



ASX ANNOUNCEMENT

RED MOUNTAIN MINING LTD (ASX:RMX)

15 October 2014

NOTICE OF ANNUAL GENERAL MEETING AND PROXY

Red Mountain Mining Ltd provides its Notice of Annual General Meeting (**Notice**) and proxy form for the Annual General Meeting to be held at 1.00pm on 17 November 2014 and confirms the Notice has today been despatched to Shareholders.

WITHDRAWAL OF RESOLUTION 7

As a result of the withdrawal of the Company's proposed pro-rata, renounceable Rights Issue on the basis of two new shares for every nine shares held by shareholders on the record date, at an issue price of \$0.008 (0.8 cent) per new share, together with a free attaching option on a one for two basis, exercisable at \$0.012 on or before 31 March 2016 (**Rights Issue**), the Company advises that Resolution 7 in the Notice will be withdrawn and will not be put to Shareholders at the Annual General Meeting.

Resolution 7 contemplated the issue of up to 56,556,888 options for nil cash consideration (exercisable at \$0.012 each on or before 31 March 2016) on or around 16 October 2014 to Patersons Securities Limited (or its nominees) in consideration for the proposed underwriting. As the underwriting was terminated, these options will not be issued prior to the Annual General Meeting and ratification is therefore not required.

CHANGE TO CAPITAL STRUCTURE – RESOLUTION 10

The Company further advises that, as a result of the withdrawal of the Rights Issue, the Company's capital structure as detailed in the explanatory wording for Resolution 10 in the Notice will not include the 169,670,665 Shares proposed to be issued prior to the Annual General Meeting pursuant to the Rights Issue, as contemplated in the Notice.

For further information about Red Mountain please visit www.redmm.com.au or contact:

Company Investors

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ABN 40 119 568 106

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting

17 November 2014

Time of Meeting

1:00pm (WST)

Place of Meeting

BDO Audit (WA) Pty Ltd
38 Station Street SUBIACO WA 6008

YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT

<http://www.redmm.com.au>

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders of Red Mountain Mining Ltd will be held at 1:00pm (WST) on Monday 17 November 2014 at:

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Voting Entitlement

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person as set out in the register of Shareholders as at 5:00pm (WST) on Saturday 15 November 2014. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the meeting.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 1:00pm WST.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on facsimile number (61 8) 9486 8616; or
- deliver or post the Proxy Form to the principal office of the Company at Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005,

so that it is received by no later than 1:00pm (WST) on Saturday 15 November 2014, being 48 hours before the meeting.

Your Proxy Form is enclosed.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Red Mountain Mining Ltd ABN 40 119 568 106 ("**Company**") will be held at BDO Audit (WA) Pty Ltd, 38 Station Street, Subiaco, Western Australia on Monday 17 November 2014 at 1.00pm (WST), for the purpose of transacting the business referred to in this Notice of Annual General Meeting ("**Notice**").

An Explanatory Statement, containing information in relation to the following Resolutions, and a Proxy Form accompanies this Notice. Please note capitalised terms used in this Notice have the meanings set out in the glossary of the Explanatory Statement accompanying this Notice.

AGENDA

GENERAL BUSINESS:

Financial Reports

To receive and consider the Annual Financial Statements of the Company including the Directors' Report and the Auditors' Report, for the year ended 30 June 2014.

Note: there is no requirement for Shareholders to approve these reports.

Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding advisory only resolution**:

"That, for the purposes of section 205R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report for the year ended 30 June 2014."

Note: The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion

The Company will disregard any votes cast on this Resolution 1 by or on behalf of either of the following persons (the "voter"):

- (a) a member of the Key Management Personnel of the Company, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member.

However, the voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution 1; and
 - (ii) expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

Resolution 2 – Re-election of Mr Michael Wolley as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That for all purposes, Mr Michael Wolley, who ceases to hold office in accordance with Listing Rule 14.4 and Rule 7.3 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 3 – Ratification of issue of 3,305,652 Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 1,695,652 Shares (at a deemed issue price of \$0.014 per Share) on 9 April 2014 and 1,610,000 Shares (at a deemed issue price of \$0.01 per Share) on 17 September 2014 to Crystal Sun Consulting Limited on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 3 by Crystal Sun Consulting Limited and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Ratification of issue of 6,034,766 Shares issued under Listing Rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 6,034,766 Shares (at an issue price of \$0.008 per Share) on 17 September 2014 to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Ratification of issue of 68,925,234 Shares issued under Listing Rule 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following

Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 68,925,234 Shares (at an issue price of \$0.008 per Share) on 17 September 2014 to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue the subject of Resolution 5 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Ratification of issue of 37,480,000 Options

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 37,480,000 Options for nil cash consideration (exercisable at \$0.012 each on or before 31 March 2016) on or around 16 October 2014 to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue the subject of Resolution 6 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Ratification of issue of 56,556,888 Options

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of up to 56,556,888 Options for nil cash consideration (exercisable at \$0.012 each on or before 31 March 2016) on or around 16 October 2014 to Patersons Securities Limited (or its nominees) on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 7 by any person who participated in the issue the subject of Resolution 7 and any Associate of that person. However, the Company need not disregard a vote if the vote is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Approval of issue of Performance Rights to Director: Mr Jon Dugdale

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of Performance Rights to the Managing Director, Mr Jon Dugdale or his nominee(s) under the Red Mountain Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 8 by any Director of the Company (except one who is ineligible to participate in the Red Mountain Performance Rights Plan) and any Associate of that Director. However, the Company need not disregard a vote if it is cast by such a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 8 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 8.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though Resolution 8 is connected with the remuneration of the Key Management Personnel for the Company.

Resolution 9 – Approval of Potential Termination Benefits to Holders of Performance Rights

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the giving of benefits to holders of Performance Rights by the Company in connection with that person ceasing to hold a managerial or executive office in the Company (or any of its related bodies corporate), on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

A Shareholder who is an employee or Director, or potential employee or Director, of the Company or any of its related bodies corporate, or an associate of any of those persons, should not cast any votes on Resolution 9 if they wish to preserve the benefit of the approvals being sought for that person. However, a person may cast a vote on Resolution 9 and will not lose the benefit of the approvals being sought if the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

Restriction on proxy voting by Key Management Personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 9 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 9.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though Resolution 9 is connected with the remuneration of the Key Management Personnel for the Company

Resolution 10 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, the following Resolution as **a special resolution**:

“That, for the purpose of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 10 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Capacity and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 10 is passed, and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by such person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 11 – Spill Resolution (if required)

The Company is required to and will only put this Resolution 11 to the Annual General Meeting if at least 25% of the eligible votes cast on Resolution 1 are against the adoption of the Remuneration Report. Further explanation of the circumstances in which this Resolution 11 is considered is included in the Explanatory Statement.

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, as required by Section 250V of the Corporations Act:

- (a) a general meeting (spill meeting) of Shareholders be held within 90 days of the 2014 Annual General Meeting; and*
- (b) all the Company's Directors who:*
 - (i) were Directors of the Company when the resolution to make the Directors' Report considered at the 2014 Annual General Meeting was passed; and*
 - (ii) are not a managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office,*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting pursuant to paragraph (b) above be put to the vote at the spill meeting."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution 11 by or on behalf of either of the following persons (the "voter"):

- (a) a member of the Key Management Personnel of the Company, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member.

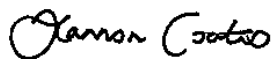
However, the voter may cast a vote on this Resolution 11 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 11; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 11; and
 - (ii) expressly authorises the Chair to exercise the proxy even though Resolution 11 is connected with the remuneration of the Key Management Personnel of the Company.

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Shannon Coates
Company Secretary
22 September 2014

NOTES:

1. Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
2. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the Shareholder. A proxy need not be a Shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg "the Company Secretary").
3. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the Shareholder's votes.
4. A Proxy Form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005 or by fax to (61 8) 9486 8616. Alternatively, you may photocopy the enclosed form.
5. A duly completed Proxy Form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, **not less than 48 hours before** the time for commencement of the Meeting. Please send by post to Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005 or by fax to (61 8) 9486 8616.
6. Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.
7. The Chairman of the Meeting will vote undirected proxies on, and in FAVOUR of Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 but AGAINST Resolution 11. In relation to Resolutions 1, 8, 9 and 11, if the Chair of the meeting is appointed as your proxy, and you have not directed the Chair how to vote, then by completing and returning the Proxy Form the Chair is expressly authorised to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by a member of the Key Management Personnel of the Company or any of their closely related parties (who are not the Chair of the Meeting) will not be voted on Resolutions 1, 8, 9 and 11. Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year 30 June 2014. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.
8. The Company will accept proxy appointments by a corporate Shareholder executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.
9. The time nominated by the Board for the purpose of determining the voting entitlements at the Meeting is 5.00pm WST on Saturday 15 November 2014.
10. The Explanatory Statement attached to this Notice forms part of this Notice.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the 2014 Annual General Meeting of Red Mountain Mining Ltd (**Company**).

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS

The first item of the Notice of Annual General Meeting deals with the Annual Financial Statements of the Company for the financial year ended 30 June 2014 together with the Directors' Declaration and Report in relation to that financial year and the Auditor's Report on those Financial Statements being laid before the Annual General Meeting. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company's website at www.redmm.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

2. RESOLUTION 1 - NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

2.1 Background

The Directors' Report for the year ended 30 June 2014 contains a remuneration report which sets out the policy for and details of the remuneration of the Directors and executives of the Company for the year ended 30 June 2014 (**Remuneration Report**).

Pursuant to Section 250R(2) of the Corporations Act, the Company must submit to its Shareholders for consideration and adoption of the Remuneration Report at the Annual General Meeting. The Chair will allow a reasonable opportunity for the Shareholders to ask questions about, or make comments on, the Remuneration Report.

Section 250R(3) of the Corporations Act expressly provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company. However, pursuant to the Corporations Act, if the remuneration report for a company receives a “no” vote of 25% or more at two consecutive annual general meetings of the company, a resolution must be put to the Shareholders of that company at the second annual general meeting as to whether a further general meeting should be held within 90 days at which all directors (other than the managing director) in office at the date of the second approved remuneration report must stand for re-election (known as a ‘spill resolution’).

At the 2013 Annual General Meeting, 64% of the votes cast were voted against the adoption of the 2013 Remuneration Report. Therefore, a vote against the adoption of the 2014 Remuneration Report of 25% or more of the votes cast at the 2014 Annual General Meeting will trigger a requirement for the spill resolution, in the form of Resolution 11 in this Notice of Meeting, to be put to the 2014 Annual General Meeting. If Resolution 11 receives a simple majority of votes cast, the Company will be required to hold a further general meeting within 90 days at which all directors (other than the Managing Director) in office at the date of the second approved remuneration report must stand for re-election (known as a ‘spill meeting’). Further detail in relation to the ‘spill resolution’ and ‘spill meeting’ is included in the Explanatory Statement for Resolution 11.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form for this item of business.

If you appoint a member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a closely related party of that member (except the Chair of the Meeting) as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

If you appoint the Chair as your proxy (or the Chair becomes your proxy by default), and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the Proxy Form you are giving express authorisation for the Chair to vote in accordance with his or her intentions, even though Resolution 1 is connected with the remuneration of a member of the Key Management Personnel of the Company. The Chair intends to vote all undirected proxies **FOR Resolution 1**.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 - RE-ELECTION OF MR MICHAEL WOLLEY AS A DIRECTOR

3.1 Background

In accordance with Listing Rule 14.5 and Rule 7.3(b) of the Constitution, at every annual general meeting of the Company an election of Directors must take place. Listing Rule 14.4 and Rule 7.3(a) of the Constitution prevent a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Mr Wolley was appointed to the Board on 4 April 2011 and that appointment was confirmed by Shareholder's at the Company's annual general meeting on 22 November 2011.

Accordingly, Mr Michael Wolley retires by rotation in accordance with Listing Rule 14.4 and Rule 7.3(a) of the Constitution and, being eligible, offers himself for re-election.

3.2 Biography

Non-Executive Director, Assoc MinEng WASM, MAusIMM, FAICD

Non-Executive Director, BE, MM, MAICD

Michael Wolley is a senior executive with Todd Corporation and has a depth of experience in the resources and industrial sectors in both Australia and internationally. Michael was recently Managing Director of a junior gold development business, Golden Iron Resources, and prior to that was Chief Operating Officer for Lynas Corporation, an ASX 100 company that is a vertically integrated mining and minerals business with mining and processing facilities in Western Australia and downstream processing in Malaysia. Prior to Lynas Corporation, Michael held senior executive roles with industrial and construction services businesses across Asia Pacific including the position of Managing Director Asia Pacific for a refrigeration and climate control business and as President BlueScope Steel China.

Prior to joining BlueScope Steel Michael was General Manager Operations for Dexion, a business servicing the logistics industry across Asia Pacific. He began his career with Mobil Oil Australia and over a 15 year period held senior roles in engineering, production and planning across Australia and New Zealand.

Michael holds a first class honours degree in Chemical and Materials Engineering from Auckland University and a Masters of Management from

Macquarie Graduate School of Management. Michael is a Member of the Australian Institute of Company Directors.

3.3 Directors' Recommendation

The Board (other than Mr Wolley) unanimously recommends Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 - RATIFICATION OF ISSUE OF 3,305,652 SHARES

4.1 Background

On 9 April 2014, the Company issued 1,695,652 Shares at a deemed issue price of \$0.014 each and on 17 September 2014 the Company issued a further 1,610,000 Shares at a deemed issue price of \$0.01 each under the Company's annual 15% placement capacity under Listing Rule 7.1, to consultant Crystal Sun Consulting Limited as part consideration for technical services provided in connection with the Batangas Gold Project Scoping Study.

Listing Rule 7.1 broadly provides that a company may issue Equity Securities up to 15% of its issued capital in any 12 month period without shareholder approval.

Listing Rule 7.4 permits the ratification of securities issued without shareholder approval under Listing Rule 7.1. It provides that where Shareholders subsequently approve a previous issue of securities made without approval under Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be treated as having been made with shareholder approval for the purpose of Listing Rule 7.1. The purpose of such ratification is to restore the Company's power to issue further equity securities without shareholder approval within the 15% limit.

Accordingly, Resolution 3 seeks Shareholder approval for, and ratification of, the issue of the Shares set out above under Listing Rule 7.4 to provide flexibility for the Company to issue Equity Securities under the 15% placement capacity under Listing Rule 7.1 in the next 12 months without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Shares the subject of this Resolution:

- (a) 1,695,652 Shares were issued at a deemed issue price of \$0.014 per Share and 1,610,000 Shares were issued at a deemed issue price of \$0.01 per Share;
- (b) the Shares issued are fully paid ordinary shares in the capital of the Company on the same terms and conditions as, and ranking equally with, the Company's existing Shares;

- (c) the Shares were issued to Crystal Sun Consulting Limited in part consideration for technical services provided in connection with the Batangas Gold Project Scoping Study, who is not a related party of the Company. Accordingly, no funds were raised from the issue of the Shares; and
- (d) a voting exclusion statement for Resolution 3 is included in the Notice of Meeting preceding this Explanatory Statement.

4.3 Board recommendation

The Boards unanimously recommends Shareholders vote in favour of Resolution 3.

5. RESOLUTIONS 4 AND 5 - RATIFICATION OF ISSUE OF 74,960,000 SHARES ISSUED UNDER LISTING RULES 7.1 AND 7.1A

5.1 Background

On 17 September 2014 the Company issued 74,960,000 Shares (**Placement Shares**) at an issue price of \$0.008 each to sophisticated and professional investors, who are clients of Patersons, and not related parties of the Company, to raise approximately \$599,680 (**Placement**).

The Placement was undertaken under Listing Rule 7.1 and Listing Rule 7.1A as follows:

- (a) 6,034,766 Placement Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1; and
- (b) 68,925,234 Placement Shares were issued under the Company's additional 10% placement capacity under Listing Rule 7.1A.

A summary of Listing Rule 7.1 and Listing Rule 7.4 is provided in section 4.1 of this Explanatory Statement.

Listing Rule 7.1A enables certain eligible entities to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution. This additional 10% placement capacity is in addition to a company's 15% placement capacity under Listing Rule 7.1. The Company obtained approval from Shareholders to issue Equity Securities under Listing Rule 7.1A at the Company's last annual general meeting held on 18 November 2013.

A note to Listing Rule 7.4 provides that an issue of securities made under Listing Rule 7.1A can be ratified by shareholders under Listing Rule 7.4. If shareholders ratify the issue of securities, the issue will not reduce the company's placement capacity under Listing Rule 7.1A.

Accordingly, Resolutions 4 and 5 seek Shareholder approval for, and ratification of, the issue of:

- (a) 6,034,766 Shares issued under the Company's annual 15% placement capacity under Listing Rule 7.1 (Resolution 4); and
- (b) 68,925,234 Shares issued under the Company's additional 10% placement capacity under Listing Rule 7.1A (Resolution 5), under Listing Rule 7.4 to provide flexibility for the Company to issue Equity Securities under the 15% placement capacity under Listing Rule 7.1 and additional 10% placement capacity under Listing Rule 7.1A (provided Resolution 10 is passed) in the next 12 months without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Shares the subject of Resolutions 4 and 5:

- (a) 74,960,000 Shares were issued at an issue price of \$0.008 per Share, where:
 - (i) 6,034,766 Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1 (Resolution 4); and
 - (ii) 68,925,234 Shares were issued under the Company's additional 10% placement capacity under Listing Rule 7.1A (Resolution 5);
- (b) the Shares issued are fully paid ordinary shares in the capital of the Company on the same terms and conditions as, and ranking equally with, the Company's existing Shares;
- (c) the Shares were issued to sophisticated and professional investors, who are clients of Patersons, who are not related parties of the Company;
- (d) the funds raised from the issue of Shares the subject of Resolutions 4 and 5 (together with existing cash and funds to be raised from the Rights Issue) have been, and (to the extent they have not already been exhausted) will be, used to drilling of priority targets and completion of the definitive feasibility study and final permitting at the Company's Batangas Gold Project in the Philippines, to meet costs of the Rights Issue and Placement and for general working capital purposes; and
- (e) a voting exclusion statement for each of Resolutions 4 and 5 is included in the Notice of Meeting preceding this Explanatory Statement.

5.3 Board recommendation

The Board unanimously recommends Shareholders vote in favour of Resolutions 4 and 5.

6. RESOLUTION 6 - RATIFICATION OF ISSUE OF 37,480,000 OPTIONS

6.1 Background

As announced to ASX on 15 September 2014, the Company agreed to issue free attaching Options (exercisable at \$0.012 on or before 31 March 2016) to investors participating in the Placement, on the basis of one free attaching Option for every two Shares subscribed for and issued under the Placement. It is expected that 37,480,000 Options will be issued on or around 16 October 2014 (being the currently proposed date of issue of Shares and Options under the Rights Issue) under the Company's annual 15% placement capacity under Listing Rule 7.1.

A summary of Listing Rule 7.1 and Listing Rule 7.4 is provided in section 4.1 of this Explanatory Statement.

Accordingly, Resolution 6 seeks Shareholder approval for, and ratification of, the issue of the 37,480,000 Options set out above under Listing Rule 7.4 to provide flexibility for the Company to issue Equity Securities under the 15% placement capacity under Listing Rule 7.1 in the next 12 months without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Options the subject of this Resolution (the information below is provided as at the date of the Annual General Meeting on the assumption that the issue of Options the subject of this Resolution 6 has occurred prior to the Annual General Meeting as contemplated in section 6.1 of this Explanatory Statement):

- (a) 37,480,000 Options were issued;
- (b) the Options were issued for nil cash consideration;
- (c) the Options have an exercise price of \$0.012 each and an expiry date of 31 March 2016. The full terms and conditions of the Options are set out in Schedule 4 to this Explanatory Statement;
- (d) the Options were issued to sophisticated and professional investors, who are clients of Patersons, none of whom are a related party of the Company;
- (e) no funds were raised from the issue as the Options were issued as free attaching Options to the participants in the Placement; and
- (f) a voting exclusion statement for Resolution 6 is included in the Notice of Meeting preceding this Explanatory Statement.

6.3 Board recommendation

The Board unanimously recommends Shareholders vote in favour of Resolution 6.

7. RESOLUTION 7 - RATIFICATION OF ISSUE OF 56,556,888 OPTIONS

7.1 Background

As announced to ASX on 15 September 2014, the Company agreed to issue up to 56,556,888 Options (exercisable at \$0.012 on or before 31 March 2016) to Patersons (or its nominees) in part consideration for acting as Lead Manager and Underwriter to the Company's Placement (as described in section 5.1 of this Explanatory Statement) and renounceable pro rata offer to eligible Shareholders (**Rights Issue**), on the basis that Patersons (or its nominees) receive one new Option for every three Shares underwritten under the Rights Issue by Patersons (noting that the Rights Issue is underwritten by Patersons to the extent of 169,670,665 New Shares and 84,835,333 New Options, being the number that would be issued under the Rights Issue based on the number of Shares on issue on the date of lodgement of the Prospectus. The underwriting does not extend to any additional Shares issued including as a result of the exercise of any options on issue.). It is expected that up to 56,556,888 Options will be issued on or around 16 October 2014 (being the currently proposed date of issue of Shares and Options under the Rights Issue) under the Company's annual 15% placement capacity under Listing Rule 7.1.

A summary of Listing Rule 7.1 and Listing Rule 7.4 is provided in section 4.1 of this Explanatory Statement.

Accordingly, Resolution 7 seeks Shareholder approval for, and ratification of, the issue of up to 56,556,888 Options set out above under Listing Rule 7.4 to provide flexibility for the Company to issue Equity Securities under the 15% placement capacity under Listing Rule 7.1 in the next 12 months without the requirement to obtain prior Shareholder approval.

7.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Options the subject of this Resolution (the information below is provided as at the date of the Annual General Meeting on the assumption that the issue of Options the subject of this Resolution 7 has occurred prior to the Annual General Meeting as contemplated in section 7.1 of this Explanatory Statement):

- (a) Up to 56,556,888 Options were issued;
- (b) the Options were issued for nil cash consideration;

- (c) the Options have an exercise price of \$0.012 each and an expiry date of 31 March 2016. The full terms and conditions of the Options are set out in Schedule 4 to this Explanatory Statement;
- (d) the Options were issued to Patersons or its nominees, none of whom are a related party of the Company;
- (e) no funds were raised from the issue as the Options were issued in part consideration for the provision of services; and
- (f) a voting exclusion statement for Resolution 7 is included in the Notice of Meeting preceding this Explanatory Statement.

7.3 Board recommendation

The Board unanimously recommends Shareholders vote in favour of Resolution 7.

8. RESOLUTION 8 - APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR: JON DUGDALE

8.1 Background

The Company's Board has resolved, subject to Shareholder approval, to issue Performance Rights to the Company's Managing Director Mr Jon Dugdale. The number of Performance Rights proposed to be issued to Mr Dugdale will be calculated in accordance with the formula set out in section 8.4 of this Explanatory Statement. Of these Performance Rights, one third will be Class D Performance Rights, one third will be Class E Performance Rights and one third will be Class F Performance Rights.

The issue of the Performance Rights to Mr Dugdale is designed to encourage him to have greater involvement in achieving the Company's objectives and to provide a long term incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

Under the Company's current circumstances, the Directors consider that the Performance Rights are a cost effective and efficient way to incentivise, as opposed to alternative forms of incentives, such as increased remuneration and the payment of cash bonuses.

Mr Dugdale's Performance Rights will be issued pursuant to the Red Mountain Performance Rights Plan as approved by Shareholders at the Company's annual general meeting on 18 November 2013 and reproduced in Schedule 2.

8.2 Listing Rule Requirements

Pursuant to ASX Listing Rule 10.14, the Company seeks Shareholder approval to issue Performance Rights to Mr Dugdale, on the terms detailed in section

8.4.

If approval is given by Shareholders under Listing Rule 10.14, separate Shareholder approval is not required under Listing Rule 10.11 (which provides a general restriction against issuing securities to Directors without shareholder approval).

8.3 Corporations Act requirements

Chapter 2E of the Corporations Act requires shareholder approval where a public company seeks to give a “financial benefit” to a “related party” (unless an exception applies). Directors are considered to be related parties within the meaning of the Corporations Act. The Performance Rights proposed to be issued to Mr Dugdale will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within an exception to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

One of the exceptions to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party’s “reasonable remuneration”.

It is the view of the Board (other than Mr Dugdale) that the proposed issue of Performance Rights pursuant to Resolution 8 constitutes part of Mr Dugdale’s “reasonable remuneration”. Accordingly, the Board (other than Mr Dugdale) have determined not to seek shareholder approval under Chapter 2E of the Corporations Act for the issue of the Performance Rights to Mr Dugdale. However, Shareholder approval must nonetheless be obtained pursuant to Listing Rule 10.14.

8.4 Key Terms of the Performance Rights

The Performance Rights will be issued on the terms and conditions set out in Schedule 3.

A summary of the key terms of the Performance Rights is provided below.

Number of Performance Rights

The number of Class D, E and F Performance Rights to be issued to Mr Dugdale will be calculated by dividing 70% of Mr Dugdale’s Annual Total Fixed Remuneration for the 2014/15 financial year (“TFR”) (TFR equals \$283,400, which comprises base salary of \$260,000 and superannuation of \$23,400) by the 20 trading day VWAP of Shares prior to the date of issue of the Performance Rights and on the terms detailed below.

Entitlement

Each Performance Right will entitle Mr Dugdale or his nominee(s) to subscribe for one Share upon vesting.

Issue date

The Performance Rights will be issued to Mr Dugdale or his nominee(s) on or around 1 December 2014.

Exercise price

No consideration is payable at the time the Performance Rights vest in order for each Performance Right to be converted into a Share.

Vesting Conditions

The Performance Rights will vest subject to meeting the following vesting criteria prior to 5.00pm WST on 1 December 2017:

- (a) The Class D Performance Rights shall vest and convert to Shares if:
 - (i) sufficient hedging agreements are in place to support the financing of the Batangas Project and sufficient funding for the Batangas Project has been secured ("**Vesting Hurdle 1**"); and
 - (ii) if Mr Dugdale is still employed by the Company three months after the date which Vesting Hurdle 1 is met.
- (b) 50% of the Class E Performance Rights shall vest and convert to Shares if:
 - (i) production at the Batangas Project has commenced and first ore is produced ("**Vesting Hurdle 2A**"); and
 - (ii) if Mr Dugdale is still employed by the Company three months after the date which Vesting Hurdle 2A is met.
- (c) 50% of the Class E Performance Rights shall vest and convert to Shares if:
 - (i) production at the Batangas Project has commenced and receipt of first cash sales has occurred ("**Vesting Hurdle 2B**"); and
 - (ii) if Mr Dugdale is still employed by the Company three months after the date which Vesting Hurdle 2B is met.
- (d) The Class F Performance Rights shall vest and convert to Shares if:
 - (i) actual production compared to the approved budget and operating costs compared to the approved budget are in line with expectations for the financial year ending 30 June 2017; and
 - (ii) if Mr Dugdale is still employed by the Company on 31 July 2017.

Performance Rights that do not vest in accordance with their terms and conditions will automatically lapse.

8.5 ASX Listing Rule 10.14

For the purposes of the approval sought under ASX Listing Rule 10.14 and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided to Shareholders in respect of the Performance Rights:

- (a) The Performance Rights are proposed to be issued to Mr Jon Dugdale or his nominee(s). Mr Dugdale is a Director of the Company and is, as such, a related party of the Company.
- (b) The Company has been granted a waiver (Waiver) by ASX from ASX Listing Rule 10.15.2 to the extent that it need not state in this Notice the maximum number of Performance Rights to be issued to Mr Dugdale. The Waiver was granted on the basis that such number is presently unascertainable as it is based on a formula including a future security price, and the degree of dilution is not expected to be excessive. In accordance with the Waiver, the Company states the maximum number of Performance Rights that may be acquired will be calculated by dividing 70% of Mr Dugdale's Annual Total Fixed Remuneration for the 2014/15 financial year ("TFR") (TFR equals \$283,400, which comprises base salary of \$260,000 and superannuation of \$23,400) by the 20 trading day VWAP of Shares prior to the date of issue of the Performance Rights;
- (c) No cash consideration is payable by Mr Dugdale at the time of issue of the Performance Rights or upon the allocation of Shares to which he may become entitled on the vesting of some or all of the Performance Rights.
- (d) Since the last time Shareholders approved the Red Mountain Performance Rights Plan at the Company's 2013 Annual General Meeting on 18 November 2013, 12,000,000 Performance Rights have been issued to Mr Dugdale. This issue was approved at the Company's General Meeting on 17 February 2014. No acquisition price was payable for these Performance Rights issued to Mr Dugdale. For further information regarding these Performance Rights (including performance and vesting conditions) please refer to the Company's Notice of General Meeting released to ASX on 16 January 2014. No other securities have been issued to any person referred to in Listing Rule 10.14 under the Red Mountain Performance Rights Plan since its last approval.
- (e) All the executive Directors and employees of the Company (or a related body corporate) are entitled to participate under the Red Mountain Performance Rights Plan.

- (f) A voting exclusion statement for Resolution 8 is included in the Notice of Meeting preceding this Explanatory Statement.
- (g) The Company will not be providing a loan in connection with Mr Dugdale's acquisition of the Performance Rights.
- (h) The Performance Rights will be issued no later than 12 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

8.6 Directors' recommendation for Resolution 8

Mr Warburton and Mr Wolley (who do not have any interest in Resolution 8) recommend that Shareholders approve the issue of Performance Rights under Resolution 8 to Mr Dugdale (or his nominee(s)) as they consider the issue of the Performance Rights:

- (a) will incentivise Mr Dugdale for the reasons and factors set out above;
- (b) is a fair and reasonable alternative to additional cash payment of Directors' fees;
- (c) is in consideration and recognition of the services provided and to be provided by Mr Dugdale to the Company and the number of Performance Rights proposed to be issued is fair and reasonable and reflective of the contribution he has or will make to the Company; and
- (d) is necessary to reflect remuneration benefits to executive directors by companies operating in the Company's industry.

Mr Dugdale declines to make a recommendation to Shareholders in respect of Resolution 8 as he has a material personal interest in the outcome of Resolution 8.

In forming their recommendations, each Director considered the experience of Mr Dugdale, the current market price of Shares and the current market practices when determining the number of Performance Rights and vesting conditions.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 8.

9. RESOLUTION 9 - APPROVAL OF POTENTIAL TERMINATION BENEFITS TO HOLDERS OF PERFORMANCE RIGHTS

9.1 Background

The Directors considered that it was desirable to establish an employee incentive scheme pursuant to which employees and executive Directors may be offered the opportunity to be issued Performance Rights in order to increase

the range of potential incentives available to them and to strengthen links between the Company's objectives, its employees and directors.

Accordingly, the Directors adopted the Red Mountain Performance Rights Plan, annexed as Schedule 2. The Plan was approved by Shareholders for the purpose of Listing Rule 7.2 Exception 9(b) at the Company's Annual General Meeting held on 18 November 2013.

The Company has issued 12,000,000 Performance Rights under the Red Mountain Performance Rights Plan to the Company's Managing Director Mr Jon Dugdale on 5 March 2014. Shareholder approval was obtained and sought at the Company's General Meeting held on 17 February 2014 for the issue of these Performance Rights to Mr Dugdale. The Company proposes to issue further Performance Rights to Mr Dugdale pursuant to Resolution 8 of this Notice of Meeting.

The Company acknowledges that the non-executive Directors of the Company, Mr Warburton and Mr Wolley, are not eligible to participate in the Red Mountain Performance Rights Plan. However, the Board is of the view that at this stage of the Company's development it is far better for non-executive Directors of the Company to be compensated by way of securities in the Company, rather than by way of cash. Accordingly, the Company issued the following Performance Rights to Mr Warburton and Mr Wolley on 5 March 2014.

- (a) Mr Warburton – 6,000,000 Performance Rights
- (b) Mr Wolley – 4,000,000 Performance Rights

Shareholder approval was obtained at the Company's General Meeting held on 17 February 2014 for the issue of these Performance Rights to Mr Warburton and Mr Wolley. Although these Performance Rights were not issued under the Red Mountain Performance Rights Plan (as Mr Warburton and Mr Wolley are not eligible to participate under that plan), the Performance Rights were issued on the same terms and conditions contained in the Red Mountain Performance Rights Plan. For further information regarding these Performance Rights (including performance and vesting conditions) please refer to the Company's Notice of General Meeting released to ASX on 16 January 2014.

The purpose of Resolution 9 is for Shareholders to approve the potential provision of termination benefits to participants under the Red Mountain Performance Rights Plan, as well as to Mr Warburton and Mr Wolley in respect of the Performance Rights listed above.

The Company is seeking this approval to provide the Company with the flexibility to continue to remunerate employees fairly and responsibly in the future, and in a manner that appropriately drives long term performance for Shareholders.

9.2 Regulatory Requirements

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the terms of Performance Rights which the Company has issued or may in the future issue (which may or may not be issued under the Red Mountain Performance Rights Plan).

If Shareholder approval is given under this Resolution 9 the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

9.3 Details of the Termination Benefit

Under the Red Mountain Performance Rights Plan (and the terms of the Performance Rights issued to Mr Warburton and Mr Wolley), the Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their Performance Rights as a result of any of the circumstances set out below, that some or all of the Performance Rights vest rather than lapse:

- (a) death or total or permanent disability;
- (b) retirement or redundancy;
- (c) severe financial hardship;
- (d) death of an immediate family member of the participant;
- (e) substantial change in circumstances, out of the control of the participant which affects the ability of the participant to perform his or her role with the Company or an associated body corporate (as that term is defined in the Red Mountain Performance Rights Plan); or
- (f) terminal illness of the participant or an immediate family member.

The exercise of this discretion may constitute a “benefit” for the purposes of Section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the

Board's discretions in respect of:

- (a) any current or future participant in the Red Mountain Performance Rights Plan who holds:
 - (i) a managerial or executive office in the Company or any associated body corporate (as that term is defined in the Red Mountain Performance Rights Plan) at the time of their leaving or at any time in the three years prior to their leaving; and
 - (ii) Performance Rights under the Red Mountain Performance Rights Plan at the time of their leaving; and
- (b) Mr Wolley and Mr Warburton in relation to the Performance Rights held by them as detailed in section 9.1 of this Explanatory Statement.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The Board's current intention is to only exercise this discretion:

- (a) where the employee leaves employment without fault on their part; and
- (b) so as only to preserve that number of unvested Performance Rights as are pro-rated to the date of leaving.

9.4 Value of the Termination Benefits

The value of the termination benefits that the Board may give under the Red Mountain Performance Rights Plan and to Mr Wolley and Mr Warburton in respect of the Performance Rights held by them cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Performance Rights that vest.

The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the portion of vesting periods at the time they cease employment;
- (b) the status of the performance hurdles attaching to the Performance Rights at the time the participant's employment ceases; and
- (c) the number of unvested Performance Rights that the participant holds at the time they cease employment.

9.5 Board Recommendation

Each of the Directors have an interest in the outcome of Resolution 9 and accordingly do not make a voting recommendation to Shareholders.

10. RESOLUTION 10 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

10.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index, as at the time of the Annual General Meeting. The Company is an eligible entity for the purposes of Listing Rule 7.1A as at the date of this Notice and is expected to be an eligible entity as at the time of the Annual General Meeting.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Resolution 10 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

10.2 Listing Rule 7.1A

The effect of Resolution 10 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has on issue two classes of quoted Equity Securities, Shares and Options.

As at the date of this Notice, the Company has 763,517,994 Shares on issue. The Company proposes to issue a further 169,670,665 Shares pursuant to the Rights Issue described in section 7.1 of this Explanatory Statement. Accordingly, if Shareholders approve Resolution 10 (and also pass Resolutions 3, 4 and 5) and the 169,670,665 Shares are issued under the Rights Issue, the Company will have the capacity to issue approximately 93,318,865 Equity Securities under the Additional 10% Placement Capacity. Shareholders

should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 10 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

10.3 Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) Equity Securities issued under the Additional 10% Placement Capacity will be issued at an issue price of not less than 75% of the volume weighted average price for securities in the same class, calculated over the 15 trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted (in the case of quoted Options, only if the quoted Options are exercised). There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities, or the Equity Securities are issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the **maximum** number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. Variable "A". The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.

The table shows:

- (i) examples of where variable "A" is calculated as at the date of this Notice of Meeting, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 22 September 2014

(**current market price**), where the issue price is halved, and where it is doubled; and

- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0035 Issue Price at half the current market price	\$0.007 Issue Price at current market price	\$0.014 Issue Price at double the current market price
Current Variable A 933,188,659 Shares	Shares issued	93,318,865	93,318,865	93,318,865
	Funds raised	\$326,616	\$653,232	\$1,306,464
	Dilution	10%	10%	10%
50% increase in current Variable A 1,399,782,988 Shares	Shares issued	139,978,298	139,978,298	139,978,298
	Funds raised	\$489,924	\$979,848	\$1,959,696
	Dilution	10%	10%	10%
100% increase in current variable A 1,866,377,318 Shares	Shares issued	186,637,731	186,637,731	186,637,731
	Funds raised	\$653,232	\$1,306,464	\$2,612,928
	Dilution	10%	10%	10%

Note: this table assumes:

- (i) Current Variable A is 933,188,659, being the number of ordinary securities on issue at the date of this Notice of Meeting plus the 169,670,665 Shares proposed to be issued prior to the Annual General Meeting pursuant to the Rights Issue.
- (ii) The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity.
- (iii) The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1A in the 12 months preceding the Annual General Meeting, other than the 68,925,234 Shares issued under the Placement under Listing Rule 7.1A which are the subject of Resolution 5 and which are assumed to have been ratified at the Annual General Meeting for the purposes of this table.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (viii) The issue price is \$0.007, being the closing price of the Shares on ASX on 22 September 2014.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
 - (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Additional Placement Period).

The Company will only issue Equity Securities under the Additional 10% Placement Capacity during the Additional Placement Period.

- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for any of acquisition of new assets or investments (including the expenses associated with such acquisition), expenditure on the Company's current Philippines projects or new assets or investments or general working capital purposes; or
 - (ii) non-cash consideration for the acquisition of new assets or investments. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
 - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

At the date of this Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity.

- (f) A voting exclusion statement for Resolution 10 is included in the Notice preceding this Explanatory Statement.

In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

10.4 Specific Information required by Listing Rule 7.3A.6

The Company previously received Shareholder approval for the Additional 10% Placement Capacity at its Annual General Meeting on 27 November 2013.

Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders.

- (a) The total number of Equity Securities issued in the 12 months before the 2014 Annual General Meeting (including the proposed issues of Options the subject of Resolutions 6 and 7 and the Shares and Options proposed to be issued pursuant to the Rights Issue, which issues are expected to occur prior to the date of the Annual General Meeting) is 455,746,643 Shares, 178,872,221 Options and 28,000,000 Performance Rights, representing approximately 86.9% of the total number of Equity Securities on issue at the commencement of that 12 month period.
- (b) The table attached as Schedule 1 shows details of all issues of Equity Securities by the Company in the 12 months before the 2014 Annual General Meeting (including the proposed issues of Options the subject of Resolutions 6 and 7 and the Shares proposed to be issued pursuant to the Rights Issue, which issues are expected to occur prior to the date of the Annual General Meeting).

10.5 Directors' Recommendation

The Board unanimously recommends Shareholders vote in favour of Resolution 10.

11. RESOLUTION 11 - SPILL RESOLUTION (IF REQUIRED)

As set out above in the explanatory statement relating to Resolution 1, the Directors' Report for the financial year ended 30 June 2014 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2014 Annual Report. Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company.

At the Company's 2013 Annual General Meeting, more than 25% of the votes cast were against the adoption of the Remuneration Report.

If the outcome of Resolution 1 in this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company is required to put this Resolution 11 to the 2014 Annual General Meeting, to consider calling an extraordinary general meeting.

If more than 50% of Shareholders vote in favour of Resolution 11, the Company must convene an extraordinary general meeting (the "spill meeting") within 90 days of the 2014 Annual General Meeting. All of the Directors who were in office when the 2014 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting. Following the spill meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

If Resolution 11 is passed, Shareholders should note that each of the Directors who cease to hold office at the spill meeting intend to stand for re-election at

the spill meeting.

Shareholders may vote against the adoption of the Remuneration Report (Resolution 1) but may still vote against a spill meeting being held (Resolution 11). This is a matter for Shareholders' discretion.

As a public company is required to have a minimum of three directors, the Corporations Act includes a mechanism to ensure that the Company will have at least three directors (including the Managing Director) after the spill meeting. If at the spill meeting, three directors are not appointed by ordinary resolution, the persons taken to be appointed are those with the highest percentage of votes favouring their appointment cast at the spill meeting on the resolution for their appointment (even if less than half the votes cast on the resolution were in favour of their appointment).

If a Director is reappointed at the spill meeting, his term of office will continue to run as though the spill meeting did not occur.

Shareholders should be aware that if a spill meeting is required to be convened, this will result in the Company incurring material additional expense in conducting a meeting as well as potential disruption to the running of the Company as a result of management distraction, the logistics involved in organising the spill meeting and the diversion of resources. This course of action should therefore be considered extremely carefully by Shareholders.

Further, Shareholders should note that, although voting exclusions apply in respect of the spill resolution (Resolution 11 – refer to the Notice of Meeting preceding this Explanatory Statement):

- (a) there are no voting exclusions applicable to the resolutions appointing Directors at the subsequent spill meeting. Accordingly there is no barrier for the existing major Shareholders exercising their voting rights to support the reappointment of the existing Directors at the subsequent spill meeting; and
- (b) if Resolution 11 is passed, each of the outgoing Directors intends to stand for re-election at the spill meeting and to vote their own Shares in support of their re-appointment.

If you want your Directors to continue as Directors, you should vote AGAINST the spill resolution (Resolution 11). The Chair intends to vote available undirected proxies AGAINST the spill resolution (Resolution 11).

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**Additional 10% Placement Capacity**" has the meaning given in section 9.1 of this Explanatory Statement.

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting the subject of the Notice.

"**Associate**" has the meaning given in the Listing Rules.

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors of the Company.

"**Chair**" means the chair of the Meeting.

"**Class D Performance Rights**" means the Performance Rights on the terms and conditions set out in Schedule 3.

"**Class E Performance Rights**" means the Performance Rights on the terms and conditions set out in Schedule 3.

"**Class F Performance Rights**" means the Performance Rights on the terms and conditions set out in Schedule 3.

"**Company**" means Red Mountain Mining Limited ABN 40 119 568 106.

"**Constitution**" means the constitution of the Company.

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

"**Director**" means a Director of the Company.

"**Equity Securities**" has the meaning given in the Listing Rules.

"**Explanatory Statement**" means this explanatory statement accompanying the Notice.

"**Key Management Personnel**" has the meaning given in the Corporations Act.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Notice**" or "**Notice of Meeting**" means the notice of annual general meeting preceding this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Patersons**" means Patersons Securities Limited ABN 69 008 896 311.

"**Performance Right**" means a right to acquire a Share subject to the satisfaction of specified vesting performance conditions in a specified performance period.

"**Placement**" has the meaning given in section 5.1 of this Explanatory Statement.

"**Red Mountain Performance Rights Plan**" means the Performance Rights Plan approved by Shareholders on 18 November 2013, in the form attached as Schedule 2 to this Notice of Meeting.

"**Resolution**" means a resolution proposed pursuant to the Notice.

"**Rights Issue**" has the meaning given in section 7.1 of this Explanatory Statement.

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

"**Shareholder**" means the holder of a Share.

"**WST**" means western standard time in Australia.

SCHEDULE 1

EQUITY SECURITIES ISSUED FROM 18 NOVEMBER 2013

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
21 January 2014	60,000,000 Shares ¹	Subscribers to placement. (Sophisticated and Professional Investors)	\$0.017 per Share	15%	\$1,020,000 (before costs)	50% of funds used for initial drilling program at Lobo prospect, Batangas Project. 10% of funds used for trenching at South West Breccia, Batangas Project. 40% of funds used for general working capital.	N/A
11 February 2014	144,398,375 Shares ¹	Subscribers to share purchase plan.	\$0.017 per Share	22.7%	\$2,454,772 (before costs)	50% of funds used for initial drilling program at Lobo prospect, Batangas Project. 10% of funds used for trenching at South West Breccia, Batangas Project. 40% of funds used for general working capital.	N/A
13 February 2014	2,807,201 Shares ¹	Optionholders following the exercise of Listed Options	\$0.015 per Share	31.8%	\$42,108.01	Funds used for working capital.	N/A
5 March 2014	431,000 Shares ¹	Ordinary Shares issued to Crystal Sun Consulting Limited.	Deemed issue price of \$0.029 per Share	No discount	Nil	N/A	Shares issued in lieu of payment for technical services. Current value of \$3,017 ²

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
5 March 2014	110,000 Shares ¹	Ordinary Shares issued to Optionholders following the exercise of listed Options	\$0.015 per Share	16.67%	\$1,650	Funds raised used for working capital.	N/A
5 March 2014	28,000,000 Performance Rights ³	Issued to Directors and an employee as a long term incentive.	Nil	No discount	Nil	N/A	N/A
9 April 2014	1,695,652 Shares ¹	Crystal Sun Consulting Limited.	Deemed issue price of \$0.014	No discount	N/A	N/A	Ordinary Shares issued in lieu of payment for technical services. Current value of \$11,869.86 ²
30 June 2014	33,750 Shares ¹	Optionholders following the exercise of listed Options	\$0.015 per Share	No discount	\$506.25	All funds raised used for working capital.	N/A
3 July 2014	30,000 Shares ¹	Optionholders following the exercise of listed Options	\$0.015 per Share	No discount	\$450	All funds raised used for working capital.	N/A
17 September 2014	1,610,000 Shares ¹	Crystal Sun Consulting Limited.	Deemed issue price of \$0.01	No discount	N/A	N/A	Ordinary Shares issued in lieu of payment for technical services. Current value of \$11,270 ²

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
17 September 2014	74,960,000 Shares ¹	Subscribers to placement (Sophisticated and Professional Investors)	\$0.008	No discount	\$599,680	<p>25% of funds used (and to the extent not exhausted, will continue to be used) towards drilling of Batangas Project (Lobo) exploration targets.</p> <p>25% of funds used (and to the extent not exhausted, will continue to be used) towards completing the Definitive Feasibility Study, final Permitting of the Batangas Gold Project Development.</p> <p>10% of funds used (and to the extent not exhausted, will continue to be used) towards permitting - DMPF, ECC.</p> <p>10% of funds used (and to the extent not exhausted, will continue to be used) towards land access costs</p> <p>25% of funds used (and to the extent not exhausted, will continue to be used) for general working capital.</p> <p>5% of funds used towards expenses of the Placement and Rights Issue.</p>	N/A
Expected to occur on or about 16 October 2014 ⁴	37,480,000 Options ⁵	Issued as free attaching Options to subscribers to placement (Sophisticated and Professional Investors)	Nil	N/A	Nil	N/A	N/A

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
Expected to occur on or about 16 October 2014 ⁴	56,556,888 Options ⁵	Patersons (or its nominees)	Nil	N/A	Nil	N/A	In part consideration for Patersons acting as Lead Manager and Underwriter to the Placement and Rights Issue. The Options have a current value of \$131,714.85 ⁶

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
Expected to occur on or about 16 October 2014 ⁴	169,670,665 Shares ¹	Subscribers to Rights Issue (or to the underwriter (Patersons) or sub-underwriters of the Rights Issue, to the extent of any shortfall under the Rights Issue)	\$0.008	No discount as at the date of this Notice of Meeting ²	\$1,357,365	<p>25% of funds used (and to the extent not exhausted, will continue to be used) towards drilling of Batangas Project (Lobo) exploration targets.</p> <p>25% of funds used (and to the extent not exhausted, will continue to be used) towards completing the Definitive Feasibility Study, final Permitting of the Batangas Gold Project Development.</p> <p>10% of funds to be used towards permitting – DMPF, ECC.</p> <p>10% of funds to be used towards land access costs</p> <p>25% of funds used (and to the extent not exhausted, will continue to be used) for general working capital.</p> <p>5% of funds to be used towards expenses of the Placement and Rights Issue.</p>	N/A

Date of issue of securities issued post 18 November 2013	Quantity and class of Equity Securities issued	Names of the persons to whom the Equity Securities were issued	Issue Price	Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
Expected to occur on or about 16 October 2014 ⁴	84,835,333 Options ⁵	Issued as free attaching Options to subscribers to the Rights Issue (or to the underwriter (Patersons) or sub-underwriters of the Rights Issue, to the extent of any shortfall under the Rights Issue)	Nil	N/A	Nil	N/A	N/A

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX Code: RMX) ranking equally with all other fully paid ordinary shares.
2. Based on the closing price of Shares on 22 September 2014 of \$0.007.
3. Please refer to the Company's Notice of General Meeting released to ASX on 16 January 2014 for full details of the terms of the Performance Rights.
4. 16 October 2014 is the currently proposed date of issue of Shares and Options under the Rights Issue.
5. Exercisable at \$0.012 each on or before 31 March 2016. Please refer to sections 5 and 6 and Schedule 4 of this Explanatory Statement for full details of the terms of the Options.
6. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.

SCHEDULE 2

RED MOUNTAIN MINING LTD
ACN 119 568 106

PERFORMANCE RIGHTS PLAN

CONTENTS PAGE

1.	DEFINITIONS AND INTERPRETATION	45
1.1	Definitions	45
1.2	Interpretations.....	48
2.	PURPOSE.....	48
3.	COMMENCEMENT AND TERM.....	49
4.	OFFER OF PERFORMANCE RIGHTS	49
4.1	Offer	49
4.2	Offer Document	49
4.3	Personal Offer.....	49
4.4	Offer to be provided to Eligible Participants	49
4.5	No Consideration.....	50
4.6	Vesting Conditions.....	50
4.7	Disposal of Performance Rights	50
4.8	Share Restriction Period	50
4.9	Limit on Offers.....	50
5.	ACCEPTANCE.....	51
5.1	Acceptance Time Period	51
5.2	Board's right to reject.....	51
5.3	Participant Agrees to be Bound	51
6.	GRANT OF PERFORMANCE RIGHTS.....	51
6.1	Grant of Performance Rights	51
6.2	Approvals.....	51
6.3	Restrictions on Dealings and Hedging.....	51
7.	VESTING OF PERFORMANCE RIGHTS	52
7.2	One or Several Parcels.....	52
8.	ISSUE OF SHARES	52
8.1	Issue of Shares	52
8.2	Blackout Period, Takeover Restrictions and Insider Trading	52
8.3	Withholding	52
8.4	Share ranking	53
8.5	Quotation on ASX.....	53
8.6	Sale of Shares.....	53
9.	RESTRICTION ON DISPOSAL OF SHARES	53
9.1	Restriction	53
9.2	Enforcing the disposal restriction.....	54
9.3	Holding Locks	54
9.4	Removing the restriction.....	54
9.5	Removing Holding Locks	54
10.	LAPSE OF PERFORMANCE RIGHTS	54
10.1	Lapsing of Performance Right	54
10.2	Good Leaver Exceptions.....	55
10.3	Bad Leaver	55
11.	CHANGE OF CONTROL AND WINDING-UP	55
11.1	Vesting of Performance Rights	55
11.2	Acquisitions of shares in Acquiring Company	56

12.	PARTICIPATION RIGHTS AND REORGANISATION	56
12.1	Participation Rights.....	56
12.2	Adjustment for reorganisation	56
13.	AMENDMENTS	56
13.1	Power to amend Plan	56
13.2	Adjustment to Performance Right Terms.....	57
13.3	Notice of amendment.....	57
14.	TRUST.....	57
15.	MISCELLANEOUS	58
15.1	Rights and obligations of Participant.....	58
15.2	Power of the Board	59
15.3	Dispute or disagreement	59
15.4	ASIC relief.....	59
15.5	Non-residents of Australia	59
15.6	Communication.....	60
15.7	Attorney	60
15.8	Costs and Expenses.....	60
15.9	Data protection.....	61
15.10	Error in Allocation.....	61
15.11	Dispute	61
15.12	No fiduciary capacity	61
15.13	ASX Listing Rules	61
15.14	Enforcement.....	61
15.15	Laws governing Plan	61

PERFORMANCE RIGHTS PLAN

The Directors are empowered to operate the Red Mountain Mining Ltd Performance Rights Plan (**Plan**) on the following terms and in accordance with the ASX Listing Rules of ASX (where applicable).

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of the Plan, the following words have the following meanings.

Acceptance Form means the Acceptance Form by which an Eligible Participant accepts an Offer for Performance Rights, in substantially the same form as set out in Schedule 2 or as otherwise approved by the Company from time to time.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Blackout Period means a period when the Participant is prohibited from trading in the Company's securities by the Company's written policies.

Board means the board of Directors of the Company or committee appointed by the Board for the purposes of the Plan.

Business Day means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

Change of Control means:

- (a) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;
- (b) a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in

connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

- (c) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board

Closing Date means the date on which an Offer is stated to close.

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

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Director means a director of the Company.

Eligible Participant means:

- (a) an Executive Director of the Company or any Group Company;
- (b) a full or part time employee of the Company or any Group Company; or
- (c) subject to, and in accordance with, any necessary ASIC relief being obtained, a contractor of a Group Company.

who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

Employee Share Scheme has the meaning given in section 9 of the Corporations Act.

Executive Director means a Director who holds salaried employment or office with a Group Company.

Expiry Date means, in respect of a Performance Right, the date that the Performance Right will lapse if it has not otherwise vested or lapsed in accordance with the Plan, as determined by the Board in its discretion with respect to that Performance Right at the time of the grant of that Performance Right.

Group means the Company and each of its Associated Bodies Corporate.

Group Company means the Company or an Associated Body Corporate.

Holding Lock has the meaning given to that term in the ASX Listing Rules.

Marketable Parcel has the meaning given to that term in the ASX Listing Rules.

Offer means an offer made to an Eligible Participant to be granted one or more Performance Rights under the Plan as set out in an Offer Document.

Offer Document means an offer document in substantially the same form as set out in Schedule 2, or such other form as required by the Board from time to time consistent with the Corporations Act and the Class Order.

Participant means an Eligible Participant to whom Performance Rights have been granted under the Plan.

Performance Right means a right to acquire a Share, subject to satisfaction of any Vesting Conditions, and the corresponding obligation of the Company to provide the Share, under a binding contract made by the Company and an Eligible Participant in the manner set out in this Plan.

Plan means the plan as set out in this document, subject to any amendments or additions made under clause 13.

Redundancy means termination of the employment of a Relevant Person due to economic, technological, structural or other organisational change where:

- (a) no Group Company requires the duties and responsibilities carried out by the Eligible Participant to be carried out by anyone; or
- (b) no Group Company requires the position held by the Eligible Participant to be held by anyone.

Relevant Interest has the meaning given in the Corporations Act.

Relevant Person means an Eligible Participant.

Restriction Period means the period during which a Share issued on the vesting of a Performance Right cannot be transferred or otherwise dealt with in accordance with Clause 9.

Retirement means where a Relevant Person intends to permanently cease all gainful employment in circumstances where the Relevant Person provides, in good faith, a written statutory declaration to the Board to that effect.

Severe Financial Hardship means the Eligible Participant is unable to provide themselves, their family or other dependents with basic necessities such as food, accommodation and clothing, including as a result of family tragedy, financial misfortune, serious illness, impacts of natural disaster and other serious or difficult circumstances.

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

Shareholder means a holder of Shares.

Takeover Bid means a takeover bid (as defined in the Corporations Act) to acquire the Company's Shares.

Total and Permanent Disability means that the Relevant Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Relevant Person unlikely to engage in their usual occupation again.

Vesting Condition means, in respect of a Performance Right, any condition set out in the Offer which must be satisfied (unless waived by the Board in its absolute discretion) before that Performance Right can vest or any other restriction on vesting of that Performance Right specified in the Offer or in this Plan.

Voting Power has the meaning given to that term in Section 9 of the Corporations Act.

1.2 Interpretations

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Plan;
- (b) any reference in the Plan to any enactment of the ASX Listing Rules includes a reference to that enactment or those ASX Listing Rules as from time to time amended, consolidated, re-enacted or replaced;
- (c) the singular includes the plural and vice versa;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a document includes all amendments or supplements to that document;
 - (iii) a clause is a reference to a clause of this Plan;
 - (iv) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (v) an agreement other than this Plan includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (vi) a monetary amount is in Australian dollars; and
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.

2. PURPOSE

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Participants more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to

receive Shares;

- (d) provide Eligible Participants with the opportunity to share in any future growth in value of the Company; and
- (e) provide greater incentive for Eligible Participants to focus on the Company's longer term goals.

3. COMMENCEMENT AND TERM

- (a) This Plan will commence on the date determined by resolution of the Board and will continue until terminated by the Board.
- (b) The Board may terminate the Plan at any time by resolution. Termination shall not affect the rights or obligations of a Participant or the Company which have arisen under the Plan before the date of termination and the provisions of the Plan relating to a Participant's Performance Rights shall survive termination of the Plan until fully satisfied and discharged.

4. OFFER OF PERFORMANCE RIGHTS

4.1 Offer

- (a) The Board may, from time to time, in its absolute discretion, may make a written offer to Eligible Participants to apply for up to a specified number of Performance Rights, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (b) In exercising that discretion, the Board may have regard to the following (without limitation):
 - (i) the Eligible Participant's length of service with the Group;
 - (ii) the contribution made by the Eligible Participant to the Group;
 - (iii) the potential contribution of the Eligible Participant to the Group; or
 - (iv) any other matter the Board considers relevant.

4.2 Offer Document

An Offer must be made using an Offer Document.

4.3 Personal Offer

An Offer is personal and is not assignable.

4.4 Offer to be provided to Eligible Participants

An Offer will advise the Eligible Participant of the following minimum information regarding the Performance Rights:

- (a) the maximum number of Performance Rights that the Eligible Participant may apply for, or the formula for determining the number of Performance Rights that may be applied for;

- (b) the maximum number of Shares that the Participant is entitled to be issued on the vesting of each Performance Right or the formula for determining the maximum number of Shares;
- (c) any applicable Vesting Conditions;
- (d) when unvested Performance Rights will expire (**Expiry Date**);
- (e) the date by which an Offer must be accepted (**Closing Date**); and
- (f) any other relevant conditions to be attached to the Performance Rights or the Shares to be issued on the vesting of the Performance Rights.

4.5 No Consideration

Performance Rights granted under the Plan will be issued for nil cash consideration.

4.6 Vesting Conditions

A Performance Right may be made subject to Vesting Conditions as determined by the Board in its discretion and as specified in the Offer for the Performance Right.

4.7 Disposal of Performance Rights

Performance Rights are transferable, except as otherwise specified in this Plan or the Offer and will not be quoted on the ASX.

4.8 Share Restriction Period

A Share issued on vesting of a Performance Right is subject to a Restriction Period in accordance with Clause 9 of this Plan.

4.9 Limit on Offers

The Company must take reasonable steps to ensure that the number of Shares to be issued on vesting of Performance Rights offered under an Offer, when aggregated with:

- (a) the number of Shares that would be issued if each outstanding Offer or other offer with respect to Shares, units of Shares or options to acquire Shares under an Employee Share Scheme (including this Plan) were to be accepted or vest; and
- (b) the number of Shares issued during the previous 5 years under the Plan or any other Employee Share Scheme extended only to Eligible Participants,

does not exceed 5% of the total number of Shares on issue at the time of an Offer (but disregarding any offer or issue with respect to Shares, units of Shares or options to acquire Shares that can be disregarded in accordance with the Class Order).

5. ACCEPTANCE

5.1 Acceptance Time Period

An Eligible Participant may only accept an Offer within the time period specified in the Offer Document in whole or in part, by signing and returning an Acceptance Form to the Company no later than the Closing Date.

5.2 Board's right to reject

- (a) The Board may accept or reject any Acceptance Form in its absolute discretion.
- (b) Before accepting or rejecting the Acceptance Form, the Board may require the applicant to provide any information that the Board requests concerning the person's entitlement to lodge an Acceptance Form under this Plan.
- (c) The Board must promptly notify an applicant if an Acceptance Form has been rejected, in whole or in part.

5.3 Participant Agrees to be Bound

An Eligible Participant, by submitting an Acceptance Form, agrees to be bound by the terms and conditions of the Offer and Acceptance Form, the Plan and the Constitution of the Company, as amended from time to time.

6. GRANT OF PERFORMANCE RIGHTS

6.1 Grant of Performance Rights

- (a) Subject to clause 6.2, once the Board has received and accepted a duly signed and completed Acceptance Form for Performance Rights, the Company must, provided the Eligible Participant to whom the Offer was made remains an Eligible Participant, promptly grant Performance Rights to the applicant, upon the terms set out in the Offer, the Acceptance Form and the Plan and upon such additional terms and conditions as the Board determines.
- (b) The Company will, within a reasonable period after the date a Performance Right is granted, issue the applicant with a certificate evidencing the grant of the Performance Right.

6.2 Approvals

The Company's obligation to grant Performance Rights is conditional on:

- (a) the grant of the Performance Rights complying with all applicable legislation; and
- (b) all necessary approvals required under any applicable legislation being obtained prior to the grant of the Performance Rights.

6.3 Restrictions on Dealings and Hedging

- (a) A Performance Right granted under the Plan is only transferable, assignable or able to be otherwise disposed or encumbered:

- (i) with the consent of the Board (which may be withheld in its absolute discretion); or
 - (ii) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (b) A Participant must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure, to their Performance Rights.
- (c) Where the Participant purports to transfer, assign, mortgage, charge or otherwise dispose or encumber a Performance Right, other than in accordance with clause 6.3(a), or hedge a Performance Right contrary to clause 6.3(b), the Performance Right immediately lapses.

7. VESTING OF PERFORMANCE RIGHTS

- (a) Subject to clause 10.2 (Good Leaver Exceptions) and clause 10 (Change in Control and Winding Up), a Performance Right granted under the Plan will not vest unless the Vesting Conditions (if any) attaching to that Performance Right have been satisfied and the Board has notified the Participant of that fact.
- (b) The Board must notify a Participant in writing within 10 Business Days of becoming aware that any Vesting Condition attaching to a Performance Right has been satisfied.

7.2 One or Several Parcels

Performance Rights may vest in one or more parcels of any size, provided that the number of Shares issued upon vesting of Performance Rights in any parcel is not less than a Marketable Parcel.

8. ISSUE OF SHARES

8.1 Issue of Shares

Subject to the Corporations Act, the ASX Listing Rules and this Plan, the Company must issue to the Participant the number of Shares the Participant is entitled to be issued in respect of vested Performance Rights within 10 business days of the Performance Rights vesting.

8.2 Blackout Period, Takeover Restrictions and Insider Trading

If the issue of Shares on vesting of a Performance Right would otherwise fall within a Blackout Period, or breach the insider trading or takeover provisions of the Corporations Act, the Company may delay the issue of the Shares until 10 Business Days following the expiration, as applicable, of the Blackout Period or the day on which the insider trading or takeover provisions no longer prevent the issue of the Shares.

8.3 Withholding

If a Participant is liable for tax, duties or other amounts on the vesting of their Performance Rights, and the Company is liable to make a payment to the appropriate authorities on account of that liability, unless the Participant and the

Company agree otherwise, the Company must issue and sell such number of Shares which would otherwise be issued and allocated to the Participant so that the net proceeds of sale equal the payment the Company is required to pay to the appropriate authorities.

8.4 Share ranking

All Shares allotted under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.

8.5 Quotation on ASX

- (a) If Shares of the same class as those allotted under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX within 10 Business Days of Shares being allotted for those Shares to be quoted on ASX.
- (b) The Company will not apply for quotation of any Performance Rights on the ASX.

8.6 Sale of Shares

- (a) Subject to clause 9 (Restriction on Disposal of Shares), there will be no transfer restrictions on Shares allotted under the Plan unless the sale, transfer or disposal by the Participant of the Shares issued to them on vesting of the Performance Rights (or any interest in them) would require the preparation of a disclosure document (as that term is defined in the Corporations Act).
- (b) If a disclosure document is required, the Participant agrees to enter into such arrangements with the Company as the Board considers appropriate to prevent the sale, transfer or disposal of the relevant Shares in a manner that would require a disclosure document to be prepared.
- (c) The Company will issue, where required to enable Shares issued on vesting of Performance Rights to be freely tradeable on the ASX from the date of issue, a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act.

9. RESTRICTION ON DISPOSAL OF SHARES

9.1 Restriction

- (a) Subject to clause 9.1(b), any Share acquired by a Participant on the vesting of a Performance Right must not be disposed of or dealt with in any way by that Participant until the earlier of:
 - (i) the time when an event occurs so that the Eligible Participant to whom the Offer was originally made is no longer an Eligible Participant in any Group Company;

- (ii) the Board approving by resolution that the restriction on disposal in this clause 9.1 is released
 - (iii) there is a Change in Control or the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company; or
 - (iv) the seven year anniversary of the date of grant of the Performance Right (**Restriction Period**).
- (b) Clause 9.1(a) does not apply to any transfers by force of law, upon death, to the Participant's legal personal representative or, upon bankruptcy, to the Participant's trustee in bankruptcy.

9.2 Enforcing the disposal restriction

The Company will make such arrangements as it considers necessary to enforce the restriction on disposal of Shares under clause 9.1 and the Participant must agree to such arrangements, including entering into a voluntary restriction agreement.

9.3 Holding Locks

Without limiting clause 9.2, and subject to the ASX Listing Rules, the Company will procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under clause 9.1.

9.4 Removing the restriction

Within 10 business days of the Company becoming aware that the restriction on disposal of Shares under clause 9.1 no longer applies, the Company must procure that any restriction on dealing with that Share pursuant to this Plan no longer applies.

9.5 Removing Holding Locks

Without limiting clause 9.4, when the Company becomes aware that a Share is no longer subject to the restriction on disposal in clause 9.1, the Company must, within 10 business days, procure that any Holding Lock on that Share is removed.

10. LAPSE OF PERFORMANCE RIGHTS

10.1 Lapsing of Performance Right

A Performance Right will lapse upon the earlier to occur of:

- (a) an unauthorised dealing in, or hedging of, the Performance Right occurring, as governed by clause 6.3(c);
- (b) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
- (c) a Participant ceasing to be an Eligible Participant, unless clause 10.2 (Good Leaver Exceptions) is applied;
- (d) a Performance Right lapses under clause 10.3 (Bad Leaver);

- (e) the Performance Right lapses following a Change in Control, or winding up resolution or order, in accordance with clause 11;
- (f) the Expiry Date; and
- (g) the 7 year anniversary of the date of grant of the Performance Rights.

10.2 Good Leaver Exceptions

Where a Participant ceases to be an Eligible Participant as a result of:

- (a) death or Total or Permanent Disability;
- (b) Retirement or Redundancy;
- (c) Severe Financial Hardship;
- (d) death of an immediate family member of the Participant;
- (e) substantial change in circumstances, out of the control of the Participant which affects the ability of the Participant to perform his or her role with a Group Company; or
- (f) terminal illness of the Participant or an immediate family member,

the Board may determine, in its absolute discretion, within 10 Business Days of the Participant ceasing to be an Eligible Participant, that all or a portion of the Participant's unvested Performance Rights vest rather than lapsing, in which case clause 7 applies.

10.3 Bad Leaver

Where a Participant:

- (a) in the opinion of the Board, acts fraudulently or dishonestly, is grossly negligent, demonstrates serious and wilful misconduct, or causes a material adverse effect on the reputation of the Company;
- (b) has his or her employment terminated due to serious or wilful misconduct or otherwise for cause without notice; or
- (c) becomes ineligible to hold his or her office due to Part 2D.6 of the Corporations Act,

the Board may, by written notice to the Participant, deem any unvested Performance Rights of the Participant to have lapsed.

11. CHANGE OF CONTROL AND WINDING-UP

11.1 Vesting of Performance Rights

- (a) Subject to the terms and conditions of a grant of a Performance Right, any unvested Performance Rights will vest within 10 Business Days of:
 - (i) a Change of Control occurring; or
 - (ii) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company,

- (iii) in which case the Board must promptly notify the holder of the vested Performance Rights in writing.
- (b) Any unvested Performance Rights that do not vest under clause 11.1(a) automatically lapse.

11.2 Acquisitions of shares in Acquiring Company

If a company (**Acquiring Company**) obtains control of the Company as a result of a Change of Control and both the Company and the Acquiring Company agree, a Participant may, in respect of any vested Performance Rights, be provided with shares of the Acquiring Company or its parent in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares subject to the Performance Rights.

12. PARTICIPATION RIGHTS AND REORGANISATION

12.1 Participation Rights

- (a) There are no participating rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (b) A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can vest.
- (c) A Participant who is not a Shareholder is not entitled to:
 - (i) notice of, or to vote or attend at, a meeting of the Shareholders of the Company; or
 - (ii) receive any dividends declared by the Company,
 - (iii) unless and until any Performance Right vests and the Participant holds Shares that provide the right to notice and dividends.

12.2 Adjustment for reorganisation

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

13. AMENDMENTS

13.1 Power to amend Plan

Subject to clause 13.2, the Corporations Act and the ASX Listing Rules:

- (a) the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan, provided that any material change to the provisions of the Plan will be subject to Shareholder approval; and

- (b) any amendment may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

13.2 Adjustment to Performance Right Terms

- (a) Subject to any requirements of the ASX Listing Rules, the Board will have the power to make adjustments to or vary the terms of a Performance Right.
- (b) No adjustment or variation of the terms of a Performance Right will be made without the consent of the Participant who holds the relevant Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Performance Rights), other than an adjustment or variation introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake;
 - (iii) to enable a member of the Group to comply with the Corporations Act, the ASX Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
 - (iv) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

13.3 Notice of amendment

As soon as reasonably practicable after making any amendment under clause 13.1, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

14. TRUST

- (a) The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares issued upon vesting of a Participant's Performance Rights, including for the purpose of enforcing the disposal restrictions and appointing a trustee to act as trustee of the trust.
- (b) The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust.
- (c) The Board may at any time amend all or any of the provisions of this Plan to effect the establishment of a trust and the appointment of a trustee as detailed in this clause.

15. MISCELLANEOUS

15.1 Rights and obligations of Participant

- (a) The rights and obligations of Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their participating in the Plan. This Plan will not form part of, and are not incorporated into, any contract of any Eligible Participant (whether or not they are an employee of a Group Company).
- (b) No Participant will have any rights to compensation or damages in consequence of:
 - (i) the termination, for any reason, of the office, employment or other contract with a Group Company of the Participant where those rights arise, or may arise, as a result of the Participant ceasing to have rights under the Plan as a result of such termination; or
 - (ii) the lapsing of Performance Rights in accordance with this Plan.
- (c) Nothing in this Plan, participation in the Plan or the terms of any Performance Right:
 - (i) affects the rights of any Group Company to terminate the employment, engagement or office of an Eligible Participant or a Participant (as the case may be);
 - (ii) affects the rights and obligations of any Eligible Participant or Participant under the terms of their employment, engagement or office with any Group Company;
 - (iii) confers any legal or equitable right on an Eligible Participant or a Participant whatsoever to take action against any Group Company in respect of their employment, engagement or office;
 - (iv) confers on an Eligible Participant or a Participant any rights to compensation or damages in consequence of the termination of their employment, engagement or office by any Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
 - (v) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Participant or Participant.
- (d) If a Vesting Condition attached to a Performance Right requires a Participant to remain an employee of a Group Company, then the Participant will be treated as having ceased to be an employee of a Group Company at such time the Participant's employer ceases to be a Group Company.
- (e) A Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before

the vesting of a Performance Right under the Plan will be treated for those purposes as not having ceased to be such an employee.

15.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with this Plan; and
 - (ii) delegate to any one or more persons, for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under the Plan.
- (b) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act, or refrain from acting, under or in connection with the Plan or any Performance Rights under the Plan and in the exercise of any power or discretion under the Plan.

15.3 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Performance Rights granted under it, the decision of the Board is final and binding.

15.4 ASIC relief

- (a) Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan.
- (b) To the extent that any covenant or other provision deemed by this clause to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

15.5 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which rights offered under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the rights. Any additional rule must conform to the basic principles of the Plan.
- (b) When a Performance Right is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulation or similar factors which may apply to the Participant or to any Group Company in relation to the Performance Right.

15.6 Communication

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or facsimile:
 - (i) in the case of a company, to its registered office;
 - (ii) in the case of an individual, to the individual's last notified address; or
 - (iii) where a Participant is an Executive Director or employee of a Group Company, either to the Participant's last known address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office of employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission. Where a notice is given by electronic transmission, the notice is taken to have been received at the time the electronic transmission is sent.

15.7 Attorney

Each Participant:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an attorney), severally, as the Participant's attorney to complete and execute any documents, including applications for Shares and Share transfers, and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of this Plan;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each Group Company and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this clause; and
- (d) indemnifies and holds harmless each Group Company and the attorney in respect thereof.

15.8 Costs and Expenses

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares for the purposes of the Plan.

15.9 Data protection

By lodging an Acceptance Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

15.10 Error in Allocation

If any Performance Rights are provided under this Plan in error or by mistake to a person (**Mistaken Recipient**) who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in those Performance Rights and those Performance Rights will immediately lapse.

15.11 Dispute

Any disputes or differences of any nature arising under the Plan will be referred to the Board for determination.

15.12 No fiduciary capacity

The Board may exercise any power or discretion conferred on it by this Plan in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

15.13 ASX Listing Rules

While the Company remains admitted to the ASX, the provisions of the ASX Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will prevail.

15.14 Enforcement

This Plan, any determination of the Board made pursuant to this Plans, and the terms of any Performance Rights granted under the Plan, will be deemed to form a contract between the Company and the Participant.

15.15 Laws governing Plan

- (a) This Plan, and any Performance Rights issued under it, are governed by the laws of Western Australia and the Commonwealth of Australia.
- (b) The Company and the Participants submit to the non-exclusive jurisdiction of the courts of Western Australia.

PERFORMANCE RIGHTS PLAN – OFFER DOCUMENT

[insert date]

[insert name]

[Insert address]

Dear (*)

RED MOUNTAIN MINING LTD - PERFORMANCE RIGHTS PLAN

The board of directors of Red Mountain Mining Ltd (ACN 119 568 106) (**Company**) is pleased to make an offer to you of Performance Rights under its Performance Rights Plan (**Plan**) on the terms of this offer letter (**Offer**). Terms used in this Offer have the same meaning as used in the Plan.

The Company informs you of the following:

- (a) this Offer is subject to the terms and conditions of the Performance Rights Plan, a copy of which is attached to this Offer;
- (b) subject to the following, you will be granted [insert] Performance Rights under the Plan for nil consideration in the following tranches and subject to the following vesting conditions:
 - (i) [insert details of tranche and vesting conditions];
 - (ii) [insert details of tranche and vesting conditions];
- (c) the grant of the Performance Rights is subject to the terms of the Plan, including the Company obtaining any necessary Shareholder approvals and you remaining an Eligible Participant at the time the Performance Rights are to be issued and converted into Shares;
- (d) the Expiry Date of the Performance Right is seven years after the date of grant;
- (e) this Offer remains open for acceptance by you until 5pm WST on [insert date] (**Closing Date**) at which time the Offer will close and lapse;
- (f) you may apply for the Performance Right by filling out Acceptance Form below and returning to the Company Secretary before the Closing Date;
- (g) you may apply for the Performance Right to be registered in your name;

- (h) unless the Plan provides otherwise, the Shares to which you are entitled on vesting of the Performance Right will be allotted and issued to you as soon as practicable after the vesting date;
- (i) unless the Plan provides otherwise, the Company will apply for the Shares to be quoted on the ASX in accordance with the ASX Listing Rules as soon as practicable after the issue date. However, the Shares will be subject to restrictions on disposal in accordance with the Plan and the Company will impose a holding lock with the Company's share registry and will not be able to be traded until the holding lock is lifted by the Company; and
- (j) the Company will issue, where required to enable Shares issued on vesting of Performance Rights to be freely tradeable on the ASX from the date of issue, a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act.

This Offer and all other documents provided to you at the time of this Offer contain general advice only and you should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice. You are advised to seek independent professional advice regarding the Australian tax consequences of the grant of Performance Rights and the acquiring and disposing of any Shares that are issued on vesting of Performance Rights under the Plan according to your own particular circumstances.

Please confirm your acceptance of the Offer set out in this letter by completing the Acceptance Form below and returning it to the Company.

Yours faithfully

[insert name]
Red Mountain Mining Ltd

PERFORMANCE RIGHTS PLAN – ACCEPTANCE FORM

Red Mountain Mining Ltd (ACN 119 568 106) (**Company**) has invited you, by an offer dated [insert] (**Offer**), to apply for the grant under its Performance Rights Plan (**Plan**) of certain Performance Rights.

The person below hereby applies for the Performance Rights under the terms of the Offer, this Acceptance Form and the Plan.

Full Name: _____

Address: _____

Ph: _____ Email: _____

Tax file number(s) or exemption: _____

CHESS HIN (where applicable): _____

In applying for the grant of Performance Rights under the Offer, the person below acknowledges and agrees:

- (a) to be entered on the register of members of the Company as the holder of the Performance Rights applied for, and any Shares issued on the vesting of the Performance Rights;
- (b) to be bound by the terms of the Constitution of the Company;
- (c) to be bound by the terms and conditions of the Plan;
- (d) to be bound by the terms and conditions of the Offer;
- (e) a copy of the full terms of the Plan has been provided to it;
- (f) that, by completing this Acceptance Form, it agrees to appoint the Company Secretary as its attorney to complete and execute any documents and do all acts on its behalf which may be convenient or necessary for the purpose of giving effect to the provisions of the Plan (if applicable);
- (g) that any tax liability arising from the Company accepting your application for Performance Rights under the Plan or the issue of Shares on vesting of the Performance Rights is your responsibility and not that of the Company; and
- (h) to the extent required by the terms of the Plan and the ASX Listing Rules, to enter into any necessary restriction agreement in relation to any Shares provided on the vesting of the Performance Rights and to the placing of a holding lock on those Shares.

Where an individual

SIGNED by [insert] in the presence of:

Signature of witness

Signature _____

Name of witness

Where an Australian company

EXECUTED by [INSERT COMPANY NAME])
ACN ([INSERT ACN]))
in accordance with its constitution and in)
the presence of:)

Signature of director

Signature of director/company secretary
(please delete as applicable)

Name of director

Name of director/company secretary
(please delete as applicable)

* Delete if not applicable

SCHEDULE 3

TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

Class D Performance Rights

The Class D Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b) below, each Class D Performance Right vests to one Share.
- (b) The Class D Performance Rights shall vest and convert to Shares if:
 - (i) Sufficient hedging arrangements are in place to support the financing of the Batangas Project and sufficient funding for the Batangas Project has been secured (Vesting Hurdle 1); and
 - (ii) the recipient remains an employee of the Company for three (3) months after Vesting Hurdle 1 is met,prior to the Expiry Date (as defined below) ((b)(i) and (ii) together, the Vesting Conditions and each a Vesting Condition).
- (c) The Class D Performance Rights shall expire at 5.00 pm (WST) on 1 December 2017 (Expiry Date). Any Class D Performance Right not vested before the Expiry Date shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class D Performance Rights.
- (d) The Class D Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class D Performance Rights on the satisfaction of the Vesting Conditions.
- (e) The Company must, within 10 business days of becoming aware that the Vesting Conditions attaching to the Class D Performance Rights have been satisfied in their entirety, notify the holder that the Class D Performance Rights have vested and issue to the holder the number of Shares the holder is entitled to be issued in respect of the vested Class D Performance Rights.
- (f) The Company will not apply for quotation of the Class D Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class D Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class D Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class D Performance Rights vest upon the happening of any of the following events:

- (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
 - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class D Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the Red Mountain Performance Rights Plan apply to the Class D Performance Rights.

Class E Performance Rights

The Class E Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b) and (c) below, each Class E Performance Right vests to one Share.
- (b) 50% of the Class E Performance Rights shall vest and convert to Shares if:
 - (i) production at the Batangas Project has commenced and first ore is produced (Vesting Hurdle 2A); and
 - (ii) the recipient remains an employee of the Company for three (3) months after the date which Vesting Hurdle 2A is met,prior to the Expiry Date (as defined below) ((b)(i) and (ii) together, the Vesting Conditions and each a Vesting Condition).
- (c) 50% of the Class E Performance Rights shall vest and convert to Shares if:
 - (i) production at the Batangas Project has commenced and receipt of first cash sales has occurred (Vesting Hurdle 2B); and
 - (ii) the recipient remains an employee of the Company for three (3) months after the date which Vesting Hurdle 2B is met,prior to the Expiry Date (as defined below) ((c)(i) and (ii) together, the Vesting Conditions and each a Vesting Condition).
- (d) The Class E Performance Rights shall expire at 5.00 pm (WST) on 1 December 2017 (Expiry Date). Any Class E Performance Right not vested before the Expiry Date shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class E Performance Rights.
- (e) The Class E Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class E Performance Rights on the satisfaction of the Vesting Conditions.
- (f) The Company must, within 10 business days of becoming aware that the Vesting Conditions attaching to the Class E Performance Rights have been satisfied in their entirety, notify the holder that the Class E Performance Rights have vested and issue to the holder the number of Shares the holder is entitled to be issued in respect of the vested Class E Performance Rights.
- (g) The Company will not apply for quotation of the Class E Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class E Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.

- (h) All Shares allotted upon the vesting of Class E Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (i) The unvested Class E Performance Rights vest upon the happening of any of the following events:
 - (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
 - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class E Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (j) In addition to (a) to (h) above, all terms and conditions set out in the Red Mountain Performance Rights Plan apply to the Class E Performance Rights.

Class F Performance Rights

The Class F Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b) below, each Class F Performance Right vests to one Share.
- (b) The Class F Performance Rights shall vest and convert to Shares if:
 - (i) actual production compared to the approved budget and operating costs compared to the approved budget are in line with expectations for the financial year ending 30 June 2017; and
 - (ii) the recipient remains an employee of the Company on 31 July 2017, prior to the Expiry Date (as defined below) ((b)(i) and (ii) together, the Vesting Conditions and each a Vesting Condition).
- (c) The Class F Performance Rights shall expire at 5.00 pm (WST) on 1 December 2017 (Expiry Date). Any Class F Performance Right not vested before the Expiry Date shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class F Performance Rights.
- (d) The Class F Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class F Performance Rights on the satisfaction of the Vesting Conditions.
- (e) The Company must, within 10 business days of becoming aware that the Vesting Conditions attaching to the Class F Performance Rights have been satisfied in their entirety, notify the holder that the Class F Performance Rights have vested and issue to the holder the number of Shares the holder is entitled to be issued in respect of the vested Class F Performance Rights.
- (f) The Company will not apply for quotation of the Class F Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class F Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class F Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class F Performance Rights vest upon the happening of any of the following events:
 - (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
 - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant

to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

- (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class F Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the Red Mountain Performance Rights Plan apply to the Class F Performance Rights. .

SCHEDULE 4

TERMS AND CONDITIONS OF OPTIONS

The terms of the issue of the Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 31 March 2016.
- (c) The exercise price of the Options is \$0.012 each.
- (d) Application will be made for the Options to be quoted and the Options will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options in respect of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules .

Lodge your vote:



By Mail:

Red Mountain Mining Limited
Unit 1, 2 Richardson Street
West Perth, Western Australia, 6005

Alternatively you can fax your form to
(within Australia) 08 9486 8616
(outside Australia) +61 8 9486 8616

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 1:00pm (WST) Saturday, 15 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report, 24 hours a day, 7 days a week:

www.redmm.com.au

To view and update your security holding:

www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Red Mountain Mining Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Red Mountain Mining Limited to be held at BDO Audit (WA) Pty Ltd, 38 Station Street, Subiaco, Western Australia on Monday, 17 November 2014 at 1:00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 8, 9 and 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 8, 9 and 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 11 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 8, 9 and 11 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Ratification of issue of 56,556,888 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Michael Wolley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of issue of Performance Rights to Director: Mr Jon Dugdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of 3,305,652 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of Potential Termination Benefits to Holders of Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of issue of 6,034,766 Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of issue of 68,925,234 Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Spill Resolution (if required)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of issue of 37,480,000 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 11 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

_____ / /

Date

RMX

FAIRFAX

Computershare +