

**RED MOUNTAIN STRIKES DEAL TO INCREASE STAGE 1 PROJECT LEVEL FUNDING**

- **Strategic partner to significantly increase Stage 1 funding from USD 1 million to 1.7 million**
- **Funding to complete drilling, Definitive Feasibility Study and final permitting inputs**

Perth, Western Australia: Red Mountain Mining Limited (**ASX:RMX, the Company**) is pleased to announce that it has agreed with strategic financing partner, Bluebird Merchant Ventures Ltd (**Bluebird**), to significantly increase the payment of the Stage 1 consideration (**Stage 1 funding**), pursuant to the subscription and joint venture agreement released 23 December 2014, as varied (**the Agreement**).

The timeframe for the Stage 1 funding has initially been extended for a further 14 days from 1 October 2015 to 15 October 2015, to allow finalisation of a Variation to the Agreement that includes a significant increase to the Stage 1 funding by Bluebird from USD 1 million to USD 1.7 million (~AUD 2.4 million). The Stage 1 funding will fund completion of the Definitive Feasibility Study (**DFS**) and all permitting requirements for the Batangas Gold Project, and will now allow Bluebird to earn a 25% stake (formerly 15% stake) in Red Mountain Mining Singapore Ltd (**RMMS**), the subsidiary company that holds the Company's Batangas Gold Project assets in the Philippines.

For material terms of the Agreement see ASX releases of 16 December 2014 and 23 December 2014 and "About Red Mountain Mining Limited and the Batangas Gold Project" below.

Red Mountain Managing Director Jon Dugdale said, *"We are very pleased that our strategic financing partner has agreed to significantly increase the Stage 1 funding under the Agreement. We believe this provides a compelling endorsement of the Batangas Gold Project."*

"The additional funding will provide the opportunity to carry out the planned new drilling program and fast track completion of the DFS and all permitting inputs to allow development of the Batangas Gold Project."

The Company has also extended the Controlled Placement Agreement (**CPA**) with Acuity Capital Investment Management Pty Ltd (**Acuity Capital**) for a further 12 months from 30 September 2015. For material terms of this CPA see ASX release 3 September 2013.

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

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About Red Mountain Mining Limited and the Batangas Gold Project

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

The Company holds a 100% direct and indirect contractual right interest in tenements in the Philippines that contain significant gold resources. Total Mineral Resources at Batangas include Indicated Resources of 2.97 million tonnes @ 2.4 g/t Au, 227,000oz Au and Inferred Resources of 3.22 million tonnes @ 2.1 g/t Au, 218,000oz Au for a total of 6.19 million tonnes at 2.2 g/t Au, 444,000oz Au (ASX announcement 30 June 2014, JORC 2012). The Company is continuing exploration with the objective of upgrading mineral resources at Batangas.

The Company announced an agreement (the Agreement) with London backed, BVI registered, Bluebird Merchant Ventures Ltd (Bluebird) on 23 December 2014. The Agreement includes a two stage funding arrangement totalling US\$5.5 million (~A\$7.4 million), earning Bluebird up to 50% of the current wholly owned subsidiary, Red Mountain Mining Singapore Ltd (RMMS), that holds the Company's interest in the Batangas Gold Project assets in the Philippines.

Stage 1 funding under the Agreement with Bluebird will allow the Company to complete a Definitive Feasibility Study (DFS) on the project, with initial results confirming low capital and operating costs and recovery of over 100,000 ounces of gold during the initial 5 years of a 10 year production plan (ASX announcement 20 November 2014 and updated 23 January 2015).

Final mine Declaration of Mining Feasibility (DMF) permitting has been endorsed by all 10 Local Barangay (township) Councils and is awaiting endorsement of the second necessary local government unit (LGU), the Lobo Municipality. Environmental permitting is reaching the final stages of approval that will lead to the Environmental Compliance Certificate (ECC) being granted. Once the ECC is granted and the Company has the necessary two of three LGU endorsements, the DMF will proceed to central Mines and Geosciences Bureau (MGB) for final approval and signing by the Secretary of the Department of Environment and Natural Resources (DENR).

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

Cautionary Statement

The production targets referred to in this announcement were first released to ASX on 20 November 2014 and updated on 23 January 2015. They are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets, will be realised. All material assumptions underpinning production targets or forecast financial information derived from production targets continue to apply and have not materially changed.

Competent Person Statement

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

Forward Looking Statements

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