



ASX : RMX
COMPANY DIRECTORS

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ASX ANNOUNCEMENT

RED MOUNTAIN MINING LTD

22 August 2016

COMPANY UPDATE

Further to recent announcements, the Board of Red Mountain Mining Ltd (**RMX** or **Company**) has conducted a strategic review of the Company and its undertaking. Set out below is a brief summary of the conclusions of this review:

Capital and Cost Structure

Due in no small part to a number of recent equity issues carried out prior to the current Board's stewardship, the capital structure of the Company has become unwieldy and unattractive. The Board has, after discussions with various existing investors, decided that the best course of action at this time is to seek approval from shareholders to consolidate the Company's capital structure (**Consolidation**). This will allow the Company the best chance of being able to attract the capital necessary to optimise the benefits of its flagship Batangas Gold Project, and to allow it pursue additional, value accretive mining projects.

Cost savings have been identified by the new Board and this initiative will continue as an ongoing process.

Batangas Gold Project

The Company has issued a formal response letter to the letter from the Philippines Mines and Geosciences Bureau Central Office which requested that the Company show cause in respect of its Mineral Production Sharing Agreements (**MPSAs**). For further background, see the Company's announcement of 5 July 2016. At this stage, no response has been received to the Company's response. However, the Company is firmly of the view that its MPSAs remains valid and enforceable. To date, the Company has invested significant capital on the Batangas Gold Project and it intends to vigorously defend its position, and will keep shareholders informed in this respect, as necessary.

Capital Management

The Company has mandated PAC Partners to lead manage a placement (**Placement**). In addition, the Company intends to carry out a Share Purchase Plan which all shareholders as of the relevant record date will be eligible to participate in. The current intention is that the SPP will be priced at the same price as the Placement.

Funds raised will be applied toward continuing to optimise the Company's Batangas Gold Project, identifying and assessing new opportunities and working capital. Shareholder approval is required in order to refresh the Company's placement capacity, and details of the approval and the Placement, together with the Consolidation and related matters, will be contained in a Notice of Meeting which will be despatched to shareholders shortly.

Business Development

The new Board has already assessed a number of opportunities which are consistent with its strategy of developing profitable gold, base and energy metal mining operations. To this end, the Board is encouraged by a recent improvement in market sentiment toward junior mining companies. This project identification and assessment process continues and the Board will provide updates as required in this respect.