

Red Mountain Mining Ltd and Controlled Entities



Interim Consolidated Financial Report For the Half-Year Ended 31 December 2016

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian equivalent to International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Red Mountain Mining Ltd and its controlled entities

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Red Mountain Mining Ltd and its controlled entities

Directors' Report

The Directors of Red Mountain Mining Ltd present their Report together with the financial statements of the consolidated entity, being Red Mountain Mining Ltd (“**Red Mountain**” or “the **Company**”) and its controlled entities (“the **Group**”) for the half year ended 31 December 2016 and the Independent Auditor’s Review Report thereon.

Director details

The following persons were Directors of the Company during and since the end of the half-year:

- Mr Jeremy King (*appointed 19 July 2016*)
- Mr Lincoln Ho (*appointed 1 July 2016*)
- Mr Robert Parton (*appointed 1 July 2016, resigned 19 July 2016; appointed 1 December 2016*)
- Mr Jason Bontempo (*appointed 1 July 2016, resigned 1 December 2016*)

Review of operations and financial results

The Group has recorded an operating loss of \$26.4M for the half year ended 31 December 2016 (2015: \$1.08M loss). Included in the operating loss is the impairment of the exploration assets by \$24.6M in anticipation of the completion of the sale of the Batangas Gold Project as announced by the Company on 2 December 2016.

Financial position

As at 31 December 2016, the Company had cash balances of \$1.7M (30 June 2016: \$0.76M) and net assets of \$1.6M (30 June 2016: \$25.6M).

Commentary

Red Valley Project

During the 6 months to 31 December 2016, Red Mountain reviewed a number of mining exploration and development opportunities across various energy sectors including lithium and cobalt, as well as gold projects.

During the second quarter, the Company entered into an earn-in agreement (**Earn-in Agreement**) in respect of the Red Valley Project, a lithium brine project located in Utah, United States (**Red Valley Project**). The geological modelling of the Red Valley Project has identified it as a Clayton Valley lookalike in Utah. Clayton Valley, Nevada remains the sole source of lithium production in the USA.

In accordance with phase 1 of the Earn-In Agreement, the Company has commenced the initial exploration work and has provided an initial payment of US\$25,000 to the vendors with a further US\$25,000 upon the commencement of the drilling program. The total cost of the phase 1 drilling, analysis and tenement applications is estimated to be between US\$200,000 and US\$325,000.

Should the Company proceed with the acquisition, a joint venture will be established and the Company will have the right to increase its ownership to 80% of the Red Valley Project by meeting certain expenditure requirements.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Batangas Gold Project

The Company's 75% owned subsidiary, Red Mountain Mining (Singapore) Pte Ltd (**RMMS**) has entered into a transaction with the Batangas Gold project joint venture partner, Bluebird Merchant Ventures Ltd (**BMVL**). Under the terms of the agreement, BMVL will acquire the Batangas Gold Project in exchange for issuing 1.25 million shares in BMVL plus a perpetual 1% net smelter production royalty over the Batangas Gold Project and BMVL's 25% interest in RMMS.

Corporate

On 7 October 2016, the Company completed a share placement to raise \$1.65 million from professional and sophisticated investors, through the issue of 165 million shares at an issue price of \$0.01 (post Consolidation), as approved by shareholders on 20 September 2016 (**Placement**). At the time of the Placement, the Company announced its intention to carry out a Share Purchase Plan (SPP) that all shareholders at the relevant record date were eligible to participate in.

At the general meeting of shareholders held 20 September 2016, approval was given for a consolidation of the Company's issued capital into one (1) for every thirty two (32) held (**Consolidation**). The Consolidation was concluded on 26 September 2016.

As announced on 9 November 2016, the Company raised \$350,000 through an oversubscribed Share Purchase Plan, which resulted in the issue of 35,000,000 shares at an issue price of \$0.01 per share.

During the half year, the Company undertook a Loyalty Option Offer to existing holders of RMXOF options on the basis of one new RMXOG (exercisable at \$0.015 each on or before 21 November 2019) option for every RMXOF option held as at the Record Date at an issue price of \$0.001 per option. 33,413,985 RMXOG Options were issued pursuant to the Loyalty Options Offer as approved by Shareholders on 20 September 2016. A further 38,250,000 Options were issued to nominees of PAC Partners, as approved by Shareholders on 20 September 2016.

On 1 December 2016 Non-Executive Director Mr Jason Bontempo resigned due to business commitments. As a result, Mr Robert Parton, a former Board member of the Company was re-appointed as Non-Executive Director.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Significant and subsequent events and transactions

On 24 February 2017, the Company announced a Placement raising \$1.75 million (before costs) through the issue of 23,306,983 and 34,648,307 fully paid shares at an issue price of \$0.029 and \$0.031 per share, respectively.


As announced 14 March 2017, the Company has satisfied all clearances required by both the Bureau of Land Management and the State of Utah, and that it has been issued drilling permits for its Red Valley Lithium Brines Project in Utah, USA.

Other than the above, the Directors are not aware of any significant and subsequent events since the end of the interim period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included within this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



.....
Jeremy King
Executive Director

Perth, Western Australia

Dated this 14th day of March 2017

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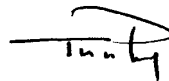
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Mountain Mining Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2017

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

	Notes	31 December 2016 \$	31 December 2015 \$
Revenue			
Interest income		19,174	56,324
Expenses			
Professional fees		(242,910)	(195,601)
Consultancy costs		(61,976)	(135,493)
Depreciation expense		(4,441)	(24,370)
Employee benefits expenses		(106,855)	(227,695)
Share based payment expenses		(785,591)	(104,862)
Legal fees		(24,115)	(38,275)
Travelling expenses		(7,343)	(11,823)
Finance costs		(715)	(22,500)
Net foreign exchange loss		(145,825)	(119,221)
Loss on financial instrument revaluation		(283,252)	-
Impairment of exploration assets	3	(24,613,992)	-
Impairment of other assets		(219,702)	-
Other expenses		(132,671)	(255,604)
Loss before income tax		(26,610,214)	(1,079,120)
Income tax benefit/(expense)		243,867	(238)
Net loss for the period		(26,366,347)	(1,079,358)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(361,890)	334,313
Revaluation in Philippines		(1,018)	6,057
Other comprehensive (loss)/income for the period		(362,908)	340,370
Total comprehensive (loss)/income for the period (net of tax)		(26,729,255)	(738,988)
Profit/(loss) attributable to:			
Members of the parent entity		(26,124,332)	(1,091,970)
Non-controlling interest		(242,015)	12,612
		(26,366,347)	(1,079,358)
Total comprehensive profit/(loss) attributable to:			
Members of the parent entity		(24,699,467)	(580,446)
Non-controlling interest		(2,029,788)	(158,542)
		(26,729,255)	(738,988)
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	5	Cents (1.61)	Cents (0.09)

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016 \$	30 June 2016 \$
Assets			
Current			
Cash and cash equivalents	8	1,662,415	757,642
Trade and other receivables		78,246	203,744
Available for sale financial assets		215,399	607,238
Non-current asset classified as held for sale	4	43,000	-
Total current assets		1,999,060	1,568,624
Non-current			
Plant and equipment		1,438	6,047
Exploration & evaluation expenditure	3	88,054	25,149,974
Total non-current assets		89,492	25,156,021
Total assets		2,088,552	26,724,645
Liabilities			
Current			
Trade and other payables		304,207	663,896
Provisions		86,905	61,189
Current tax liability		-	252,616
Total current liabilities		391,112	977,701
Non-current			
Other non-current liabilities		108,604	182,008
Total non-current liabilities		108,604	182,008
Total liabilities		499,716	1,159,709
Net assets		1,588,836	25,564,936
Equity			
Contributed equity	6	37,747,844	35,773,150
Reserves	7	9,710,142	7,506,816
Accumulated losses		(43,427,795)	(17,303,463)
Equity attributable to the owners of Red Mountain Mining Ltd		4,030,191	25,976,503
Non-controlling interest		(2,441,355)	(411,567)
Total equity		1,588,836	25,564,936

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2016

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total	Non-controlling interest	Total
Balance at 1 July 2016	35,773,150	(17,303,463)	3,564,327	3,892,784	49,705	25,976,503	(411,567)	25,564,936
Loss for the period	-	(26,124,332)	-	-	-	(26,124,332)	(242,015)	(26,366,347)
Other comprehensive income/(loss)	-	-	1,425,883	-	(1,018)	1,424,865	(1,787,773)	(362,908)
Total comprehensive loss for the period	-	(26,124,332)	1,425,883	-	(1,018)	(24,699,467)	(2,029,788)	(26,729,255)
<i>Transactions with owners in their capacity as owners:</i>								
Cancellation of performance rights (note 7)	-	-	-	(120,625)	-	(120,625)	-	(120,625)
Options issues (note 7)	-	-	-	74,915	-	74,915	-	74,915
Share issues, net of costs	1,892,649	-	-	-	-	1,892,649	-	1,892,649
Share based payments (note 6, note 7)	82,045	-	-	824,171	-	906,216	-	906,216
Balance at 31 December 2016	37,747,844	(43,427,795)	4,990,210	4,671,245	48,687	4,030,191	(2,441,355)	1,588,836
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total	Non-controlling interest	Total
Balance at 1 July 2015	34,254,662	(17,542,854)	3,563,595	3,368,744	44,666	23,688,813	80,029	23,768,842
Loss for the period	-	(1,091,970)	-	-	-	(1,091,970)	12,612	(1,079,358)
Other comprehensive income/(loss)	-	-	505,467	-	6,057	511,524	(171,154)	340,370
Total comprehensive loss for the period	-	(1,091,970)	505,467	-	6,057	(580,446)	(158,542)	(738,988)
<i>Transactions with owners in their capacity as owners:</i>								
Share issues, net of costs	139,288	-	-	-	-	139,288	-	139,288
Share based payment	25,000	14,092	-	490,710	-	529,802	-	529,802
Balance at 31 December 2015	34,418,950	(18,620,732)	4,069,062	3,859,454	50,723	23,777,457	(78,513)	23,698,944

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2016

	Notes	31 December 2016	31 December 2015
Operating activities			
Other receipts		-	57,875
Payments to employees and suppliers		(674,839)	(698,127)
Interest received		11,918	44,565
Net cash (outflow) from operating activities		<u>(662,921)</u>	<u>(595,687)</u>
Investing activities			
Payment for new projects		(58,860)	-
Payment for exploration		(335,475)	(924,433)
Research and development claim received		-	336,943
Net cash (outflow) from investing activities		<u>(394,335)</u>	<u>(587,490)</u>
Financing activities			
Proceeds from issue of shares		2,033,537	600,000
Proceeds from issue of options		74,915	-
Proceeds from borrowings		-	145,000
Share issue costs		(136,506)	(60,771)
Net cash inflow from financing activities		<u>1,971,946</u>	<u>684,229</u>
Net increase/(decrease) in cash held		914,690	(498,947)
Net foreign exchange difference		(4,572)	33,816
Cash at the beginning of period		757,642	594,527
Cash at the end of period	8	<u><u>1,667,760</u></u>	<u><u>129,396</u></u>

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Red Mountain Mining Ltd (the **Company**) is domiciled in Australia.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2016 comprised the Company and its subsidiaries (together referred to as (the **Group**)).

For the purpose of preparing the consolidated financial report, the Group is a for profit entity.

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates.

The interim financial statements have been approved and authorised for issue by the board of Directors on 14 March 2017.

Statement of compliance

The interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2016 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Company's 2016 Annual Financial Report for the financial year ended 30 June 2016.

Standards and Interpretations applicable to 31 December 2016

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2016.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2016

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017.

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

2 SEGMENT REPORTING

The Group has identified its reportable operating segments based on the internal reports that are reviewed and used by the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors ("Board").

The Group segments are structured as corporate in Australia and exploration in the Philippines and USA.

Half-year ended 31 December 2016

	Corporate	Exploration	Eliminations	Total
	\$	\$	\$	\$
Revenue	16,711	2,463	-	19,174
Depreciation	(2,564)	(1,877)	-	(4,441)
Employee Costs	(75,737)	(31,118)	-	(106,855)
Consulting fees	(34,254)	(27,722)	-	(61,976)
Share based payment	(785,591)	-	-	(785,591)
Other expenditures	(682,318)	(24,744,340)	-	(25,426,658)
Loss after income tax	(1,563,753)	(24,802,594)	-	(26,366,347)
Total assets	42,560,892	162,152	(40,634,492)	2,088,552
Total liabilities	223,996	26,732,213	(26,456,493)	499,716

Half-year ended 31 December 2015

	Corporate	Exploration	Eliminations	Total
	\$	\$	\$	\$
Revenue	55,497	827	-	56,324
Depreciation	(3,147)	(21,223)	-	(24,370)
Employee Costs	(189,196)	(38,499)	-	(227,695)
Consulting fees	(74,605)	(60,891)	-	(135,496)
Share based payment	(104,862)	-	-	(104,862)
Financing expense	(22,500)	-	-	(22,500)
Other expenditures	(384,681)	(236,078)	-	(620,759)
Loss after income tax	(723,494)	(355,864)	-	(1,079,358)
Total assets	41,611,552	28,337,718	(44,353,698)	25,595,572
Total liabilities	1,117,340	30,743,790	(29,964,502)	1,896,628

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

3 EXPLORATION AND EVALUATION EXPENDITURES

The following tables show the movements in exploration and evaluation expenditures.

	6 months to 31 December 2016	Year to 30 June 2016
	\$	\$
Carrying amount at 1 July	25,149,974	24,484,254
Additions	423,530	1,791,695
Research & development claim	-	(336,943)
Impairment of tenements relinquished	-	(121,436)
Impairment of exploration capitalised	(24,613,992)	-
Exchange differences on translating foreign operations	(871,458)	(667,596)
Carrying amount at end of period	88,054	25,149,974

4 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	6 months to 31 December 2016	Year to 30 June 2016
	\$	\$
Non-current assets held for sale	43,000	-

On 30 November 2016, the Company's 75% owned subsidiary, Red Mountain Mining (Singapore) Pte Ltd (RMMS) entered into a transaction with the Batangas Gold Project joint venture partner, Bluebird Merchant Ventures Ltd (BMVL). Under the terms of the transaction, BMVL will acquire 100% of the Batangas Gold Project in exchange for issuing 1.25 million shares in BMVL plus a perpetual 1% net smelter production royalty over the Batangas Gold Project and the return of BMVL's 25% shareholding interest in RMMS.

The shareholders of RMMS approved the transaction at an Extraordinary General Meeting held on 16 February 2017.

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

5 LOSS PER SHARE

	6 months to 31 December 2016 Cents	6 months to 31 December 2015 Cents
Basic and diluted loss per share	(1.61)	(0.09)
	6 months to 31 December 2016 \$	6 months to 31 December 2015 \$
Loss used to calculate basic and diluted loss per share	(26,193,332)	(1,091,970)
	Number	Number
Weighted average number of shares used in calculating basic and diluted loss per share	1,627,864,230	1,263,600,912

6 CONTRIBUTED EQUITY

	31 December 2016 \$	30 June 2016 \$
At the beginning of period	35,773,150	34,254,662
Share based payments during the period	77,845	263,848
Shares issued during the period	2,029,200	2,162,899
Exercise of options	2,461	150
Share issue costs	(134,812)	(908,409)
Balance at end of period	37,747,844	35,773,150

During the half year, the Company issued:

- 9,000,000 fully paid ordinary shares in lieu of consulting services;
- 28,000,000⁽ⁱ⁾ fully paid ordinary shares in lieu of capital raising fees; and
- 14,000,000⁽ⁱ⁾ fully paid ordinary shares to directors as incentive shares.

(i) A cash consideration of \$0.0001 per share was paid at the time of issue.

The shares deemed fair value was determined by reference to the market value of the shares at grant date.

	31 December 2016 Number	30 June 2016 Number
At the beginning of period	3,233,331,117	1,185,768,679
Securities reorganisation 32:1	(3,132,288,935)	-
Shares issued during the period	253,500,000	2,047,462,785
Exercise of options	164,063	99,653
Balance at end of period	354,706,245	3,233,331,117

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

7 RESERVES

	31 December 2016	30 June 2016
	\$	\$
Share-based payments reserve (a)	4,671,245	3,892,784
Foreign exchange translation reserve (b)	4,990,210	3,564,327
Other reserves (c)	48,687	49,705
Balance at end of period	<u>9,710,142</u>	<u>7,506,816</u>

(a) Share-Based Payments Reserve

	31 December 2016	30 June 2016
	\$	\$
At the beginning of the reporting period	3,892,784	3,368,744
Cancellation of performance rights	(120,625)	(301,197)
Share based payments during the period	824,171	40,289
Options issued	74,915	784,948
Balance at end of reporting period	<u>4,671,245</u>	<u>3,892,784</u>

(b) Foreign Currency Translation Reserve

	31 December 2016	30 June 2016
	\$	\$
At the beginning of the reporting period	3,564,327	3,563,595
Exchange differences on translation of foreign operation	1,425,883	732
Balance at end of reporting period	<u>4,990,210</u>	<u>3,564,327</u>

(c) Other Reserves

	31 December 2016	30 June 2016
	\$	\$
At the beginning of the reporting period	49,705	44,666
Pension revaluation in the Philippines	(1,018)	5,039
Balance at end of reporting period	<u>48,687</u>	<u>49,705</u>

8 CASH AND CASH EQUIVALENTS

	31 December 2016	30 June 2016
	\$	\$
Cash at bank and on hand	1,636,545	731,767
Cash on deposit	25,870	25,875
	<u>1,662,415</u>	<u>757,642</u>

Reconciliation to cash and cash equivalents at the end of the financial period

The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	1,662,415	757,642
Cash and cash equivalents - classified as held for sale	5,345	-
Balance as per statement of cash flows	<u>1,667,760</u>	<u>757,642</u>

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2016

9 CONTROLLED ENTITIES

On 29 November 2016, RMX USA Inc., a fully owned subsidiary of Red Mountain Mining Ltd was incorporated in the United States of America.

There is no other change in control over entities.

10 EVENTS SUBSEQUENT TO REPORTING DATE

On 24 February 2017, the Company announced a Placement raising \$1.75 million (before costs) through the issue of 23,306,983 and 34,648,306 fully paid shares at an issue price of \$0.029 and \$0.031 per share, respectively.

As announced 14 March 2017, the Company has satisfied all clearances required by both the Bureau of Land Management and the State of Utah, and that it has been issued drilling permits for its Red Valley Lithium Brines Project in Utah, USA.

No other matter or circumstance has arisen subsequent to 31 December 2016 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

11 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

12 COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

Red Mountain Mining Ltd and its controlled entities

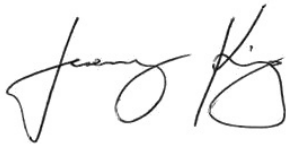
Directors' Declaration

In accordance with a resolution of the Directors of Red Mountain Mining Ltd, in the opinion of the Directors:

- a. The consolidated financial statements and notes of Red Mountain Mining Ltd and its controlled entities are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Jeremy King
Executive Director

Perth, Western Australia
Dated this 14th day of March 2017



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
RED MOUNTAIN MINING LTD**

We have reviewed the accompanying half-year financial report of Red Mountain Mining Ltd which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Mountain Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

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

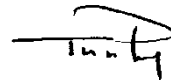
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Mountain Mining Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2017