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RED MOUNTAIN MINING LTD
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RMX TO ACQUIRE HIGH-GRADE COPPER OPPORTUNITY

- **RMX agrees terms to acquire right to develop and process Copper slag deposit in Uganda**
- **Due Diligence to date has demonstrated significantly elevated copper grades – 6.8% copper for 20kg grab sample**
- **Preliminary metallurgical testwork shows path to conventional production of copper concentrate**
- **Potential for near term, low capex copper project development in a location well served by roads, power and English speaking workforce**
- **Attractive acquisition terms: no equity dilution, RMX fully funded for transaction**
- **Uganda has stable government, a British based legal system, and a transparent mining code to attract foreign investment**
- **RMX to conduct extension of sampling programme at Mukabe Kasari, DRC**
- **RMX continues review of additional gold and base metal projects**

RMX is pleased to advise that it has entered into an exclusive joint-venture agreement with Uganda registered Crane Copper Mining (**Crane Mining**) in relation to a Copper-Cobalt slag dump located in Jinja, Uganda.

Over recent months, Crane Mining has been in negotiations with Kilembe Mining Ltd (**KML**). KML is the owner of the Kilembe Copper-Cobalt mine. This mine was a formerly globally significant copper-cobalt mine which operated from the mid 1950s to the early 1970s. The ore or concentrate from the Kilembe Copper-Cobalt mine was processed at a copper smelter at Jinja, an industrial town situated approximately 80 kms to the east of Uganda's capital, Kampala (see Figure 1).

Figure 1: Location of Jinja, Uganda

Transaction Terms

The board of KML have formally approved terms by which Crane has the exclusive right to conduct due diligence and to acquire the right to develop and process minerals from the smelter slag in place at Jinja (**Jinja Copper Project**).

By way of its joint-venture agreement, RMX may acquire 70% of Crane in exchange for funding due diligence and the consideration payable to KML. The consideration payable to KML varies according to the grade of the Jinja Copper Project as determined during due diligence, as follows:

Copper grade of between 1.5% to 4.9%:	US$450,000
Copper grade of between 5% to 7.49%:	US$700,000;
Copper grade of between 7.5% to 9.9%:	US$900,000
Copper grade greater than 10%:	US$1.35m

Should RMX elect to proceed with the transaction, Crane Mining shall be free carried in respect of its ownership interest, provided that RMX shall be repaid first for all due diligence, acquisition and capital expenditure (including sustaining capital expenditure) costs together with any project debt out of the revenues and/or sale proceeds of the Jinja Copper Project.

RMX has 120 days from entry into formal documentation to conduct due diligence activities, and elect whether it wishes to proceed with the transaction.

Director Jeremy King commented:

> *"This is a unique opportunity RMX now has in front of it. While further due diligence is required, the Jinja Copper Project has the potential to be a near term, low capex copper production play. The copper market looks an attractive place to be in the coming years in terms of production. We intend to move swiftly to due diligence which is likely to involve a drill programme together with continued metallurgical testwork. Local drill contractors are already engaged, and we have a technical team ready to conduct a further site visit shortly to ensure that we collate all the right data."*

Due Diligence and Path Forward

The reprocessing of copper slag by way of crush, grind and flotation is a relatively standard process carried out by copper operations globally. Crane and RMX have already carried out preliminary due diligence including multiple site visits and grab sampling and assaying. All grab samples taken thus far have shown elevated levels of copper.

In addition, METS Engineering Group were engaged to analyse a 20kg sample from the Jinja Copper Project. Overall, the program delivered excellent results for flotation and indicated the high potential for selective copper leaching. Further to this, indications are that significant improvements can be made to overall process recovery with a combination of standard industry processes.

It is envisaged that during the due diligence period, in order to test consistency across the Jinja Copper Project a drill programme together with semi-bulk sampling will be undertaken. The intent is to conduct a formal survey to approximate the volume and the tonnage of the Jinja Copper Project.

Figure 2: Part of the Jinja Copper Project. See Appendix I for further project photographs.

Metallurgical Testwork Details

The metallurgical testwork program was developed and supervised by METS Engineering Group and performed at ALS laboratories, Balcatta, Western Australia. Testwork was run on a 20 kg grab sample from the Jinja copper slag deposit. The assayed grade for the sample was 6.83% copper and 0.08% cobalt (Figure 3).

Figure 3: Jinja Copper Slag Sample (20kg)

Handpicked rocks were submitted for Scanning Electron Microscopy (SEM) and X-Ray Diffraction (XRD) tests. The remaining sample mass was control crushed to 100% passing 3.35 mm and split for Quantitative Evaluation of Materials by Scanning Electron Microscopy (QEMSCAN), flotation and leaching tests. QEMSCAN, SEM and XRD analyses identified that copper is predominately present as sulfides with the remainder as oxides and native copper. The QEMSCAN mineralogy revealed that the copper sulfides were relatively well liberated at a grind size of 106 µm, a positive outcome for the viability of sulfide flotation.

Two sighter rougher flotation tests were run on the sample which was prepared by grinding to P_{80} 106 µm and screening at 212 µm to separate any coarse native copper (Figure 4). The copper recoveries and grades in the concentrate are summarised in Table **Error! No text of specified style in document.**.1. Test BF1435 yielded the best result, recovering 69.1% of the copper to a concentrate grading 31%. The unrecovered copper is attributed to the presence of copper oxide minerals. QEMSCAN analysis found ~73.5% of the copper was associated with sulfide minerals, indicating that a large percentage of the copper in sulfides was recovered. Further analysis of the flotation products is expected to confirm this.

Table Error! No text of specified style in document.**.1: Flotation Results**

BF1385		BF1435	
Cu Grade (%)	Cu Rec (%)	Cu Grade (%)	Cu Rec (%)
34.7	36.9	31.0	69.1

Float BF1385 yielded a lower copper recovery as the sulfide collector dosage was found to be too low for the high grade copper feed. The dosage was increased for the subsequent test BF1435 resulting in higher recovery.

Figure 4: Native Copper Identified in the Stage Grind

Leach Results

The sample was processed in two sighter leach tests at atmospheric conditions with an alkali lixiviant for 24 hours. The purpose of the tests was to assess both copper recovery and the influence of particle size on recovery. Test HY6982 had a feed P_{100} of 3.35 mm with 52% copper recovery and test HY6983 had a feed P_{80} of 106 µm and a copper recovery of 65%. Both tests were highly selective for copper, a positive indicator for effective and simple downstream processing. Kinetic sampling for the two tests shows that copper recovery is still increasing at an appreciable rate at 24 hours indicating that recoveries can be further improved with longer residence times (Figure). Test HY6982 was considered to be a success despite the low recovery, indicating that capital and operating cost savings can be made by leaching at a coarser grind size.

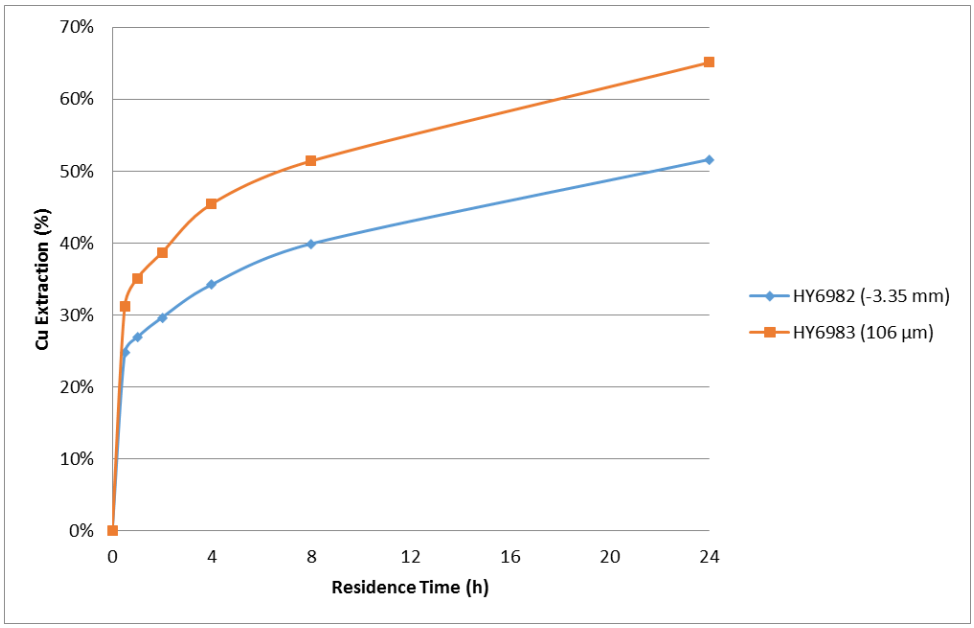

Figure 5: Copper Leach Extraction

Further Metallurgical Testing

The sighter level testwork successfully demonstrated the potential for high copper recovery from Jinja copper slag with sulfide flotation and leaching; both standard industry processes. There is considerable scope for process improvement with a number of processing options and tests identified for future works.

Mukabe-Kasari Update

RMX has recently initiated a targeted programme at its Mukabe Kasari Copper-Cobalt project which is designed to better delineate the more encouraging sampling results received there to date.

Business Development

Consistent with its heritage of gold and base metal exploration and development, RMX continues to identify and assess opportunities in this sector. The Company will update the market as and when required in this regard.

For and on behalf of the Board
Mauro Piccini
Company Secretary

Appendix I – Jinja Copper Project Photos

Appendix II – JORC Table

The information in this anouncement that relates to the Processing and Metallurgy for the Jinja Copper Slag Project is based on and fairly represents, information and supporting documentation compiled by Damian Connelly who is a Fellow of The Australasian Institute of Mining and Metallurgy and a full time employee of METS Engineering Group. Damian Connelly 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 in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Jorc Code, 2012 Edition – TABLE 1

Section 1: Sampling Techniques and Data

Criteria	Jorc Code Explanation	Commentary
Sampling Techniques	*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.*	Rock samples were hand selected on a qualitative basis and combined to form a composite
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Not applicable
	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.	A single rock sub-sample from the copper slag was selected for XRD and SEM-EDS analysis. The sample was cut, a small piece kept for SEM and the bulk was crushed and pulverised for XRD according to ALS standard practices. The remaining composite was control crushed to P_{100} 3.35 mm, homogenised, blended and sub-samples were rotary split for head assay and QEMSCAN analysis. Head assay sample preparation performed as per standard ALS practices for ICP. QEMSCAN sample preparation consisted of: • Grinding to P_{80} 106 µm • Sub-sample by riffle split QEMSCAN field scan was performed at 6 µm pixel spacing. Selected particles were analysed by Semi-Quantitative SEM-EDS method and a sub-sample analysed using XRD.
Drilling techniques	*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).*	Not applicable
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Not applicable
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Not applicable
	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.	Not applicable
Logging	*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.*	Not applicable
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc)	Not applicable

Criteria	Jorc Code Explanation	Commentary
	photography.	
	The total length and percentage of the relevant intersections logged.	Not applicable
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Dry samples were rotary split from the composite for elemental and mineralogical analysis Leach samples were extracted as ~20 g aliquots from the slurry at specific time intervals, filtered and the solution collected for assay analysis. The final leach solution was filtered, washed with Perth tap water and filtered, dried at 75ºC and riffle split for assay analysis. Flotation products were filtered, dried at 75ºC and riffle split for assay analysis.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Standard Western Australian sampling techniques applied
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Standard ALS protocols applied regarding sampling
	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.	Adequate sample size for the material collected
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes were appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Composite analysed by ICP-OES/ICP-MS (ICP) for Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, K, Li, Mg, Mn, Mo, Na, Ni, P, Pb, SiO_2, Sr, Ti, V, Y, Zn, for S by method CS2000, as well as loss on ignition (1000ºC) Flotation products analysed by fusion XRF and ICP for Al_2O_3, As, CaO, Co, Cu, Fe, K_2O, MgO, Na, Ni, S, SiO_2, as well as loss on ignition (1000ºC) Leach solids analysed by fusion XRF and ICP for Al_2O_3, As, CaO, Co, Cu, Fe, K_2O, MgO, Mn, Na, Ni, S, SiO_2, as well as loss on ignition (1000ºC). Leach liquors analysed by ICP for Al, Co, Cu, Fe, Mg and Mn
	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.	Handheld instruments have not been reported
	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.	Standard ALS protocols applied regarding blanks, standards, duplicates and QA/QC
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Not applicable
	The use of twinned holes.	Not applicable
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All information used in the preparation of this report is stored on the company server
	Discuss any adjustment to assay data.	No adjustments have been carried out
Location of data points	*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.*	Not applicable
	Specification of the grid system used.	Not applicable
	Quality and adequacy of topographic control.	Not applicable
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Not applicable
	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.	Not applicable
	Whether sample compositing has been applied.	Not applicable
Orientation of data in	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the*	Not applicable

Criteria	Jorc Code Explanation	Commentary
relation to geological structure	*extent to which this is known, considering the deposit type.*	
	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.	Not applicable
Sample security	*The measures taken to ensure sample security.*	Samples were packaged on-site and delivered by air freight to ALS Balcatta, Western Australia for assaying. Sample preparation and assaying was completed under the supervision of the independent laboratory
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All results in relation to the metallurgical testwork were reviewed by METS Engineering Group Pty Ltd personnel including the Principal Consulting Engineer, Damian Connelly. No negative issues were identified from these reviews

Section 2: Reporting of Exploration Results

Criteria	Jorc Code Explanation	Commentary
Mineral tenement and land tenure status	*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.*	Not applicable
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Not applicable
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Not applicable
Geology	*Deposit type, geological setting and style of mineralisation.*	Not applicable
Drill hole information	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	Not applicable
	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.	Not applicable
Data aggregation methods	*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.*	Not applicable
	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.	Not applicable
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable
Relationship between mineralisation widths and	*These relationships are particularly important in the reporting of Exploration Results.*	Not applicable
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Not applicable

Criteria	Jorc Code Explanation	Commentary
intercept depths	*If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Not applicable
Diagrams	*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.*	Not applicable
Balanced reporting	*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.*	Not applicable
Other substantive exploration data	*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.*	Not applicable
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further work is required including a likely drill and/or bulk sampling programme.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	All relevant diagrams and inferences have been provided in this announcement.