

15 February 2016

Dear Fellow Shareholder,

PRO RATA NON-RENOUNCEABLE RIGHTS ISSUE - RED MOUNTAIN MINING LIMITED

Red Mountain Mining is actively pursuing its dual strategy of developing an initial low cost, early payback, gold mining and processing operation at its Batangas gold project (**Batangas Project**), located 120 kilometres south of Manila in the Philippines whilst continuing to review potential acquisitions in the Australian gold sector.

To assist the Company in pursuing this strategy, I am pleased to offer you the opportunity to further invest via a fully underwritten pro rata, non-renounceable Rights Issue that also includes additional incentives - namely, a free attaching Option for every two Shares subscribed for, which will be independently tradeable on the ASX subject to reaching the 50 shareholder threshold (**Rights Issue**).

New shares will be offered under the Rights Issue on a two for three basis at an issue price of 0.1 c/share (\$0.001) (**New Shares**). The New Shares will be offered together with one free attaching Option for every two New Shares subscribed for, exercisable at 0.15c/share (\$0.0015) on or before 31 March 2018.

The Company is also very confident it will receive reimbursement of the Loan amount of circa \$1.7m from Bluebird in the near future as part of that company earning a 25% interest in the Batangas Project. (See Prospectus for more details).

I am sub-underwriting \$31,449, our Managing Director Jon Dugdale intends to take up New Shares to the equivalent of his full entitlement, and I encourage all shareholders to do the same. I also invite existing shareholders to apply for New Shares in addition to their entitlement (see the Entitlement and Acceptance Form with the Prospectus for more details).

On completion of the Rights Issue, the Company will have a market capitalisation of \$2.4 million (based on a Share price of \$0.001) and cash of circa \$2.4 million (after costs of the offers under the prospectus and reimbursement of the Bluebird Loan). It is intended that funds raised pursuant to the Rights Issue, together with existing cash and the Bluebird loan repayment, will be used to finalise the Definitive Feasibility Study and permitting at the Company's Batangas Project, due diligence of potential Australian gold acquisitions and for general working capital including to fully retire outstanding debt facilities.

Thank you in anticipation of your continued support.

Yours sincerely,



Neil Warburton
Chairman

RED MOUNTAIN MINING LIMITED
ACN 119 568 106

PROSPECTUS

For the non renounceable pro-rata entitlement issue of up to approximately 1,051,449,119 New Shares, on the basis of 2 New Shares for every 3 Shares held at an issue price of \$0.001 per New Share, to raise approximately \$1,051,449 and 1 free New Option (exercisable at \$0.0015 each on or before 31 March 2018) for every 2 New Shares subscribed for under the entitlement issue (Offer).

The Offer closes at 5:00pm WST on 7 March 2016

**The Offer is fully underwritten by PAC Partners Pty Ltd.
Refer to Section 3.7 of this Prospectus for details regarding the terms of the Underwriting Agreement.**

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Securities offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 15 February 2016 and was lodged with the ASIC on that date. Neither the ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Securities will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company some of whose securities have been granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Prospectus which is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Securities the subject of this Prospectus should be considered speculative.

Applications for New Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Restrictions on distribution

The Offer is made in Australia and New Zealand only. This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction where it would be unlawful to make the Offer or to issue this Prospectus. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are eligible to accept the Offer.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at www.redmm.com.au. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on +61 8 9226 5668 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. The electronic version of this Prospectus is only available to Australian residents.

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

Risk factors

Potential investors should be aware that subscribing for New Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 2 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

Forward-looking statements

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

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

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

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

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

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 2 of this Prospectus.

CORPORATE DIRECTORY

DIRECTORS

Mr Neil Warburton (Non-Executive Chairman)

Mr Jon Dugdale (Managing Director)

Mr Michael Wolley (Non-Executive Director)

UNDERWRITER AND LEAD MANAGER

PAC Partners Pty Ltd

Level 12

15 William Street

Melbourne VIC 3000

COMPANY SECRETARY

Ms Shannon Coates

SOLICITORS

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth WA 6000

BUSINESS OFFICE

Suite 1, 2 Richardson Street

West Perth WA 6005

Tel: +61 8 9226 5668

Fax: +61 8 9486 8616

SHARE REGISTRY *

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000

Tel: (AUS) 1300 850 505

Or +61 3 9415 4000 (outside Australia)

*The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

TABLE OF CONTENTS

INVESTMENT OVERVIEW	1
1. REASON FOR THE OFFER AND EFFECT ON THE COMPANY	6
1.1 Background.....	6
1.2 Use of Funds	7
1.3 Effect on shareholders' equity and cash reserves	7
1.4 Effect on capital structure	8
1.5 Details of Substantial Shareholders	9
1.6 Pro forma Statement of financial position	9
1.7 Potential effect on control	10
2. RISK FACTORS	11
2.1 Introduction	11
2.2 Specific Risks	11
2.3 General Investment Risks.....	15
2.4 Speculative investment	15
3. DETAILS OF THE OFFER	17
3.1 The Entitlement Offer	17
3.2 What Eligible Shareholders may do under the Entitlement Offer	18
3.3 Payment	19
3.4 Excluded Shareholders	20
3.5 Shortfall.....	20
3.6 Issue and quotation	21
3.7 Underwriting, sub-underwriting and Lead Manager arrangements.....	22
4. ADDITIONAL INFORMATION	26
4.1 Rights attaching to New Shares	26
4.2 Terms of New Options.....	27
4.3 Litigation	28
4.4 Transaction specific prospectus and continuous disclosure obligations	28
4.7 Board and Management	31
4.8 Directors' Interests	31
4.9 Interests of experts and advisers.....	33
4.10 Expenses of the Offers	34
4.11 Consents	34
4.12 Financial forecasts	35
4.13 Privacy Act.....	35
5 DIRECTORS' AUTHORISATION AND CONSENT	36
6 GLOSSARY	37

INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	<p>We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable entitlement issue.</p> <p>Eligible Shareholders may subscribe for 2 New Shares for every 3 Shares held on the Record Date. Each Eligible Shareholder will also be entitled to 1 free New Option for every 2 New Shares subscribed for under the Prospectus. Application will be made for quotation of the New Shares and New Options.</p>	Section 3.1
What is the Issue Price for the New Securities?	The Issue Price is \$0.001 per New Share and nil for the New Options.	Section 3.1
What are the terms of the New Options?	The New Options have an exercise price of \$0.0015 and expire on or before 31 March 2018. The full terms of the New Options are set out in Section 4.2. Application will be made for quotation of the New Options on the ASX.	Section 4.2
Who is an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 3.1(a)
How many New Securities will be issued?	<p>The expected maximum number of New Securities that will be issued under the Entitlement Offer is approximately 1,051,449,119 New Shares and approximately 525,724,559 New Options.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Entitlement Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Entitlement Offer.</p>	Section 1.5
What is the amount that will be raised under the Entitlement Offer?	<p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$1,051,449 before expenses. If existing Option holders exercise their Options before the Record Date so as to participate in the Entitlement Offer, the amount raised under the Entitlement Offer may increase.</p> <p>The Offer is fully underwritten by PAC Partners Pty Ltd. Full terms of the Underwriting Agreement are set out in Section 3.7.</p>	Section 1.3
Is the Entitlement Offer Underwritten?	The Offer is fully underwritten to an amount of \$1,051,449 by PAC Partners Pty Ltd. See Section 3.1 for further details.	

Question	Response	Where to find more information
<p>What is the purpose of the Offer?</p>	<p>The purpose of the Entitlement Offer is to raise funds for:</p> <ul style="list-style-type: none"> • Selective drilling of high-grade gold targets at Lobo, Batangas Project. • Repayment of the Convertible Security Funding Agreement (CSFA) with Lind Partners, LLC. • Assessment of advanced gold project(s) in Australia for potential merger or acquisition. • General working capital. • Payment of the costs of the Offer, including Underwriting Fee. <p>A budget of how we intend to use the funds raised is set out in Section 1.3. As with any budget, new circumstances may change the way we apply the funds.</p>	<p>Section 1.3</p>
<p>What is the effect of the Offer?</p>	<p>The effect of the Entitlement Offer is to:</p> <ul style="list-style-type: none"> • Increase the number of Shares and Options on issue. • Increase our cash reserves by up to approximately \$1,051,449 before the costs of the Entitlement Offer. 	<p>Sections 1.4 and 1.5</p>
<p>What are the risks of a further investment in the Company?</p>	<p>The investment in New Securities should be considered speculative. Before deciding to subscribe under the Entitlement Offer, you should consider the risk factors set out in this Prospectus and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> • Exploration and development risk – Resource exploration and development is by its nature a high risk undertaking. The key focus of the Company is the development of the Batangas Gold Project in the Philippines. There is no assurance that the Company's activities on its projects including the further development of the Batangas Gold Project will result in a commercially viable operation. • Future capital needs and additional funding – The Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all which would prejudice the development of projects and the viability of the Company. • Emphasis of matter - The Company's 2015 Annual Report contains an 'emphasis of matter' note. Based on the number of inherent uncertainties relating to the Company's future plans, including doubt as to the ability to raise equity capital in the current market, there is material uncertainty which may cast significant doubt regarding the ability of the Company to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. Notwithstanding 	<p>Section 2</p>

Question	Response	Where to find more information
	<p>the 'emphasis of matter' note included in the Company's 2015 Annual Report, the Directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern. However, in the event that the Entitlement Offer is not completed successfully or is delayed, there is significant uncertainty as to whether the Company can meet its commitments to its creditors and continue as a going concern, which is likely to have a material adverse effect on the Company's activities.</p> <ul style="list-style-type: none"> • As announced on 21 December 2015, the Company entered into the CSFA for up to A\$300,000, by way of convertible securities with the Australian Special Opportunity Fund, LP, managed by The Lind Partners, LLC, a New York based institutional investor (together, Investor). The Company plans to repay the face value of the facility in full (totalling \$350,000) within 3 months of each of the funding draw-downs, assuming sufficient funds are raised. In this case, the Company will not be required to issue equity to the Investor, apart from options already issued on 29 December 2015. In the event there is an amount outstanding at the end of the relevant term, the Investor will be permitted to convert each convertible security into Shares, up to a maximum of A\$75,000 in aggregate in any calendar month, at an agreed conversion price. This represents a risk due to potential equity dilution and selling of the Company's Shares issued to the Investor. • As announced on 15 October 2015, the Company and Red Mountain Mining Singapore Ltd (RMMS) signed a new Strategic Financing Agreement (New Agreement), with UK based Bluebird Merchant Ventures Ltd (Bluebird) on the 14 October 2015. Under the New Agreement, Bluebird will provide stage 1 funding to the Batangas Gold Project of US\$1.7 million (Stage 1 Funding), including US\$500,000 already provided, leaving a balance of US\$1.2 million to complete the Stage 1 Funding commitment due on or before 28 February 2016. On completion of Stage 1 Funding Bluebird will earn a 25% interest in RMMS, the holder of the Company's Philippines assets, and subsequent funding will be via a 25% Bluebird: 75% RMX contributing Joint Venture (JV). The Company, RMMS and Bluebird have entered into a Loan Agreement (Loan) that covers any shortfall in Stage 1 Funding by Bluebird from June 2015 to February 2016 up to US\$1.2 million. The shortfall has been loaned to RMMS by Red Mountain and, upon receipt by RMMS from Bluebird of Stage 1 Funding, the Loan will be repaid to the Company including interest and costs. However, there is a risk that Bluebird will not be able to raise sufficient funding to satisfy the Stage 1 Funding commitment to repay the Company and the JV will not be formed and the new Agreement terminated, in which case funding for the Company's projects will be restricted 	

Question	Response	Where to find more information
	<p>and there is no guarantee that the Company will be able to continue funding its subsidiaries and the Philippines operations.</p> <ul style="list-style-type: none"> • Philippines based risks – There are various risks by reason of the Company's operations in the Philippines including foreign acquisition laws, potential mining policy changes, sovereign and political risks and renewal of licences. • Gold price – The Company is seeking to develop gold projects. Adverse fluctuations in the gold price may detrimentally affect the Company. • Project acquisition – As part of its business strategy the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions. • Reliance on key personnel – The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives. 	
<p>What are the alternatives for Eligible Shareholders?</p>	<p>The Entitlement Offer is non-renounceable so you are not able to trade your Entitlement.</p> <p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlement; • take up all of your Entitlement and apply for additional Shortfall Securities; • take up part of your Entitlement and allow the balance to lapse; or • allow all of your Entitlement to lapse. 	<p>Section 3.2</p>
<p>What happens if Eligible Shareholders don't accept their Entitlement?</p>	<p>Any Entitlement not accepted will form part of the Shortfall.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the discretion of the Underwriter.</p>	<p>Section 3.5</p>
<p>What will happen to Excluded Shareholders' Entitlements?</p>	<p>Excluded Shareholders' Entitlements will form part of the Shortfall.</p>	<p>Section 3.4</p>
<p>What are the key dates of the Offer?</p>	<p>Prospectus lodged with ASIC and ASX</p> <p>Appendix 3B lodged with ASX</p> <p>Notice sent to Optionholders</p>	<p>15 February 2016</p> <p>15 February 2016</p> <p>15 February 2016</p>

Question	Response	Where to find more information
	Notice sent to Shareholders	17 February 2016
	"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)	18 February 2016
	Record Date (to determine eligibility of Shareholders to participate in the Entitlement Offer)	22 February 2016
	Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	25 February 2016
	Last day to extend closing date	2 March 2016
	Closing Date	7 March 2016
	ASX notified of under-subscriptions	10 March 2016
	Issue date of the New Securities	15 March 2016
	Deferred settlement trading ends	15 March 2016
	New Securities commence normal trading on ASX.	16 March 2016
	Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.	

1. REASON FOR THE OFFER AND EFFECT ON THE COMPANY

1.1 Background

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

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

The Company is also assessing a number of advanced gold development and exploration opportunities, with a particular focus on Australia and advanced gold projects, which will be reviewed on a continuous basis.

1.2 Details of the Offer

The Entitlement Offer is made on the basis of 2 New Shares for every 3 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per New Share and 1 free New Option for every 2 New Shares subscribed for under the Entitlement Offer. On this basis, the Offer will seek to raise up to approximately \$1,051,449 (before costs). Fractional entitlements will be rounded down to the nearest whole number.

The Entitlement Offer is non-renounceable. Eligible Shareholders who do not wish to take up some or all of their Entitlement are not able to sell or otherwise transfer all or part of their Entitlement through the financial market operated by ASX or by way of an off-market transfer. Refer to Section 3.2 for more information.

As at the date of this Prospectus, we have 1,577,173,679 Shares, 977,372,285 Options, 79,850,500 performance rights and 2 convertible securities on issue. The conversion terms of the performance rights and convertible securities are set out in Section 1.5. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Entitlement Offer. In this event, the number of New Securities to be issued under the Entitlement Offer and the funds raised as a result of the Offer may vary. Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 1,051,449,119 New Shares and 525,724,559 New Options will be issued pursuant to this Offer to raise up to \$1,051,449. No funds will be raised from the issue of the New Options.

Note: This assumes the 140,000,000 Shares pursuant to the Placement, announced on 15 February 2016, are issued.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 4.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

1.3 Use of Funds

The purpose of the Offer is to raise up to \$1,051,449. No funds will be raised from the issue of the New Options. Presented below is how the Company intends to use the proceeds of the Entitlement Offer and Placement as at the date of the Prospectus:

Use of Funds¹	Funds	% of Funds
Selective drilling of high-grade gold targets at Lobo, Batangas Project.	\$300,000	25%
Repayment of the CSFA Face Value:	\$350,000	29%
Assessment of advanced gold projects in Australia	\$180,000	15%
General working capital, including: ²	\$212,245	18%
- ASX and share registry fees, legal, tax and audit fees, insurance	\$40,000	
- Directors Fees and Salaries	\$120,000	
- Corporate administration incl. rent, utilities, promotional, travel	\$52,245	
Estimated expenses of the Offer and Placement : ³	\$149,204	13%
Total	\$1,191,449	100%

1. The table assumes that \$140,000 is raised via the Placement, none of the existing Option holders exercise their Options and the Company does not otherwise issue any new Shares before the Record Date apart from as disclosed in this Prospectus to allow further participants under the Entitlement Offer.
2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to Directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. Further, general working capital may be applied to evaluating new gold or polymetallic project opportunities that may complement the existing projects of the Company.
3. The table is a statement of our proposed application of cash on hand and the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.
4. To the extent that less than the full subscription of \$1,051,449 is raised, less funds will be allocated to each of the above items in the following order: general working capital, exploration of high-grade gold targets at Lobo, Assessment of advanced gold projects in Australia, repayment of the CSFA Face Value and expenses of the Offer.

1.4 Effect on shareholders' equity and cash reserves

The principal effects of the Entitlement Offer on the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 1.5); and
- (b) increase our cash reserves by approximately \$1,051,449 before taking into account the expenses of the Offers (see Section 1.6).

A pro forma statement of financial position, which contains further information about the effect of the Entitlement Offer on the Company, is provided in Section 1.6.

1.5 Effect on capital structure

Assuming that no existing Options are exercised before the Record Date, the effect of the Entitlement Offer on the Company's issued share capital as at the date of this Prospectus will be as shown in the following table:

Shares	
Existing Shares	1,577,173,679 ¹
New Shares issued under the Offer	1,051,449,119
Total Shares on issue after completion of the Offer	2,628,622,798
Options	
Existing RMXO Options (exercise price \$0.012 expiring 31.3.16)	270,987,597
Existing RMXOA Options (exercise price \$0.03 expiring 30.6.16)	128,501,960
Existing RMXOD Options (exercise price \$0.006 expiring 30.6.16)	287,882,728
Existing RMXOE Options (exercise price \$0.0037 expiring 15. 9.17)	240,000,000
Existing Options (exercise price \$0.20 expiring 15.9.16)	15,000,000
Existing Options (exercise price \$0.003 expiring 24.12.18)	35,000,000
New Options (exercise price \$0.0015 expiring 31.3.18)	525,724,559
Total Options on issue after completion of the Offer	1,503,096,844²
Convertible Security	
Convertible Securities ³	2
Performance Rights	
Performance Rights ⁴	79,850,500
1.	Includes 140,000,000 Shares expected to be issued on or around 21 February 2016, pursuant to the Placement announced 15 February 2016.
2.	A further 665,724,560 Options (exercise price \$0.015 expiring 31 March 2018) are expected to be issued to Placement participants and PAC Partners (or its nominee/s) in consideration for management and underwriting services in conjunction with the Placement and Entitlement Issue, subject to Shareholder

approval. A further 53,888,889 Options are expected to be issued to the Investor, in part consideration for the CSFA, subject to Shareholder approval.

3. 2 Convertible Securities with a face value of \$350,000, as per Appendix 3B's released 29 December 2015 and 10 February 2016.
4. 7,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, 10,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, 10,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, 12,600,000 Class E Performance Rights convertible to Shares on or before 1 December 2017, 17,283,500 Class F Performance Rights convertible to Shares on or before 1 December 2017, 4,683,500 Class H Performance Rights convertible to Shares on or before 1 December 2017 and 17,283,500 Class I Performance Rights, all subject to vesting conditions.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 2,634,396,464 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 4,211,570,142 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or imposed.

1.6 Details of Substantial Shareholders

As at 15 February 2016, no persons hold a relevant interest in 5% or more of the Shares on issue.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Entitlement Offer.

1.7 Pro forma Statement of financial position

To illustrate the effect of the Entitlement Offer on the Company, a pro forma statement of financial position has been prepared based on the unaudited balance sheet as at 31 December 2015.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Unaudited 31-Dec-15 \$	Pro-Forma 31-Dec-15 \$
CURRENT ASSETS		
Cash and cash equivalents	129,396	1,040,041
Trade and other receivables	155,928	155,928
TOTAL CURRENT ASSETS	285,324	1,195,969

NON-CURRENT ASSETS		
Fixed assets	19,857	19,857
Exploration	25,290,391	25,290,391
TOTAL NON-CURRENT ASSETS	25,310,248	25,310,248
TOTAL ASSETS	25,595,572	26,506,217
CURRENT LIABILITIES		
Trade and other payables	478,051	478,051
Provisions	135,088	135,088
Current taxes payable	257,790	257,790
Strategic Financing	829,369	829,369
TOTAL CURRENT LIABILITIES	1,700,298	1,700,298
NON-CURRENT LIABILITIES		
Other non-current liabilities	173,830	173,830
TOTAL CURRENT LIABILITIES	173,830	173,830
TOTAL LIABILITIES	1,874,128	1,874,128
NET ASSETS (LIABILITIES)	23,721,444	24,632,089
EQUITY		
Share capital	34,510,032	35,420,677
Minority Interest	-78,512	-78,512
Reserves	7,888,158	7,888,158
Retained loss	-18,598,234	-18,598,234
TOTAL EQUITY	23,721,444	24,632,089

1. The pro forma statement of financial position represents the position as at 31 December 2015 adjusted to reflect amounts expected to be raised pursuant to the Entitlement Offer, less estimated costs of the Entitlement Offer in accordance with the terms outlined in this Prospectus. It does not include any funds raised pursuant to the Placement.

1.8 Potential effect on control

The Underwriter has appointed sub-underwriters to sub-underwrite the shortfall of the Underwritten Amount. No one sub-underwriter by its own underwriting will increase its voting power in Shares to 20% or more. Further information on the potential effect on control is set out in Section 3.7(g).

2. RISK FACTORS

2.1 Introduction

An investment in the securities the subject of this Prospectus is highly speculative as the Company is a gold explorer and project acquisition company. The Company currently has an interest in projects in the Philippines, with its primary focus being the continued exploration and development of the Batangas Gold Project.

There are a number of factors that may have a material impact on our future operating and financial performance and the market price of the Securities. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the resource industry and having operations in the Philippines. The general investment risks below are some of the risks to the Company of a general economic nature, many of which are largely beyond the control of the Company and the Directors.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

2.2 Specific Risks

Exploration

Investors should understand that exploration and development is by its nature a high risk undertaking. There can be no assurance that the Company's exploration of its existing projects or any other exploration projects that may be acquired in the future will result in a commercially viable discovery.

Definitive Feasibility Study and Project Development

The Definitive Feasibility Study into the future development of a mining operation at any of the Company's projects is dependent on, and may be affected by, a number of factors including, but not limited to, failure to determine feasibility to economically recover ore bodies, determination of unfavourable geological conditions, unanticipated technical and operational factors encountered when examining extraction and production methods, complexities determined with respect to operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risks from third parties providing essential services.

Having determined feasibility there is a risk of failure to receive the necessary approvals from all relevant authorities and parties. Unseasonal weather patterns, excessive seasonal weather patterns when developing the project may effect successful commissioning.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

Emphasis of matter

The Company's 2015 Annual Report contains an 'emphasis of matter' note. Based on the number of inherent uncertainties relating to the Company's future plans, including doubt as to the ability to raise equity capital in the current market, there is material uncertainty which may cast significant doubt regarding the ability of the Company to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

Notwithstanding the 'emphasis of matter' note included in the Company's 2015 Annual Report, the Directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern. However, in the event that the Entitlement Offer is not completed successfully or is delayed, there is significant uncertainty as to whether the Company can meet its commitments to its creditors and continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

Future Capital Needs and Additional Funding

The funds raised by the Entitlement Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

As announced on 21 December 2015, the Company entered into a CSFA for up to A\$300,000, by way of convertible securities with the Investor. The Company plans to repay the face value of the facility in full (totalling \$350,000) within 3 months of each of the funding draw-downs, assuming sufficient funds are raised. In this case, the Company will not be required to issue equity to the Investor, apart from options already issued and disclosed. In the event there is an amount outstanding at the end of the relevant term, the Investor will be permitted to convert each convertible security into Shares, up to a maximum of A\$75,000 in aggregate in any calendar month, at an agreed conversion price. This represents a risk due to potential equity dilution and selling of the Company's Shares issued to the Investor.

As announced on 15 October 2015, the Company and RMMS signed the New Agreement with Bluebird on the 14 October 2015. Under the New Agreement, Bluebird will provide Stage 1 Funding to the Batangas Gold Project of US\$1.7 million, including US\$ 500,000 already provided, leaving a balance of US\$ 1.2 million to complete the Stage 1 Funding commitment due on or before 28 February 2016. On completion of Stage 1 Funding Bluebird will earn a 25% interest in RMMS, the holder of the Company's Philippines assets, and subsequent funding will be via a 25% Bluebird: 75% RMX contributing JV. The Company, RMMS and Bluebird have entered into the Loan that covers any shortfall in Stage 1 Funding by Bluebird from June 2015 to February 2016 up to US\$ 1.2 million. The shortfall has been loaned to RMMS by Red Mountain and, upon receipt by RMMS from Bluebird of Stage 1 Funding, the Loan will be repaid to the Company including interest and costs. However, there is a risk that Bluebird will not be able to raise sufficient funding to satisfy the Stage 1 Funding commitment to repay the Company and the JV will not be formed and the new Agreement terminated, in which case funding for the Company's

projects will be restricted and there is no guarantee that the Company will be able to continue funding its subsidiaries and the Philippines operations.

Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 1,577,173,679 currently on issue to 2,628,622,798. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.001 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

Sovereign and Political Risks Associated with Operating in the Philippines

The current projects of the Company are located in the Philippines and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

Philippines Government Mining Policy, Executive Order 079

In January 2012 the Philippines Government issued a new mining policy termed Executive Order 079 ("EO79"). The Implementing Rules and Regulations (IRR) of the EO79 have been issued. However there is a risk that further changes under the EO79 policy will involve increases to royalties and taxes that will affect the revenue derived by the Company from any future operation.

Philippine Foreign Acquisition Laws

An entity not of Philippine nationality may only acquire up to 40% of a Philippine MPSA (mineral production sharing agreement) or the holder of an MPSA directly. The restriction on foreign ownership relates to the ownership of an MPSA and its holder, the operation of an MPSA, the total physical area that may be held by a foreign held entity and the role that a foreign person may have in an entity that has more than 40% of an MPSA or MPSA holder.

The Company has considered this in structuring the holding of interests and contractual rights in the MPSAs, such that the direct holding is only 40% of the holder of the MPSAs and the remaining 60% is held as a contractual right. However, there is a risk that the current or future structure of the Company's holdings may be subject to legal challenge.

Conditions and Renewal of Licences

The permits and agreements on the projects are governed by the Philippine legislation and are evidenced by the granting of permits and agreements, extension of permits and/or extension of specific stages of the MPSA's. Each permit, agreement or extension is for a specific term and carries with its annual expenditure and reporting commitments, as well as other conditions requiring compliance.

In order to progress from the exploration to the development stage of the MPSA the Company must achieve certain permits and approvals including the Environmental Compliance Certificate (ECC) and the Declaration of Mining project Feasibility (DMF). The

Company has complied with the requirements and timeframes for the submission of the permitting and approval requirements under the Philippines Mining Act. However, there is a risk that the permits and approvals required to allow renewal of the MPSA's for the development stage will not be granted in a timely manner.

Consents from Surface Land Holders

The Philippines Mining Act sets out the requirement for entities wishing to access mineral permits for the purpose of exploration, development and utilisation to receive the consent of the surface owners or occupants of the land in writing prior to such access and to pay them an appropriate amount of compensation.

Although seeking such consent is a common task for mining companies in the Philippines, there is no guarantee that it will be a fast or cost effective process for the Company.

Gold and Commodity Price Volatility

It is anticipated that any revenues derived from mining will be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold and the terms of any offtake agreements which the Company enters into.

Gold and metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for gold and metals, forward selling by producers and production cost levels in mineral producing regions.

Moreover, gold and metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the relevant commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

Reliance on Key Personnel

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives.

Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. They are also influenced by the recoverability of the value component from the defined resource.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

Environmental

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

2.3 General Investment Risks

Securities Investments and Share Market Conditions

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors, such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company, as well as the Company's exploration, development and production activities and the Company's ability to fund those activities. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in countries in which the Company operates may adversely affect the financial performance of the Company.

2.4 Speculative investment

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

Therefore, the New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities.

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

3. DETAILS OF THE OFFER

3.1 The Entitlement Offer

(a) **Overview**

All Eligible Shareholders are entitled to participate in the Offer. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 4.00pm WST on 22 February 2016.

As an Eligible Shareholder you are entitled to subscribe for 2 New Shares for every 3 Shares held on the Record Date at the Issue Price of \$0.001 per New Share. You are also entitled to 1 free New Option for every 2 New Shares subscribed for.

When calculating your Entitlement, we will round down fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 7 March 2016).

The Entitlement Offer is non-renounceable. This means that you cannot sell your Entitlement.

(b) **Entitlement Offer is fully underwritten**

The Entitlement Offer is fully underwritten by the Underwriter to the Underwritten Amount, being the number that would be issued under the Entitlement Offer based on the number of Shares on issue on the date of lodgement of this Prospectus. The underwriting does not extend to any additional Shares issued prior to the Record Date, including as a result of the exercise of any Options on issue. The Underwriter is not a related party or shareholder in the Company. Further information about the underwriting is set out in Section 3.7.

(c) **Rights attaching to New Shares and terms of New Options**

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 4.1 and 4.2.

(d) **Taxation**

There may be taxation implications in relation to the Offer and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Offer or the New Shares and New Options.

(e) **Minimum subscription**

There is no minimum subscription under the Entitlement Offer.

3.2 What Eligible Shareholders may do under the Entitlement Offer

(a) Alternatives

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form. Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. If your Application Monies exceed the value of your Entitlement at \$0.001 per New Share, the excess Application Monies will be deemed to be an application for Shortfall Shares at \$0.001 per Shortfall Share.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement (refer Section 3.2(b));
- take up all of your Entitlement and apply for Shortfall Securities (refer Section 3.2(c));
- take up part of your Entitlement and allow the balance to lapse (refer Section 3.2(d)); or
- allow all of your Entitlement to lapse (refer Section 3.2(e)).

(b) Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form.

You should then forward your completed Entitlement and Acceptance Form together with your application moneys in accordance with Section 3.3 to reach the Company's Share Registry no later than 5.00pm (WST) on the Closing Date.

(c) Taking up all your Entitlement and applying for Shortfall Securities

Eligible Shareholders may, in addition to taking up all their Entitlement, apply for Shortfall Securities as described in Section 3.5.

A single cheque should be used for the application moneys for your Entitlement and the number of Shortfall Securities you wish to apply for as stated on the Entitlement and Acceptance Form.

(d) Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 3.2(b). If you take no further action, the balance of your Entitlement will lapse.

(e) Allow your Entitlement to lapse

If you do nothing, your Entitlement will lapse.

3.3 Payment

The price for New Shares is payable in full on application by a payment of \$0.001 per New Share by way of:

- an Entitlement and Acceptance Form, accompanied by a cheque or bank draft of the Application Moneys; or
- a BPAY®¹ payment.

Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**Red Mountain Mining Limited**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued. You should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s). If the amount of your cheque(s) is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared moneys will pay for or your application may be rejected. Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

If you pay by BPAY®, please follow the procedure set out in the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY®. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY® payments.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded by cheque as soon as practicable after the close of the Offer. No interest will be paid on any application monies received or refunded.

¹ © Registered to Bpay Pty Limited ABN 69 079 137 518

Returning a completed Entitlement and Acceptance Form or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

1 New Option with an exercise price of \$0.0015 each on or before 31 March 2018 from date of issue will be issued for every 2 Shares subscribed for and issued under the Offer.

3.4 Excluded Shareholders

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia or New Zealand) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and New Securities will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

The Entitlement Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.5 Shortfall

Any New Shares and New Options under the Offer that are not applied for will form the Shortfall Securities, with the New Shares to be issued at the same price as under the Entitlement Offer. The Shortfall Securities will be placed at the discretion of the Underwriter, in accordance with the Underwriting Agreement.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Offer. The offer to issue Shortfall Securities is a separate offer under this Prospectus, which will be open for up to three months after the Closing Date.

Shareholders may apply for any Shortfall Securities by completing the relevant Shortfall Securities section in the Entitlement and Acceptance Form and sending it to the Company's share registry (refer to Section 3.2(a) above) together with a cheque in the amount of Shortfall applied for. Shortfall may not be applied for by way of BPAY®.

Application for Shortfall with moneys does not guarantee any issue of any Shortfall Securities. The Underwriter may determine that an applicant for Shortfall Securities will receive a lesser number of Shortfall Securities than the number applied for or may reject an application for Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated, will be returned without interest.

The Underwriter is obliged to take up and subscribe for Shortfall Shares up to the Underwritten Amount.

It is your responsibility to ensure that you will not breach the takeovers provisions in the

Corporations Act by applying for Shortfall Securities.

3.6 Issue and quotation

(a) Issue of New Securities

The New Securities issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and the timetable set out in the Investment Overview section, other than the Shortfall Securities, which will be issued on a progressive basis.

Pending the issue of New Securities or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account as required by the Corporations Act. We will, however, be entitled to retain all interest that accrues on any Application Money we hold and each Applicant waives the right to claim interest.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Holding statements for New Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

(b) Quotation by ASX

We intend to apply to ASX for quotation of the New Securities in accordance with the timetable set out at the commencement of this Prospectus. If the ASX accepts our application, quotation of the New Shares and New Options will commence after the issue of the New Shares and New Options. The fact that ASX may grant Official Quotation to the New Shares and New Options is not to be taken in any way as an indication of the merits of the Company or the New Shares and New Options now offered.

If any New Shares and/or New Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the issue of those New Shares and/or New Options will be void and any Application Money in respect of the New Shares will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) Holding statements

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share or option certificate. You will receive a holding statement setting out the number of New Securities issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification

Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

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

3.7 **Underwriting, sub-underwriting and lead manager arrangements**

(a) **The Underwriter**

PAC Partners Pty Ltd is appointed under the Underwriting Agreement to fully underwrite the Offer up to the Underwritten Amount, being the number that would be issued under the Entitlement Offer 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 prior to the Record Date, including as a result of the exercise of any Options on issue. The Underwriter is not a related party or a Shareholder of the Company.

In the event of a Shortfall, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

(b) **Underwriting Agreement**

The Underwriting Agreement was negotiated on an arms' length basis. Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Securities up to the Underwritten Amount after receiving notice from us as to the number of Shortfall Securities.

The fees payable to the Underwriter are set out in Section 3.7(f). We are also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Entitlement Offer in accordance with all relevant regulatory requirements and we have given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

As is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of Shortfall Shares. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index falls to a level that is 7.5% or more than the level at the close of business on the business day prior to the date of this Prospectus, the Shares of the Company finish trading for on any trading day upon which Shares trade with a closing price that is less than this Offer price of 0.1 cent, the Company fails to repay the amount owing to the Investor before any securities are required to be issued pursuant to terms of the CFSA and where an adverse change occurs in respect of the Company or its assets which has a material adverse effect. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

(c) **Sub-Underwriting**

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not, by its sub-underwriting,

increase its relevant interest in Shares to 20% or more. Other than the issue of the Underwriting Options, the Underwriter is responsible for fees payable to sub-underwriters.

One sub-underwriter may increase its voting power in Shares to 5% or more by its sub-underwriting:

Sub-underwriter	Current Holding	Current Voting Power	Sub-underwritten Shares	Holding Post offer	Voting Power Post Offer
Contango Nominees Pty Ltd	71,714,735 ¹	4.55%	287,000,000	358,714,735	13.65%

1. This includes Shares expected to be issued pursuant to the Placement announced on 15 February 2016.

Other than as set out above, no one sub-underwriter by its own underwriting will increase its voting power in Shares to 5% or more.

(d) **Director Sub-Underwriting**

Mr Neil Warburton (or his nominee) has entered into a sub-underwriting agreement (**Sub-Underwriter**) to sub-underwrite \$31,449, which may result in the issue of 31,449,000 Shares and 15,724,500 New Options (**Sub-Underwriting Securities**).

The potential effect of the sub-underwriting on the holdings and voting power of the Sub-Underwriter is set out below. The voting power post Offer is calculated on the basis that the Sub-Underwriter takes up all of the Sub-Underwritten Securities and all Securities are issued under the Offer. The Sub-Underwriter will not apply for any of his Entitlement. However, the voting power of the Sub-underwriter will reduce by a corresponding amount for the amount of Entitlements taken up by Shareholders.

Sub-underwriter	Current Holding	Current Voting Power	Sub-underwritten Shares	Holding Post offer	Voting Power Post Offer
Neil Warburton	31,302,031	1.98%	31,449,000	62,751,031	2.38%

The Sub-Underwriter is a related party of the Company as Mr Warburton is a Director of the Company. The issue of the Sub-Underwriting Securities may constitute giving a financial benefit to a related party. It is the view of the unrelated Directors that the Sub-Underwriting Agreement is on commercial arms length terms on the basis that the terms are the same basis as other Sub-Underwriting Agreements.

Mr Warburton will receive a 5% Sub-Underwriting Fee and 1 New Option for every 4 Shares sub-underwritten.

The Sub-Underwriter's (and his associates) current interest and potential interest upon completion of the Offer is set out below in Section 4.8. There are no other related party sub-underwriters to the Offer.

(e) **Lead Manager**

By the Mandate Agreement between the Company and the Underwriter, the

Underwriter has agreed to lead manage the Entitlement Offer.

(f) **Fees to Underwriter**

The fees payable to the Underwriter or its nominees (exclusive of GST) in relation to the Offer are:

- \$63,087 underwriting fee (being 6% of the Underwritten Amount) payable upon completion of the Entitlement Offer;
- \$20,000 management fee, subject to raising a minimum of \$300,000 pursuant to the Placement and Entitlement Issue;
- \$20,000 Underwriting success fee, subject to raising a minimum of \$645,000 pursuant to the Placement and Entitlement Issue; and
- 525,724,559 New Options, being 1 New Option for every 2 Shares Underwritten.

No additional fees will be payable to the Underwriter by Shareholders taking up their Entitlement.

(g) **Effect on control**

The Underwriter currently has no relevant interest in Shares. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

The extent to which shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares up to the Underwritten Amount. In the event that the Underwriter is required to subscribe for all of the Shortfall Shares up to the Underwritten Amount, the relevant interest of the Underwriter will be 40%. However, the Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter by its sub-underwriting will increase its voting power in Shares to 20% or more. The Underwriter's relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0%
Completion of the Offer		
• Fully subscribed	Nil	0%
• 75% subscribed	262,862,279	10%
• 50% subscribed	525,724,559	20%
• 25% subscribed.	788,586,839	30%
• 0% subscribed	1,051,449,119	40%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders or sub-underwriters, other than the Underwriter, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other shareholders.

The Underwriter has informed us that on the facts and circumstances presently known to it, it is supportive of our current direction and it does not currently intend to make any major changes to our direction and objectives, and that other than as disclosed in this Prospectus:

- does not currently intend to make any changes to our existing businesses;
- does not currently intend to inject further capital into the Company other than in underwriting the Entitlement Offer;
- does not currently intend to become involved in decisions regarding the future employment of our present employees and contemplates that they will continue in the ordinary course of business;
- does not currently intend for any property to be transferred between the Company and it or any person associated with it;
- does not currently intend to redeploy our fixed assets; and
- does not currently intend to change our existing financial or dividend policies.

Additionally Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 40% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	100,000,000	6.34%	66,666,666	100,000,000	3.80%
Shareholder 2	50,000,000	3.17%	33,333,333	50,000,000	1.90%
Shareholder 3	15,000,000	0.95%	10,000,000	15,000,000	0.57%
Shareholder 4	4,000,000	0.25%	2,666,666	4,000,000	0.15%
Shareholder 5	500,000	0.03%	333,333	500,000	0.019%
Total	1,577,173,679		1,051,449,119		2,628,622,870

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4. ADDITIONAL INFORMATION

4.1 Rights attaching to New Shares

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share excluding amounts credited or paid in advance of a call. Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the value of the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share (not credited) bears to the total issue price of the share (excluding amounts credited). All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (or the number nearest to one third) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the managing director.

Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

Amendment of Constitution

The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

Predominance of Listing Rules

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.2 Terms of New Options

The terms of the issue of the New 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 2018.
- (c) The exercise price of the Options is \$0.0015 each.
- (d) Application will be made for the Options to be quoted and the Options will, subject to quotation, 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 issued and the identity of the proposed recipient. 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. 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.

4.3 Litigation

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

4.4 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is only required to contain information in relation to the effect of the Offers on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects.

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

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

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

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

We lodged our latest annual report with ASX on 14 September 2015. Since then, we have made the following announcements to ASX, shown in the table below.

Date	Description of Announcement
15 February 2016	Red Mountain to raise \$1.19 million
11 February 2016	Trading Halt
10 February 2016	Appendix 3B
29 January 2016	Quarterly Activities and Cashflow Report
29 December 2015	Appendix 3B
21 December 2015	Red Mountain secures up to \$300,000 in funding
17 December 2015	New drilling target defined and financing update
2 December 2015	Change of Director's Interest Notice

Date	Description of Announcement
2 December 2015	Cancellation of Performance Rights
23 November 2015	Change of Directors Interest Notice
23 November 2015	Secondary Trading Notice
23 November 2015	Appendix 3B
16 November 2015	Replacement Results of Meeting
16 November 2015	Results of Meeting
16 November 2015	Strategic Partner to apply for admission to LSE
12 November 2015	Red Mountain receives R&D refund
21 October 2015	Quarterly Activities and Cashflow Report
15 October 2015	Red Mountain signs new Strategic Financing Agreement
14 October 2015	Notice of Annual General Meeting/Proxy Form
1 October 2015	Red Mountain to increase Stage 1 project level funding
16 September 2015	Top 20 and Distribution Schedule for Listed Options
15 September 2015	Secondary Trading Notice
15 September 2015	Appendix 3B
14 September 2015	Appendix 4G
14 September 2015	Corporate Governance Statement
14 September 2015	Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website www.redmm.com.au.

4.6 **Market price of Shares**

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

The highest and lowest market price of the Company's quoted Shares on ASX during the 6 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	0.3 cent	19 November 2015
Lowest	0.1 cent	12 February 2016
Latest	0.1 cent	12 February 2016

4.7 **Board and Management**

The Board consists of:

- Mr Neil Warburton (Non-Executive Chairman)
- Mr Jon Dugdale (Managing Director)
- Mr Michael Wolley (Non-Executive Director)

Messrs Warburton and Dugdale as current or former executive directors are not considered independent directors.

Mr Wolley is an independent director.

4.8 **Directors' Interests**

(a) **Interests of Directors**

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) **Interests in securities as at the date of this Prospectus**

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Offer.

Director	Number of Shares currently held	Number of Options currently held	Number of Performance Rights currently held	Sub-Underwritten Shares ⁷	Sub-Underwritten Options ⁷
Neil Warburton	31,302,031 ¹	10,232,754 ²	6,000,000 ³	31,449,000	15,724,500
Jon Dugdale	15,000,000 ⁴	1,295,550 ⁴	49,800,000 ⁵		
Michael Wolley	0	0	4,000,000 ⁶		

Notes:

1. Comprising 156,250 Shares held directly; 11,707,032 Shares held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 11,032,499 Shares held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; and 8,406,250 Shares held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust.
2. Comprising 15,624 Listed Options exercisable at 1.2 cents and expiring 31 March 2016 and 15,624 Listed Options exercisable at 0.6 cents and expiring 30 June 2016 held directly; 570,703 Listed Options exercisable at 1.2 cents and expiring 31 March 2016 and 570,703 Listed Options exercisable at 0.6 cents and expiring 30 June 2016 held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 6,403,600 Listed Options exercisable at 3 cents and expiring 30 June 2016, 1,040,750 Listed Options exercisable at 1.2 cents and expiring 31 March 2016 and 1,040,750 Listed Options exercisable at 0.6 cents and expiring 30 June 2016 held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; 93,750 Listed Options exercisable at 3 cents and expiring 30 June 2016, 240,625 Listed Options exercisable at 1.2 cents and expiring 31 March 2016 and 240,625 Listed Options exercisable at 0.6 cents and expiring 30 June 2016 held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust.
3. Comprising 1,500,000 Class A Performance Rights convertible to Shares on or before 18 November 2016 2,250,000 Class B Performance Rights convertible to Shares on or before 18 November 2017 and 2,250,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to various vesting conditions and held indirectly by Michlange Pty Ltd < Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust.
4. Held indirectly by LJ and Dr AL Dugdale <Dugdale Superannuation Fund A/C> of which Mr Dugdale is a beneficiary.
5. Comprising 3,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, 4,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017, 4,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, 12,600,000 Class I Performance Rights convertible to Shares on or before 1 December 2018 subject to various vesting conditions, held directly; 12,600,000 Class E Performance Rights convertible to Shares on or before 1 December 2017, 12,600,000 Class F Performance Rights convertible to Shares on or before 1 December 2017 subject to various vesting conditions

held indirectly by LJ and Dr AL Dugdale <Dugdale Superannuation Fund A/C> of which Mr Dugdale is a beneficiary.

6. Comprising 1,000,000 Class A Performance Rights convertible to Shares on or before 18 November 2016, subject to vesting conditions, 1,500,000 Class B Performance Rights convertible to Shares on or before 18 November 2017 and 1,500,000 Class C Performance Rights convertible to Shares on or before 18 November 2018, subject to various vesting conditions
7. These figures represent the maximum securities issued under the Sub-Underwriting Agreement.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Entitlement Offer.

Jon Dugdale may participate in the Entitlement Offer by taking up his Entitlement. Jon Dugdale has advised the Company that he intends to subscribe for up to 10,000,000 New Shares in his capacity as a Shareholder. This represents Jon Dugdale's full Entitlement.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Entitlement Offer.

In the event that Jon Dugdale subscribes for 10,000,000 New Shares, his relevant interest in Shares will be 0.95% (assuming the Offer is fully subscribed).

(c) **Remuneration of Directors**

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company.

Director	Financial year ended 30 June 2014 ¹	Financial year ended 30 June 2015 ¹	Financial year ending 30 June 2016 (Proposed) ¹
Mr Neil Warburton	\$72,000	\$63,600	\$57,600
Mr Jon Dugdale	\$279,949	\$260,000	\$275,000 ²
Mr Michael Wolley	\$36,000	\$27,398	\$25,571 ³

1. Excludes superannuation.

2. Includes one off \$15,000 cash bonus.

3. Remuneration currently accrued.

4.9 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter of the Company or underwriter to the Entitlement Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the issue, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any person noted in the above paragraph, for services rendered by that person in connection with the formation or promotion of the Company or the Offers.

Steinepreis Paganin Lawyers has acted as lawyers to the Company in relation to the Offer. We estimate that we will pay approximately \$10,000 (excluding GST) for these services. In the past two years, Steinepreis Paganin Lawyers has been paid fees (excluding GST and disbursements) of approximately \$110,742.50 by the Company.

PAC Partners Pty Ltd is the Underwriter and lead manager in relation to the Offer and the fees payable to PAC Partners Pty Ltd are set out in Section 3.7. In the past two years, PAC Partners Pty Ltd has been paid fees (excluding GST and disbursements) of approximately \$92,000 by the Company.

4.10 Expenses of the Offers

The expenses connected to the Offer payable by the Company are estimated at approximately \$140,804, assuming maximum subscription. These estimated expenses include the following:

	\$
ASIC fees	2,320
ASX fees	7,947
Underwriting Fees	103,087
Legal fees	10,000
Management, printing and distribution (inc. postage)	12,000
Miscellaneous	5,450
Total	\$140,804

4.11 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Steinepreis Paganin Lawyers has consented to being named as the Solicitors to the Offer. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

PAC Partners Limited has consented to being named as the Underwriter and lead manager to the Offer and the inclusion in the Prospectus of all statements made by and referring to it. PAC Partners Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- have not caused or authorised the issue of this Prospectus.

4.12 **Financial forecasts**

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

4.13 **Privacy Act**

If you complete an application for New Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a securityholder and carry out administration.

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

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Securities, the Company may not be able to accept or process your application.

5. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 15 February 2016

A handwritten signature in black ink, appearing to read 'N. F. Warburton', written in a cursive style.

Signed for and on behalf of Red Mountain Mining Limited
By Mr Neil Warburton
Chairman

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who submits an Entitlement and Acceptance Form.
Application	An application for New Securities under the Offer.
Application Money	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates.
Board	The Board of Directors.
Closing Date	The time and date at which the Offer expires, being 4.00pm WST, 7 March 2016, subject to the Company varying this date in accordance with the Listing Rules.
Company or Red Mountain Mining	Red Mountain Mining Limited (ACN 119 568 106).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of the Company for the time being.
Eligible Shareholders	Shareholders with a registered address in Australia or New Zealand at the Record Date.
Entitlement	The entitlement to subscribe for New Shares and New Options under the Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Entitlement Offer.
Entitlement Offer	The offer to Eligible Shareholders of New Shares and New Options under the Offer.
Excluded Shareholder	A Shareholder whose registered address is not in Australia, or New Zealand.
Full Subscription	The maximum amount to be raised under the Entitlement Offer being the sum of \$1,051,449 assuming no existing Options are exercised.

JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Issue Price	\$0.001 per New Share, being the price payable to subscribe for each New Share.
Listing Rules	The official listing rules of ASX.
New Options	A New Option to subscribe for a Share on the terms set out in Section 4.2.
New Securities	The New Shares and New Options.
New Shares	The Shares offered under the Offer.
Offer	The pro-rata non-renounceable entitlement issue to Eligible Shareholders of 2 New Shares for every 3 Shares held by Eligible Shareholders on the Record Date with 1 free New Option for every 2 New Shares subscribed for.
Official List	The official list of the ASX.
Option	An option to acquire a Share.
Placement	A placement of 140,000,000 Shares to raise \$140,000 (before costs) as announced on 15 February 2016.
Prospectus	This prospectus dated 15 February 2016.
Record Date	The time and date for determining a Shareholder's entitlement to participate in the Offer, being 5.00pm WST, 22 February 2016.
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	Registered holder of Shares.
Shortfall	Securities not applied for under the Offer before the Closing Date.
Shortfall Securities	New Securities constituting the Shortfall.
Sub-Underwriter	Means Mr Neil Warburton or his nominee.
Underwriter	PAC Partners Pty Ltd (ABN: 13 165 738 438)
Underwriting Agreement	The underwriting agreement between the Company and PAC Partners Pty Ltd dated 15 February 2016.
Underwritten Amount	\$1,051,449
WST	Western Standard Time.

\$

Australian dollars unless otherwise stated.