Red Mountain Mining Ltd and Controlled Entities

Interim Consolidated Financial Report
For the Half-Year Ended 31 December 2019

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 2019 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 2019 and the Independent Auditor's Review Report thereon.

Director details

The following persons are 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 $626,171 for the half year ended 31 December 2019 (2018: loss of $660,111).

Financial position

As at 31 December 2019, the Company had cash balances of $1,945,621 (30 June 2019: $2,275,421) and net assets of $2,954,822 (30 June 2019: $3,137,270).

Commentary

Mt Mansbridge Rare Earths Project, Western Australia

On 11 February 2020, the Company entered into a variation agreement which has amended the terms for the acquisition of 100% of the Mt Mansbridge heavy rare earths project.

The Mt Mansbridge Rare Earths project is one of the few Australian rare earth projects prospective for heavy rare earths with known occurrences of xenotime, which hosts the heavy rare earth elements (HREE) dysprosium and terbium.

Having secured the highly prospective Mt Mansbridge Project in the Kimberly, the Company is pleased to announce that it has now completed the compilation of a comprehensive database, including historical geochemistry, geophysics and drilling data.

With the regional unconformity now extending over 30 kms at the Mt Mansbridge Project, Red Mountain with the support of independent consultants, has commenced a geological assessment and reprocessing of geophysical data to delineate existing drill targets as well as generate new prospects.

On completion of the wet season, Red Mountain will undertake a heritage survey as well as complete a reconnaissance field trip to ground truth areas of interest. These field activities are expected to commence in April 2020.

Directors' Report

The aim of the reconnaissance program is to prepare for an effective first pass exploration program with the following objectives:

- Validate existing prospects and priority drill targets;
- Identify the potential for basement hosted and unconformity-related REE mineralisation; and
- Prepare site access and drill pads.

Following the reconnaissance program, Red Mountain will commence a drill program to fully test the Mt Mansbridge area for REE mineralisation. Drilling is expected to commence in early Q2, 2020.

Mt Kokeby Kaolin/High Purity Alumina Project, Western Australia

As announced on 11 February 2020, after careful consideration, the Board has concluded that in the current market conditions a prudent course of action is to acquire only the Mt Mansbridge project. Consequently, the Company has elected not to proceed with the acquisition of the Mt Kokeby kaolin project.

Mukabe-Kasari Cobalt-Copper Project, DRC

The Company continued to conduct soil and rock chip sampling groundwork at this project during the period. The project is considered prospective for copper-cobalt and is located in the prolific copper-cobalt producing region of Kolwesi, DRC.

Batangas Gold Project, Phillippines

The Company retains its leverage to the Philippines based Batangas Gold project by way of its 1% NSR production royalty and as at the end of the Relevant Quarter held approximately 5.5 million shares in London listed Bluebird Merchant Ventures Ltd (share price as at 31 December 2019: 2.40 pence per share).

JV with Crane Copper Mining (Uganda)

As announced on 1 October 2019, the Company has elected not to proceed with the acquisition of the Kilembe copper slag project in Uganda.

Corporate

During the period the Company raised $500,000 (before costs) via two tranches from professional and sophisticated investors. The first tranche issue was on 2 October 2019, whereby 69,000,000 shares were issued at an issue price $0.005. The second tranche issue was on 6 December 2019, whereby 31,000,000 shares were issued at an issue price of $0.005.

Red Mountain Mining Ltd and its controlled entities

Directors' Report

Subsequent events

On 11 February 2020, the Company entered into a variation agreement which amended the terms for the acquisition of 100% of the Mt Mansbridge heavy rare earths project. The consideration payable to acquire the project is in the form of the issue of 100 million shares and payment of $100,000. Further consideration payable is based on the attainment of project related milestones, please refer to the ASX announcement 11 February 2020.

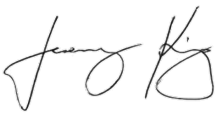
The Company also elected not to proceed with the Mt Kokeby Kaolin Project after careful consideration of the project and market conditions.

No other matter or circumstance has arisen subsequent to 31 December 2019 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 2020

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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 2019, 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 2020

TUTU PHONG
Partner

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Revenue			
Other income	3	**44,064**	47,122
Expenses			
Professional fees		**(167,980)**	(125,086)
Consultancy costs		**(125,263)**	(120,000)
Depreciation expense	8	**(78,668)**	-
Employee benefits expenses		**(153,722)**	(90,000)
Exploration and evaluation expense		**(48,049)**	(97,181)
Legal fees		**(37,351)**	(14,610)
Travelling expenses		**(3,594)**	(3,876)
Finance costs		**(5,291)**	(1,282)
Gain/(loss) on financial instrument revaluation		**36,524**	(107,520)
Other expenses		**(86,841)**	(147,678)
Loss before income tax		**(626,171)**	(660,111)
Income tax benefit		**-**	-
Net loss for the period		**(626,171)**	(660,111)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**-**	-
Other comprehensive income for the period		**-**	-
Total comprehensive loss for the period (net of tax)		**(626,171)**	(660,111)
Loss attributable to:			
Members of the parent entity		**(626,171)**	(660,111)
Non-controlling interest		**-**	-
		(626,171)	(660,111)
Total comprehensive loss attributable to:			
Members of the parent entity		**(626,171)**	(660,111)
		(626,171)	(660,111)
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	6	**Cents (0.08)**	Cents (0.10)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 $	30 June 2019 $
Assets			
Current			
Cash and cash equivalents		**1,945,621**	2,275,421
Trade and other receivables		**252,673**	228,684
Financial assets at fair value through profit or loss	5	**241,840**	205,316
Total current assets		**2,440,134**	2,709,421
Non-current			
Exploration and evaluation expenditure	4	**671,339**	645,998
Right-of-use asset	8	**104,892**	-
Total non-current assets		**776,231**	645,998
Total assets		**3,216,365**	3,355,419
Liabilities			
Current			
Trade and other payables		**153,011**	218,149
Lease liability	8	**108,532**	-
Total current liabilities		**261,543**	218,149
Total liabilities		**261,543**	218,149
Net assets		**2,954,822**	3,137,270
Equity			
Contributed equity	7	**42,088,963**	41,645,240
Reserves		**10,695,531**	10,695,531
Accumulated losses		**(49,829,672)**	(49,203,501)
Equity attributable to the owners of Red Mountain Mining Ltd		**2,954,822**	3,137,270
Total equity		**2,954,822**	3,137,270

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total
Balance at 1 July 2019	**41,645,240**	**(49,203,501)**	**4,938,847**	**5,707,997**	**48,687**	**3,137,270**
Loss for the period	**-**	**(626,171)**	**-**	**-**	**-**	**(626,171)**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**(626,171)**	**-**	**-**	**-**	**(626,171)**
Transactions with owners in their capacity as owners:		**-**	**-**		**-**	**-**
Issue of share capital (net of costs)	**443,723**	**-**	**-**		**-**	**443,723**
Balance at 31 December 2019	**42,088,963**	**(49,829,672)**	**4,938,847**	**5,707,997**	**48,687**	**2,954,822**
Balance at 1 July 2018	41,220,240	(48,038,537)	4,933,208	5,699,997	48,687	3,862,595
Loss for the period	-	(660,111)	-	-	-	(660,111)
Other comprehensive income/(loss)	-	-	-	-	-	-
Total comprehensive loss for the period	-	(660,111)	-	-	-	(660,111)
Transactions with owners in their capacity as owners:						
Issue of share capital	500,000	-	-	-	-	500,000
Share issue cost	(75,005)	-	-	-	-	(75,005)
Balance at 31 December 2018	41,645,235	(48,699,648)	4,933,208	5,699,997	48,687	3,627,479

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 2019

	Notes	31 December 2019	31 December 2018
Operating activities			
Payments to employees and suppliers		**(709,507)**	(680,243)
Interest and other finance costs paid		**(3,817)**	-
Interest received		**6,487**	9,622
Sub-lease income received		**37,500**	37,500
Net cash (outflow) from operating activities		**(669,337)**	(633,121)
Investing activities			
Payments for exploration and evaluation expenditure		**(25,341)**	(10,843)
Net cash (outflow) from investing activities		**(25,341)**	(10,843)
Financing activities			
Proceeds from issue of shares		**500,000**	500,000
Share issue costs		**(56,277)**	(75,005)
Repayment of lease liabilities		**(78,845)**	-
Net cash inflow from financing activities		**364,878**	424,995
Net decrease in cash held		**(329,800)**	(218,969)
Net foreign exchange difference		**-**	-
Cash at the beginning of period		**2,275,421**	2,951,942
Cash at the end of period		**1,945,621**	2,732,973

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2019

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 2019 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 entities in the Group is the currency of the primary economic environment in which that entity operates.

Statement of compliance

The interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2019 and are presented in Australian dollars ($), 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 2019 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2019

New Accounting Standards
The Group has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB") that are mandatory for the current reporting period.

Details of the impact of AASB 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments are detailed below. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated.

AASB 16 Leases replaces the provisions of AASB 117 Leases that relates to the recognition, classification and measurement of leases.

The adoption of AASB 16 Leases from 1 July 2019 resulted in changes to the accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below. Comparative figures have not been restated in accordance with transitional provisions.

On 1 July 2019, the Group held one lease, for the principal office based in Perth.

Initial recognition
The Group elected to value the right-of-use asset using the modified retrospective approach from 1 July 2019. The liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 5.53%. The initial amount recognised for each asset and liability is the same and uses the current borrowing rate.

The option to extend the lease has not be incorporated into the initial recognition as there is no reasonable certainty that it will be extended.

Subsequent recognition
The Group will recognise a lease liability based on the discounted payments under the lease. The lease liability is to be measured with reference to an estimate of the lease term. The Group will use the cost model to recognise the right-of-use asset and amortise it over the remaining of its lease term.

The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	189,096
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(5,536)
Right-of-use assets (AASB 16)	183,560
Lease liabilities - current (AASB 16)	(156,608)
Lease liabilities - non-current (AASB 16)	(26,952)
	(183,560)
Reduction in opening accumulated losses as at 1 July 2019	-

New Accounting Standards (Continued)

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Group has adopted IFRIC 23 from 1 July 2019. There was no impact to the financial statements.

Significant accounting judgments and key estimates

The preparation of the interim financial reports 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.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019 with the exception noted below.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

2 SEGMENT REPORTING

The Group 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.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2019

3 OTHER INCOME

	31 December 2019 $	31 December 2018 $
Interest received	**6,335**	9,622
Subleasing income	**37,500**	37,500
Foreign exchange gain	**229**	-
	44,064	47,122

4 EXPLORATION AND EVALUATION EXPENDITURES

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

	31 December 2019 $	30 June 2019 $
Carrying amount at 1 July	**645,998**	641,208
Additions	**25,341**	4,790
Carrying amount at end of period	**671,339**	645,998

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019 $	30 June 2019 $
Financial assets at fair value through profit or loss - Current		
144,000 fully paid ordinary shares held in Greenpower Limited (ASX: GPP) (1)	**1,296**	1,440
960,000 options held in Greenpower Limited (3)	**-**	960
5,595,652 fully paid ordinary shares held in Bluebird Merchant Ventures Ltd (LSE: BMV) (2)	**240,544**	202,916
	241,840	205,316

1. Includes impairment of $1,104 on ordinary shares held.
2. Includes gain of $37,628.
3. Listed options.

6 LOSS PER SHARE

	31 December 2019	31 December 2018
	Cents	Cents
Basic and diluted loss per share	**(0.08)**	(0.10)

	31 December 2019	31 December 2018
	$	$
Loss used to calculate basic and diluted loss per share	**(626,171)**	(660,111)

	Number	Number
Weighted average number of shares used in calculating basic and diluted loss per share	**816,415,896**	680,940,232

7 CONTRIBUTED EQUITY

(a) Issued and fully paid	**31 December 2019**		30 June 2019	
	No.	**$**	No.	$
Ordinary shares	**878,036,775**	**42,088,963**	778,036,755	41,645,240

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation	**Number**	**$**
At 1 July 2018	678,036,755	41,220,240
Issue of Shares - $0.005 placement	100,000,000	500,000
Capital raising costs	-	(75,000)
At 30 June 2019	778,036,755	41,645,240
1 July 2019	**778,036,755**	**41,645,240**
Issue of Shares - $0.005 placement	**100,000,000**	**500,000**
Capital raising costs	**-**	**(56,277)**
At 31 December 2019	**878,036,775**	**42,088,963**

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2019

8 RIGHT-OF-USE ASSET AND LEASE LIABILITY

Amount recognised in the consolidated statement of financial position

	31-Dec-19	30 Jun-19
	$	$
Right-of-use asset		
Property – Perth office		
At July 1, 2019	**183,560**	-
Depreciation	**(78,668)**	-
At 31 December 2019	**104,892**	-
Lease Liability		
At July 1, 2019	**183,560**	-
Lease payments	**(78,845)**	-
Interest	**3,817**	-
At 31 December 2019 (Current)	**108,532**	-

Amount recognised in the consolidated statement of profit or loss and other comprehensive income

	31-Dec-19	31-Dec-18
	$	$
Depreciation of right-of-use asset	**(78,668)**	-
At 31 December 2019	**(78,668)**	-

The total cash outflows for the lease in the six months ended 31 December 2019 were $78,845 lease payments and $3,817 interest.

9 EVENTS SUBSEQUENT TO REPORTING DATE

On 11 February 2020, the Company entered into a variation agreement which has amended the terms for the acquisition of 100% of the Mt Mansbridge heavy rare earths project. The consideration payable to acquire the project is in the form of the issue of 100 million shares and payment of $100,000. Further consideration payable is based on the attainment of project related milestones, please refer to the ASX announcement 11 February 2020.

The Company also elected not to proceed with the Mt Kokeby Kaolin Project after careful consideration of the project and market conditions.

No other matter or circumstance has arisen subsequent to 31 December 2019 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

10 CONTINGENT LIABILITIES

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

11 COMMITMENTS

There has been no material change in commitments since the last annual reporting date other than the impact of adoption of AASB 16 Leases as noted in Note 1.

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 are in accordance with the Corporations Act 2001, including:

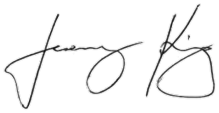
i. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

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 2020

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

Report on the Half-Year Financial Report

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 2019, 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 2019 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 2019 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 2020