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ASX ANNOUNCEMENT

RED MOUNTAIN MINING LTD

15 June 2016

BATANGAS GOLD PROJECT PRE-FEASIBILITY STUDY CONFIRMS LOW-COST AND A\$ 46 MILLION OF FREE-CASHFLOW

Highlights

- **Pre-Feasibility Study shows Batangas Gold Project will generate A\$ 46 million in free cash flow during first 7 years of production** (after capital and pre corporate tax & admin. at gold price of A\$ 1,700 / oz)
- **Maiden open-pit Ore Reserve of 128,000 oz of gold¹ including high-grade 100,000 oz at 4.2 g/t gold¹**
- **Recovered production of 116,000 oz of gold¹, an increase of 26,000 oz of gold¹ from Scoping Study**
- **Low C1 cash operating costs of US\$ 735 per oz / A\$ 999 per oz of recovered gold¹**
- **Low up-front capital costs of US\$ 16 million / A\$ 22 million, including new CIL processing plant**
- **Additional 320,000 oz of gold in majority Inferred Resources remains available for future conversion**
- **Immediate upside potential within the 14 km of identified mineralised structures at Lobo**

Perth, Western Australia: Red Mountain Mining Ltd (**Red Mountain** or the **Company**) is pleased to announce the results of the now completed Pre-Feasibility Study (**PFS**) on the Company's flagship Batangas Gold Project, located 120 km south of Manila in the Philippines.

The PFS confirms low C1² operating costs of US\$ 735 per oz / A\$ 999 per oz, that will generate A\$ 46 million² in free cash-flow (after capital and pre corporate tax at A\$ 1,700 / US\$ 1,250 per oz gold) over the initial seven (7) years of production, at a C3 all-in-cost (**AIC**³) of US\$ 914 per oz¹ / A\$ 1,243 per oz¹ (excluding corporate tax and admin.).

The PFS includes a maiden Probable Ore Reserve for the Batangas Gold Project of 1.44 million tonnes (**Mt**) at 2.6 g/t gold (**Au**), 9.0 g/t silver (**Ag**), or 2.8 g/t Au (incl. Ag credits)¹ containing 128,000 oz of gold¹. This includes high-grade gold ore of 746,000t at 4.0 g/t Au, 9.2 g/t Ag or 4.2 g/t Au (incl. Ag credits)¹ containing 100,000 oz of gold¹.

The Probable Ore Reserve is derived from optimised open pit designs based on Indicated Resources only, and represents a mining and production schedule that is expected to recover 116,000 oz of gold¹ during the initial 7 years of production. Importantly, the PFS has added 26,000 oz¹ of recoverable gold when compared to the Scoping Study that was completed in March 2014 (see ASX release, 20 March 2014).

Initial mining is planned to be ore from the high-grade South West Breccia and Japanese Tunnel open pits at Lobo, grading 6.6 g/t gold¹ high-grade ore for the first two years, then Kay Tanda open pit(s) ore grading 2.2 g/t gold¹ will be transported and processed at Lobo CIL plant at 250 ktpa for the subsequent five years of initial operations.

The project is expected to generate A\$ 190 million in revenue from gold sales, A\$ 117 million (4 billion PhP) of costs will be spent in the Philippines and A\$ 13 million (440 million PhP) in royalties and taxes will be paid to the Philippines government and local communities during the initial 7 years of production.

The Batangas Joint Venture (**BJV**) partners, Red Mountain and Bluebird Merchant Ventures (**Bluebird**) have approved the PFS and the immediate transition to Definitive Feasibility Study (**DFS**).

¹Gold grade (g/t Au) and gold ounces (oz) include silver credits at silver price of A\$ 23/oz and gold price A\$1,700/oz.

²C1: Mining, ore transport, processing, site general and administration, local royalties and taxes, refining costs and silver credits.

³AIC: C1 + sustaining capital and pre-production capital, excluding corporate tax and corporate admin.

Financing of the project will require a certain level of debt financing, particularly for the new CIL processing plant and associated infrastructure. Discussions with potential debt financiers are ongoing and will be advanced, targeting financing agreements in parallel with completing the DFS.

The PFS is based on a detailed financial model and economic analysis that has been verified by independent consultants, and incorporates the detailed work that has been completed over the last 18 months by high quality Australian (and New Zealand) consultants including;

- Process engineering and design by Como Engineers based on metallurgical testing by ALS.
- Detailed mine design and planning by Crystal Sun Consulting,
- Geotechnical work by RDCL Ltd (NZ) and
- waste, residue and water storage design and earthworks by ATC Williams and Crystal Sun Consulting.

The PFS results have been compiled by Jon Dugdale, the Managing Director of Red Mountain. Mr Dugdale is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the various styles of mineralisation under consideration and the activity currently being undertaken 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'.

Commentary

Red Mountain's Managing Director Jon Dugdale said: *"This is the culmination of the detailed work undertaken by both the Company and the team of high-quality Australian consultants during the last 18 months.*

"This Pre-Feasibility Study demonstrates the low operating costs, high margins and strong cashflow potential of the Batangas Gold Project.

"The high initial ore reserve grades from surface, averaging over 6.6 grams per tonne gold for the South West Breccia pit, will allow this project to achieve strong early cash flows and a high rate of return on initial capital.

"In addition, there is potential to expand ore reserves through drilling of the over 320,000 ounces of additional, mostly inferred, resources and upside potential remains to be tested within the 14 kilometres of identified epithermal gold structures at Lobo.

"The JV partners are now aiming to complete the Definitive Feasibility Study on the Batangas Gold Project by this calendar year.

"The JV partners very much look forward to developing the Batangas Gold Project, which will deliver major positive benefits to the people of Lobo and the Batangas region, as well as the Batangas Joint Venture partners."

Pre-Feasibility Study Parameters – Cautionary Statement

The Probable Ore Reserves in the PFS referred to in this announcement are derived from optimised and designed open pits based on Indicated Resources only. The Probable Ore Reserves provides 100% of the total planned production schedule and financial projections. There is no dependence of the outcomes of the PFS on non-Ore Reserve material contained within the optimised and designed open pits. All cash flows are undiscounted, unless otherwise stated, and are not subject to inflation/escalation factors. The PFS has been prepared to an overall level of accuracy of approximately +/- 25%. The Company has concluded that it has a reasonable basis for providing forward looking statements included in this announcement. See Appendix 1: Forward Looking and Cautionary Statements.

Introduction

The Batangas Gold Project (the **Project**) is located 120 km south of Manila on the Island of Luzon in the Philippines. The Project is accessible by sealed road from Manila to Lobo township then by well formed roads to the Lobo resources, 2 km to the east of Lobo, and 15 km via the coastal road to the Archangel (Kay Tanda) resources.

The Batangas Gold Project includes two Mineral Production Sharing Agreements (**MPSA's**), Lobo MPSA 176-2002-IV and Archangel MPSA 177-2002-IV, that contain all of the identified resources. In addition the Project includes 8 granted Exploration Permits (EP's) and 3 EP applications (see Figure 1 below).

The two MPSA's and the majority of the EP's are owned by Philippines company Egerton Gold Philippines Inc. (**EGPI**). Another Philippines company, MRL Gold Inc. (**MRL**), holds a direct and indirect contractual right interest in EGPI and is 100% owned by Red Mountain Mining Singapore Ltd (**RMMS**). The Batangas Joint Venture (**BJV**) is incorporated at the RMMS level, Red Mountain currently holding 75% of RMMS and Bluebird holding 25% of RMMS with the right to earn up to 50.1%.

The Company completed a Scoping Study on the Project in March 2014 (See ASX release, 20 March 2014). Based on the financial outcomes of the Scoping Study Red Mountain commenced a Pre- Feasibility Study (**PFS**) on the Project. The results of the PFS will be converted to DFS following the completion of additional technical work including;

- geotechnical drilling and final pit designs,
- detailed design of waste storage and water management structures,
- final haul road design/upgrade from the Kay Tanda pits to the CIL processing plant at Lobo and,
- further detailed cost inputs associated with mining and milling parameters.

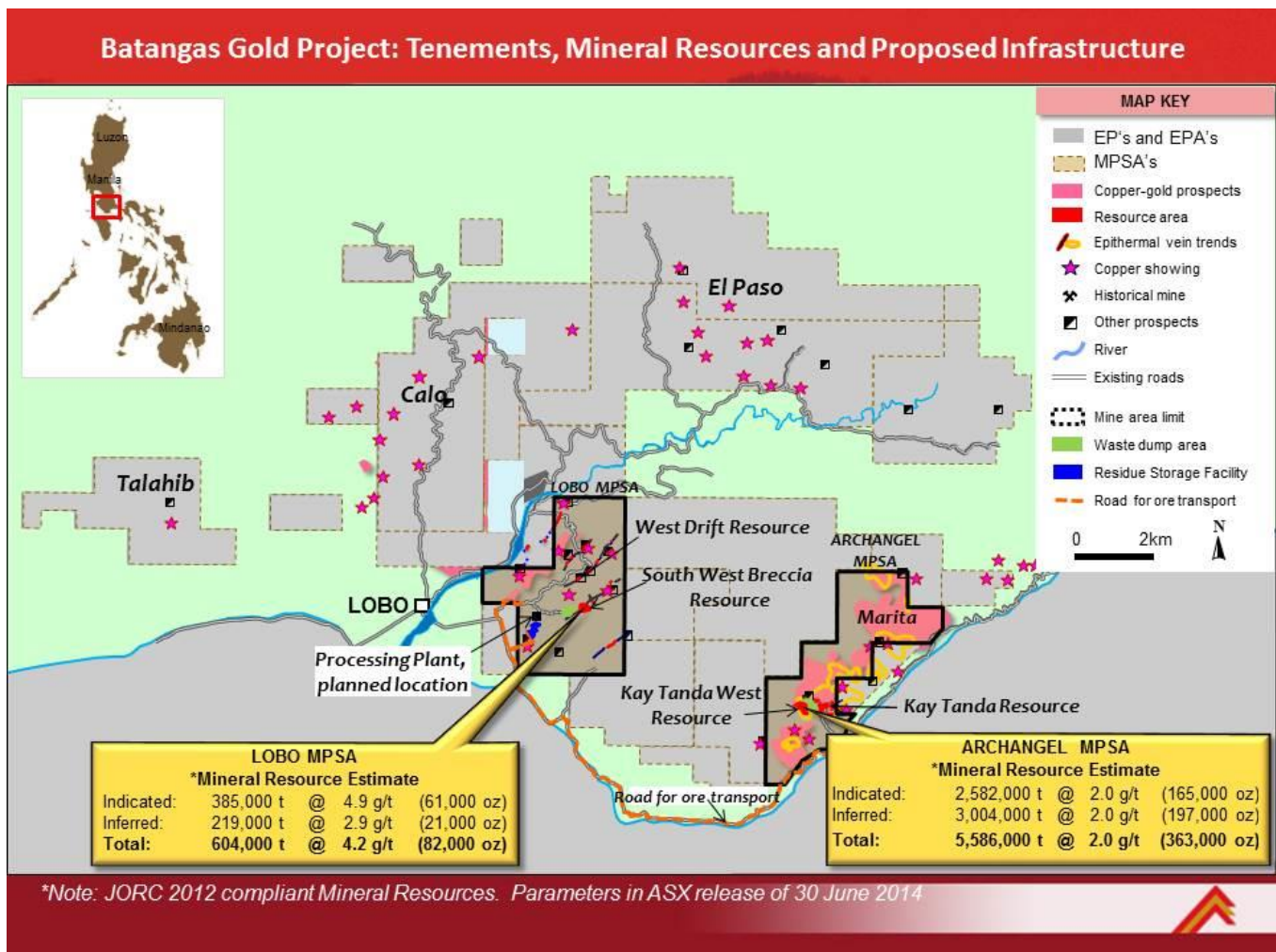


Figure 1: Batangas Gold Project location, tenements, Mineral Resources (JORC 2012) and planned project infrastructure

Study Inputs and Derivation

The Batangas Gold Project PFS is based on the following key input parameters:

- i) The JORC 2012 compliant Mineral Resources reported 30 June 2014, (see ASX release 30 June 2014).
- ii) A Probable Ore Reserve and detailed, monthly, mining and processing schedules derived entirely from the Ore Reserve, produced by Crystal Sun Consulting after the application of mining parameters and ore cartage costs based on contractor/owner miner supplier inputs, processing inputs and geotechnical considerations.
- iii) Geotechnical inputs from RDCL Ltd.
- iv) Process engineering design, capital and operating costs by Como Engineers.
- v) Metallurgical recovery inputs based on test work by ALS Global (Perth) and interpreted by Como Engineers.
- vi) Waste, residue and water storage design and earthworks by ATC Williams and Crystal Sun Consulting.
- vii) Other cost inputs e.g. power, administration and accommodation by owners team and consultants inputs.
- viii) Financial model designed by Value Advisors, compiled by owners team and verified by Manitoba Consulting.

Key Financial Outcomes of the PFS

The financial cashflow model outcomes for the Batangas Gold Project PFS are summarised in Table 1 below. The Company has adopted the World Gold Council (WGC) guidance on cost reporting measures.

Cash flows are undiscounted unless stated (e.g. NPV) and are not subject to inflation/escalation factors. The PFS has been prepared to an overall level of accuracy of approximately +/- 25%.

Table 1: Batangas Gold Project PFS key financial model outcomes

Batangas Gold Project	Unit	A\$	US\$
Mine life (processing)	Years	7.2	7.2
Tonnes Processed	Mt	1.44	1.44
Head Grade Gold (Au)	Au g/t	2.6	2.6
Head Grade Silver (Ag)	Ag g/t	9.0	9.0
Head Grade (Au Equ., including Ag credits)	Au Equ g/t	2.8	2.8
Matallurgical Recovery Gold (%)	%	91%	91%
Recovered Ounces Gold including silver credits	Oz 000's	116	116
Total Net Revenue from Gold Sales	\$ Mn	190	140
Total C1 ¹ Cost (inc. Royalties & local taxes & silver credits)	\$ Mn	116	85
Operating C1¹ Cash Flow	\$ Mn	74	55
Operating C1¹ Cost/Oz	\$ / Oz.	999	735
Sustaining Capital	\$ Mn	6	5
Pre Production Capital (including contingencies)	\$ Mn	22	16
Total C3 ² AIC Cost (including all capital)	\$ Mn	144	106
Total C3² AIC Cash Flow (incl. all capital excluding corporate tax and admin.)	\$ Mn	46	34
Total C3² AIC Cost/Oz (including all capital)	\$ / Oz.	1,243	914
Net Present Value (NPV) (5% discount Rate) 1 July 2016	\$ Mn	25	19
Internal Rate of Return (IRR)	%	27%	27%
Corporate Admin & Taxes (estimated, subject to certain BIR assumptions)	\$ Mn	11	8
Total Corporate Cash Flow (including corporate tax and admin.)	\$ Mn	35	26
Gold Price	A\$ / Oz.	1,700	1,250
Silver Price	A\$ / Oz.	23	17
Exchange rate	A\$ / US\$	0.74	0.74

¹C1 = Mining, ore transport, processing, site general and administration, local royalties and taxes, refining costs and silver credits

²C3 AIC = C1 + all in costs (AIC) sustaining capital and pre-production capital, excluding corporate tax and corporate admin.

Processing throughput rates will vary from approximately 100,000 tpa for the South West Breccia (**SWB**) and Japanese Tunnel production from the Lobo MPSA, recovering approximately 17,000 ozs Au per annum for the first 2 years. Processing throughput rates will then lift to 250,000 tpa for the Kay Tanda (West and East) production from the Archangel MPSA, recovering approximately 17,000 oz Au per annum for a further 5 years. Total recovered production is a planned 120,000 oz Au (including Ag credits) for the initial 7 years of operations.

The gold price applied to open-pit optimisations and the Ore Reserve estimate and the financial model was A\$ 1,700 / US\$ 1,250 per oz Au and A\$ 23 / US\$ 17 per oz Ag. An average exchange rate of A\$/US\$ of 0.74 was applied. Cash flows at variable gold prices are tabulated below:

		PFS Gold Price Sensitivity			
		US\$ /Oz	1,180	1,250	1,330
		A\$ /Oz	1,600	1,700	1,800
Operating C1 cash-flow	A\$ Mn	63	74	86	
Total C3 AIC Cash Flow	A\$ Mn	35	46	58	
Net Present Value (NPV 5%)	A\$ Mn	16	25	34	
IRR	%	20%	27%	33%	

The Probable Ore Reserve represents 100% of the total planned production schedule and financial projections. There is no dependence of the outcomes of the PFS on non-Ore Reserve material contained within the optimised and designed open pits, that were optimised on the basis of Indicated Resources only.

Mineral Resources

The two Mineral Resource areas the subject of the PFS are located on the Lobo and Archangel MPSA's (the Philippines equivalent of Mining Leases), located 2km and 10km east of the city of Lobo respectively (See Figure 1).

The Mineral Resources that form the basis of the PFS Ore Reserves and Production Schedule were reported 30 June 2014, in accordance with the 2012 edition of the JORC Code, using a cut-off grade of 0.85g/t gold for potential open pit resources and a cut-off grade of 2 g/t gold for potential underground resources, limited to West Drift at this stage.

The Mineral Resources were estimated with the assistance of Optiro, minerals industry consultants based in West Perth, Western Australia. Optiro have since completed a Competent Person's Report (**CPR**) on 9 February 2016 (included in the Bluebird Prospectus for Admission to the LSE), that represents an independent assessment of the geology, exploration data, Mineral Resources and exploration potential of the Batangas Gold Project. In the CPR, the Competent Person, Jason Froud, stated that he considers that the resource estimates, methodologies and underlying data are appropriate and confirms that the reporting and classification of the Mineral Resource estimate is in accordance with JORC (2012) Code guidelines.

The new JORC 2012 Mineral Resources for the Batangas Gold Project are summarised in table 2 below:

Table 2: Batangas Gold Project Mineral Resource, JORC 2012, >0.85 Au g/t - June 2014

Deposit	Resource Classification	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Kay Tanda West	Indicated	1,421,000	2.1	96,000	9.2	421,000
	Inferred	229,000	2.3	17,000	2.1	15,000
	Total	1,650,000	2.1	113,000	8.2	436,000
Kay Tanda Main	Indicated	1,161,000	1.9	69,000	1.4	50,000
	Inferred	2,775,000	2.0	180,000	1.2	109,000
	Total	3,936,000	2.0	250,000	1.3	159,000
Archangel MPSA	Total Archangel MPSA	5,586,000	2.0	363,000	3.3	595,000
South West Breccia	Indicated	214,000	6.4	44,000	1.8	13,000

	Inferred	7,000	2.3	1,000	1.9	400
	Total	221,000	6.3	45,000	1.8	13,000
Japanese Tunnel	Indicated	26,000	3.3	3,000	5.9	5,000
	Inferred	7,000	2.3	1,000	5.7	1,000
	Total	34,000	3.0	3,000	5.7	6,000
West Drift (>2 g/t)	Indicated	145,000	3.1	14,000	4.7	22,000
	Inferred	205,000	2.9	19,000	4.3	28,000
	Total	350,000	3.0	34,000	4.4	50,000
Lobo MPSA	Total Lobo MPSA	604,000	4.2	82,000	3.6	69,000
Batangas Gold Project	Indicated	2,968,000	2.4	227,000	5.4	511,000
	Inferred	3,222,000	2.1	218,000	1.5	154,000
	Total Batangas	6,190,000	2.2	444,000	3.3	665,000

The SWB Mineral Resources at Lobo are associated with a linear, steeply dipping, epithermal lode with high-grade “shoots” of mineralisation. The Kay Tanda Mineral Resources at Archangel are associated with a low to moderate grade stockwork gold deposit in andesitic volcanics and dioritic intrusions. Both ore deposits outcrop at surface and include oxide, transition and fresh rock zones.

Mining Schedule and Ore Reserve

Mining Schedule

Based on the JORC 2012 Mineral Resources, released 30 June 2014, a new mining (and processing) schedule has been generated by independent expert Dallas Cox of Crystal Sun Consulting, a Chartered Professional (CP) mining engineer contracted by the Company.

The new mining schedule is derived from open-pit optimisations and designs, including mining dilution and ore-loss, optimised at a gold price of A\$ 1,700 per oz based on Indicated Resources only.

The mining schedule has been derived from the Mineral Resource estimates above after the application of mining parameters that include mining and ore cartage costs based on contractor/owner supplier inputs and haulage trials (mining and haulage operating costs summarised in Table 3 below), as well as geotechnical considerations generated by RDCL that produced new pit wall slope assumptions (subject to additional geotechnical drilling prior to conversion to DFS). Processing recoveries and parameters have also been applied to the optimisations as summarised under “Metallurgy, Processing and Gold Production” below, see Figure 3 for a graphic representation of the high-grade and low-grade ore mining schedule.

The key mining input parameters applied to the mining schedule and Ore Reserve are summarised below:

- Mining will involve conventional open pits, selective mining method, using mining, drilling, blasting and ore haulage contractors. The initial mine development to SWB pit will involve the construction of access roads using small excavators and dozers.
- Mining will be carried out on 2.5 metre benches. The mining fleet will consist of a 40-50 tonne excavator in backhoe configuration, loading 35-40 tonne payload articulated dump trucks, an hydraulic drill rig and ancillary fleet for dump management and road maintenance.
- Ore and waste will be blasted using ammonium nitrate explosives or packaged explosives depending on wet ground conditions. Some free digging is anticipated in the upper zones of the topographic profile.
- Drilling and blasting will be performed on 5 m high benches, with blasted material excavated in two 2.5 m flitches.
- Mining dilution factor of 15% has been applied to SWB ore due to the geometry of the orebody. At Kay Tanda, mining dilution factor of 5% has been applied to ore. Dilution grade of 0.5 g/t Au has been applied at both deposits.

- Cutoff grades derived and applied to the SWB reserve for Oxide/Transitional and Fresh ore were 1.15 g/t Au and 1.20 g/t Au respectively. Cutoff grades derived and applied to the Kay Tanda reserve for Oxide, Transitional and Fresh ore were 0.90 g/t Au and 0.95 g/t Au respectively.
- Environmental analysis of drill core carried out during the metallurgical and environmental investigation programs for the PFS have determined non acid generating (**NAG**) and potentially acid forming (**PAF**) regions of rock in each pit for differential disposal into designed waste dumps during mining operations.

The mining (and processing) Schedule is 100% Probable Ore Reserves included in the open pit optimisations and designs based on Indicated Resources only. The total mining (and processing) schedule that forms the basis of the PFS includes 1.44Mt @ 2.6 g/t Au and 9.0 g/t Ag, or 2.8 g/t Au including silver (Ag) credits, containing 128,000 ozs Au (incl. Ag credits).

Mining is scheduled to commence at South West Breccia on the Lobo MPSA and will continue for just over two years at Lobo, mining 185,000t @ 6.2 g/t Au containing 37,000 ozs Au (incl. Ag credits). Mining is scheduled to commence at Kay Tanda (West) on the Archangel MPSA seven months before South West Breccia pit is completed and will continue for over five years at Archangel based on this initial schedule (then low grade stockpiles to be processed for a further 3 years), mining 1.26Mt @ 2.1 g/t Au, 10 g/t Ag, or 2.3 g/t Au (incl. Ag credits) containing 91,000 oz Au (incl. Ag credits), see Figure 3 for project layout, mining areas and infrastructure locations.

Table 3: Batangas Gold Project mining costs

Planned Open Pits	Ore A\$/t	Waste A\$/t	Total A\$/t	Cost/t Ore	Average Strip Ratio
South West Breccia and Japanese Tunnel	\$7.16	\$4.84	\$4.98	\$79.06	14.9
Kay Tanda, West and East	\$5.08	\$4.90	\$4.92	\$36.53	6.4
Total	\$5.35	\$4.88	\$4.94	\$42.02	7.5

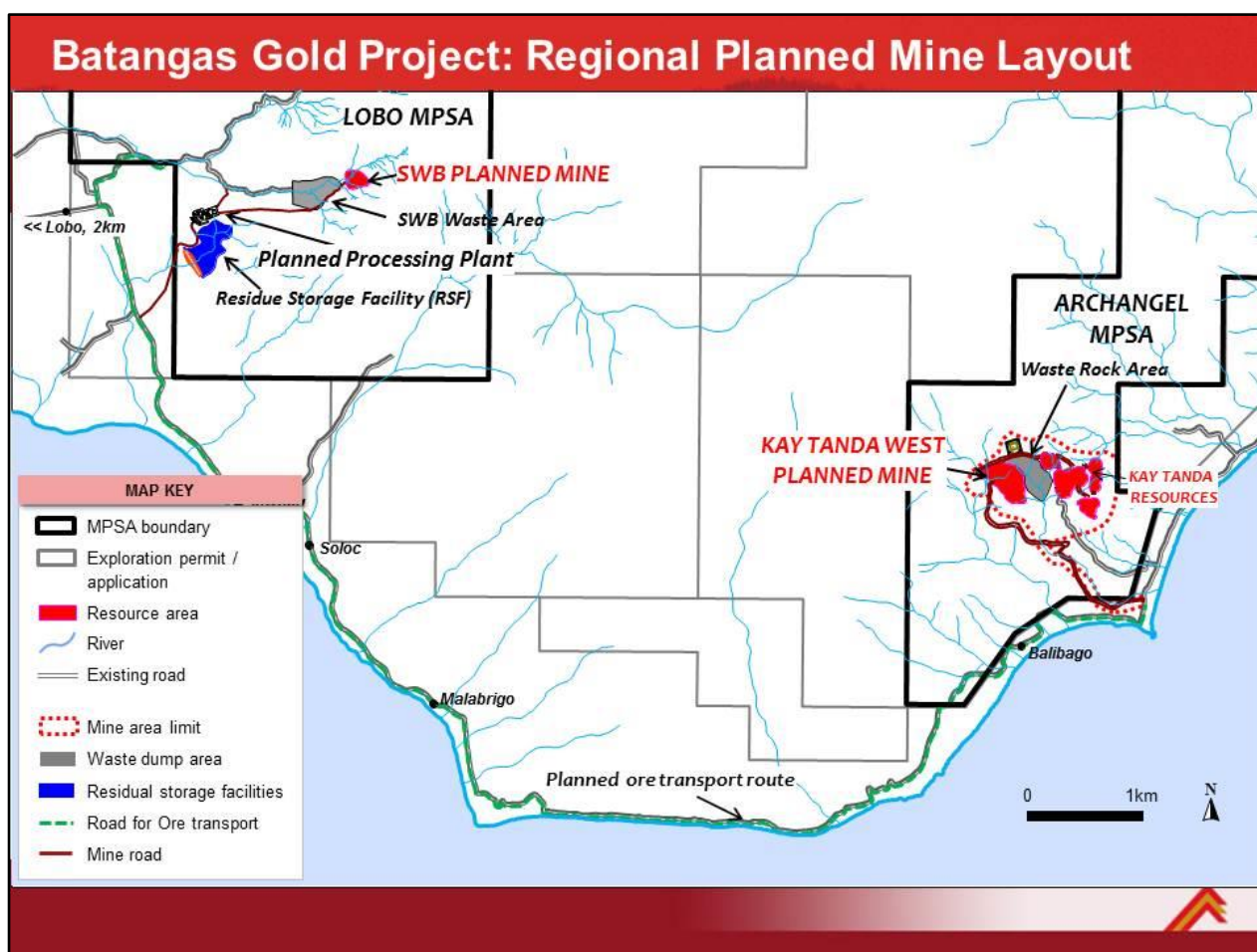


Figure 2: Batangas Gold Project planned mining areas, processing plant and associated infrastructure

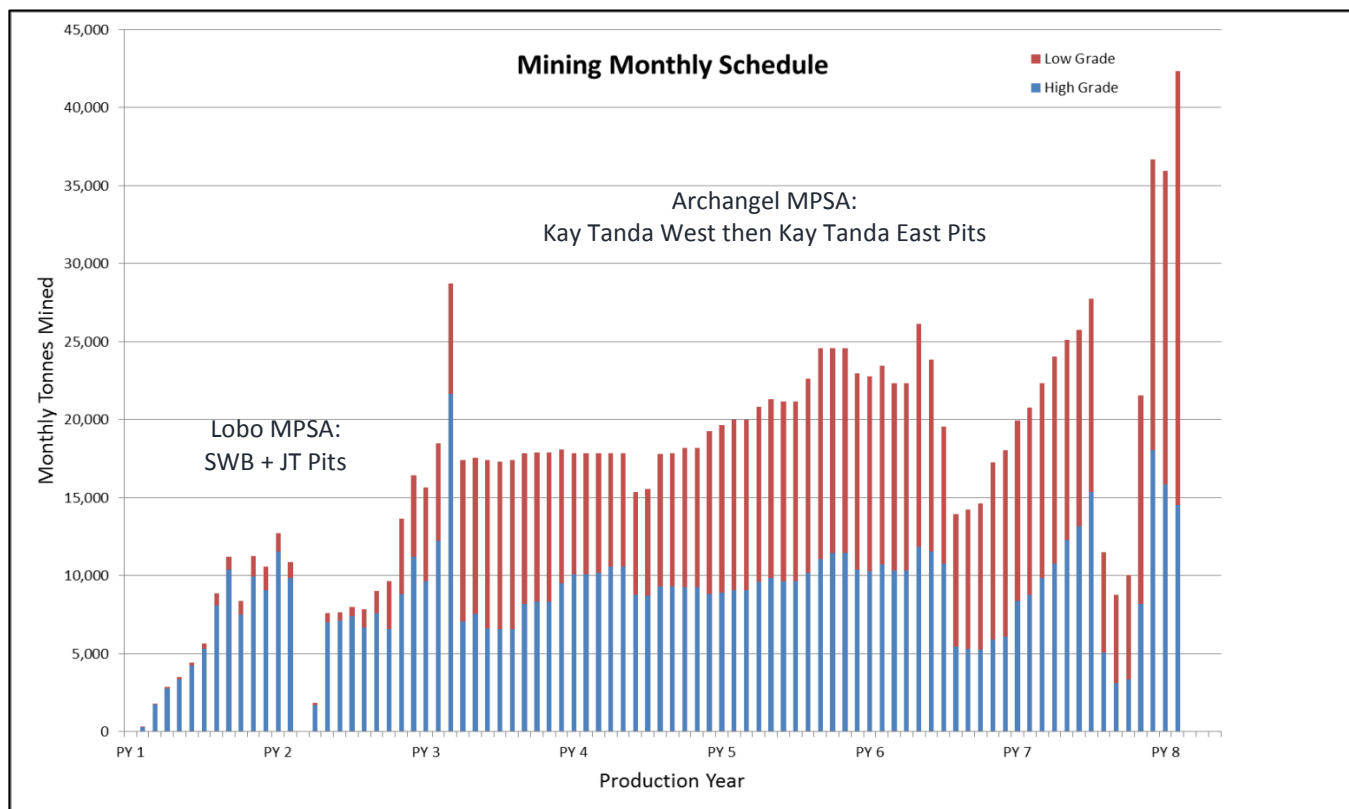


Figure 3: Batangas Gold Project high-grade and low-grade mining schedule

Ore Reserve

The Ore Reserve for the Batangas Gold Project is reported in accordance with the 2012 edition of the JORC Code for “Reporting of Exploration Results, Mineral Resources and Ore Reserves”. The Mineral Resource was converted to Ore Reserve having considered the level of confidence in the Mineral Resource and reflecting modifying factors. The Probable Ore Reserve is based on Mineral Resources classified as Indicated Resources only, and represents the proportion of the Indicated Mineral Resource that lies within the optimised and designed open pits, excluding ore loss.

The table’s 4 and 5 below present a summary of the Ore Reserves (100% project) at a A\$1,700 per oz gold price (US\$ 1,250 at A\$/US\$ 0.74).

The total Probable Ore Reserve for the initial project is 1.44Mt @ 2.6 g/t Au, 9.0 g/t Ag, or 2.8 g/t Au (incl. Ag credits) containing 128,000oz (incl. Ag credits).

Table 4: Batangas Gold Project Ore Reserves (Total), JORC 2012, June 2016

Deposit / Open Pit(s)	Ore Reserve Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz	Au Eq g/t	Au Eq Oz
South West Breccia	Probable	178,000	6.2	36,000	1.8	10,000	6.3	35,800
Japanese Tunnel	Probable	8,000	4.6	1,000	11.0	3,000	4.7	1,200
Total Lobo MPSA	Probable	186,000	6.2	37,000	2.2	13,000	6.2	37,000
Kay Tanda West	Probable	1,068,000	2.2	75,000	11.4	393,000	2.3	80,000
Kay Tanda East	Probable	187,000	1.8	11,000	1.6	10,000	1.8	10,800
Total Archangel MPSA	Probable	1,255,000	2.1	86,000	10.0	403,000	2.3	91,000
Total Batangas Project	Probable	1,441,000	2.6	122,000	9.0	416,000	2.8	128,000

The Probable Ore Reserve includes high-grade ore of 0.75Mt @ 4.0 g/t Au, 9.2 g/t Ag, or 4.2 g/t Au (incl. Ag credits) containing 100,000 oz Au (incl. Ag credits).

Table 5: Batangas Gold Project Ore Reserves (High-Grade), JORC 2012, June 2016

Deposit / Open Pit(s)	Ore Reserve Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz	Au Eq g/t	Au Eq Oz
South West Breccia	Probable	164,000	6.7	35,000	1.8	9,000	6.7	35,200
Japanese Tunnel	Probable	7,000	5.1	1,000	11.7	3,000	5.2	1,200
Total Lobo MPSA	Probable	171,000	6.6	36,000	2.2	12,000	6.6	36,000
Kay Tanda West	Probable	501,000	3.4	54,000	12.6	203,000	3.5	57,000
Kay Tanda East	Probable	74,000	2.8	7,000	1.8	4,000	2.8	6,600
Total Archangel MPSA	Probable	576,000	3.3	61,000	11.2	208,000	3.4	64,000
Total Batangas Project	Probable	746,000	4.0	97,000	9.2	220,000	4.2	100,000

Metallurgy and Processing:

Results from metallurgical testing (at ALS, managed by Como Engineers) on composite samples from the South West Breccia (SWB)/ Japanese Tunnels (JT) and Kay Tanda West (KTW) and Kay Tanda East (KTE) Indicated Resources have been incorporated into PFS cost inputs, metallurgical parameters and CIL recoveries summarised in table 6 below.

Table 6: Batangas Gold Project PFS processing cost inputs and metallurgical parameters and recoveries

PFS METALLURGICAL PARAMETERS	Unit	SWB Ox -Tr	SWB Fresh	KTW Oxide	KTW Trans	KTW Fresh
Tonnage Rate	t/h	12.5	12.5	32.3	32.3	32.3
Au Resource Grade	g/t	7.3	6.2	2.7	2.8	3.3
Au Recovery at Resource Grade	%	85.6	85.6	94.4	91.2	91.3
Ag Recovery at Resource Grade	%	59.7	43.4	68.5	55.2	64.1
Leach Feed P80	µm	45	45	106	106	106
Design Bond Work Index	kWhr/t	21.1	21.1	12.8	12.8	12.8
Power	kW/hr	778	778	872	872	872
Abrasion Index		0.21	0.18	0.07	0.02	0.05
Leach Reagents NaCN	kg/t	0.96	0.96	0.90	1.26	1.79
PFS OPERATING COSTS		SWB Ox -Tr	SWB Fresh	KTW Oxide	KTW Trans	KTW Fresh
COST AREA		\$/tonne	\$/tonne	\$/tonne	\$/tonne	\$/tonne
GENERAL AND ADMINISTRATIVE		\$0.98	\$0.98	\$0.38	\$0.38	\$0.38
TRAVEL AND ACCOMMODATION		\$0.35	\$0.35	\$0.13	\$0.13	\$0.13
PROCESS and MAINTENANCE LABOUR		\$4.82	\$4.82	\$1.87	\$1.87	\$1.87
REAGENTS and OPERATING CONSUMABLES		\$13.59	\$13.13	\$9.63	\$9.35	\$11.67
POWER		\$11.92	\$11.92	\$5.17	\$5.17	\$5.17
MAINTENANCE		\$3.38	\$3.38	\$1.31	\$1.31	\$1.31
TOTAL		\$35.04	\$34.58	\$18.49	\$18.21	\$20.53

The SWB ore requires a fine grind size to liberate gold of 45 micron and a 48 hour leaching time. Consequently SWB ore is processed at rate equivalent to 100,000 tonnes per annum at an average processing cost of A\$ 34.75/t.

The increased recoveries from KTW at a coarser, 106 micron grind and 24 hour leaching time allow for a processing rate of up to 250,000 tonnes per annum. Consequently processing costs for KTW are much lower at A\$ 18.59/t.

The processing plant, to be located at Lobo, includes a preliminary Carbon-in-Leach (CIL) circuit designed by Como Engineers (see Figure 4 below). The cost estimates for the CIL processing plant encompass the following:

- Primary crushing via jaw crusher
- 2 stage grind via SAG and Ball mills
- Hydro-cyclone classification
- Standard CIL circuit comprising 1 leach tank and 6 adsorbers.
- 48hrs residence time SWB/JT and 24 hours for KTW/KTE
- 2.0 t pressure Zadra elution circuit including electrowinning and smelting
- 100kg hr carbon regeneration kiln
- Tailings detoxification circuit via the Inco process
- Tailings thickener for water recovery
- Reagents handling and storage
- Air services
- Water services

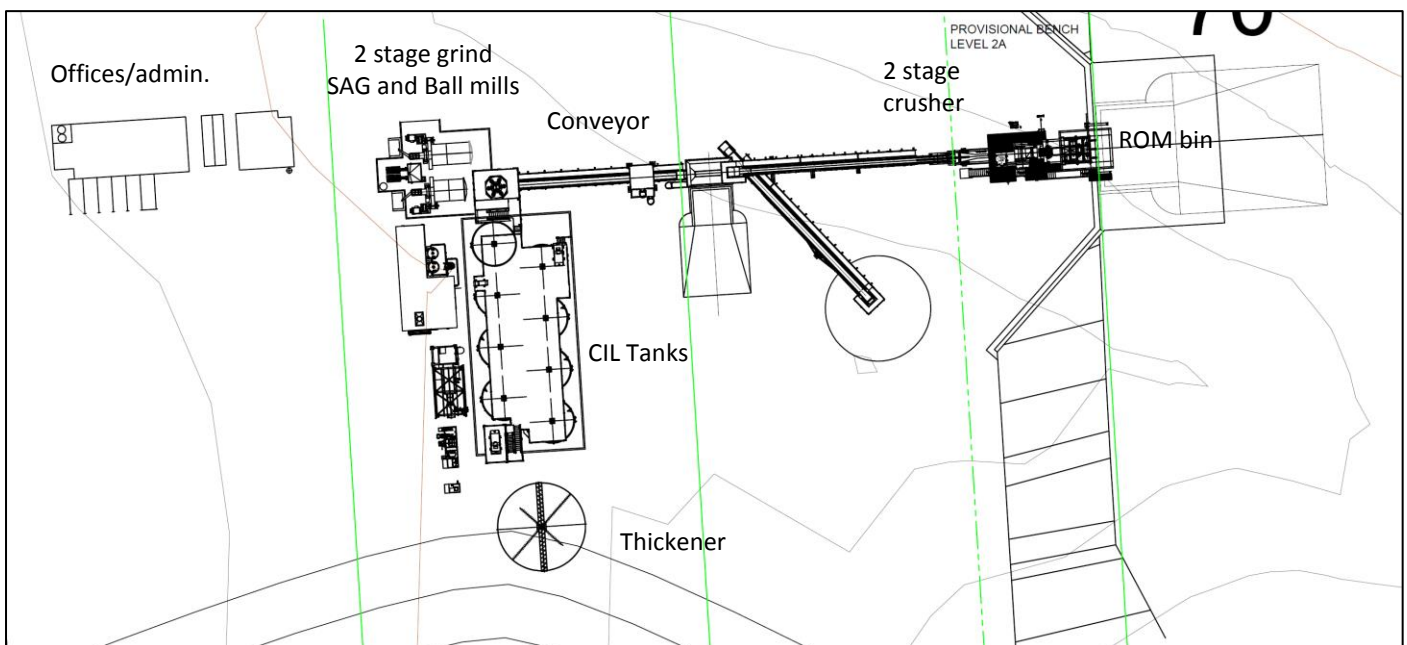


Figure 4: Batangas Gold Project, planned processing plant layout

Process plant residues will be detoxified, thickened then gravity fed to a Residue Storage Facility (RSF) close to the processing plant (See Figure 2).

The estimated capital cost of the processing plant is A\$ 11.4 million, including direct costs of A\$ 9.6 million and EPCM costs of A\$ 1.8 million, as summarized in Table 7 below.

Table 7: Batangas Gold Project PFS capital cost estimates

SUMMARY	MATERIALS & EQUIPMENT	LABOUR	FREIGHT	SUB-TOTAL
EPCM	\$0	\$1,758,800	\$0	\$1,757,800
GENERAL	\$591,000	\$0	\$0	\$591,000
ELECTRICAL	\$954,700	\$409,200	\$5,200	\$1,369,100
PRIMARY CRUSHING	\$847,400	\$81,600	\$13,100	\$942,100
GRINDING	\$1,854,500	\$198,200	\$10,000	\$2,062,800
LEACHING	\$1,148,500	\$170,100	\$21,800	\$1,340,300
ELUTION, GOLDROOM, REGENERATION	\$1,506,600	\$70,100	\$9,000	\$1,585,700
RESIDUE	\$924,100	\$51,900	\$4,800	\$980,800
REAGENTS	\$324,100	\$56,200	\$7,900	\$388,200
SERVICES	\$290,900	\$47,100	\$10,200	\$348,300
TOTAL	\$8,441,800	\$2,842,200	\$82,000	\$11,366,000

Contingency of 5% is added to all capital costs in the financial model.

Capital and operating cost estimates for the processing plant are to an accuracy of +/-25%.

Civils, Infrastructure and Other Costs

It is anticipated a total of 193 personnel will be employed in the Batangas operation, including all mining, processing and other personnel. This includes 190 personnel from the local area and elsewhere in the Philippines, and 3 senior expatriates.

Accommodation for the workforce will be in the nearby Lobo township, with transport by Company bus to the Lobo mine and processing site within 2km to 3km of Lobo or the Archangel mine site approximately 12km east of the Lobo. Site offices and other administration facilities will be shared with the Lobo processing plant, with the exception of mining related facilities.

Permanent access roads will be established to the Lobo and Archangel sites totaling approximately 9km and the existing roads will be refurbished from Lobo to the Lobo mine and processing plant access and to the Archangel mine access, a total distance by road of 15km.

Power generation for the processing plant and associated infrastructure will be via a leased diesel generating facility with 1.3 megawatt generating capacity.

A residue storage facility (RSF) will be established close to the Lobo processing plant with the initial lift catering for 2 years production then a second lift for the remaining 5 years of the initial production plan. A preliminary design of the RSF and other water diversion and siltation control structures have been completed by ATC Williams and earthworks costings produced and compiled by Crystal Sun Consulting.

The RSF will utilise thickened tailings storage methodology, will be lined (HDPE liner) and built to worlds-best-practice environmental and seismic standards. Discharging tailings will be from two discharge points towards the southeast of the process plant. This presents a short distance for pumping thickened slurry. The direction of discharge will be downhill, resulting in a sloping, water shedding operating and final tailings surface. A decant pond will be established immediately below the RSF and potentially contaminated water will be removed from the RSF and settled in the decant pond. Excess water in the decant pond will be treated in order to exceed (be lower than) Philippines discharge standards. The RSF will be capped and rehabilitated with native and agricultural use vegetation at completion of the project.

In addition to the RSF, other water diversion facilities and siltation control facilities will be established at both Lobo and the Archangel MPSA mining areas. These structures are costed as summarised in table 8 below:

Table 8: Batangas Gold Project civil works estimates for the RSF, other water diversion facilities and siltation control facilities

CIVIL WORKS PRELIMINARY ESTIMATE	AUD	USD
LOBO MPSA		
SWB ROADS	1,253,100	914,000
SWB DRAINS	430,500	314,000
SWB PLANT PAD / ROM / LAYDOWN	878,800	641,000
SWB RSF EMBANKMENT	1,942,700	1,417,000
SWB DECANT POND	486,700	355,000
SWB WASTE & SILT DAMS	139,800	102,000
SWB PAVEMENT	364,700	266,000
SWB DECANT POND HDPE LINER	756,800	552,000
SUB-TOTAL LOBO/SWB	6,253,000	4,561,000
ARCHANGEL MPSA		
KTA ROADS	1,569,800	1,145,000
KTA DRAINS	464,800	339,000
KTA MINE PAD / LAYDOWN / STOCKPILE	111,000	81,000
KTA WASTE & SILT DAMS	163,100	119,000
KTA PAVEMENT	995,300	726,000
SUB-TOTAL ARCHANGEL/KAY TANDA	3,304,000	2,410,000
TOTAL	9,557,000	6,971,000

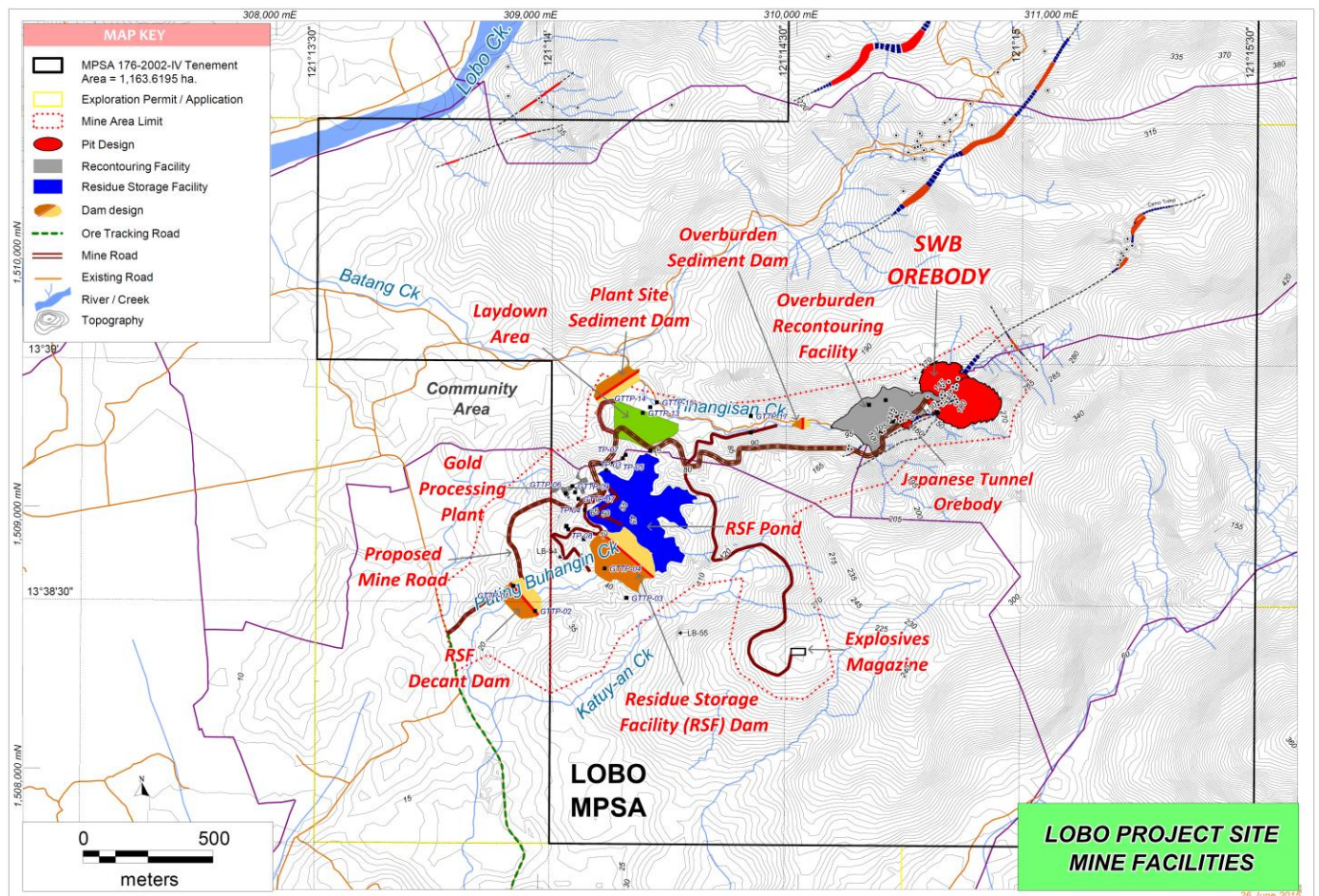


Figure 5: Batangas Gold Project, Lobo site, planned mining, processing and associated infrastructure

Capital Costs

The capital expenditure required to first gold production totals A\$ 22 million (US\$ 16.2 million), including initial land access costs, processing plant contingency, value added taxes (VAT) and duties, net of vendor payments and infrastructure residual value as summarised in table 9 below. Financing costs are not included.

The sustaining capital life of mine totals A\$ 6.3 million (US\$ 4.6 million), including Archangel roads and earthworks, additional RSF lift and mine closure rehabilitation (FMRDP).

Table 9: Batangas Gold Project PFS pre-production and sustaining capital cost estimates

Capital Cost Estimate	Pre Production	Sustaining	Pre Production	Sustaining
	A\$ 000's	A\$ 000's	US\$ 000's	US\$ 000's
Land Access	2,285		1,680	-
Processing Plant inc. Contingency	11,366	In Opex	8,357	In Opex
Site Infrastructure				
Residue Storage Facility	2,346	1,315	1,725	967
Site Preparation Earthworks	2,542	3,278	1,869	2,410
Building Construction and Fitout	918	-	675	-
Vehicles and Mobile Equipment	978	-	719	-
Power Connection (Diesel, lease)	351	-	258	-
Contingency	1,039		764	-
Mine Rehabilitation (FMRDP)		1,502	-	1,104
Total Development Capex	21,825	6,095	16,048	4,481
VAT and Duties	1,310	127	963	93
Total Project Development and Sustaining Capital	23,135	6,222	17,011	4,575
Net payments and capital cost recovery credits	1,168		859	0
Total Capital	21,967	6,222	16,152	4,575

This capital expenditure estimate assumes that the majority of plant and equipment is purchased new. There is an opportunity of purchasing refurbished second hand equipment and/or the opportunity to carry out a higher proportion of construction locally using the high quality engineering and construction facilities at nearby Batangas.

Operating Costs

A breakdown of the C1 operating cost estimate, totaling A\$ 999 per recovered ounce (US\$ 735 /oz) (incl. Ag credits) for the Batangas Gold Project life of mine, are presented below:

Table 10: Batangas Gold Project PFS operating costs summary

Life of Mine Operating Costs per Tonne	A\$/t processed	US\$/t processed
Mining and Rehandle	49.83	36.64
Plant and Processing	20.81	15.30
Technical & Administration	6.16	4.53
Total	76.79	56.46
Life of Mine Operating Costs per Ounce Recovered	A\$ / Oz equ.	US\$ / Au equ.
Mining and Rehandle	\$621	\$456
Plant and Processing	\$259	\$191
Technical & Administration	\$77	\$56
Total Site Costs/oz	\$957	\$703
Additional costs including royalties, refining and net silver credits	\$43	\$31
Total C1 Costs / oz (incl. silver credits)	\$999	\$735

Permitting

The key permitting requirements to allow development of the Batangas Gold Project are the grant of the Environmental Compliance Certificate (**ECC**) by the Environmental Management Bureau (**EMB**) and approval of the Declaration of Mining project Feasibility (**DMF**) by the Secretary of the Department of Environment and Natural Resources (**DENR**) of the Philippines government. The key steps to complete permitting of the Batangas Gold Project are as follows:

- i) Environmental Compliance Certificate (ECC) – final review of the Environmental Impact Statement (**EIS**) submitted 10 June 2016, by the EMB Review Committee then approval of the ECC by the EMB.
- ii) Re-endorsement of the Project by the Lobo Municipal Council, to go with the maintained endorsement of the 10 Barangay (township) councils. Also seek Provincial government endorsement.
- iii) Declaration of Mining project Feasibility (DMF) – additional technical work including geotechnical drilling during 2016 then re-submit DMF to Mines and Geosciences Bureau (**MGB**), for final technical review and recommendation to be signed by the Secretary of the DENR.
- iv) Secure land agreements (costed in PFS).
- v) Regional and other local permits.
- vi) Final approval (DMF signed, all local permits, landholder agreements).

The Company has concluded that it has a reasonable basis for concluding that given the stage of development of the Batangas Gold Project, that the granting of the ECC is a question of due process and timing, rather than of substance. Following the issue of the ECC and two of the three LGU endorsements, the DMF will be elevated from the regional office of the MGB where it was submitted with supporting documentation in March 2014, to the central office of the MGB for final assessment and approval and signing by the Secretary of the DENR.

Conclusions and Next Steps

Based on the PFS demonstrating a potential low-cost, viable Batangas Gold Project development, the BJV will now seek to complete the additional technical work required to finalise the Definitive Feasibility Study (DFS).

In parallel with completion of the DFS, the BJV will seek to complete all final permits and approvals to allow development of the Project.

The BJV partners will continue financing discussions with identified debt providers that have already expressed interest in funding development of the Project.

The opportunity exists to increase reserves and confirm an expanded 10 year mining plan through drilling (subject to the approval of the MGB) and conversion of Inferred Resources in the vicinity of optimised open-pits and to also test immediate high-grade gold targets within the 14 km of identified epithermal structures on the Lobo MPSA.

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About Red Mountain Mining Limited and the Batangas Gold Project

Red Mountain Mining Ltd (ASX:RMX) is a gold exploration and development company which listed on the ASX in September 2011. The Company's strategy is to unlock the potential of 'under-developed' gold and polymetallic projects in the greater Asian region by introducing Australian exploration and mining methods and improving efficiencies to gain significant exploration and production upside.

The Company holds a direct and indirect contractual right interest in tenements in the Philippines that contain significant gold resources totalling Indicated and Inferred 6.19 million tonnes at 2.2 g/t Au for 444,000oz Au (JORC 2012, see ASX announcement 30 June 2014).

The Company's objectives include development of gold production at the Batangas Gold Project, while continuing to focus on increasing the mineral resource base.

The Company announced a new Strategic Financing Agreement (the Agreement) with Bluebird Merchant Ventures Ltd (BMV) on 15 October 2015. The Agreement includes a two stage funding arrangement totaling up to USD5.5M, that will earn BMV up to 50.1% of wholly owned subsidiary, Red Mountain Mining Singapore Ltd (RMMS), that holds the Company's interests in the Batangas Gold Project in the Philippines, with the project to operate under an Incorporated Joint Venture (Batangas JV).

Stage 1 funding of USD1.7M under the Agreement has earned BMV 25% of RMMS and has allowed the JV to complete a Pre-Feasibility Study (PFS) (see this ASX release, 15 June 2016). Based on the results of the PFS confirming low capital and operating costs and recovery of over 116,000 ounces of gold during the initial 7 years of a 10 year production plan, the JV will now proceed to complete a Definitive Feasibility Study (DFS) on the project.

Final permitting to allow development of the Batangas Gold Project is being progressed through the Philippines Government approval process.

The Company is also on the lookout for other advanced gold development and exploration opportunities, with a particular focus on Australia, which will be reviewed on a continuous basis.

APPENDIX 1: Forward Looking and Cautionary Statements, Competent Persons Statements

Cautionary Statement

The Probable Ore Reserves and the production targets in the PFS referred to in this announcement are derived from optimised and designed open pits based on Indicated Resources only. The Probable Ore Reserves provide 100% of the total planned production schedule and financial projections. There is no dependence of the outcomes of the PFS on non-Ore Reserve material contained within the optimised and designed open pits. All cash flows are undiscounted, unless otherwise stated, and are not subject to inflation/escalation factors. The PFS has been prepared to an overall level of accuracy of approximately +/- 25%. The production targets referred to in this announcement are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets, will be realised. All material assumptions underpinning production targets or forecast financial information derived from production targets continue to apply and have not materially changed. The Company has concluded that it has a reasonable basis for providing forward looking statements included in this announcement, including with respect to any production targets and financial estimates, based on the information provided in this announcement .

Competent Person Statement

The information in this report relating to Ore Reserves is based on information compiled by Dallas Cox of Crystal Sun Consulting, Mr Cox is a Member of The Australasian Institute of Mining and Metallurgy. Mr Cox has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code or Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cox consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The historic information in this report relating to Mineral Resources is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale is a full time employee and Managing Director of Red Mountain Mining Ltd. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed.

Forward Looking Statements

This announcement contains certain forward looking statements. These forward looking statements are not historical facts but rather are based on Red Mountain Mining's current expectations, estimates and projections about the industry in which Red Mountain Mining operates, and beliefs and assumptions regarding Red Mountain Mining's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Red Mountain Mining, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Red Mountain Mining cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Red Mountain Mining only as of the date of this report. The forward looking statements made in this report relate only to events as of the date on which the statements are made. Red Mountain Mining will not undertake any obligation to release publicly any revisions or updates to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this report except as required by law or by any appropriate regulatory authority.

This announcement has been prepared in compliance with the JORC code (2012) and the current ASX listing rules.

APPENDIX 2: JORC Code 2012 Table 1
Section 4: Estimation and Reporting of Ore Reserves

The Company has relied upon its previously reported information, in particular the announcement of 30 June 2014, in respect of the matters related to Sections 1 (Sampling), 2 (Exploration Results) and 3 (Mineral Resources). Criteria listed in that release in Section 1, and where relevant in sections 2 and 3, also apply to this section 4).

Criteria	JORC Code (2012) explanation	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<p><i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i></p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p>	<p>The Mineral Resource estimate used as a basis for the conversion to an Ore Reserve was released 30 June 2014 by RMX and includes Table 1, Sections 1,2 and 3 that summarise the criteria applied to the Mineral Resource estimate.</p> <p>Confidence in the kriged estimate is associated with drillhole coverage, analytical data integrity, and kriging efficiency. Specifically, kriging efficiencies above 50% were considered appropriate for an Indicated Mineral Resource category of classification.</p> <p>The block models that form the basis of the kriged Mineral Resource estimates for South West Breccia, Japanese Tunnels and Kay Tanda (West and East), developed/endorsed by Optiro were used as a basis for the ore reserve determination.</p> <p>The Mineral Resource estimate appropriately reflects the view of the Competent Persons.</p> <p>The Mineral Resources are reported inclusive of the Ore Reserve.</p>
<i>Site visits</i>	<p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.</i></p>	<p>The Ore Reserve estimate has been compiled by Competent Person, Mr Dallas Cox of Crystal Sun Consulting.</p> <p>Mr Cox has visited the South West Breccia site on 5 occasions between 2010 and 2015. Mr Cox has visited the Kay Tanda site on 7 occasions between 2007 and 2015 for the purpose of assessing physical constraints and practical considerations required for mine design, evaluation and cost estimation aspects.</p>
<i>Study status</i>	<p><i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i></p>	<p>Pre-Feasibility Study (PFS) completed by RMX 15 June 2016.</p>
<i>Cut-off parameters</i>	<p><i>The basis of the cut-off grade(s) or quality parameters applied.</i></p>	<p>Cutoff grades derived and applied to South West Breccia reserve for Oxide/Transitional and Fresh ore were 1.15 and 1.20 Au g/t respectively.</p> <p>Cutoff grades derived and applied to Kay Tanda reserve for Oxide/Transitional and Fresh ore were 0.90 and 0.95 Au g/t respectively.</p>

Criteria	JORC Code (2012) explanation	Commentary
Mining factors or assumptions	<p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p> <p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p>	<p>Pit optimisation, mine design, Road design, Dump design, and Mine Operating costs used in this study were carried out or derived by Dallas Cox of Crystal Sun Consulting</p> <p>The Batangas Gold Project will involve conventional open pits, selective mining method, using mining, drilling, blasting and ore haulage contractors. The initial mine development to South West Breccia pit will involve the construction of access roads using small excavators and dozers.</p> <p>Mining will be carried out on 2.5 metre benches. The mining fleet will consist of 40-50 tonne excavators in backhoe configuration, loading 35-40 tonne payload articulated dump trucks, an hydraulic drill rig and ancillary fleet for dump management and road maintenance. Ore and waste will be blasted using ammonium nitrate explosives or packaged explosives depending on wet ground conditions. Some free digging is anticipated in the upper zones of the topographic profile.</p> <p>Drilling and blasting will be performed on 5 metre high benches, with blasted material excavated in two 2.5 metre flitches</p>
	<p><i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i></p>	<p>The pit slope assumptions used for pit optimisation and pit design were provided or endorsed by RDCL consultants.</p>
	<p><i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i></p> <p><i>The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used.</i></p>	<p>Overall pit slopes at South West Breccia and Japanese Tunnels varied between 43 and 55 degrees. Overall pit slopes at Kay Tanda varied between 44 and 49 degrees.</p> <p>Mining dilution of 15% has been applied to South West Breccia ore due to the geometry of the orebody. At Kay Tanda, mining dilution of 5% has been applied to ore. Dilution grade of 0.5 Au g/t has been applied to dilution material at both deposits</p>
Mining factors or assumptions	<p><i>The manner in which Inferred Mineral Resources are utilized in mining studies and the sensitivity of the outcome to their inclusion.</i></p>	<p>No Inferred Resource material has been included in the mining study, mining schedule, processing schedule or the Ore reserve.</p>
	<p><i>The infrastructure requirements of the selected mining methods.</i></p>	<p>All equipment utilised in the mining fleet is diesel powered.</p>
Metallurgical factors or assumptions	<p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p> <p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of</i></p>	<p>The Carbon in Leach (CIL) processing method has been proposed based on extensive metallurgical testing results completed to date, and in particular testing by ALS as part of this PFS.</p> <p>The processing and metallurgical assumptions were provided by Como Engineers following extensive metallurgical test work. Gold and</p>

Criteria	JORC Code (2012) explanation	Commentary
	<p><i>the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i></p> <p><i>Any assumptions or allowances made for deleterious elements.</i></p> <p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	<p>silver recovery equations were applied to the respective block model grade items for use in the pit optimisation procedures and the processing schedule.</p> <p>Large (50kg) composite samples utilised for variability work. No pilot scale test work.</p>
Environmental	<p><i>The status of studies of potential environmental impacts of the mining and processing operation.</i></p>	<p>Extensive Environmental Impact Statement (EIS) submitted to the Philippines government for approval.</p> <p>During the ECC baseline studies and PFS environmental study program, potential acid rock drainage (ARD) has been identified as a consideration during waste disposal. Environmental analysis of drill core carried out during the metallurgical and environmental investigation programs for the PFS have determined non acid generating (NAG) and potentially acid forming (PAF) regions of rock in each pit. NAG-ph testing of blasthole samples will allow correct assignment of waste according to the agreed ARD waste dump formation protocols; and as to whether particular parcels of waste rock will be suitable for use as encapsulating material, or if they need to be encapsulated to prevent ARD.</p> <p>Rainfall and smaller catchment size were considerations in locating the RSF at Lobo rather than at Kay Tanda.</p> <p>Clean water runoff from mine operations will be diverted and collected in sedimentation traps and catch dams for decanting. Some of this water will be used in mine operations for process makeup water and dust suppression. The sedimentation pond will be used to buffer rainfall and release. It will take up heavy rainfall events preventing downstream floods and will then release the stored water after decanting of silt to provide a constant outflow. All water released will be released in a controlled fashion and will be compliant with Philippines water discharge standards.</p>

Criteria	JORC Code (2012) explanation	Commentary
	<p><i>Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i></p>	<p>Mine water will be pumped to the Residue Storage facility, process ponds or decanting ponds. All water from the Residue Storage Facility will pass through the decanting pond where all remaining silt will be settled and the water will be checked for compliance with chemical requirements, and treated if necessary, before controlled release in compliance with Philippines water discharge standards.</p> <p>The mine plan including water management, waste management and ARD considerations is currently undergoing permitting as part of the ECC process. These plans will later be defended as part of the DMPF permitting process.</p> <p>Waste rock characterization including Acid Mine Drainage potential completed by Terrachem consulting group.</p> <p>Waste and residues properties testing by ATC Williams for the RSF design.</p> <p>The EIS that has been submitted includes detailed assessment of the residue storage, waste dumps sites and water and waste management plan. The final EIS has been submitted for approval of the Environmental Compliance Certificate (ECC).</p>
<p><i>Infrastructure</i></p>	<p><i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i></p>	<p>Land is classified as “Tax paid land” owned by the Philippines government and occupied by local land holders. Access agreements are established for exploration. However purchase and/or lease and compensation agreements will be required to establish infrastructure and are in the process of negotiation and will be finalised in parallel with completion of the permitting process.</p> <p>Accommodation for the workforce will be in the nearby Lobo township, with transport by Company bus to the Lobo mine and processing site within 2km to 3km of Lobo or the Archangel mine site approximately 12km east of the Lobo. Site offices and other administration facilities will be shared with the Lobo processing plant, with the exception of mining related facilities.</p> <p>Permanent access roads will be established to the Lobo and Archangel sites totaling approximately 9km and the existing roads will be refurbished from Lobo to the Lobo mine and</p>

Criteria	JORC Code (2012) explanation	Commentary
		<p>processing plant access and to the Archangel mine access, a total distance by road of 15km. Power generation for the processing plant and associated infrastructure will be via a leased diesel generating facility with 1.3 megawatt generating capacity and operating costs of US\$0.24 (A\$0.27) per kw hour. There is an opportunity to utilise grid power from Batangas by extending high voltage facilities within 30km's of the processing plant site.</p>
Costs	<p><i>The derivation of, or assumptions made, regarding projected capital costs in the study</i></p>	<p>All capital costs are based on market rates at the time of the study and assume that all equipment is purchased new. Process engineering design capital costs provided by Como Engineers . The capital cost estimate including all direct and indirect costs The Pre-Feasibility Study capital and operating costs are to an accuracy of +/- 25%. Waste, residue and water storage design and earthworks capital costs derived by ATC Williams and Crystal Sun Consulting. Civil Capital costs were developed using current estimates for locally supplied consumables, materials and equipment. These were used in conjunction with physical quantity estimates developed by Crystal Sun Consulting and ATC Williams for site access roads, drains, siltation dams, ponds and staged embankments. The preliminary quotations from suppliers were current as of May 2016. Other cost inputs e.g. power, administration and accommodation by owners team and based on quotes from local suppliers. Contingency of 5% applied to all capital costs in the study.</p>
Costs	<p><i>The methodology used to estimate operating costs.</i></p>	<p>Process engineering design operating costs provided by Como Engineers. Detailed cost estimates were completed for a processing plant facility capable of treating both ore deposits. The operating costs were derived using the design criteria, the equipment list, vendor quotations and historical data from Como Engineers' database. The operating costs for processing have been calculated from the ROM bin to gold dore' to detox tailings discharge. The Pre-Feasibility Study capital and operating costs are to an accuracy of +/- 25%. General and Administration Costs were estimated using a matrix of similar costs experienced in similar mines within the</p>

Criteria	JORC Code (2012) explanation	Commentary												
		<p>Philippines that have started or carried out feasibility studies in recent years. Some costs were derived directly from potential suppliers by requesting 2 or 3 quotations. The preliminary supplier quotations were current as of May 2016.</p> <p>Mining operating costs were estimated based on provision of preliminary quotations by local equipment suppliers, explosives supplier, fuel supplier, drilling, mining and haulage contractors. The cost estimates were derived from first principles by Crystal Sun Consulting using operating hours and physical quantities that were generated from the PFS mining schedule. The preliminary supplier quotations were current as of May 2016.</p>												
	<i>Allowances made for the content of deleterious elements.</i>	N/A												
	<i>The source of exchange rates used in the study.</i>	Exchange rate prevailing at the time of release of the study, 15 June 2016.												
	<i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> <i>Derivation of transportation charges.</i> <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> <i>The allowances made for royalties payable, both Government and private.</i>	<p>Ore transportation costs derived from on-site trucking trials.</p> <p>Gold transport and refining charges based on quote from refinery (Hong Kong).</p> <p>Government royalties and local taxes based on the requirements under Philippines regulations, including the 2% excise tax as well as other local and regional and central royalties, fees and taxes.</p> <p>In addition a 1% royalty is payable on all metals produced to the vendors (Egerton Gold Philippines Inc.) original shareholders.</p>												
Revenue factors	<i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i>	<p>Revenue factors:</p> <ul style="list-style-type: none"> - head grade: derived from mining schedule with dilution factors applied. - Gold and silver spot prices applied to the PFS financial model discounted to the price prevailing at the time of release of the study (15 June 2016), from Kitco.com. A gold price of A\$ 1,700 / US\$ 1,250 has been applied to the PFS financial model. - Exchange rates applied to the PFS financial model as prevailing at the time of release of the study (15 June 2016). <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Conversion rates</th> <th style="text-align: center;">vs USD</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">AUD</td> <td style="text-align: center;">0.74</td> </tr> <tr> <td style="text-align: center;">USD</td> <td style="text-align: center;">1.00</td> </tr> <tr> <td style="text-align: center;">EUR</td> <td style="text-align: center;">1.13</td> </tr> <tr> <td style="text-align: center;">PHP</td> <td style="text-align: center;">0.0216</td> </tr> <tr> <td style="text-align: center;">GBP</td> <td style="text-align: center;">1.44</td> </tr> </tbody> </table>	Conversion rates	vs USD	AUD	0.74	USD	1.00	EUR	1.13	PHP	0.0216	GBP	1.44
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		- Gold transport and refining charges based on quote from refinery (Hong Kong).
<i>Market assessment</i>	<p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p> <p><i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i></p>	There is a transparent market for the sale of gold and silver by product.
<i>Economic</i>	<p><i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<p>Cash flow modeling including discounted and undiscounted, non-escalated, and sensitivity analysis completed to evaluate economic potential of the mining and processing of the Ore Reserve.</p> <p>Key economic inputs including prevailing gold price, exchange rate and cost inputs derived from current market rates. Discount rate of 5% applied to NPV calculation derived from market rates applying to investments in the Philippines and reflecting market practice for gold mining operations.</p> <p>The sensitivity to gold price assumptions shows a reduction of 6% reduces the NPV by 36% or an increase of 6% increases the NPV by 36%.</p>
<i>Social</i>	<p><i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i></p>	<p>The Batangas Gold Project has been endorsed by the ten Barungay (township) councils in the vicinity of the proposed project and reflects the support of the local communities and the social licence to moderate developed over 15 years of continual presence and community relations activities by the Company's subsidiaries.</p> <p>The company has dealt with 2 local landowner groups on a lease and payment for access basis for 15 years.</p> <p>Land is classified as "Tax paid land" owned by the Philippines government and occupied by local land holders. Access agreements are established for exploration. However purchase and/or lease and compensation agreements will be required to establish infrastructure and are in the process of negotiation and will be finalised in parallel with completion of the permitting process.</p>
<i>Other</i>	<i>To the extent relevant, the impact of the following</i>	The impact of the following on the project

Criteria	JORC Code (2012) explanation	Commentary
	<p><i>on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <p><i>Any identified material naturally occurring risks.</i></p> <p><i>The status of material legal agreements and marketing arrangements.</i></p> <p><i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	<p>and/or on the estimation and classification of the Ore Reserves:</p> <ul style="list-style-type: none"> - Identified naturally occurring risks considered in design, e.g. seismic and typhoon. - The status of material legal agreements and marketing arrangements: original vendor agreements, share sale agreement from Mindoro to RMX and new JV agreement with Bluebird are in good standing with no warranty breaches. - The status of governmental agreements and approvals critical to the viability of the project: The Ore Reserves lie within granted MPSA's (equivalent to Mining Leases), granted in 2002 for a 25 year term. Government and statutory approvals: The Company has concluded that it has a reasonable basis for concluding that given the stage of development of the Batangas Gold Project, that the granting of the ECC is a question of due process and timing, rather than of substance. Following the issue of the ECC and two of the three LGU endorsements, the DMF will be elevated from the regional office of the MGB where it was submitted with supporting documentation in March 2014, to the central office of the MGB for final assessment and approval and signing by the Secretary of the DENR. - The materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent: The Company has endorsement from the group of ten key Barangay Councils (ASX release 23 January 2015), and had also received Lobo Municipal Council endorsement (ASX release 20 May 2015). The Company has been notified that the Lobo Municipal Council had withdrawn its previous endorsement for the Project in July 2015 citing some environmental and "social acceptability" concerns. The Company is addressing these concerns and will re-submit to the new Lobo Municipal Council for endorsement, immediately following taking office 1 July 2016. The Company believes that achievement of the ECC will significantly assist in re-gaining endorsement from the Lobo Municipal

Criteria	JORC Code (2012) explanation	Commentary
		Council and also the support of the Batangas Provincial Government.
<i>Classification</i>	<p><i>The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p> <p><i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<p>Probable Ore Reserve based on 100% Indicated resources that lie within the optimised and designed open-pit boundaries, optimised on the basis of Indicated Resources. No Inferred Resources included.</p> <p>The result appropriately reflects the Competent Person's view of the deposit.</p>
<i>Audits or reviews</i>	<i>The results of any audits or reviews of Ore Reserve estimates.</i>	Independent sign-off by Competent Person Dallas Cox.
<i>Discussion of relative accuracy/ confidence</i>	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></p>	<p>The relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person is + or – 15%. Applicable to all local and global Ore Reserve estimates.</p> <p>In the opinion of the Competent Person the economic, metallurgical and geotechnical assumptions applied in the procedures associated with estimating the Probable Ore Reserve are reasonable</p> <p>Gold price and exchange rate assumptions are subject to market forces and are an area of uncertainty</p> <p>There are reasonable prospects to anticipate that relevant legal, environmental and statutory approvals will be granted</p> <p>The impact of ore transport from Kay Tanda and social approval to operate are areas of uncertainty</p> <p>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage: Modifying factors such as dilution and ore-loss assumptions have been considered in determining the accuracy and level of confidence as well as mining method and metallurgical recovery and processing inputs.</p> <p>Additional geotechnical drilling is required to accurately determine pit slope assumptions for the DFS.</p>