Red Mountain Mining Ltd and Controlled Entities

Interim Consolidated Financial Report
For the Half-Year Ended 31 December 2013

This interim financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. It does not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 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.

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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 ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2013 and the Independent Auditor's Review Report thereon.

Director details

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

Mr Michael Wolley
Mr Keith Rowe (resigned 11 July 2013)
Mr Neil Warburton
Mr Jon Dugdale

Review of operations and financial results

The Group has recorded an operating loss of $1.36m (2012: $0.2m) and continued with exploration activities, including drilling, on the gold projects and copper gold tenements in the Philippines.

Financial Position

As of 31 December 2013, the Company had cash balances of $0.92m (30 June 2013: $0.99m) and net assets of $18.1m (30 June 2013: $16.96m).

Commentary

During the 6 months to 31 December 2013 the Company focussed on exploration programs on its Batangas Gold Project tenements, south of Manila in the Philippines.

On 26 August 2013 and 13 September 2013 the Company released the results of a five diamond drill holes for 251.25m that tested the Japanese Tunnel target located on the Lobo Mineral Production Sharing Agreement (MPSA) 176. A 40m strike length zone was tested to shallow depth of less than 30m below surface. The initial results indicate a southwest plunging shoot, open to the southwest and at depth where further drill testing is planned.

On 30 September 2013, the Company released the results of two diamond drillholes for 384.75m that were completed at the Pica Target on EP007 during the reporting period. Diamond drill hole PC-07 intersected a steeply dipping epithermal quartz-barite-sulphide vein and produced a high grade intersection that remains open at depth. A second drill hole, PC08-13, 27m to the northeast along strike, did not produce a significant gold intersection and may have drilled above the epithermal vein structure. The drilling has downgraded the potential for a shallow open-pitable resource but potential remains to define high grade epithermal vein and/or porphyry Cu-Au-(Zn) resources.

Directors' Report

Following the Japanese Tunnel drilling a program of soil sampling and surface prospecting was conducted to the southwest of the South West Breccia resources and the Japanese Tunnel target. The results of the soil sampling and subsequent surface rock chip sampling identified a 500m strike extension to the Southwest Breccia – Japanese Tunnel epithermal lode corridor before it passes under shallow dipping limestone to the southwest. On 6 November 2013, the Company released results from surface trenching (Trench 7), excavated through approximately 1.5m of soil, colluvium and subcrop before intersecting a 2m wide quartz-barite-sulphide breccia lode 100m directly along strike from the Japanese Tunnel drilling. An exceptionally high grade intersection was produced that was followed up with further trenching along strike, the results of which are summarised in "Significant and Subsequent Events" below.

On 18 September 2013, the Company commenced an independent scoping study into a gold mining and processing plant at its Batangas Gold Project. The study was in progress at 31 December 2013 and will be completed during Q1 2014.

The Company's near term strategy is to upgrade the JORC compliant Mineral Resources at Batangas and complete a development scoping study to establish the viability of a gold development project.

The Company is aware of the risks inherent in operating in foreign jurisdictions. It has been mindful to maintain close community and local government relations and its track record of sound environmental, health and safety programs.

The Company has also maintained an experienced team of financial and technical advisors to assist the Company to meet its objectives.

As detailed in Note 6, the Company issued 5,325,000 fully paid ordinary shares, 2,662,500 listed options exercisable at $0.015 each on or before 30 June 2014 and 1,331,250 listed options exercisable at $0.03 each on or before 30 June 2016 on 1 July 2013 pursuant to a partially underwritten, pro-rata, renounceable entitlements issue. Funds raised from the entitlements issue were employed towards exploration and a preliminary scoping study, and general working capital.

On 5 September 2013, the Company issued 8,636,950 fully paid ordinary shares, as disclosed in Note 11, at a deemed issue price of $0.01 per Share to consultants of the Company for the provision of professional services.

On 23 September 2013 the Company issued Sedgman Limited with 3,875,000 fully paid ordinary shares, as disclosed in Note 6, at a deemed issue price of $0.01 per Share as part consideration for engineering services provided in connection with the Batangas Gold Project scoping study.

As detailed in Note 8, on 1 November 2013, the Company issued 1 fully paid ordinary share to Mindoro Resources Ltd pursuant to the Share Sale Agreement, on conversion of 50,000,000 Performance Shares due to the milestone conditions not being met.

Directors' Report

Significant and subsequent events and transactions

Operations

Subsequent to 31 December 2013, the Company announced further results from sampling of trenches excavated along the 500m strike length South West Breccia lode corridor.

On 7 January 2014, the Company released results from further sampling on the other, northeast, wall of Trench and immediately along strike from Trench 7. The lodes intersected in the trenching produced further high grade results and remain open to the northeast (towards Japanese Tunnel) and southwest where further trenching was completed.

Also released on 7 January 2014 were the results from trenching a further 100m southwest of Trench 7 that produced another exceptionally high grade intersection in Trench 13 from a northwest dipping lode displaced slightly down slope by surface slumping. Trench 11, 7m to the southwest, intersected the same lode and 10m to the southwest Trench 14 intersected limestone cover that conceals the lode. The limestone cover continues for over 1km before the lode structure emerges to the southwest where previously sampled surface colluvial float produced high grade results.

On 12 February 2014, further very high grade gold results were released from Trenches 19 and 21, located 40m and 30m respectively from the existing South West Breccia JORC 2004 Mineral Resources.

Drilling commenced early February 2014 to test for extensions of the exceptionally high grade epithermal gold lode mineralisation with the objective of defining additional high grade gold mineral resources to add to the current resource base. On 25 February 2014, initial results were released that confirmed the high grade lode at South West Breccia extended near surface. Deeper drilling along the entire trend is planned to continue.

The Company announced on 4 March 2014 that the scoping study, initially focused on a processing plant to be located at Archangel close to the larger but lower grade gold resources at Kay Tanda, has been re-focused to processing higher grade, near surface, gold resources initially from the South West Breccia (SWB) resource at the Lobo prospect then transporting Kay Tanda (West) resources at the Archangel prospect to the Lobo plant for processing. The lower tonnage higher-grade focused processing plant is expected to greatly reduce capital expenditure and minimise the environmental footprint whilst greatly enhancing overall economic returns. The study is nearing completion.

Directors' Report

Corporate

On 21 January 2014, the Company issued 144,398,375 fully paid ordinary shares pursuant to a Share Purchase Plan for existing shareholders, together with 60,000,000 fully paid ordinary shares in a private placement, to raise approximately $3.475 million, before costs, to fund the drilling program, further trenching and completion of the Company's scoping study.

On 4 March 2014, Mindoro's 100,000,000 shares were released from voluntary escrow. At that time, 4,000,000 shares were immediately bought back from Mindoro and cancelled by the Company, pursuant to shareholder approval at the Company's general meeting of shareholders held on 17 February 2014.

On 5 March 2014, following receipt of valid option exercise notices and cleared funds for the exercise of 2,917,201 Listed Options, exercisable at $0.015 each on or before 30 June 2014, the Company issued 2,917,201 fully paid ordinary shares on conversion of Listed Options.

On 5 March 2014, the Company also issued Crystal Sun Consulting Limited 431,000 fully paid ordinary shares at a deemed issue price of $0.029 per share, in lieu of cash consideration for technical services provided to the Company.

On 17 February 2014, approval was given at a general meeting of shareholders for the issue of 22,000,000 Performance Rights to Directors, convertible to fully paid ordinary shares at various price and milestone vesting conditions, as part compensation for the reduction in annual remuneration packages in 2013 and to align Director and shareholder returns. These Performance Rights were issued on 5 March 2014, together with a further 6,000,000 Performance Rights issued to an employee of the Company on the same terms and conditions.

The Group's management believes that the Company is well positioned with the factors contributing to the Group's strong position being:

Cash at hand to fund the current exploration program due to fundraising subsequent to the December 2013 quarter.
Exploration and resource evaluation work continues to produce positive results at Batangas Gold Project.
The Company has no debt.

Directors' Report

Overall, the Company is in a strong position in the current economic environment, and has sufficient capital and liquidity to service its operating activities. The Group's objectives and policies for managing capital, technical and commercial risks are described in its recent annual financial report.

Other than the above, the Directors are not aware of any significant and subsequent events since the end of the interim period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors report.

Signed in accordance with a resolution of the Directors.



Neil Warburton

Non-Executive Chairman

Dated this 11th day of March 2014

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DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF RED MOUNTAIN MINING LIMITED

As lead auditor for the review of Red Mountain Mining Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Red Mountain Mining Limited and the entities it controlled during the period.



Chris Burton

Director

Perth, 11 March 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2013

	Notes	31 December 2013 $	31 December 2012 $
Revenue			
Interest income		**38,908**	19,094
Net foreign exchange gain		**33,734**	-
Expenses			
Professional fees		**(136,387)**	(6,289)
Consultancy costs		**(350,026)**	(16,493)
Depreciation expense		**(17,493)**	(2,363)
Employee benefits expenses		**(245,393)**	(150,342)
Legal fees		**(24,916)**	(920)
Travelling expenses		**(15,853)**	-
Finance costs		**(18)**	-
Net foreign exchange loss		**-**	(2,132)
Loss on disposal of assets		**(445)**	-
Impairment expense	4	**(435,584)**	-
Other expenses		**(204,293)**	(35,941)
Loss before income tax		**(1,357,766)**	(195,386)
Income tax expense		**(2,918)**	(18)
Net loss for the period		**(1,360,684)**	(195,404)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**318,197**	(56,472)
Other comprehensive income/(loss) for the period		**318,197**	(56,472)
Total comprehensive income/(loss) for the period (net of tax)		**(1,042,487)**	(251,876)
Profit/(loss) attributable to:			
Members of the parent entity		**(1,380,560)**	(177,654)
Non-controlling interest		**19,876**	(17,750)
		(1,360,684)	(195,404)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		**(1,373,734)**	(177,654)
Non-controlling interest		**331,247**	(74,222)
		(1,042,487)	(251,876)
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	5	**Cents (0.33)**	Cents (0.02)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	31 December 2013 $	30 June 2013 $
Assets			
Current			
Cash and cash equivalents		**921,502**	991,235
Trade and other receivables		**219,503**	166,199
Total current assets		**1,141,005**	1,157,434
Non-current			
Plant and equipment	3	**77,044**	82,933
Exploration & evaluation expenditure	4	**17,627,534**	16,704,816
Total non-current assets		**17,704,578**	16,787,749
Total assets		**18,845,583**	17,945,183
Liabilities			
Current			
Trade and other payables		**355,882**	556,222
Provisions		**45,520**	72,505
Current tax liability		**79,879**	78,222
Total current liabilities		**481,281**	706,955
Non-current			
Provisions		**281,017**	275,209
Total non-current liabilities		**281,017**	275,209
Total liabilities		**762,298**	982,164
Net assets		**18,083,285**	16,963,019
Equity			
Contributed equity	6	**29,076,030**	26,913,277
Reserves	9	**3,502,224**	3,495,398
Accumulated losses	10	**(14,909,603)**	(13,529,043)
Capital & reserves attributable to the owners of Red Mountain Mining Ltd		**17,668,651**	16,879,632
Non-controlling interest		414,634	83,387
Total equity		**18,083,285**	16,963,019

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2013

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Total	Non-controlling interest	Total
Balance at 1 July 2013	**26,913,277**	**(13,529,043)**	**562,601**	**2,932,797**	**16,879,632**	**83,387**	**16,963,019**
Loss for the period	-	(1,380,560)	-	-	(1,380,560)	19,876	(1,360,684)
Other comprehensive income	-	-	6,826	-	6,826	311,371	318,197
Total comprehensive income for the period	**-**	**(1,380,560)**	**6,826**	**-**	**(1,373,734)**	**331,247**	**(1,042,487)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	2,162,753	-	-	-	2,162,753	-	2,162,753
Balance at 31 December 2013	**29,076,030**	**(14,909,603)**	**569,427**	**2,932,797**	**17,668,651**	**414,634**	**18,083,285**

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Total	Non-controlling interest	Total
Balance at 1 July 2012	**11,657,848**	**(9,318,111)**	**(101,739)**	**2,038,272**	**4,276,270**	**-**	**4,276,270**
Loss for the period	-	(177,654)	-	-	(177,654)	(17,750)	(195,404)
Other comprehensive income	-	-	-	-	-	(56,472)	(56,472)
Total comprehensive loss for the period	**-**	**(177,654)**	**-**	**-**	**(177,654)**	**(74,222)**	**(251,876)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	13,750,612	-	-	-	13,750,612	-	13,750,612
Issue of options to employees & consultants	-	-	-	756,006	756,006	-	756,006
Balance at 31 December 2012	**25,408,460**	**(9,495,765)**	**(101,739)**	**2,794,278**	**18,605,234**	**(74,222)**	**18,531,012**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2013

	Notes	31 December 2013	31 December 2012
Operating activities			
Cash receipt from customers		**67,396**	67,843
Payments to employees and suppliers (inclusive of goods and services tax)		**(964,569)**	(1,278,178)
Interest received		**8,511**	51,783
Interest paid		**(18)**	(8)
Net cash (outflow) from operating activities		**(888,680)**	(1,158,560)
Investing activities			
Payment for property, plant and equipment		**(12,049)**	-
Payment for exploration properties		**(1,232,072)**	(924,429)
Cash received from acquisition		**-**	182,553
Acquisition costs		**-**	(278,055)
Net cash (outflow) from investing activities		**(1,244,121)**	(1,019,931)
Financing activities			
Proceeds from issue of shares		**2,210,330**	1,051,500
Share issue costs		**(164,947)**	-
Net cash inflow from financing activities		**2,045,383**	1,051,500
Net increase/(decrease) in cash held		**(87,418)**	(1,126,991)
Net foreign exchange difference		**17,685**	(1,649)
Cash at the beginning of period		**991,235**	4,380,150
Cash at the end of period		**921,502**	3,251,510

The accompanying notes form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

1 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 2013 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 ("Board") on 11th March 2014.

a) Statement of compliance

The interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2013 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*. They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

b) Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are consistent with those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2013.

New policies, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Subsidiaries

AASB 10 introduces a new control model that is applicable to all entities, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 requires the Group consolidate investees that it controls on the basis of de facto circumstances. There is no impact to the Group from this standard.

Joint arrangements

Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. There is no impact to the Group from this standard.

Disclosure of interests in other entities

Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. There will be additional disclosures required in the annual report as result of adopting this standard.

Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 12).

Retirement liabilities

The Company's subsidiary, MRL Gold Inc., has a provision for unfunded defined retirement benefit plan covering all of its regular employees in the Philippines. Under the provisions of the plan, the normal retirement age is 60 but employees with at least 5 years of service can avail of early retirement. The most recent actuarial valuation of the retirement benefit plan for the year ended 31 December 2013.

c) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 SEGMENT REPORTING

The Consolidated Group has identified its reportable operating segments based on the internal reports that are reviewed and used by the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board.

The Group segments are structured as corporate in Australia and exploration in the Philippines.

Half-year ended 31 December 2013

	Corporate	Exploration	Eliminations	Total
	$	$	$	$
Revenue	30,754	8,154	-	38,908
Other income	(5,237)	38,971	-	33,734
Depreciation	(4,343)	(13,150)	-	(17,493)
Employee Costs	(195,939)	(49,454)	-	(245,393)
Consulting fees	(288,883)	(61,928)	-	(350,811)
Other expenditures	(315,679)	(68,366)	-	(384,045)
Impairment expense	-	(435,584)	-	(435,584)
Loss after income tax	**(779,327)**	**(581,360)**	**-**	**(1,360,684)**
Total assets	**37,353,819**	**17,545,511**	**(38,653,891)**	**18,845,583**
Total liabilities	**180,958**	**22,519,845**	**(21,938,508)**	**762,298**

Half-year ended 31 December 2012

	Corporate	Exploration	Eliminations	Total
	$	$	$	$
Revenue	11	19,083	-	19,094
Depreciation	-	(2,363)	-	(2,363)
Employee Costs	-	(150,342)	-	(150,342)
Consulting fees	-	(16,493)	-	(16,493)
Other expenditures	(2,677)	(42,623)	-	(45,300)
Loss after income tax	**(2,666)**	**(192,738)**	**-**	**(195,404)**
Total assets	**36,561,383**	**18,700,360**	**(36,587,660)**	**18,674,083**
Total liabilities	**1,239,697**	**19,108,941**	**(18,549,728)**	**1,798,910**

3 PLANT AND EQUIPMENT

The following tables show the movements in plant and equipment

	31 December 2013 $	30 June 2013 $
Carrying amount at 1 July	82,933	31,371
Additions	12,049	71,192
Disposals	(445)	-
Depreciation	(17,206)	(19,630)
Foreign currency translation	(287)	-
Carrying amount at end of period	**77,044**	**82,933**

4 EXPLORATION AND EVALUATION EXPENDITURES

The following tables show the movements in exploration and evaluation expenditures

	6 months to 31 December 2013 $	Year to 30 June 2013 $
Carrying amount at 1 July	16,704,816	-
Additions	1,439,159	3,641,631
Fair value of exploration and evaluation assets on acquisition of subsidiary	-	14,794,556
Impairment expense[1]	(435,584)	(1,616,714)
Exchange differences on translating foreign operations	(80,857)	(114,657)
Carrying amount at end of period	**17,627,534**	**16,704,816**

1. On 17 February 2014, the Company announced the shareholders had approved the share buyback of 4 million fully paid ordinary shares in the Company from Mindoro Resources Limited. See Note 13 for further details.

5 LOSS PER SHARE

	6 months to 31 December 2013 Cents	6 months to 31 December 2012 Cents
Basic and diluted loss per share	(0.33)	(0.02)

	6 months to 31 December 2013 $	6 months to 31 December 2012 $
Earnings used to calculate basic EPS	(1,380,560)	(177,654)

	Number	Number
Weighted average number of shares used in calculating basic and diluted loss per share	423,412,448	112,939,807

6 CONTRIBUTED EQUITY

	31 December 2013 $	30 June 2013 $
481,442,016 (June 2013: 247,897,026) fully paid ordinary shares		
At the beginning of period	26,913,277	11,657,848
Shares issued for acquisition of subsidiary	-	13,750,612
Shares issued in capital raisings	2,210,330	1,667,250
Shares issued as equity based payments	117,370	-
Share issue costs	(164,947)	(162,433)
Balance at end of period	**29,076,030**	**26,913,277**

	31 December 2013 Number	30 June 2013 Number
At the beginning of period	247,897,026	79,060,026
Shares issued for acquisition of subsidiary	-	100,000,000
Shares issued during the period	233,544,990	68,837,000
Balance at end of period	**481,442,016**	**247,897,026**

During the reporting period, the Company completed its pro-rata renounceable rights issue, raising an additional $2.2 million (after costs) from the oversubscribed shortfall placement. The funds raised are to be used by the Company to conduct drilling program, testing defined, high-grade, epithermal gold exploration targets on its Lobo prospect at Batangas Gold Project in the Philippines, and to complete a scoping study to demonstrate the viability of a gold mining project at Batangas.

7 OPTIONS

	31 December 2013 $	30 June 2013 $
At the beginning of period	2,932,797	2,038,272
Options issued during the period	-	894,525
Balance at end of period	**2,932,797**	**2,932,797**

	Number	Number
At the beginning of period	113,196,544	38,287,474
Options issued during the period	169,768,490	88,749,986
Options expired/cancelled during the period	(1,718,433)	(13,840,916)
Balance at end of period	**281,246,601**	**113,196,544**

The numbers of options on issue as at the reporting period are set out in the following table.

	Unlisted options expire 30/06/2014 @ $0.015	Unlisted options expire 30/06/2014 @ $0.20	Unlisted options expire 30/06/2016 @ $0.03	Unlisted options expire 15/09/2016 @ $0.20
No. of options	140,678,999	27,728,125	97,839,477	15,000,000

8 PERFORMANCE SHARES

	31 December 2013 $	30 June 2013 $
At the beginning of period	-	-
Balance at end of period	**-**	**-**

	Number	Number
At the beginning of period	50,000,000	-
Performance shares issued during the period	-	50,000,000
Performance shares converted during the period	(50,000,000)	-
Balance at end of period	**-**	**50,000,000**

On 30 October 2012, 100 million fully paid ordinary Red Mountain shares (to be held in escrow for 12 months, until 30 October 2013) were issued to Mindoro as part of the consideration for acquisition of its gold and copper gold assets in the Philippines, together with 50 million performance shares, that would convert to fully paid ordinary shares upon achievement of certain performance milestones by 30 October 2013.

On 18 October 2013, Red Mountain announced that the milestones that would trigger conversion of the performance shares to full voting shares would not be met by 30 October 2013, and therefore, the 50 million performance shares were converted to a single Red Mountain share only. This transaction did not have any impact on the interim financial report as the performance shares had no value at the date of acquisition.

9 RESERVES

(a) Share-Based Payments Reserve

	31 December 2013 $	30 June 2013 $
At the beginning of the reporting period	2,932,797	2,038,272
Share based payments during the period	-	894,525
Balance at end of reporting period	**2,932,797**	**2,932,797**

(b) Foreign Currency Translation Reserve

	31 December 2013 $	30 June 2013 $
At the beginning of the reporting period	562,601	(101,739)
Exchange differences on translation of foreign operation	6,826	664,340
Balance at end of reporting period	**569,427**	**562,601**

10 ACCUMULATED LOSSES

	31 December 2013 $	30 June 2013 $
At the beginning of the reporting period	(13,529,043)	(9,318,111)
Net loss attributable to members of the Company	(1,380,560)	(4,210,932)
Balance at end of reporting period	**(14,909,603)**	**(13,529,043)**

11 SHARE-BASED PAYMENTS

The Company provides benefits to Directors and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve Board and shareholder goal congruence.

During the period, the Company issued 12,511,950 fully paid ordinary shares in the Company at a value of $0.01 per share in lieu of services.

No options were issued to the Directors as part of their remuneration during the six months ended 31 December 2013 and no expenses arise from share-based payment transactions during the reporting period as a result.

At reporting date, the interests of the Directors in shares and options of the Company were:

	Ordinary shares		Options over ordinary shares	
	Direct	**Indirect**	**Direct**	**Indirect**
Neil Warburton	125,000	14,334,423	75,000	13,266,426
Jon Dugdale	-	1,550,000	-	112,500
Michael Wolley	-	-	-	-

12 FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

The Directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values. The Group does not measure any Level 1,2 or 3 financial assets or liabilities at fair value.

	31 December 2013		31 December 2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial Assets				
Cash & cash equivalents				
Trade & other receivables	219,503	219,503	166,199	166,199
	219,503	219,503	166,199	166,199
Financial Liabilities				
Trade & other creditors	355,879	355,879	556,222	556,222
	355,879	355,879	556,222	556,222

13 EVENTS SUBSEQUENT TO REPORTING DATE

On 21 January 2014, the Company issued 144,398,375 fully paid ordinary shares pursuant to a Share Purchase Plan for existing shareholders, together with 60,000,000 fully paid ordinary shares in a private placement, to raise approximately $3.475 million, before costs, to fund the drilling program, further trenching and completion of the Company's scoping study.

On 4 March 2014, Mindoro's 100,000,000 shares were released from voluntary escrow. At that time, 4,000,000 shares were immediately bought back from Mindoro and cancelled by the Company, pursuant to shareholder approval at the Company's general meeting of shareholders held on 17 February 2014.

On 5 March 2014, following receipt of valid option exercise notices and cleared funds for the exercise of 2,917,201 Listed Options, exercisable at $0.015 each on or before 30 June 2014, the Company issued 2,917,201 fully paid ordinary shares on conversion of Listed Options.

On 5 March 2014, the Company also issued Crystal Sun Consulting Limited 431,000 fully paid ordinary shares at a deemed issue price of $0.029 per share, in lieu of cash consideration for technical services provided to the Company.

On 17 February 2014, approval was given at a general meeting of shareholders for the issue of 22,000,000 Performance Rights to Directors, convertible to fully paid ordinary shares at various price and milestone vesting conditions, as part compensation for the reduction in annual remuneration packages in 2013 and to align Director and shareholder returns. These Performance Rights were issued on 5 March 2014, together with a further 6,000,000 Performance Rights issued to an employee of the Company on the same terms and conditions.

No other matter or circumstance has arisen subsequent to 31 December 2013 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

14 DIVIDENDS

No dividends were paid in the six months ended 31 December 2013.

15 CONTINGENT LIABILITIES

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

16 RELATED PARTIES

Directors

There are no related party transactions other than as noted in the disclosures relating to Directors as set out in Note 11.

Full disclosure in relation to the Directors will be disclosed in the annual report 30 June 2014.

Wholly-owned group

The wholly owned group consists of Red Mountain Mining Limited and the following subsidiaries:

Name	Country of incorporation	Class of shares	Equity holding	Functional currency
Red Mountain Mining (Hong Kong) Holdings Limited	Hong Kong	Ordinary	100%	Hong Kong dollar
Red Mountain Mining Consulting (Shenyang) Co Ltd	People's Republic of China	Ordinary	100%	Chinese RMB
Red Mountain Mining (Singapore) Pte Ltd	Singapore	Ordinary	100%	Singapore dollar
MRL Gold Inc.	Philippines	Ordinary	100%	Philippine peso
Egerton Gold Philippines Inc.	Philippines	Ordinary	40%*	Philippine peso

**Under the original transaction the Group has a contractual right over the remaining 60% interest in Egerton Gold Philippines Inc.*

Directors Declaration

In the opinion of the Directors of Red Mountain Mining Ltd:

a. the consolidated financial statements and notes of Red Mountain Mining Ltd and its controlled entities 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 2013 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134 Interim Financial Reporting; and

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

Signed in accordance with a resolution of the Directors:



Neil Warburton

Non-Executive Chairman

Dated this 11th day of March 2014

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Mountain Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red Mountain Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's 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 2013 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 Limited, 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.

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 Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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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 Limited 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 2013 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*

BDO Audit (WA) Pty Ltd



Chris Burton
Director

Perth, 11 March 2014