontempo

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 3,000,000 Shares (on a post-Consolidation basis) to Mr Jason Bontempo (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 15 by Mr Jason Bontempo (or his nominee) and any of Mr Bontempo’s Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance

with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 16 – Approval for issue of Shares to related party – Mr Lincoln Ho

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 2,000,000 Shares (on a post-Consolidation basis) to Mr Lincoln Ho (or his nominee), on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 16 by Mr Lincoln Ho (or his nominee) and any of Mr Ho's Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 17 – Approval for issue of Shares to related party – Mr Jeremy King

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and all other purposes, the Company approves and authorises the grant and issue of 9,000,000 Shares (on a post-Consolidation basis) to Mr Jeremy King (or his nominee), on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 17 by Mr Jeremy King (or his nominee) and any of Mr King's Associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

Resolution 18 – Approval for issue of Options to PAC Partners

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,000,000 Options (on a post-Consolidation basis) to PAC Partners (or their nominee) on the terms and conditions set out in the Explanatory Statement."

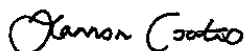
Voting Exclusion: The Company will disregard any votes cast on Resolution 18 by PAC Partners (or its nominee) and any of its Associates and any other persons who may participate in the proposed issue the subject of Resolution 18 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of

ordinary securities, if Resolution 18 is passed and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **For the purpose of this voting exclusion statement "Associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".**

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Shannon Coates
Company Secretary
11 August 2016

NOTES:

1. Completion of a proxy form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
2. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the Shareholder. A proxy need not be a Shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg "the Company Secretary").
3. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the Shareholder's votes.
4. A proxy form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005 or by fax to (61 8) 9486 8616. Alternatively, you may photocopy the enclosed form.
5. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, **not less than 48 hours before** the time for commencement of the Meeting. Please send by post to Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005 or by fax to (61 8) 9486 8616.
6. The Chairman of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions. If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
7. The Company will accept proxy appointments by a corporate Shareholder executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.
8. The time nominated by the Board in accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), for the purpose of determining the voting entitlements at the Meeting is 5.00pm WST on 18 September 2016.
9. The Explanatory Statement attached to this Notice forms part of this Notice.

1 EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of Red Mountain Mining Limited (**Company**).

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

2 RESOLUTION 1 - RATIFICATION OF ISSUE OF 390,000,000 SHARES

2.1 Background

On 27 June 2016 the Company issued 390,000,000 Shares (**Placement Shares**) at an issue price of \$0.001 per Share to sophisticated and professional investors, who were clients of Patersons, and not related parties of the Company, to raise \$390,000 before costs (**Placement**).

The Placement was undertaken under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A as follows:

- (a) 115,000,000 Placement Shares were issued under the Company's annual 15% placement capacity under ASX Listing Rule 7.1; and
- (b) 275,000,000 Placement Shares were issued under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1 broadly provides that a company may, during any 12 month period, issue equity securities up to 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval. ASX Listing Rule 7.1A enables certain eligible entities to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of ASX Listing Rule 7.1A is passed by special resolution. This additional 10% placement capacity is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. The Company obtained approval from Shareholders to issue Equity Securities under ASX Listing Rule 7.1A at the Company's last annual general meeting held on 16 November 2015.

ASX Listing Rule 7.4 permits the ratification of securities issued without shareholder approval under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 and ASX Listing Rule 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 and ASX Listing Rule 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. The purpose of such ratification is to restore the Company's power to issue further securities without shareholder approval within the 15% limit under ASX Listing Rule 7.1 and additional 10% capacity under ASX Listing Rule 7.1A.

Accordingly, Resolution 1 seeks Shareholder ratification of the issue of the Placement Shares under ASX Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 and additional 10%

capacity as set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares the subject of Resolution 1:

- (a) 390,000,000 Shares were issued at an issue price of \$0.001 per Share, where:
 - (i) 115,000,000 Shares were issued under the Company's annual 15% placement capacity under ASX Listing Rule 7.1; and
 - (ii) 275,000,000 Shares were issued under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A;
- (b) the Shares issued are fully paid ordinary shares in the capital of the Company on the same terms and conditions as, and ranking equally with, the Company's existing Shares;
- (c) the Shares were issued to sophisticated and professional investors, who are clients of Patersons, who are not related parties of the Company;
- (d) the funds raised from the issue of the Placement Shares will be used towards the Company's Q1 2017 expenditure requirements for the Batangas Gold Project joint venture in the Philippines and for general working capital purposes; and
- (e) a voting exclusion statement for Resolution 1 is included in the Notice of Meeting preceding this Explanatory Statement.

2.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

3 RESOLUTION 2 - RATIFICATION OF ISSUE OF 195,000,000 OPTIONS

3.1 Background

As announced to ASX on 21 June 2016, the Company agreed to issue free attaching Options (exercisable at \$0.0015 each on or before 31 March 2018) to investors participating in the Placement referred to in section 2.1 of this Explanatory Statement, on the basis of one free attaching Option for every two Shares subscribed for and issued under the Placement (**RMXOF Options**). 195,000,000 RMXOF Options were issued on 27 June 2016 under the Company's annual 15% placement capacity under ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 is provided in section 2.1 of this Explanatory Statement.

Accordingly, Resolution 2 seeks Shareholder ratification of the issue of the RMXOF Options under ASX Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the RMXOF Options the subject of Resolution 2:

- (a) 195,000,000 RMXOF Options were issued;
- (b) the RMXOF Options were issued for nil cash consideration;
- (c) the RMXOF Options have an exercise price of \$0.0015 each and an expiry date of 31 March 2018. The full terms and conditions of the RMXOF Options are set out in Schedule 1 to this Explanatory Statement;
- (d) the RMXOF Options were issued to sophisticated and professional investors, who are clients of Patersons, none of whom are a related party of the Company;
- (e) no funds were raised from the issue as the RMXOF Options were issued as free attaching options to the participants in the Placement; and
- (f) a voting exclusion statement for Resolution 2 is included in the Notice of Meeting preceding this Explanatory Statement.

3.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

4 RESOLUTION 3 - RATIFICATION OF ISSUE OF 38,000,000 SHARES

4.1 Background

On 27 June 2016, the Company issued a total of 38,000,000 Shares at a deemed issue price of \$0.001 per Share under the Company's annual 15% placement capacity under ASX Listing Rule 7.1, comprising 18,000,000 Shares to a nominee of the Company's In-Country Manager, Mr Geoff Boswell, in lieu of cash payment for services provided during May and June 2016 and 20,000,000 Shares to a nominee of consultant Metropolis Corporate Advisory Services in part consideration for advisory services provided to the Company.

A summary of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 is provided in section 2.1 of this Explanatory Statement.

Accordingly, Resolution 3 seeks Shareholder ratification of the issue of the Shares set out above under ASX Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares the subject of Resolution 3:

- (a) 38,000,000 Shares were issued at a deemed issue price of \$0.001 per Share;

- (b) the Shares issued are fully paid ordinary shares in the capital of the Company on the same terms and conditions as, an ranking equally with, the Company's existing Shares;
- (c) the Shares were issued to a nominee of the Company's In-Country Manager, Mr Geoff Boswell, in lieu of cash payment for services provided during May and June 2016 and to a nominee of consultant Metropolis Corporate Advisory Services in part consideration for advisory services provided to the Company, both of whom are not related parties of the Company;
- (d) no funds were raised from the issue as the Shares were issued as consideration for services provided to the Company; and
- (e) a voting exclusion statement for Resolution 3 is included in the Notice of Meeting preceding this Explanatory Statement.

4.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

5 RESOLUTION 4 - RATIFICATION OF ISSUE OF 50,000,000 SHARES

5.1 Background

On 29 June 2016, the Company issued a total of 50,000,000 Shares at a deemed issue price of \$0.001 per Share under the Company's annual 15% placement capacity under ASX Listing Rule 7.1, comprising 40,000,000 Shares to a nominee of the Company's In-Country Manager, Mr Geoff Boswell, in lieu of cash payment for termination of his consulting agreement and 10,000,000 Shares to a nominee of consultant Metropolis Corporate Advisory Services in part consideration for advisory services provided to the Company.

A summary of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 is provided in section 2.1 of this Explanatory Statement.

Accordingly, Resolution 4 seeks Shareholder ratification of the issue of the Shares set out above under ASX Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares the subject of Resolution 3:

- (a) 50,000,000 Shares were issued at a deemed issue price of \$0.001 per Share;
- (b) the Shares issued are fully paid ordinary shares in the capital of the Company on the same terms and conditions as, an ranking equally with, the Company's existing Shares;
- (c) the Shares were issued to a nominee of the Company's In-Country Manager, Mr Geoff Boswell, in lieu of cash payment for termination of his consulting agreement and to a

nominee of consultant Metropolis Corporate Advisory Services in part consideration for advisory services provided to the Company;

- (d) no funds were raised from the issue as the Shares were issued as consideration for services provided to the Company; and
- (e) a voting exclusion statement for Resolution 4 is included in the Notice of Meeting preceding this Explanatory Statement.

5.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

6 RESOLUTION 5 - CONSOLIDATION

6.1 Background

Resolution 5 seeks Shareholder approval for the Company to undertake consolidation of its issued capital on a one (1) for thirty two (32) basis (**Consolidation**).

Pursuant to section 254H(1) of the Corporations Act, the Company may convert all or any of its Shares into a larger or smaller number of Shares by ordinary resolution passed at a general meeting.

Listing Rule 7.21 requires that an entity with convertible securities other than options on issue, it may only undertake a consolidation of its capital if the number of convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary shares do not receive. The Performance Rights of the Company on issue will be reorganised in accordance with this rule.

Listing Rule 7.22.1 also requires that when a listed entity undertakes a consolidation of capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio. The Options of the Company on issue will be reorganised in accordance with this rule.

The result of the Consolidation is that each member's security holding will be reduced to one thirtieth of its current level.

In compliance with the information requirements of ASX Listing Rule 7.20, Shareholders are advised of the following information.

6.2 Purpose of proposed resolution

The Directors propose the Consolidation as it will result in a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors.

The Company currently has 3,233,331,117 Shares on issue, which for a company of its size, is a very large number and subjects Shareholders to several disadvantages, including:

- (a) poor market perception;

- (b) vulnerability to speculative day-trading and short selling, which generates Share price volatility; and
- (c) discouraging quality, long term institutional investors, equity funds and lending institutions seeking stability and long term growth.

The Board believes these factors can be minimised by the Consolidation.

6.2 Effect of the Consolidation

The effect of the Consolidation on the capital structure of the Company, as illustrated in the table below, is that each holding of Shares, Options or Performance Rights will be reduced by thirty two (32) times its current level (subject to rounding).

In addition, the exercise price of the Options will be increased by thirty two (32) times its current level.

As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

	Pre-Consolidation		Post-Consolidation	
Shares	Number		Number	
Ordinary Shares	3,233,331,117		101,041,597	
Options	Number	Exercise Price	Number	Exercise Price
Quoted Options exercisable on or before 15 September 2017	240,000,000	\$0.0037	7,500,000	\$0.118
Quoted Options exercisable on or before 31 March 2018	1,432,376,103	\$0.0015	44,761,753	\$0.048
Unquoted Options exercisable on or before 15 September 2016	15,000,000	\$0.20	468,750	\$6.40
Unquoted Options exercisable on or before 24 December 2018	35,000,000	\$0.003	1,093,750	\$0.096
Performance Rights	Number		Number	
Performance Rights convertible on or before 1 December 2017, subject to vesting conditions	4,683,500		146,359	
Performance Rights convertible on or before 1 December 2017, subject	4,683,500		146,359	

	Pre-Consolidation	Post-Consolidation
to vesting conditions		
Performance Rights convertible on or before 1 December 2018, subject to vesting conditions	4,683,500	146,359

Each class of Performance Rights is subject to vesting conditions which are unaffected by the Consolidation.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

6.3 Fractional entitlements

Where the Consolidation results in an entitlement to a fraction of a security, that fraction will be rounded up to the nearest whole number of security. Each member's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

6.4 Holding statements

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

6.5 Taxation

The Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Consolidation will be the sum of the cost bases of the original Shares pre- Consolidation. The acquisition date of Shares held after the Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Statement does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Consolidation.

6.6 Indicative Timetable

Event	Date
General Meeting	20 September 2016
Notification to ASX that Consolidation is approved	20 September 2016
Last day for trading in pre-consolidated securities	21 September 2016
Trading in the consolidated securities on a deferred settlement basis commences	22 September 2016
Last day to register transfers on a pre-consolidation basis	23 September 2016
Registration of securities on a post-consolidation basis	26 September 2016
Despatch of new holding statements Deferred settlement trading ends	30 September 2016
Normal trading starts	3 October 2016

6.7 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 5.

7 RESOLUTION 6 - APPROVAL FOR ISSUE OF UP TO 300,000,000 SHARES

7.1 Background

The Company proposes to undertake a capital raising to investors to raise up to \$3 million by the issue of up to 300,000,000 fully paid ordinary Shares on a post-consolidation basis, at an issue price of \$0.01 per Share in each case, before costs (**Capital Raising**).

Resolution 6 is subject to the passing of Resolution 5 and seeks Shareholder approval to issue the abovementioned Capital Raising Shares pursuant to ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 6 will be to allow the Directors to issue the Capital Raising Shares pursuant to Resolution 6 during the 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's annual 15% placement capacity.

7.2 Dilutionary effect of Capital Raising

The dilutionary effect of the proposed Capital Raising will be dependent upon the actual number of Shares issued under the Capital Raising. The table below provides examples of the potential dilutionary effect of the Capital Raising.

Shares currently on issue	101,041,597	101,041,597	101,041,597	101,041,597	101,041,597
Capital Raising Shares	300,000,000	200,000,000	100,000,000	50,000,000	25,000,000
Total	401,041,597	301,041,597	201,041,597	151,041,597	126,041,597
Dilution	296.91%	197.94%	98.97%	49.48%	24.74%

The above table assumes that:

- The Consolidation has completed.
- No Shares other than the Capital Raising Shares are issued.

The above table does not show the dilution that any one particular Shareholder will be subject to. Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances. Examples of how Shareholders may be diluted by the Capital Raising are set out in the table below. The table below assumes that the Capital Raising is fully subscribed (i.e 300,000,000 Capital Raising Shares are issued, on a post-Consolidation basis):

Shareholder	Number of Shares held	% Shareholding	
		Pre-Capital Raising	Post-Capital Raising
Shareholder 1	10,000,000	9.90%	2.49%
Shareholder 2	5,000,000	4.95%	1.25%
Shareholder 3	2,000,000	1.98%	0.50%
Shareholder 4	1,000,000	0.99%	0.25%
Shareholder 5	500,000	0.49%	0.12%

The above table assumes that:

- The Consolidation has completed.
- No Shares other than the Capital Raising Shares are issued.
- The Capital Raising is fully subscribed (i.e. 300,000,000 Capital Raising Shares are issued).

7.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares the subject of Resolution 6:

- the maximum number of Shares to be issued is 300,000,000 (post-consolidation);
- the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- the issue price will be \$0.01 per Share;
- the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- the Directors will determine to whom the Shares are issued but it is anticipated these persons will be sophisticated investors and, other than as set out in Resolutions 7, 8 and

9 below, will not be related parties of the Company;

- (f) the Company intends to use any funds raised from the issue of the new Shares towards:
 - (i) any costs of the raising;
 - (ii) continuing development of the Company's Batangas Gold Project, which is expected to include costs associated with final permitting and legals, additional geotechnical and infill drilling, finalising the PFS (including detailed transport/construction studies, rainfall modelling, dam and water management design), detailed engineering design and costing on mine development and local salaries and consultant fees;
 - (iii) identification, assessment and due diligence on new asset and project opportunities; and
 - (iv) general working capital; and
- (g) a voting exclusion statement for Resolution 6 is included in the Notice of Meeting preceding this Explanatory Statement.

7.4 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 6.

8 RESOLUTIONS 7 - 9 - APPROVAL FOR RELATED PARTIES TO PARTICIPATE IN CAPITAL RAISING

8.1 Background

Pursuant to Resolution 6, the Company is seeking Shareholder approval to issue the Capital Raising Shares, being up to 300,000,000 Shares at an issue price of \$0.01 per Share, to raise approximately \$3 million (before costs).

Messrs. Jason Bontempo, Lincoln Ho and Jeremy King (together, **the Related Party Participants**), each of whom are Directors, wish to participate in the Capital Raising by subscribing for Shares, subject to Shareholder approval being obtained.

Consequently, Resolutions 7 to 9 seek Shareholder approval for the issue of up to a total of 25,000,000 Shares to the Related Party Participants (or their nominees) arising from the participation by the Related Party Participants in the Capital Raising (**Participation**).

8.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

Section 208 of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The Participation constitutes the provision of a financial benefit to a related party. Section 229 of the Corporations Act includes as an example of a “financial benefit” the sale of assets to a related party.

A “related party” is widely defined under the Corporations Act and includes a director of a Company and a person who may become a director. For this reason, Messrs. Bontempo, Ho and King, are considered related parties of the Company.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of financial benefit falls within an exemption to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after Shareholder approval is received.

The Participation will result in the issue of Shares which constitutes giving a financial benefit to related parties. The Related Party Participants are related parties of the Company by virtue of the fact that Messrs. Bontempo, Ho and King are Directors of the Company.

Each Director, who does not have a material personal interest in the relevant resolution, considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because Shares will be issued to the Related Party Participants on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm’s length terms.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.3 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Messrs. Bontempo, Ho and King (or their respective nominees);

- (b) the maximum number of Shares to be issued is:
- (i) up to 10,000,000 Shares to Mr Jason Bontempo (or his nominees) (Resolution 7);
 - (ii) up to 5,000,000 Shares to Mr Lincoln Ho (or his nominees) (Resolution 8);
 - (iii) up to 10,000,000 Shares to Mr Jeremy King (or his nominees) (Resolution 9);
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.01 per Share, being the same as all other Shares issued under the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) a voting exclusion statement for each of Resolutions 7, 8 and 9 is included in the Notice of Meeting preceding this Explanatory Statement; and
- (g) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in section 7.2 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

9 RESOLUTION 10 - APPROVAL FOR ISSUE OF SHARES TO PAC PARTNERS

9.1 Background

As noted in section 7.1 above, the Company intends to undertake a Capital Raising. In connection with the Capital Raising, the Company intends to issue 28,000,000 Shares to PAC Partners Pty Ltd (**PAC Partners**) or its nominees on a post-Consolidation basis at an issue price of \$0.0001 per Share, in part consideration for capital raising and corporate advisory services (**Broker Shares**).

Resolution 10 is subject to the passing of Resolution 6 and seeks Shareholder approval to issue the abovementioned Broker Shares pursuant to ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 10 will be to allow the Directors to issue the Broker Shares pursuant to Resolution 10 during the 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's annual 15% placement capacity.

9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Broker Shares the subject of Resolution 10:

- (a) the maximum number of Broker Shares to be issued is 28,000,000 (post-Consolidation);
- (b) the Broker Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Broker Shares will be issued at an issue price of \$0.0001 per Broker Share;
- (d) the Broker Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Broker Shares will be issued to PAC Partners (or their nominee) in part consideration for capital raising and corporate advisory services;
- (f) the Company intends to use any funds raised from the issue of the new Broker Share towards:
 - (i) any costs of the raising;
 - (ii) continued development of the Company's Batangas Gold Project;
 - (iii) identification, assessment and due diligence on new asset and project opportunities; and
 - (iv) general working capital; and
- (g) a voting exclusion statement for Resolution 10 is included in the Notice of Meeting preceding this Explanatory Statement.

9.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 10.

10 RESOLUTION 11 - APPROVAL OF ISSUE OF LOYALTY OPTIONS

10.1 Background

The Company intends to make a Loyalty Option issue to holders of RMXOF Options on the basis of one Loyalty Option, at an issue price of \$0.001 per Loyalty Option, exercisable at \$0.015 each (on a post-Consolidation basis) and expiring three years after the date of issue, for every one RMXOF Option on issue at the relevant record date.

The proposed Loyalty Option issue is intended to reward participants in the Company's recent rights issue for their loyalty to the Company.

The Company will issue a Prospectus to RMXOF Optionholders in connection with the

proposed Loyalty Option issue.

Subject to meeting ASX requirements, the new Loyalty Options will be listed.

Resolution 11 seeks Shareholder approval to issue up to approximately 44,761,753 Loyalty Options, pursuant to ASX Listing Rule 7.1. The actual number of Loyalty Options which may be issued is subject to rounding.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 of this Explanatory Statement.

The effect of Resolution 11 will be to allow the Directors to grant the Loyalty Options pursuant to Resolution 11 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (a) the maximum number of Loyalty Options to be issued is 44,761,753;
- (b) the Loyalty Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Loyalty Options will be issued at an issue price of \$0.001 per Loyalty Option;
- (d) the Loyalty Options will be issued to holders of RMXOF Options, none of whom are a related party of the Company;
- (e) the Loyalty Options will be issued on the terms and conditions set out in Schedule 2;
- (f) the Company intends to use any funds raised from the issue of the new Loyalty Options towards:
 - (i) any costs of the transaction;
 - (ii) continued development of the Company's Batangas Gold Project;
 - (iii) identification, assessment and due diligence on new asset and project opportunities; and
 - (iv) general working capital; and
- (g) a voting exclusion statement for Resolution 11 is included in the Notice of Meeting preceding this Explanatory Statement.

10.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 11.

11 RESOLUTIONS 12 - 14 - APPROVAL OF ISSUE OF OPTIONS TO RELATED PARTIES

11.1 Background

The Company proposes to grant a total of 15,000,000 options at an issue price of \$0.0001 per option, exercisable at \$0.02 each and expiring on the date that is three years from the date of issue (**Director Options**), to Directors, Messrs Bontempo, Ho and King (or their nominees) (together **Related Parties**). The grant of the Options to the Related Parties is designed to encourage the Directors to have greater involvement in achieving the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Consequently, Resolutions 12 to 14 seek Shareholder approval for the issue of up to a total of 15,000,000 Director Options to the Related Parties (or their nominees).

11.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

Section 208 of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 8.2 above.

The issue of the Director Options constitutes giving a financial benefit to related parties. The Related Parties are related parties of the Company by virtue of the fact that Messrs. Bontempo, Ho and King are Directors of the Company.

Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 12, 13 and 14.

(a) **Identity of the Related Parties to whom Resolutions 12, 13 and 14 permit financial benefits to be given.**

The Director Options will be issued to Messrs Jason Bontempo, Lincoln Ho and Jeremy King, each a Director of the Company and is, as such, a related party of the Company.

(b) **Nature of the financial benefit**

Resolutions 12, 13 and 14 seek approval from Shareholders to allow the Company to issue an aggregate of 15,000,000 Director Options to the Related Parties at an issue price of \$0.0001 per Director Option.

Schedule 3 of this Notice of Meeting sets out the key terms of the Director Options. The Shares to be issued upon exercise of the Director Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

The valuation of the Director Options is set out in Schedule 4 of this Notice of Meeting.

(d) **Dilution**

The issue of Director Options to the Related Parties will have a diluting effect on the percentage interest of existing Shareholders holdings if the Director Options are exercised. In the event all of the Director Options proposed to be issued to the Related Parties are exercised, the diluting effect amounts to an aggregate 14.85%, comprising 2.48% by Mr Jason Bontempo, 2.48% by Mr Lincoln Ho, and 9.9% by Mr Jeremy King (based on the total current number of Shares on issue at the date of this Notice, being 101,041,597 Shares on a post-Consolidation basis). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(e) **Remuneration of the Directors**

The total annual remuneration arrangements current for each of the Directors as at the date of this Notice are set out below:

	Salary/Fees (\$)
Mr Jason Bontempo	\$36,000
Mr Lincoln Ho	\$24,000
Mr Jeremy King	\$120,000

It is also intended that options and shares will be issued to the Directors as detailed in the table in paragraph (f) below, subject to the receipt of the necessary shareholder approvals the subject of the Resolutions noted in that table.

(f) **Existing relevant interests**

At the date of this Notice the Related Parties have no relevant interest in securities of the Company.

It is intended that the following securities of the Company will be issued to the Related Parties subject to receipt of the necessary shareholder approvals the subject of the Resolutions noted below:

	Securities	Resolution
Mr Jason Bontempo	10,000,000 Shares	Resolution 7
	2,500,000 Options*	Resolution 12
	3,000,000 Shares	Resolution 15
Mr Lincoln Ho	5,000,000 Shares	Resolution 8
	2,500,000 Options*	Resolution 13

	2,000,000 Shares	Resolution 16
Mr Jeremy King	10,000,000 Shares	Resolution 9
	10,000,000 Options*	Resolution 14
	9,000,000 Shares	Resolution 17

* Exercisable at \$0.02 each on or before the date that is 3 years after the date of issue

(g) **Trading history**

The trading history of the Company's Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.3 cents	1 September 2015
Lowest	0.1 cents	9 December 2016
Last	0.1 cents	10 August 2016

(h) **Director recommendations**

- (i) Mr Botempo declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 12, recommend that Shareholders vote in favour of Resolution 12. The Board (other than Mr Botempo) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (ii) Mr Ho declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 13, recommend that Shareholders vote in favour of Resolution 13. The Board (other than Mr Ho) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (iii) Mr King declines to make a recommendation to Shareholders in relation to Resolution 14 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 14, recommend that Shareholders vote in favour of Resolution 14. The Board (other than Mr King) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

(i) **Other Information**

The Directors consider that the issue of Director Options to its personnel are a cost effective and efficient means for the Company to provide incentive to its personnel as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. The issue of the Director Options is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolutions 12, 13 and 14.

ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 8.2 above.

As the issue of the Director Options involves the issue of options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

11.3 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Director Options:

- (a) the Director Options will be issued to Messrs Bontempo, Ho and King (or their respective nominees);
- (b) the maximum number of Director Options to be issued is:
 - (i) 2,500,000 Director Options to Mr Jason Bontempo (or his nominees) (Resolution 12);
 - (ii) 2,500,000 Director Options to Mr Lincoln Ho (or his nominees) (Resolution 13);
 - (iii) 10,000,000 Director Options to Mr Jeremy King (or his nominees) (Resolution 14);
- (c) the Director Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Director Options will be issued at an issue price of \$0.0001 per Director Option;
- (e) the Director Options are exercisable at \$0.02 each and expire on the date that is three years from the date of issue;
- (f) a voting exclusion statement for each of Resolutions 12, 13 and 14 is included in the Notice of Meeting preceding this Explanatory Statement; and

- (g) the Company intends to use any funds raised from the issue of the Director Options towards:
- (i) continued development of the Company's Batangas Gold Project;
 - (ii) identification, assessment and due diligence on new asset and project opportunities; and
 - (iii) general working capital; and

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Director Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

12 RESOLUTIONS 15 - 17 - APPROVAL OF ISSUE OF SHARES TO RELATED PARTIES

12.1 Background

The Company proposes to grant a total of 14,000,000 Shares (**Director Shares**) to Directors, Messrs Bontempo, Ho and King (or their nominees) (together **Related Parties**) (on a post-Consolidation basis). The grant of the Shares to the Related Parties is designed to encourage the Directors to have greater involvement in achieving the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Consequently, Resolutions 15 to 17 seek Shareholder approval for the issue of up to a total of 14,000,000 Director Shares to the Related Parties (or their nominees).

12.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

Section 208 of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 8.2 above.

The issue of the Director Shares constitutes giving a financial benefit to related parties. The Related Parties are related parties of the Company by virtue of the fact that Messrs. Bontempo, Ho and King are Directors of the Company.

Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 15, 16 and 17.

- (a) **Identity of the Related Parties to whom Resolutions 15, 16 and 17 permit financial benefits to be given.**

The Director Shares will be issued to Messrs Jason Bontempo, Lincoln Ho and Jeremy King, each a Director of the Company and is, as such, a related party of the Company.

- (b) **Nature of the financial benefit**

Resolutions 15, 16 and 17 seek approval from Shareholders to allow the Company to issue an aggregate of 14,000,000 Director Shares (on a post-Consolidation basis) to the Related Parties for no monetary consideration.

The Director Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Director Shares will be voluntarily escrowed for three months after which the Company will apply for official quotation of the Shares on ASX.

- (c) **Valuation of financial benefit**

The Director Shares to be issued to the Related Parties are valued at \$0.01 each (on a pre-Consolidation basis), being the closing price of the Company's Shares as at the date of this Notice.

- (d) **Dilution**

The issue of Director Shares to the Related Parties will have a diluting effect on the percentage interest of existing Shareholders holdings if the Director Shares are exercised. The Director Shares proposed to be issued to the Related Parties will have an aggregate dilution of 13.86%, comprising 2.97% by Mr Jason Bontempo, 1.98% by Mr Lincoln Ho, and 8.91% by Mr Jeremy King (based on the total current number of Shares on issue at the date of this Notice, being 101,041,597 Shares on a post-Consolidation basis). The actual dilution will depend on the extent that additional Shares are issued by the Company.

- (e) **Remuneration of the Directors**

The total annual remuneration arrangements current for each of the Directors are set out in section 11.2 above.

It is also intended that options and shares will be issued to the Directors as detailed in the table in section 11.2(f) above, subject to the receipt of the necessary shareholder approvals the subject of the Resolutions noted in that table.

- (f) **Existing relevant interests**

At the date of this Notice the Related Parties have no relevant interest in securities of the Company.

It is intended that securities of the Company will be issued to the Related Parties subject to receipt of the necessary shareholder approvals as detailed in the table in section

11.2(f) above.

(g) **Trading history**

The trading history of the Company's Shares on ASX in the 12 months before the date of this Notice is set out in section 11.2 above.

(h) **Director recommendations**

- (i) Mr Botempo declines to make a recommendation to Shareholders in relation to Resolution 15 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 15, recommend that Shareholders vote in favour of Resolution 15. The Board (other than Mr Botempo) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (ii) Mr Ho declines to make a recommendation to Shareholders in relation to Resolution 16 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 16, recommend that Shareholders vote in favour of Resolution 16. The Board (other than Mr Ho) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (iii) Mr King declines to make a recommendation to Shareholders in relation to Resolution 17 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 17, recommend that Shareholders vote in favour of Resolution 17. The Board (other than Mr King) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

(i) **Other Information**

The Directors consider that the issue of Director Shares to its personnel are a cost effective and efficient means for the Company to provide incentive to its personnel as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. The issue of the Director Shares is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolutions 15, 16 and 17.

ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 8.2 above.

As the issue of the Director Shares involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

12.3 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Director Shares:

- (a) the Director Shares will be issued to Messrs Bontempo, Ho and King (or their respective nominees);
- (b) the maximum number of Director Shares to be issued is:
 - (i) 3,000,000 Director Shares to Mr Jason Bontempo (or his nominees) (Resolution 15);
 - (ii) 2,000,000 Director Shares to Mr Lincoln Ho (or his nominees) (Resolution 16);
 - (iii) 9,000,000 Director Shares to Mr Jeremy King (or his nominees) (Resolution 17);
- (c) the Director Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Director Shares will be issued for nil cash consideration;
- (e) the Director Shares are fully paid ordinary shares in the capital of the Company. The Director Shares will be voluntarily escrowed for three months from the date of issue;
- (f) a voting exclusion statement for each of Resolutions 15, 16 and 17 is included in the Notice of Meeting preceding this Explanatory Statement; and
- (g) no funds will be raised from the issue of the Director Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Director Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Shares to the Related Parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

13 RESOLUTION 18 - APPROVAL FOR ISSUE OF OPTIONS TO PAC PARTNERS

13.1 Background

As noted in section 7.1 above, the Company intends to undertake a Capital Raising. In connection with the Capital Raising, the Company intends to issue 40,000,000 Options

exercisable at \$0.015 each (on a post-Consolidation basis) and expiring three years after the date of issue, at an issue price of \$0.001 to PAC Partners or its nominees (**Broker Options**).

Subject to meeting ASX requirements, the new Broker Options will be listed.

Resolution 18 seeks Shareholder approval to issue the abovementioned Broker Options pursuant to ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 18 will be to allow the Directors to issue the Broker Options pursuant to Resolution 18 during the 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's annual 15% placement capacity.

13.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Broker Options the subject of Resolution 18:

- (a) the maximum number of Broker Options to be issued is 40,000,000 (post-Consolidation);
- (b) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Broker Options will be issued at an issue price of \$0.001 per Broker Option;
- (d) the Broker Options will be issued on the terms and conditions set out in Schedule 2;
- (e) the Broker Options will be issued to PAC Partners or its nominees, none of whom will be related parties of the Company;
- (f) the Company intends to use any funds raised from the issue of the Broker Options towards:
 - (i) any costs of the raising;
 - (ii) continued development of the Company's Batangas Gold Project;
 - (iii) identification, assessment and due diligence on new asset and project opportunities; and
 - (iv) general working capital; and
- (g) a voting exclusion statement for Resolution 18 is included in the Notice of Meeting preceding this Explanatory Statement.

13.3 Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 18.

GLOSSARY

Where the following terms are used in the Notice they have the following meanings:

\$ means Australian dollars, unless otherwise stated.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the rules governing the operation of the ASX.

Board means the board of Directors of the Company.

Broker Option means an option to acquire a Share for \$0.015 expiring on the date that is three years after the date of issue and otherwise in accordance with the terms and conditions set out in Schedule 2.

Business Day means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Red Mountain Mining Limited (ACN 119 568 106).

Consolidation has the meaning given in section 6.1 of this Explanatory Statement.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Options mean an option to acquire a Share for \$0.02 expiring on the date that is three years after the date of issue and otherwise in accordance with the terms and conditions set out in Schedule 3.

Explanatory Statement means this Explanatory Statement accompanying this Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Loyalty Option means an option to acquire a Share for \$0.015 expiring on the date that is three years after the date of issue and otherwise in accordance with the terms and conditions set out in Schedule 2.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

PAC Partners means PAC Partners Pty Ltd.

Patersons means Patersons Securities Limited.

Performance Right means a right to be issued a Share, granted pursuant to the Company's Performance Rights Plan.

Placement has the meaning given in section 3.1 of this Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

RMXOF Option means an option to acquire a Share for \$0.0015 expiring 31 March 2018 and otherwise in accordance with the terms and conditions set out in Schedule 1.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means the registered holder of a Share.

WST means Australian Western Standard Time.

SCHEDULE 1

TERMS AND CONDITIONS OF RMXOF OPTIONS EXERCISABLE AT \$0.0015 EXPIRING 31 MARCH 2018

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 31 March 2018 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option is \$0.0015 per Option (Exercise Price).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2

TERMS AND CONDITIONS OF LOYALTY OPTIONS AND BROKER OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on the date that is 3 years after the date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option is \$0.015 per Option (Exercise Price).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 3

TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on the date that is 3 years after the date of issue (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option is \$0.02 per Option (Exercise Price).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 4

VALUATION OF DIRECTOR OPTIONS

The Company has valued the Director Options using the Black Scholes Model. The value of an option calculated by the Black Scholes Model is a function of a number of variables.

The valuation of the Director Options has been prepared using the following assumptions:

Variable	
Share price	\$0.032
Exercise price	\$0.02
Expected life	3.00
Risk free interest rate	1.75
Volatility	523%
Time (years to expiry)	3.0

The Company has calculated the value of each option based on the following assumptions:

- (a) They have based the underlying value of each Share on the ASX's closing price of \$0.001 on 26 July 2016, adjusted for the Consolidation;
- (b) Risk free rate of return - 1.75% derived from the implied zero coupon yield from Australian government bonds as at 26 July 2016;
- (c) Volatility of the share price of 523%, as determined from the historic volatility of the market price of the Company's shares and the mean reversion tendency of volatilities;
- (d) No adjustment has been made to the fair value of the Director Options for potential dilution.

Based on the assumptions, it is considered that the estimated average value of the Director Options is \$0.032 per option.

Any change in the variables applied in the Black Scholes calculation between the date of the valuation and the date the Director Options are issued would have an impact on their value.

Lodge your vote:



By Mail:

Red Mountain Mining Limited
Unit 1, 2 Richardson Street
West Perth, Western Australia, 6005

Alternatively you can fax your form to
(within Australia) 08 9486 8616
(outside Australia) +61 8 9486 8616

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 9.00am (WST) Sunday, 18 September 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Red Mountain Mining Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Red Mountain Mining Limited to be held at Quest West Perth, Level 1, 54 Kings Park Road, West Perth, Western Australia on Tuesday, 20 September 2016 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 12 - 17 (except where I/we have indicated a different voting intention below) even though Resolutions 12 - 17 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 12 - 17 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
1. Ratification of issue of 390,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approval for issue of Shares to PAC Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of issue of 195,000,000 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval for issue of Loyalty Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of issue of 38,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Approval for issue of Options to related party - Mr Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of issue of 50,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Approval for issue of Options to related party - Mr Lincoln Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Approval for issue of Options to related party - Mr Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval for issue of up to 300,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Approval for issue of Shares to related party - Mr Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval for related party to participate in Capital Raising - Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Approval for issue of Shares to related party - Mr Lincoln Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval for related party to participate in Capital Raising - Lincoln Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. Approval for issue of Shares to related party - Mr Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval for related party to participate in Capital Raising - Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Approval for issue of Options to PAC Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

RMX

2 1 7 6 4 3 A

Computershare