

RED VALLEY DRILLING UPDATE

- **Four water producing zones encountered in DH2 to 650 feet**
- **Longer than expected drilling activities due to unseasonal weather and unexpected water overflow in DH2 well**

Red Mountain Mining (RMX or the **Company**) is pleased to provide a drilling update in respect of its Red Valley Lithium Brines project.

Progress on drill hole 2 has been slower than anticipated. Inclement weather including unusually late snowfall have reduced drilling uptime. In addition, a hard basalt aquifer zone was encountered at 130 feet with higher than expected amounts of water overflow. This ultimately caused a loss in circulation to the open hole rotary drill. In order to address this, the decision was taken to (i) convert the drill to a Reverse Circulation (RC) system, and (ii) implement the Robit casing advanced tooling system. Accordingly, the new strategies have caused further time consumptions as tools and equipment were required from both Salt Lake City and Cedar City.

The most recent update from onsite personnel has been very positive, with 100% circulation and a fast drilling rate of circa 10 feet per 20 minutes.

To date, a total of four aquifers have been encountered in DH2 with the expectation of testing further water producing zones down the drillhole.

The total depth drilled as at 28 May, 2017 is 650 feet.

After careful consideration with both on-site geologists and Red Mountain's experienced JV partner, it has been decided that RMX will now extend hole 2 depth to a depth of 1300-1500 feet to test and determine the maximum amount of water producing zones available.

Operations for hole 3 will be strategically placed on hold until a detailed evaluation of holes 1 & 2 is complete.

Analyses for lithium levels are ready for hole 1 and remains secure at the respective laboratories. However, it has been determined that RMX will receive all results for DH1 and DH2 together so that a comprehensive geological evaluation of Red Valley can be undertaken.

For and on behalf of the Board.

Shannon Coates, Company Secretary