

RED MOUNTAIN SIGNS TERM SHEET FOR MOKABE-KASIRI PROJECT

Highlights

- **RMX to earn-in to high-grade Cobalt-Copper Project**
- **Project comprises 350km² in world-famous Central African Copperbelt of DRC**
- **Nearby to globally significant Cobalt-Copper operating mines**
- **Attractive Staged Deal Terms**
- **DRC Produces over half of global Cobalt supply**
- **Experienced local partners to provide in-country expertise**

Red Mountain Mining Ltd (**RMX** or the **Company**) is pleased to advise that it has entered into a binding exclusivity and earn-in agreement (**Agreement**) with CoCu Metals Ltd (**CoCu**) which controls 100% of the Mokabe-Kasiri Cobalt-Copper project (**Mokabe Cobalt-Copper Project**) in the Katanga Province of the Democratic Republic of Congo (**DRC**), Africa.

Location

The Mokabe Cobalt-Copper Project is located in the Congolese part of the prolific Central African Copperbelt.

It lies approximately 50 km to the north of one of the world's largest Copper-Cobalt mines, Tenke Fungurume (**Tenke**). Tenke is currently owned by a consortium which includes Toronto-based Lundin Mining and Phoenix-based Freeport McMoRan. The large Kamoto Copper-Cobalt Mine in the Kolwezi mining district is operated by a joint venture between Glencore and the state owned GECAMINES and is approximately 110 km southwest from the tenements.

The Mokabe Cobalt-Copper Project is well-located relative to infrastructure including roads, power and water.

Tenure and Historical Work

The Mokabe Cobalt-Copper Project comprises 8 artisanal exploitation licences ZEA: 556, 557, 558, 559, 560, 561, 562 and 563 leases covering approximately 350 km² (Figure 1). CoCu is in the process of converting the artisanal exploitation licenses to mining prospecting permits.

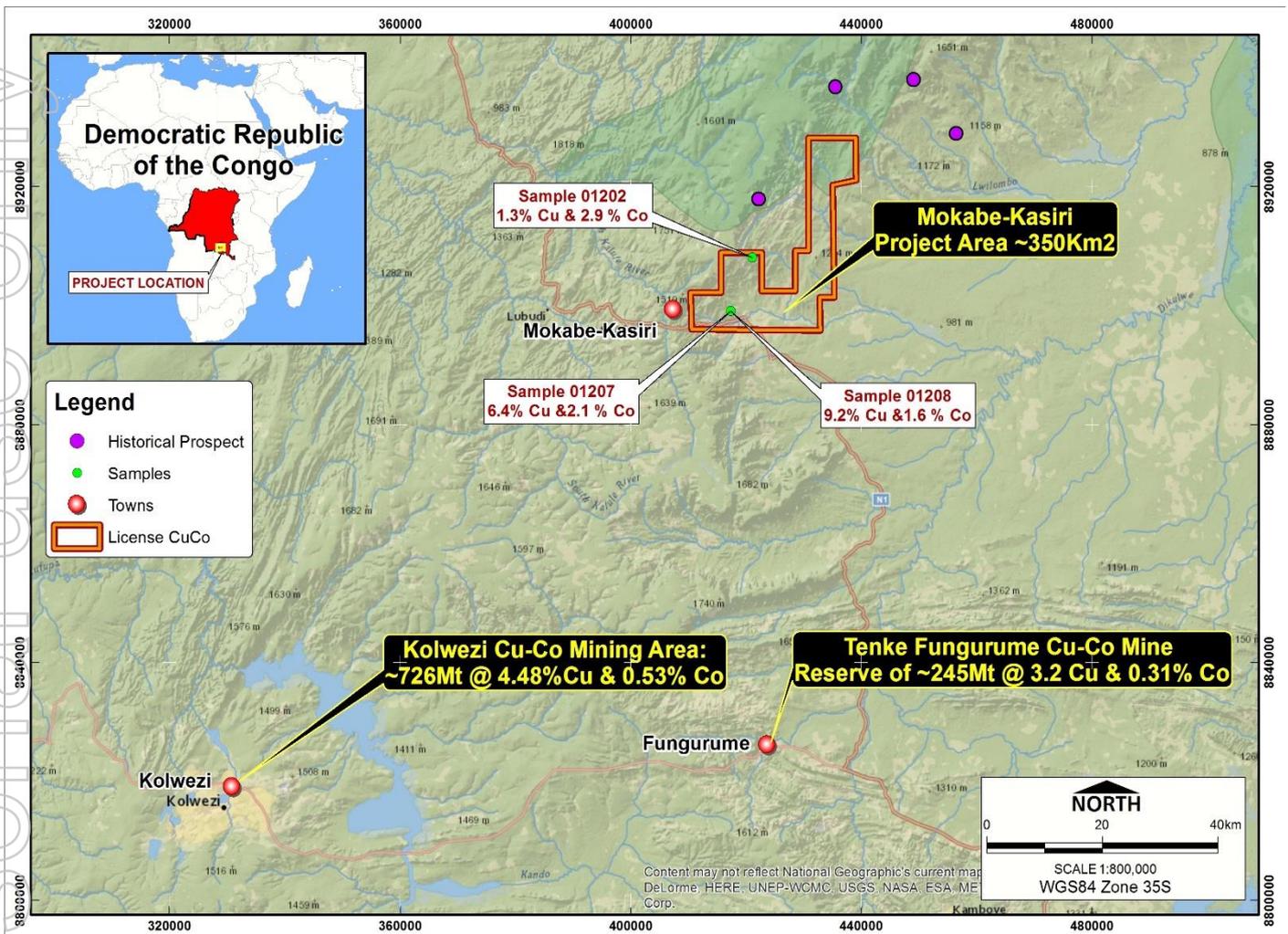


Figure 1: Location of the Mokabe Project area.

Artisanal miners extract Copper-Cobalt oxide mineralisation (malachite and heterogenite) at several locations within the property area. During a recent reconnaissance site visit several grab samples were collected. Laboratory results have provided an average grade of Cobalt of between 1.6% and 2.9% and of Copper of 1.3% to 9.2% (Table 1).

In addition, regional prospecting and geological work carried out during the Colonial period has identified various Copper showings immediately to the north of the tenure.



Figure 2: Rock chip sample from Project area.

Table 1: Grab-sample analytical results

Sample ID	Latitude	Longitude	Sample Depth	Cu%	Co%
01202	26-16-48	-9-52-38	0.3m	1.3	2.9
01207	26-14-45	-9-57-30	1.0	6.4	2.1
01208	26-14-44	-9-57-31	1.0	9.2	1.6

Commercial Terms

Under the Agreement, RMX has an exclusivity period of 6 weeks in order to conduct initial due diligence on the Mokabe Cobalt-Copper Project, including tenure and technical due diligence.

Following the results of the initial due diligence RMX, solely at its election, has the option to proceed to earn-in into the project by incurring expenditure on the Mokabe Cobalt-Copper Project as follows:

Phase	Exploration Expenditure	CoCu Interest	RMX Interest
Commencement Date	Nil	100%	0%
First Earn-in	A\$250,000	80%	20%
Second Earn-in	A\$250,000	65%	35%
Third Earn-in	\$500,000	49%	51%
Fourth Earn-in	A\$1.5m	34%	66%
Fifth Earn-in	A\$3.0m	20%	80% ¹

¹ Upon RMX earning an 80% interest in the Project, the joint venture will be a customary pro rata contributing arrangement, provided that CoCu has the right to put its remaining 20% interest to the Company for A\$3.5m and a 1% NSR over the Project.

All expenditures incurred during the initial due diligence period shall count against the first earn-in phase requirement (should RMX elect to proceed). RMX is required to pay a A\$50,000 non-refundable fee on execution of the Term Sheet. In the event RMX elects to earn-in to the Project, subject to having available placement capacity, RMX has agreed to issue up to 7.5m fully paid ordinary shares to CoCu and advisors or their nominees upon execution of formal acquisition agreements.

Mining consultants CSA Global Pty Ltd (**CSA Global**) have been mandated by CoCu and shall assist with the initial due diligence on the Mokabe Cobalt-Copper Project and shall work closely with the Company to develop an appropriate, structured exploration programme.

Director Jeremy King commented:

“The Mokabe Cobalt-Copper Project is an exciting opportunity for RMX and is consistent with the Company’s focus on the new energy metal sector.

The DRC can be challenging but it remains by far and away the global leader in Cobalt production. Importantly, the team we have transacted with has an established, local presence with geologists already on-site, and there is extensive Cobalt and Copper mining in the local region.

RMX continues to work to build a portfolio of quality opportunities and this staged deal allow us to diligence and test the Project in a manner which potentially provides significant benefits to RMX shareholders.”

Transaction advisors to CoCu Pty Ltd and RMX are, respectively, Mineral Intelligence Pty Ltd and Xcel Capital Pty Ltd.

-Ends

Competent Person Statement

Information in this report that relates to Exploration results has been compiled from historic data by Mr. Simon Dorling, who is a member of the Australian Institute of Geoscientists. Mr. Dorling is a consultant to Red Mountain, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Dorling consents to the inclusion of the data in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Near surface mineralisation is extracted from the property by artisanal miners. A small number of selected rock chip samples were taken by the current owners from piles of extracted artisanal material and outcrop. The rock chip samples were all submitted a to LAA laboratories in Lubumbashi where they were analysed by AAS. Photographic evidence, geological descriptions and geological context suggest that the samples reflect the nature and style of mineralisation exploited by artisanal miners.

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Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> • Not applicable to this announcement.
Drill sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> • Not applicable to this announcement.
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Not applicable to this announcement.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Not applicable to this announcement. • Sample preparation protocol unavailable.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been 	<ul style="list-style-type: none"> • Quality assurance data are not available for the sampling conducted. • AAL Laboratories (Lubumbashi) was used for all analysis work carried out on the rock chip samples. The laboratory techniques below are for all samples submitted to AAL and are considered appropriate for the style of mineralisation defined at the prospect: • Samples were analysed using inductively coupled plasma atomic absorption spectroscopy (ICP-AAS) after a four acid digest.

Criteria	JORC Code explanation	Commentary
	established.	
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not applicable to this announcement.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Sample locations have UTM (WGS84) coordinates. Grid system used is UTM (WGS84). Handheld GPS, accurate to 5m was utilized.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Not applicable to this announcement.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering 	<ul style="list-style-type: none"> Not applicable to this announcement.

Criteria	JORC Code explanation	Commentary
	<p>the deposit type.</p> <ul style="list-style-type: none"> If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Information on sampling security protocols are not available.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> The company has engaged consulting group CSA Global (AUS) to evaluate and comment on the validity, prospectively and geological context of the licence area and the data presented to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, Historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The proposed project area is currently covered under artisanal exploitation licences ZEA: 556, 557, 558, 559, 560 , 561, 562 and 563. The Licences are currently in the process of being converted to Prospecting Licences (PR) under the DRC Mining Law.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Not applicable to this announcement.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralisation in the project area is considered a typical example of a deeply weathered, sediment-hosted copper deposit typical for the Congolese part of the Central African Copper Belt. Primary sulphide mineralisation is oxidised and re-distributed during weathering in ex-dolomitic siltstones. The host rocks are weakly deformed and occur as tabular strata near the margin of the Lufilian Fold Belt. <ul style="list-style-type: none"> Mineralisation appears to be preferentially hosted in stratiform sedimentary rocks of the Kundelungu Group of rocks. Mineralisation is predominantly secondary, and is mostly stratabound. The principle copper oxide mineral is malachite, with minor amounts of azurite and chrysocolla. Cobalt occurs as heterogenite.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – 	<ul style="list-style-type: none"> Not applicable to this announcement.

Criteria	JORC Code explanation	Commentary
	<p>elevation above sea level in metres) of the drill hole collar</p> <ul style="list-style-type: none"> ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. ● If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> ● In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. ● Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. ● The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> ● Not applicable to this announcement.

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Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • Not applicable to this announcement.
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • A map of the sample location has been provide in this release. There is insufficient information available to provide more detailed technical descriptions.
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • There is insufficient information available to provide detailed technical descriptions.
Other substantive exploration data	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk 	<ul style="list-style-type: none"> • The project area is located on the fringe of the Lufilian Arc in an area of less intense deformed Katanga Basin sediments, near the basin margin. The area has not seen the same level of historic exploration as other parts

Criteria	JORC Code explanation	Commentary
	<p>samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<p>of Katanga. However colonial geological maps show several copper occurrences in the region.</p>
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • The Company and its technical advisors believe the area warrants further reconnaissance work and systematic exploration targeting. Subject to further desktop due diligence the Company plans to undertake a reconnaissance site visit and develop subsequent work plans.