

RED MOUNTAIN MINING LTD

ACN 119 568 106

PROSPECTUS

For the offer of:

- (a) up to 30,826,733 Bonus Options to Eligible Recipients on the basis of one (1) Bonus Option for every three (3) Exercised Options, with each Bonus Option exercisable at \$0.011 on or before 2 October 2022 (**Eligible Recipient Offer**); and
- (b) a conditional offer of 2,166,666 Bonus Options to the Related Parties on the basis of one (1) Bonus Option for every three (3) Exercised Options, with each Bonus Option exercisable at \$0.011 on or before 2 October 2022 (**Director Offer**). The Director Offer is subject to the receipt of approval of Shareholders at the Company's 2021 Annual General Meeting.

No funds will be raised from the issue of Bonus Options under this Prospectus.

This Prospectus is being issued primarily to ensure that the Bonus Options issued by this Prospectus to the Eligible Recipients and the Related Parties satisfy the requirements to enable those Bonus Options to be freely traded on ASX from the date of issue. This Prospectus will be distributed only to Eligible Recipients (refer to Section 3.1). NO PERSON SHOULD SUBSCRIBE FOR BONUS OPTIONS UNDER THIS PROSPECTUS UNLESS DIRECTED TO DO SO BY THE COMPANY.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Bonus Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Bonus Options offered by this Prospectus should be considered as speculative.

IMPORTANT NOTICE

This Prospectus is dated 2 September 2021 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Bonus Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options offered by this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for offers of options to acquire continuously quoted securities and continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant,

financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Bonus Options under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

No offering where offering would be illegal

This Prospectus does not, and is not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such offers or to issue this Prospectus. In particular this document may not be distributed to any person, and the Bonus Options may not be offered or sold, in any

country outside Australia and New Zealand.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Bonus Options.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Please refer to Section 7.2 for further details.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.redmountainmining.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 (8) 6381 0054 during office hours or by emailing the Company at mp@miradorcorporate.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of

those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Risk Factors

Prospective investors and Shareholders should be aware that there are a number of risk factors that may influence the performance of the Company and the value of its securities. The key risk factors of which prospective investors and Shareholders should be aware are set out in Section 6. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Bonus Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Prospective investors and Shareholders should consider consulting their professional advisers in relation to the issue of Bonus Options pursuant to this Prospectus.

Taxation implications

The Directors do not consider it appropriate to give investors advice regarding the taxation consequences in relation to the issue of Bonus Options under this Prospectus.

The Company, its officers and its advisers do not accept any responsibility or liability for any taxation consequences to investors.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead,

investors will be provided with statements (similar to a bank account statement) that set out the number of Bonus Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 9.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at

the relevant contact details set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the settlement rules of the securities clearing house which operates CHES. You should note that if you do not provide the information required on your application for Bonus Options under this Prospectus, the Company may not be able to accept or process your application.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks.

All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Enquiries

If you are unclear in relation to any matters raised in this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. Should you have any questions in relation to the Offers or how to accept the Offers please contact the Company Secretary on +61 (8) 6381 0054.

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1. CORPORATE DIRECTORY

Directors

Jeremy King
Non-executive director

Lincoln Ho
Non-executive director

Robert Parton
Non-executive director

Company Secretary

Mauro Piccini

Registered Office

Suite 2, Level 1,
1 Altona Street
WEST PERTH WA 6005

Telephone: +61 (8) 6381 0054

Website:
www.redmountainmining.com.au

ASX Code

RMX

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

RSM Australia Partners
Level 32, 2 The Esplanade
PERTH WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
Level 11,
172 St Georges Terrace,
PERTH WA 6000

Telephone: 1300 850 505

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. INDICATIVE TIMETABLE

| Action | Date |
|---|------------------|
| Announcement of Offer | 8 June 2021 |
| Announcement of number of Exercised Options | 19 July 2021 |
| Lodgement of Prospectus with the ASIC and ASX and release of Appendix 3B to ASX | 2 September 2021 |
| Dispatch of Prospectus to Eligible Recipients and Related Parties | 6 September 2021 |
| Opening Date of Eligible Recipient Offer and Director Offer | 9 September 2021 |
| Closing Date of Eligible Recipient Offer | 1 October 2021 |
| Issue of Bonus Options under the Eligible Recipient Offer | 5 October 2021 |
| Quotation of Bonus Options issued under Eligible Recipient Offer | 6 October 2021 |
| Closing Date of Director Offer | 30 November 2021 |
| Issue of Bonus Options under the Director Offer | 2 December 2021 |
| Quotation of Bonus Options issued under Director Offer | 3 December 2021 |

Dates may change

The above dates are indicative only and are subject to change. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Any extension of the Closing Date(s) may have a consequential effect on the issue date of the Bonus Options. The Company also reserves the right not to proceed with the Offers at any time.

3. DETAILS OF THE OFFERS

3.1 Background

As announced by the Company on:

- (a) 8 June 2021, the Company has agreed to offer one free (1) Bonus Option for every three (3) of the Company's listed options which were:
 - (i) then on issue; and
 - (ii) exercised by holders in accordance with their terms (**Exercised Options**) prior to their expiry. The ASX code for the Exercised Options was RMXOI; and
- (b) 19 July 2021, the Company had received \$791,974 via the exercise of 98,989,196 Exercised Options.

The remaining RMXOI options (being an aggregate of 39,653,661 RMXOI options) lapsed on 14 July 2021 unexercised.

Accordingly, the Company hereby agrees to issue an aggregate of 32,996,399 free Bonus Options to all parties who exercised their Exercised Options (**Eligible Recipients**), on the basis of one free (1) Bonus Option for every three (3) Exercised Options.

Given none of the exceptions outlined in ASX Listing Rule 10.12 apply to the issue of the Bonus Options to the Related Parties, or parties related to the Related Parties, the Related Parties cannot participate in the Eligible Recipient Offer without the receipt of Shareholder approval.

Accordingly, this Prospectus contains two offers, the first is an unconditional offer to all Eligible Recipients other than the Related Parties. Eligible Recipients (other than the Related Parties) will receive their Bonus Options under this Offer shortly after the close of the Eligible Recipient Offer.

The second offer is a conditional offer to the Related Parties being Directors Jeremy King and Lincoln Ho, who would otherwise have qualified as Eligible Recipients under the Eligible Recipient Offer. This Director Offer is conditional upon Shareholders approving the issue of Bonus Options to the Related Parties, but will otherwise be on the same terms as the Eligible Recipient Offer.

3.2 Bonus Options are in an existing class of Options

The Company currently has on issue two (2) classes of unlisted Options.

One of these classes of Options comprises unlisted Options exercisable at \$0.011 on or before 2 October 2022. There are 96,215,540 Options on issue in this class, these Options being issued:

- (a) by the Company following receipt of Shareholder approval at the Company's 2020 Annual General Meeting; and
- (b) on conversion of convertible notes by the holders of those notes.

These existing unlisted Options have been issued on the terms and conditions set out in Section 5.1.

It is intended that the Bonus Options are to be issued on the same terms as this existing class of unlisted Options, and the Company will apply for quotation on ASX of the entire class (including the Bonus Options) of these Options.

Accordingly, the Bonus Options will be issued on the terms and conditions set out in Section 5.1.

3.3 Purpose of this Prospectus

The reason the Company is issuing this Prospectus is to ensure that the Bonus Options, when issued, can be freely traded on ASX, along with the existing unlisted Options which have the same terms as the Bonus Options.

This Prospectus therefore is not a general offer for investors to invest in the Company and only Eligible Recipients and the Related Parties will be invited to complete an Application Form under this Prospectus to receive their Bonus Options.

Therefore, you should not submit an Application Form unless you are invited to do so by the Company.

Any Shares issued upon the future exercise of Bonus Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to Shares.

No funds will be raised pursuant to the Offers. Entitlements to Bonus Options under the Offers are non-renounceable.

3.4 Minimum subscription

There is no minimum subscription to the Offers.

3.5 ASX listing

Application for Official Quotation of the Bonus Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Bonus Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options.

The fact that ASX may grant Official Quotation to the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Bonus Options now offered.

3.6 Applications for Bonus Options

Applications for Bonus Options must be made by Eligible Recipients, and Messrs King and Ho using the Application Form attached to or accompanying this Prospectus. Applicants must lodge their Application Form as directed.

No payment is required to subscribe for Bonus Options under the Offers. All applications under the Offers, once received, are irrevocable.

Although no amount is payable for your Bonus Options, you must return the personalised Application Form to the Company in order to receive your Bonus Options.

The Company reserves all discretions in relation to applications in the Offers.

3.7 Issue

Bonus Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and the indicative timetable set out at Section 2.

Holding statements for the Bonus Options issued under the Offers will be mailed as soon as practicable after the date of issue, and in any event in accordance with the ASX Listing Rules.

3.8 Overseas shareholders

The Offers does not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Bonus Options or otherwise permit a public offering of the Bonus Options the subject of this Prospectus in any jurisdiction outside Australia and New Zealand. Shareholders who are residents in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. If you are outside Australia and New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Bonus Options pursuant to this Prospectus.

New Zealand

The offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the Offers must be made.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offers. If you need to make a complaint about the Offers, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

3.9 Enquiries

Any queries concerning the Offers should be directed to Mauro Piccini, Company Secretary, on +61 (8) 6559 1792.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose and effect of the Offers

The primary purpose of the Offers is to:

- (a) reward the Eligible Recipients and the Related Parties for supporting the Company and its ongoing development by the exercise of their Exercised Options; and
- (b) provide the Company with a potential source of additional capital if Bonus Options are exercised in the future.

No funds will be raised directly under the Offers as the Bonus Options are being issued for nil consideration. However, if all the Bonus Options are exercised, the Company will receive approximately \$362,960 in aggregate, by virtue of payment of the exercise price.

The principal effect of the Offers, assuming all Bonus Options offered under this Prospectus are issued and no Options are exercised prior to the date of this Prospectus, will be to increase the total number of Options on issue by approximately 32,996,399 Options on completion of the Offers.

An additional purpose of the Offers is to remove any trading restrictions attaching to Shares issued on exercise of the Bonus Options issued under the Offers, given that the Bonus Options are being issued with disclosure under this Prospectus.

4.2 Effect of the Offers on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Bonus Options offered under this Prospectus are issued and no other Options are exercised or Performance Rights vest, is set out below:

Shares

| | Number |
|---|----------------------|
| Shares currently on issue | 1,421,601,159 |
| Shares offered pursuant to the Offer | Nil |
| Total Shares on issue on completion of the Offer | 1,421,601,159 |

Options

| | Number |
|--|--------------------|
| Options currently on issue: | |
| Unquoted Options exercisable at \$0.011 expiring 02/10/2022 ¹ | 96,215,540 |
| Unquoted Options exercisable at \$0.02 expiring 28/06/2023 | 35,000,000 |
| Bonus Options offered pursuant to the Offers ² | 32,996,399 |
| Total Options on issue on completion of the Offer | 164,211,939 |

Notes:

1. As set out in Section 3.2, it is intended that these Options are to be quoted on ASX as well as the Bonus Options.

2. This number may vary due to rounding of entitlements under the Offer.

4.3 Financial effect of the Offer

The Options to be issued pursuant to this Prospectus will be issued for no consideration, and the expenses of the Offers will be met from the Company's existing cash reserves.

Accordingly, the Offers will have an effect on the Company's financial position, being the decrease in the Company's existing cash reserves.

4.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, no person (together with any of their associates) have a relevant interest in 5% or more of the Shares on issue in the Company.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Rights and Liabilities attaching to the Bonus Options:

(a) **Entitlement**

Subject to paragraph (n), each Bonus Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraphs (k) and (m), the amount payable upon exercise of each Bonus Option will be \$0.011 (**Exercise Price**).

(c) **Expiry Date**

Each Bonus Option will expire at 5:00pm (WST) on 2 October 2022 (**Expiry Date**). A Bonus Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Bonus Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **(Notice of Exercise)**

The Bonus Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Bonus Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Bonus Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Bonus Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Bonus Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Bonus Options.
- (vi) If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Quotation of Options**

The Company will seek quotation of the Bonus Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the quotation conditions of the ASX Listing Rules. In the event that quotation of the Bonus Options cannot be obtained, the Bonus Options will remain unquoted.

(i) **Shares issued on exercise**

Shares issued on exercise of the Bonus Options rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Bonus Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Bonus Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Bonus Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options without exercising the Bonus Options.

(m) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Bonus Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Bonus Option will be increased by the number of Shares which the Bonus Option holder would have received if they had exercised the Bonus Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

5.2 Rights and liabilities attaching to Shares

Upon exercise of the Bonus Options holders will receive Shares. The following is a summary of the more significant rights and liabilities attaching to the Shares to be issued on exercise of the Bonus Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings and notices**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for

each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a

contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Bonus Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend prospective investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for Bonus Options.

6.2 Company specific risks

(a) Exploration risk

Mineral exploration by its nature is a high risk activity and there can be no guarantee of exploration success on the Company's projects. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Further, exploration involves certain operating hazards, such as failure and or breakdown of equipment, adverse geological, seismic and geotechnical conditions, industrial accidents, labour disputes, adverse weather conditions, pollution and other environmental hazards and risks.

(b) Budget risk

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

(c) Additional requirements for capital

The future capital requirements of the Company will depend on many factors including the results of future exploration and business development activities. The Company believes its available cash and resources should be adequate to fund its obligations in respect of its exploration work program, business development activities and other objectives for the next 12 months. Should the Company's exploration program be successful or the Company identify additional projects it may wish to pursue, additional funds will be required to advance the Company's projects.

Additional funding may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. Any additional equity financing will dilute Shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programs or enter into joint venture arrangements to reduce expenditure and this could have a material adverse effect on the Company's activities. Unfavourable market conditions may adversely affect the Company's ability to raise additional funding regardless of the Company's operating performance.

(d) New projects and acquisitions and joint ventures

The Company will continue to actively pursue and assess, other new business opportunities particularly those in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available).

Furthermore, any new project or business acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involves a new commodity and/or changes the Company's capital/funding requirements.

Should the Company propose or complete the acquisition of a new project or business activity, investors should re-assess their investment in the Company in light of the new project/business activity.

(e) Resources estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company will employ industry-standard techniques including compliance with the JORC Code to reduce the resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

(f) Risk of not obtaining required permits

The future operations of the Company, including in respect of the Red Valley Lithium Project, may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour

standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There is no assurance that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of lithium extraction facilities on its lithium properties or any other properties the Company may acquire in the future. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from commencing or continuing with mining operations, or proceeding with any future exploration or development of its lithium properties or other properties the Company may acquire in the future.

(g) **Joint venture risk**

The Company is currently, and may in the future become a party to joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

There can be no certainty that the parties will be able to settle the formal documentation in respect thereof. Failure to settle the terms of the formal documentation may result in termination of the joint venture and/or a potential dispute resolution process.

(h) **Commodity price volatility**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company including the international supply and demand for commodities, the quality of the minerals produced, actions taken by governments, forward selling activities and other macro-economic factors.

(i) **Environmental risk**

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

6.3 General risks

(a) **Coronavirus (COVID-19) risk**

The outbreak of the coronavirus disease ("COVID-19") is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus.

(b) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or the United States of America or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(d) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(e) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

(f) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Listed Options offered under this Prospectus.

Therefore, the underlying Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Listed Options pursuant to this Prospectus.

6.4 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Bonus Options.

Prospective investors and Eligible Shareholders should consider that an investment in the Company is highly speculative.

The Bonus Options offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which the Shares may trade on the ASX.

Before deciding whether to subscribe for Bonus Options under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Issue Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in paragraph (c)(i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (c)(i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|----------------|---|
| 18 August 2021 | Notification regarding unquoted securities - RMX |
| 18 August 2021 | Secondary Trading Notice |
| 18 August 2021 | Application for quotation of securities - RMX |
| 18 August 2021 | RMX Gears up for Kimberley Rare Earths Drilling |
| 9 August 2021 | Secondary Trading Notice |
| 9 August 2021 | Notification regarding unquoted securities - RMX |
| 9 August 2021 | Application for quotation of securities - RMX |
| 6 August 2021 | Notification regarding unquoted securities - RMX |
| 30 July 2021 | Quarterly Activities/Appendix 5B Cash Flow Report |
| 27 July 2021 | Potential for Nickel Sulphide Mineralisation at Cow Creek |
| 19 July 2021 | Change of Director's Interest Notice X2 |
| 19 July 2021 | Quoted Options Exercised |
| 19 July 2021 | Secondary Trading Notice |
| 19 July 2021 | Application for quotation of securities - RMX |
| 13 July 2021 | Maitland South Diamond Drilling Completed |
| 6 July 2021 | Exploration Update |
| 24 June 2021 | Drilling Update |
| 23 June 2021 | Mt. Mansbridge - Exploration Commencement |
| 21 June 2021 | Appendix 3G |
| 15 June 2021 | Investor Presentation June 2021 |
| 8 June 2021 | Notification of Expiry of Quoted Options |
| 3 June 2021 | Proposed issue of Securities - RMX |
| 3 June 2021 | Secondary Trading Notice and Appendix 2A |

| Date | Description of Announcement |
|------------------|--|
| 3 June 2021 | Marketing Agreement and Convertible Note Placement |
| 2 June 2021 | Change of Director's Interest Notice (X3) |
| 27 May 2021 | Drilling Commences at Mt Maitland |
| 20 May 2021 | Upcoming Exploration Activity |
| 17 May 2021 | Mt. Mansbridge Exploration Season Commences |
| 10 May 2021 | Koonenberry Exploration Update |
| 29 April 2021 | Quarterly Activities Report & Appendix 5B |
| 22 April 2021 | Successful EIS Application at Mt Mansbridge |
| 12 April 2021 | Follow up drilling to test IP anomalies at Mt Maitland |
| 29 March 2021 | Rare Earth Anomalies Highlighted Within Geochemical Database |
| 15 March 2021 | Half Yearly Report and Accounts |
| 3 March 2021 | IP Geophysical Survey Commences at Maitland Gold Project |
| 25 February 2021 | RMX to Progress Ni-Cu-Co-PGE Target at Mt Mansbridge |
| 23 February 2021 | Land Access Agreements Executed for Koonenberry Project |
| 4 February 2021 | Aerial Survey Identifies Multiple HREE Targets |
| 29 January 2021 | Quarterly Activities Report & Appendix 5B |
| 28 January 2021 | Secondary Trading Notice & Appendix 2A |
| 20 January 2021 | Proposed issue of Securities - RMX |
| 20 January 2021 | Successful Capital Raising Completed |
| 18 January 2021 | Trading Halt |
| 15 January 2021 | Secondary Trading Notice & Appendix 2A |
| 13 January 2021 | Phase II drilling to commence at Maitland South |
| 5 January 2021 | Response to ASX Price & Volume Query |
| 22 December 2020 | Sale of Bluebird Merchant Venture Shares |
| 16 December 2020 | Airborne Radiometric Survey Completed at Mt Mansbridge |
| 10 December 2020 | RMX Confirms Acquisition of Mt Mansbridge |
| 8 December 2020 | Results of Meeting |
| 3 December 2020 | Change of Director's Interest Notices |
| 2 December 2020 | Appendix 3G |
| 30 November 2020 | Results of Annual General Meeting |
| 25 November 2020 | Mt Mansbridge Rare Earths Project Update |

| Date | Description of Announcement |
|-------------------|---|
| 18 November 2020 | Initial assays reveal significant intercepts at Mt Maitland |
| 16 November 2020 | Trading Halt |
| 12 November 2020 | Notice of General Meeting/Proxy Form |
| 12 November 2020 | Company Presentation |
| 6 November 2020 | Drilling Commences at Mt Maitland |
| 5 November 2020 | Secondary Trading Notice & Appendix 2A |
| 2 November 2020 | Final Koonenberry Tenements Granted |
| 30 October 2020 | Quarterly Activities Report & Appendix 5B |
| 28 October 2020 | Proposed issue of Securities - RMX |
| 28 October 2020 | RMX Update & Acquisition of Heavy Rare Earths Project |
| 27 October 2020 | Trading Halt |
| 23 October 2020 | Notice of Annual General Meeting/Proxy Form |
| 16 October 2020 | AGM & Closing Date for Director Nominations |
| 8 October 2020 | Mt Maitland Drilling to Commence |
| 2 October 2020 | Secondary Trading Notice & Appendix 2A |
| 2 October 2020 | Appendix 3G |
| 1 October 2020 | Cleansing Prospectus - Options |
| 29 September 2020 | Appendix 4G and Corporate Governance Statement |
| 29 September 2020 | Annual Report to shareholders |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.redmountainmining.com.au.

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | Price | Date |
|---------|---------|------------------------------|
| Highest | \$0.012 | 7 June 2021 and 11 June 2021 |
| Lowest | \$0.008 | 11 August and 18 August 2021 |
| Last | \$0.009 | 1 September 2021 |

7.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective entitlement under the Options Offer, is set out in the table below:

| Director | Shares | Options | Entitlement under the Director Offer |
|---------------|------------|-------------------------|--------------------------------------|
| Jeremy King | 21,500,000 | 15,000,000 ¹ | 1,833,333 |
| Lincoln Ho | 5,000,000 | 10,000,000 ¹ | 333,333 |
| Robert Parton | Nil | Nil | Nil |

Notes:

1. unlisted Options exercisable at \$0.011 on or before 2 October 2022.

Remuneration

The remuneration of an executive Director is decided by the Directors, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Directors and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Directors having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year and the proposed annual remuneration for the financial year ending 30 June 2021:

| Director | Previous Financial Year (FY2021) | Current Financial Year (FY2022) |
|---------------|----------------------------------|---------------------------------|
| Jeremy King | 120,000 | 120,000 |
| Lincoln Ho | 36,000 | 36,000 |
| Robert Parton | 24,000 | 24,000 |

7.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or

(h) the Offers.

Steinepreis Paganin has acted as the Australian legal advisor to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$27,000 (excluding GST and disbursements) for legal services provided to the Company.

7.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Bonus Options), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.7 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$20,000 (excluding GST) and are expected to comprise legal fees, ASX listing fees and other administrative expenses, including ASIC fees. As noted at Section 4.3, the expenses of the Offers will be met from the Company's existing cash reserves.

7.8 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that sets out the number of Bonus Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.9 Privacy Act

If you complete an application for Bonus Options, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a holder of Securities and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the settlement rules of the securities clearing house which operates CHESS. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Jeremy King
Non-Executive Chair
For and on behalf of
Red Mountain Mining Limited

9. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means the application form attached to or accompanying this Prospectus for each of the Placement Offer and the Cleansing Offer, or either one of them, as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Bonus Option means an Option issued on the terms and conditions set out in Section 5.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Red Mountain Mining Limited (ACN 119 568 106).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Recipient has the meaning ascribed to that term in Section 3.1.

Exercised Option has the meaning ascribed to that term in Section 3.1.

Issue Date means the issue date of the Bonus Options as specified in the indicative timetable set out in Section 2.

Offers means the offers under this Prospectus of Bonus Options to:

- (a) Eligible Recipients pursuant to the Eligible Recipient Offer; and
- (b) the Related Parties pursuant to the Director Offer.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share, including a Bonus Option.

Prospectus means this prospectus.

Related Parties means Mr Lincoln Ho and Mr Jeremy King, both Directors.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.