Red Mountain Mining Ltd and Controlled Entities

Interim Consolidated Financial Report
For the Half-Year Ended 31 December 2017

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian equivalent to International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Red Mountain Mining Ltd and its controlled entities

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Red Mountain Mining Ltd and its controlled entities

Directors' Report

The Directors of Red Mountain Mining Ltd present their Report together with the financial statements of the consolidated entity, being Red Mountain Mining Ltd ("**Red Mountain"** or "the **Company**") and its controlled entities ("the **Group**") for the half year ended 31 December 2017 and the Independent Auditor's Review Report thereon.

Director details

The following persons were Directors of the Company during and since the end of the half-year:

- Mr Jeremy King
- Mr Lincoln Ho
- Mr Robert Parton

Review of operations and financial results

The Group has recorded an operating loss of $0.5M for the half year ended 31 December 2017 (2016: $26.4M loss).

Financial position

As at 31 December 2017, the Company had cash balances of $1.9M (30 June 2017: $2.4M) and net assets of $3.0M (30 June 2017: $2.7M).

Commentary

Mukabe-Kasari Cobalt-Copper Project

On 6 September 2017 the Company announced its intention to proceed with the earn-in to acquire up to 90% of the Mokabe-Kasari Cobalt Copper project located in the world famous DRC Copper belt. The first commercial term was satisfied by the issue of 10 million shares in RMX as part consideration for the earn in on 8 September 2017.

The Company completed the exploration programme at the Mukabe-Kasari-Cobalt-Copper project in the Katanga Province of the Democraic Republic of Congo (DRC). This included soil and rock chip sampliong, RAB drilling and pitting.

A surface geochemical program centred around the areas of known copper mineralisation was completed and a total of 657 samples were collected.

Areas targeted for copper mineralisation were covered with a systematic surface geochemical sampling (either soil and rock chip sample, depending on sample site), and followed-up by a pitting program to establish the vertical extent of mineralised horizons, if possible the number of mineralized beds, and the thickness of individual beds.

The area identified as hosting cobalt mineralisation in old rived-bed sediments was targeted with a rotary air blast (RAB) drilling programme comprising approximately 50 holes for about 850m of drilling centred on 200m by 500m spaced drill centres.

Soil samples were collected between 30 and 70 cm below the organic rich top soil layer. About 2 kg of bulk material was collected from each sample site. About the same volume of weathered rock was collected where bed rock was at surface.

Furthermore, an RAB geochemical drill sampling program of 50 drill holes totalling about 850 m was completed at the cobalt-only mineralisation area. The objective of this work was to determine

Directors' Report

Commentary (continued)

the distribution, grade, and host rock properties of this target area. The holes were drilled on a 500 m by 200 m grid to a depth of 10–25 m. Every metre drilled was sampled.

The drill traverses confirmed that an east-southeast-trending, up to 12 m deep and up to 1.5 km wide palaeo-channel transects the southern project area. The pebble beds which mostly consisted of partly weathered siltstones appeared to be coated in a black oxide mineral the composition of which is not known.

These observations give support to the concept that cobalt mineralisation may be associated with the "black coating" and that it is associated with a poorly consolidated river sediments.

Corporate

On 6 September 2017, the Company completed a share placement to raise $735,000 from professional and sophisticated investors, through the issue of 66,818,182 shares at an issue price of $0.011, as approved by shareholders on 15 November 2016.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Significant and subsequent events and transactions

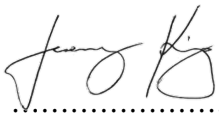
On 22 February 2018, the Company announced a Placement to raise $1 million (before costs) through the issue of 111,128,888 fully paid shares at an issue price of $0.009 per share.

No other matter or circumstance has arisen subsequent to 31 December 2017 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included within this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



……....

Jeremy King
Executive Director

Perth, Western Australia

Dated this 13th day of March 2018

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Mountain Mining Ltd for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 13 March 2018

TUTU PHONG
Partner

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Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Notes	31 December 2017 $	31 December 2016 $
Revenue			
Interest income		**25,799**	19,174
Expenses			
Professional fees		**(196,086)**	(242,910)
Consultancy costs		**(147,161)**	(61,976)
Depreciation expense		**(652)**	(4,441)
Employee benefits expenses		**(70,000)**	(106,855)
Exploration and evaluation expense		**(17,074)**	-
Share based payment expenses		**-**	(785,591)
Legal fees		**(4,312)**	(24,115)
Travelling expenses		**-**	(7,343)
Finance costs		**(7,141)**	(715)
Net foreign exchange gain/(loss)		**1,168**	(145,825)
Gain/(loss) on financial instrument revaluation		**90,571**	(283,252)
Impairment of exploration and evaluation assets	3	**-**	(24,613,992)
Impairment of other assets		**-**	(219,702)
Other expenses		**(212,938)**	(132,671)
Loss before income tax		**(537,826)**	(26,610,214)
Income tax benefit		**-**	243,867
Net loss for the period		**(537,826)**	(26,366,347)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**-**	(361,890)
Revaluation in Philippines		**-**	(1,018)
Other comprehensive loss for the period		**-**	(362,908)
Total comprehensive loss for the period (net of tax)		**(537,826)**	(26,729,255)
Loss attributable to:			
Members of the parent entity		**(537,826)**	(26,124,332)
Non-controlling interest		**-**	(242,015)
		(537,826)	(26,366,347)
Total comprehensive loss attributable to:			
Members of the parent entity		**(537,826)**	(24,699,467)
Non-controlling interest		**-**	(2,029,788)
		(537,826)	(26,729,255)
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	5	**Cents (0.12)**	Cents (1.61)

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	31 December 2017 $	30 June 2017 $
Assets			
Current			
Cash and cash equivalents		**1,993,718**	2,416,752
Trade and other receivables		**144,590**	160,196
Available for sale financial assets		**347,484**	256,914
Total current assets		**2,485,792**	2,833,862
Non-current			
Plant and equipment		**111**	762
Exploration and evaluation expenditure	3	**643,036**	99,171
Total non-current assets		**643,147**	99,933
Total assets		**3,128,939**	2,933,795
Liabilities			
Current			
Trade and other payables		**120,713**	264,689
Total current liabilities		**120,713**	264,689
Total liabilities		**120,713**	264,689
Net assets		**3,008,226**	2,669,106
Equity			
Contributed equity	6	**39,863,331**	38,986,385
Reserves		**10,373,269**	10,373,269
Accumulated losses		**(47,228,374)**	(44,256,531)
Equity attributable to the owners of Red Mountain Mining Ltd		**3,008,226**	5,103,123
Non-controlling interest		**-**	(2,434,017)
Total equity		**3,008,226**	2,669,106

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total	Non-controlling interest	Total
Balance at 1 July 2017	**38,986,385**	**(44,256,531)**	**4,933,208**	**5,391,374**	**48,687**	**5,103,123**	**(2,434,017)**	**2,669,106**
Loss for the period	-	(537,826)	-	-	-	(537,826)	-	(537,826)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	(537,826)	-	-	-	(537,826)	-	(537,826)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-
Issue of share capital	973,000	-	-	-	-	973,000	-	973,000
Share issue cost	(96,288)	-	-	-	-	(96,288)	-	(96,288)
Non-controlling interest assumed by parent entity upon disposal by subsidiary	-	(2,434,017)	-	-	-	(2,434,017)	2,434,017	-
Balance at 31 December 2017	**39,863,331**	**(47,228,374)**	**4,933,208**	**5,391,374**	**48,687**	**3,008,226**	**-**	**3,008,226**
Balance at 1 July 2016	**35,773,150**	**(17,303,463)**	**3,564,327**	**3,892,784**	**49,705**	**25,976,503**	**(411,567)**	**25,564,936**
Loss for the period	-	(26,124,332)	-	-	-	(26,124,332)	(242,015)	(26,366,347)
Other comprehensive income/(loss)	-	-	1,425,883	-	(1,018)	1,424,865	(1,787,773)	(362,908)
Total comprehensive loss for the period	**-**	**(26,124,332)**	**1,425,883**	**-**	**(1,018)**	**(24,699,467)**	**(2,029,788)**	**(26,729,255)**
Transactions with owners in their capacity as owners:								
Cancellation of performance rights	-	-	-	(120,625)	-	(120,625)	-	(120,625)
Options issues	-	-	-	74,915	-	74,915	-	74,915
Share issues, net of costs	1,892,649	-	-	-	-	1,892,649	-	1,892,649
Share based payments	82,045	-	-	824,171	-	906,216	-	906,216
Balance at 31 December 2016	**37,747,844**	**(43,427,795)**	**4,990,210**	**4,671,245**	**48,687**	**4,030,191**	**(2,441,355)**	**1,588,836**

The accompanying notes form part of these financial statements.

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	Notes	31 December 2017	31 December 2016
Operating activities			
Payments to employees and suppliers		**(765,464)**	(674,839)
Interest received		**25,799**	11,918
Net cash (outflow) from operating activities		**(739,665)**	(662,921)
Investing activities			
Payment for new projects		**-**	(58,860)
Payments for exploration and evaluation expenditure		**(316,027)**	(335,475)
Net cash (outflow) from investing activities		**(316,027)**	(394,335)
Financing activities			
Proceeds from issue of shares		**735,000**	2,033,537
Proceeds from issue of options		**-**	74,915
Proceeds from option entitlement issue		**234**	-
Share issue costs		**(103,510)**	(136,506)
Net cash inflow from financing activities		**631,490**	1,971,946
Net (decrease)/increase in cash held		**(424,202)**	914,690
Net foreign exchange difference		**1,168**	(4,572)
Cash at the beginning of period		**2,416,752**	757,642
Cash at the end of period		**1,993,718**	1,667,760

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2017

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Red Mountain Mining Ltd (the **Company**) is domiciled in Australia.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprised the Company and its subsidiaries (together referred to as (the **Group**)).

For the purpose of preparing the consolidated financial report, the Group is a for profit entity.

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates.

The interim financial statements have been approved and authorised for issue by the board of Directors on 13 March 2018.

Statement of compliance

The interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2017 and are presented in Australian dollar ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Annual Financial Report for the year ended 30 June 2017.

Standards and Interpretations applicable to 31 December 2017
In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2017
The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Group and effective for the reporting periods beginning on or after 1 January 2018.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2017

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

2 SEGMENT REPORTING

Red Mountain Mining Ltd operates predominantly in one segment, being the mining and exploration industry.

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

3 EXPLORATION AND EVALUATION EXPENDITURES

The following tables show the movements in exploration and evaluation expenditures.

	31 December 2017 $	**30 June 2017** $
Carrying amount at 1 July	**99,171**	25,149,974
Additions	**373,865**	876,589
Cost of earn in to Mukabe Kasari Project	**170,000**	-
Disposal of exploration assets	-	(24,614,713)
Write off for tenements relinquished	-	(505,661)
Exchange differences on translating foreign operations	-	(807,018)
Carrying amount at end of period	**643,036**	99,171

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2017

5 LOSS PER SHARE

	31 December 2017 Cents	31 December 2016 Cents
Basic loss per share	(0.12)	(1.61)

	31 December 2017 $	31 December 2016 $
Loss used to calculate basic loss per share	(537,826)	(26,193,332)

	Number	Number
Weighted average number of shares used in calculating basic and diluted loss per share	456,133,632	1,627,864,230

6 CONTRIBUTED EQUITY

	31 December 2017 $	30 June 2017 $
At the beginning of period	38,986,385	35,773,150
Share based payments during the period	-	194,020
Shares issued during the period (1)	735,000	3,775,002
Exercise of options	234	286,817
Part consideration for Earn In (2)	170,000	-
Shares issued for services provided (3)	68,000	-
Share issue costs	(96,288)	(1,042,604)
Balance at end of period	**39,863,331**	38,986,385

During the half year, the Company issued:

(1) 66,818,182 fully paid ordinary shares were issued to sophisticated and professional investors at a consideration price of $0.011 per share.

(2) 10,000,000 fully paid ordinary shares were issued at nil consideration in part consideration for the revised terms of the Company's proposed earn in of up to 90% of the Mokabe Kasari Cobalt-Copper Project.

(3) 4,000,000 fully paid ordinary shares were issued to the adviser at nil consideration as asset introduction fee in relation to the Mokabe Kasari Cobalt-Copper Project.

The shares deemed fair value was determined by reference to the market value of the shares at grant date.

	31 December 2017 Number	30 June 2017 Number
At the beginning of period	430,518,513	3,233,331,117
Securities reorganisation – 32:1	-	(3,132,288,935)
Part consideration for Earn In	10,000,000	-
Shares issued in lieu of services provided	4,000,000	52,333,333
Shares issued during the period	66,818,182	260,455,290
Exercise of options	15,625	16,687,708
Balance at end of period	**511,352,320**	430,518,513

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2017

7 EVENTS SUBSEQUENT TO REPORTING DATE

On 22 February 2018, the Company announced a Placement to raise $1 million (before costs) through the issue of 111,128,888 fully paid shares at an issue price of $0.009 per share.

No other matter or circumstance has arisen subsequent to 31 December 2017 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

8 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

9 COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

Red Mountain Mining Ltd and its controlled entities

Directors' Declaration

In accordance with a resolution of the Directors of Red Mountain Mining Ltd, in the opinion of the Directors:

a. The consolidated financial statements and notes of are in accordance with the *Corporations Act 2001*, including:

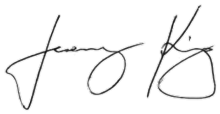
i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Jeremy King
Executive Director

Perth, Western Australia
Dated this 13th day of March 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
RED MOUNTAIN MINING LTD

We have reviewed the accompanying half-year financial report of Red Mountain Mining Ltd which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Mountain Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Mountain Mining Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Mountain Mining Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2018