

**MUKABE-KASARI COBALT-COPPER PROJECT UPDATE**

- **Additional high-grade Cobalt results – > 1% Co**
- **Significant improvement in earn-in terms negotiated**
- **Further results from rock chip samples to follow prior to official site visit**

Red Mountain Mining Ltd (**Company** or **RMX**) is pleased to provide an update on the Mukabe-Kasari Cobalt-Copper Project (**Project**), Lualaba Province, Democratic Republic of Congo (DRC).

**Recent Trenching and Sampling Results**

Further reconnaissance exploration work including trenching and rock chip sampling work together with laboratory analysis has been undertaken in the Project area. Rock chip samples continue to show high grade cobalt, with some samples above 1%. Set out below are the results from the recent trenching and sampling work:

<i>Sample ID</i>	<i>Easting</i>	<i>Northing</i>	<i>Sample depth</i>	<i>Cu%</i>	<i>Co%</i>
99106	417633	8898276	1m	<b>3.09%</b>	<b>0.37%</b>
99107	417633	8898276	1m	<b>2.70%</b>	<b>0.69%</b>
99110	421517	8898210	1m	<b>2.50%</b>	<b>0.78%</b>
99111	421372	8898210	1m	<b>2.43%</b>	<b>0.91%</b>
99112	422753	8898125	1m	<b>2.58%</b>	<b>0.34%</b>
99113	421978	8897841	1m	<b>2.68%</b>	<b>1.10%</b>
99114	421450	8898201	1m	<b>2.34%</b>	<b>0.92%</b>
99115	421450	8898250	1m	<b>2.34%</b>	<b>0.77%</b>
99116	421450	8898300	1m	<b>2.42%</b>	<b>0.92%</b>
99130	417590	8898065		<b>0.28%</b>	<b>0.81%</b>
99131	417590	8898051		<b>0.28%</b>	<b>0.95%</b>
99133	421446	8898300		<b>0.25%</b>	<b>0.53%</b>
99135	421446	8898450		<b>0.27%</b>	<b>1.47%</b>
99136	416380	8898480		<b>6.75%</b>	<b>0.063%</b>
99137	416920	8898400		<b>7.6%</b>	<b>0.089%</b>

Director Jeremy King commented:

*“The recent results from trenching and rock chip sampling at Mukabe-Kasari continue to be highly encouraging for both Copper and Cobalt exploration. The results indicate a greater lateral spread and consisted high-grades within the project area. These results warrant the Company investigating the Project more closely, and we are expecting further trenching and sampling results in June as part of final due diligence work.*

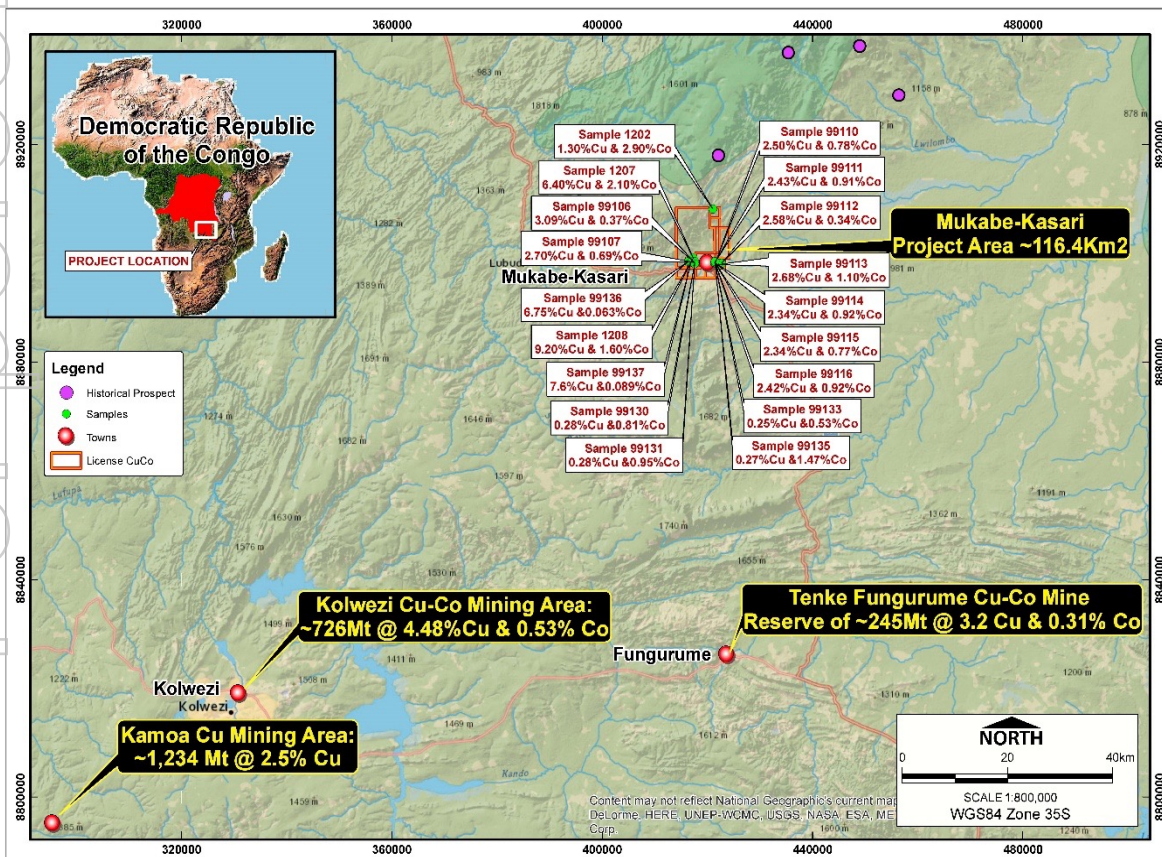
*“These sample results, within a region of world-class operating Cobalt-Copper mines and recent world-class discoveries, make it an exciting area to be working in.”*

### Amendments to Tenure and Commercial Terms

Following key due diligence and negotiations, RMX is pleased to enter into an amendment agreement (Amendment Agreement) in respect of the term sheet in place with CoCu Metals Ltd relating to the Mukabe-Kasari Cobalt-Copper Project, DRC.

#### Tenure

After an extensive review, the Mukabe-Kasari Project is now proposed to comprise a total contiguous land package of 116km<sup>2</sup> (see Map 1). This represents a more targeted approach to the Project, while preserving the optionality required for a highly prospective exploration project.



Map 1: Mukabe-Kasari Project Area with certain Regional Mining Interests



*Trenching Work at Mukabe-Kasari*

### *Commercial Terms*

The parties have agreed to extend RMX's exclusivity period over the Project to 30 June 2017 in order to finalise due diligence, most importantly obtaining final sample results, completing tenure paperwork and conducting a thorough site visit with CSA Global Pty Ltd in order to assist and complete the Project assessment.

In addition, revised earn-in terms have been agreed as part of the Amendment Agreement, representing a **significant improvement** from RMX's perspective.

Pursuant to the Amendment Agreement:

- RMX has the right, solely at its election, to earn-in to the Project by way of incurring expenditure as follows:

Phase	Exploration Expenditure	CoCu interest	RMX interest
1	A\$250,000	50%	50%
2	A\$250,000	30%	70%
3	A\$250,000	20%	80%

- RMX shall issue to CoCu:
  - 2m shares upon RMX exercising its right to earn into the Project and entering into formal joint venture documentation;
  - 1m shares in each instance on election to proceed to Phase 2, Phase 3 and to take out CoCu's remaining 20% interest (should RMX elect to do so).
  
- Upon RMX earning an 80% interest in the Project, the joint venture will be a customary pro rata contributing arrangement, provided that RMX has the right to acquire the remaining interest in the project for A\$3.5m (by mix of cash and shares) and a 1% NSR over the Project.

*-Ends-*

For and on behalf of the Board.

**Shannon Coates, Company Secretary**

#### **Competent Person Statement**

Information in this report that relates to Exploration Results has been compiled from recent and 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"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The samples represent selective "grab samples" for near surface mineralisation that 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. As such the sample result represent the tenor of mineralisation that is exploited by the artisanal miners which may not be the same for drill delineated body of mineralisation.</li> <li>The rock chip samples were all submitted a to GAC laboratories in Lubumbashi where they were analysed by AAS.</li> <li>Photographic evidence, geological descriptions and geological context suggest that the samples reflect the nature and style of mineralisation exploited by artisanal miners.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>

Criteria	JORC Code explanation	Commentary
	preferential loss/gain of fine/coarse material.	
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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 established.</li> </ul>	<ul style="list-style-type: none"> <li>Quality assurance data are not available for the sampling conducted.</li> <li>GAC 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 GAC and are considered appropriate for the style of mineralisation defined at the prospect:</li> <li>Samples were analysed using inductively coupled plasma atomic absorption spectroscopy (ICP-AAS) after a four acid digest.</li> <li>No QAQC procedures are reported</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures,</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>data verification, data storage (physical and electronic) protocols.</p> <ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	
Location of data points	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Sample locations have UTM (WGS84) coordinates. Grid system used is UTM (WGS84).</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Information on sampling security protocols are not available.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>The proposed project area is currently covered under artisanal exploitation licences ZEA: 556, 557, 558, 559, 560, 561, 562, 563, Comialu, Comiko, Comiku-1 and Comiku-2. The land-holding is in the name of Province du Lualaba. The licences are currently in the process of being</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>environmental settings.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<p>converted to Prospecting Licences (PR) under the DRC Mining Law.</p>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>The project area has not been subject to previous exploration.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The mineralisation in the project area is considered an example of a weathered, sediment-hosted copper deposit typical for the sediment hosted stratiform copper mineralisation. 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.</li> <li>Mineralisation appears to be preferentially hosted in stratiform sedimentary rocks of the Kundelungu Group of rocks.</li> <li>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.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>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"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>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.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p>procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to this announcement as no drilling was undertaken..</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>A map of the sample location has been provide in this release. There is insufficient information available to provide more detailed technical descriptions.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>There is insufficient information available to provide detailed technical descriptions.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>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 of Katanga. However colonial geological maps show several copper occurrences in the region (approximately 40 km away). The same stratigraphic position appears to be mineralised elsewhere in his part of the basin.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>The Company and its technical advisors believe the area warrants further reconnaissance work and systematic exploration targeting. The Company plans to undertake a reconnaissance site visit and subsequent work plans.</li> </ul>