ASX ANNOUNCEMENT **RED MOUNTAIN MINING LTD (ASX:RMX)** **4 September 2014**

SECOND SILVER-GOLD ZONE EXTENDS CAMO DRILLING TARGET

- **Silver-gold soil anomaly and new interpretation highlights second drilling target at Camo**
- **Camo target now over 500 metres strike length**
- **Drilling to continue from high grade outcropping silver target towards silver-gold zone**

Perth based Red Mountain Mining Limited has identified a second, silver-gold target zone at Camo, at its Lobo Prospect on the Batangas Gold Project, located 120 kilometres south of Manila in the Philippines - extending the drilling target at Camo to over 500 metres strike length.

The new, second target zone has been identified through interpretation of silver and gold soil anomalies and new mapping that has located a linking northeast-southwest lode trend between the current area being drilled and the new second zone.

Drilling is currently testing below the first target zone, associated with highly anomalous silver in soil sampling (see Figure 1), and immediately down plunge to the northeast of high grade surface rockchip and trenching results, that include **729 g/t Ag, 1.45 g/t Au and 4.4% Cu** (released pre-2012), **487 g/t Ag, 1.45 g/t Au and 1.09% Cu** (released pre-2012) and **Trench C1-14: 4m @ 379 g/t Ag, 2.0 g/t Au, 0.62% Cu, or 7.1 g/t Au equivalent**[1] (released 25 August 2014).

The drilling, and surface mapping, has indicated that the lode structure trends northeast-southwest, parallel to the South West Breccia (**SWB**) grid orientation, and projects towards a second zone characterised by highly anomalous silver and gold in soil sampling (see Figures 1 and 2).

The high gold, with silver, in soil sampling indicates the second zone may represent "leakage" from the buried gold or "boiling" zone at depth.

Drilling will continue along strike to the northeast and towards the second target zone with the objective to identify a high grade gold zone at depth (see Figure 3, longitudinal projection of the 500m Camo target zone).

Red Mountain Mining Managing Director Mr Jon Dugdale said: *"The location of the second silver-gold anomaly at Camo indicates we have a much bigger target than first thought. It also indicates that the system is plunging shallowly to the northeast and that the high grade gold target may lie beneath the anomaly.*

"The drilling will tell the story and the program is well underway."

[1]Note: The gold equivalence calculation represents total metal value for each metal summed and expressed in equivalent gold grade in grams per tonne (g/t). The prices used in the calculation being A$1400/oz Au, A$21.50/oz Ag and A$3.20/lb Cu. Metallurgical recovery to concentrate of 90.0% for gold, 92.0% for silver and 92.0% for copper as indicated by publically available metallurgical testwork on an identical epithermal ore assemblage at Mt Carlton in Queensland, Australia. Calculation Au Eq = ((((Grade Au g/t / 31.1035) x Price Au per Oz x Au Recovery) + ((Grade Ag g/t / 31.1035) x Price Ag per Oz x Ag recovery) + ((Grade Cu %/100) x (Price Cu per lb x 2204.6) x (Cu Recovery))) / (Price Au per Oz))) x 31.1035. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

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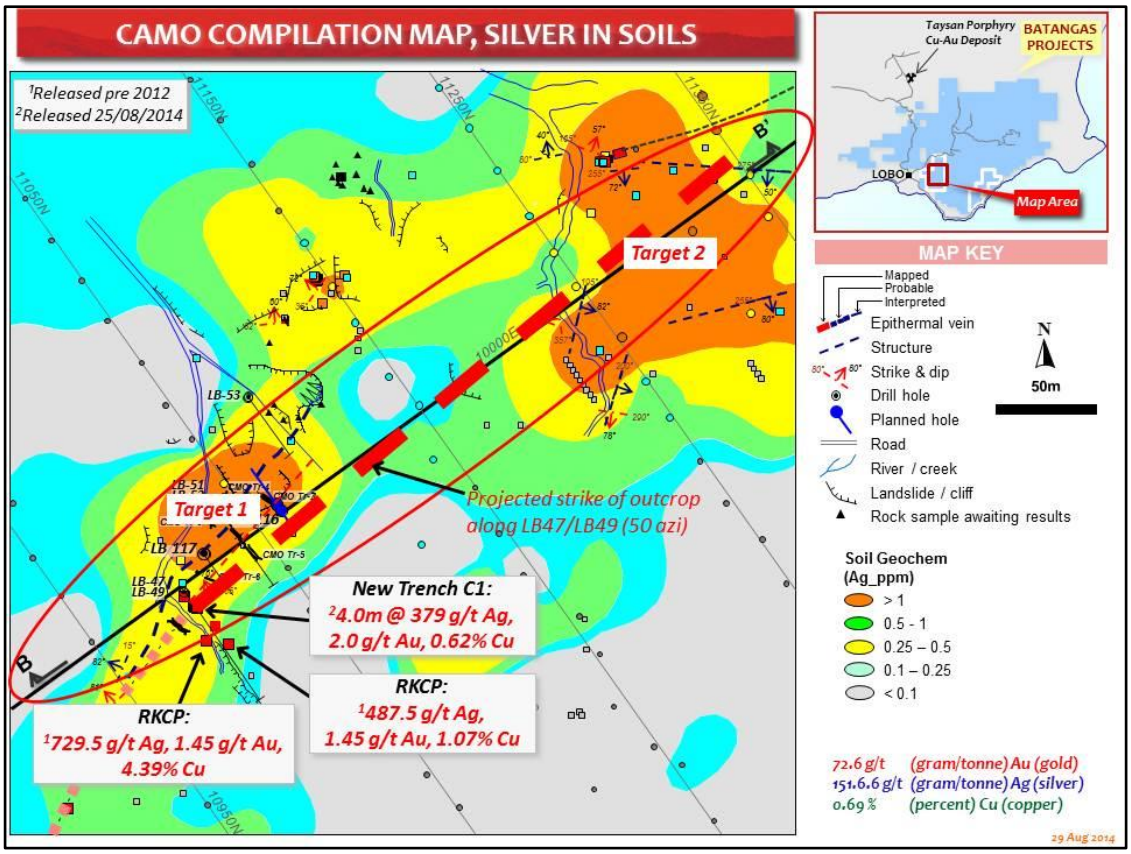


Figure 1: Plan of Camo lode silver in soil anomalies and target zones

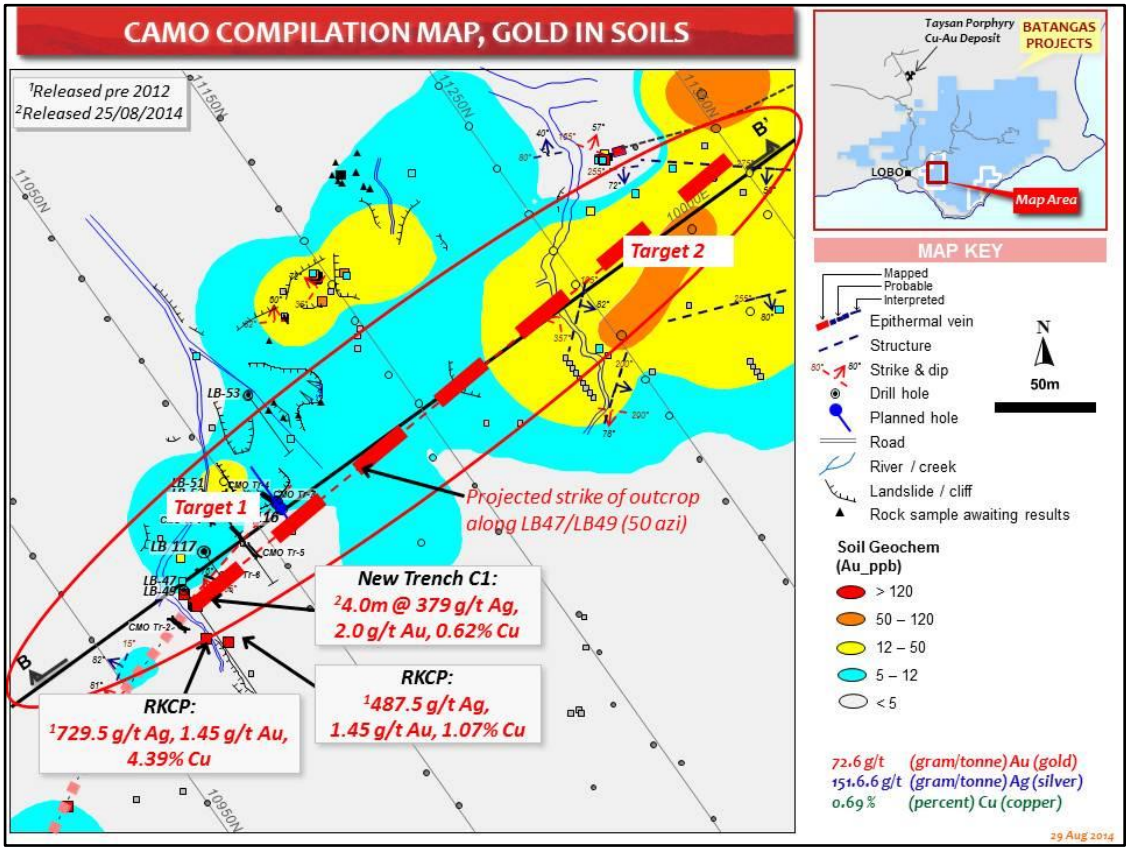


Figure 2: Plan of Camo lode with gold in soil anomalies and target zones

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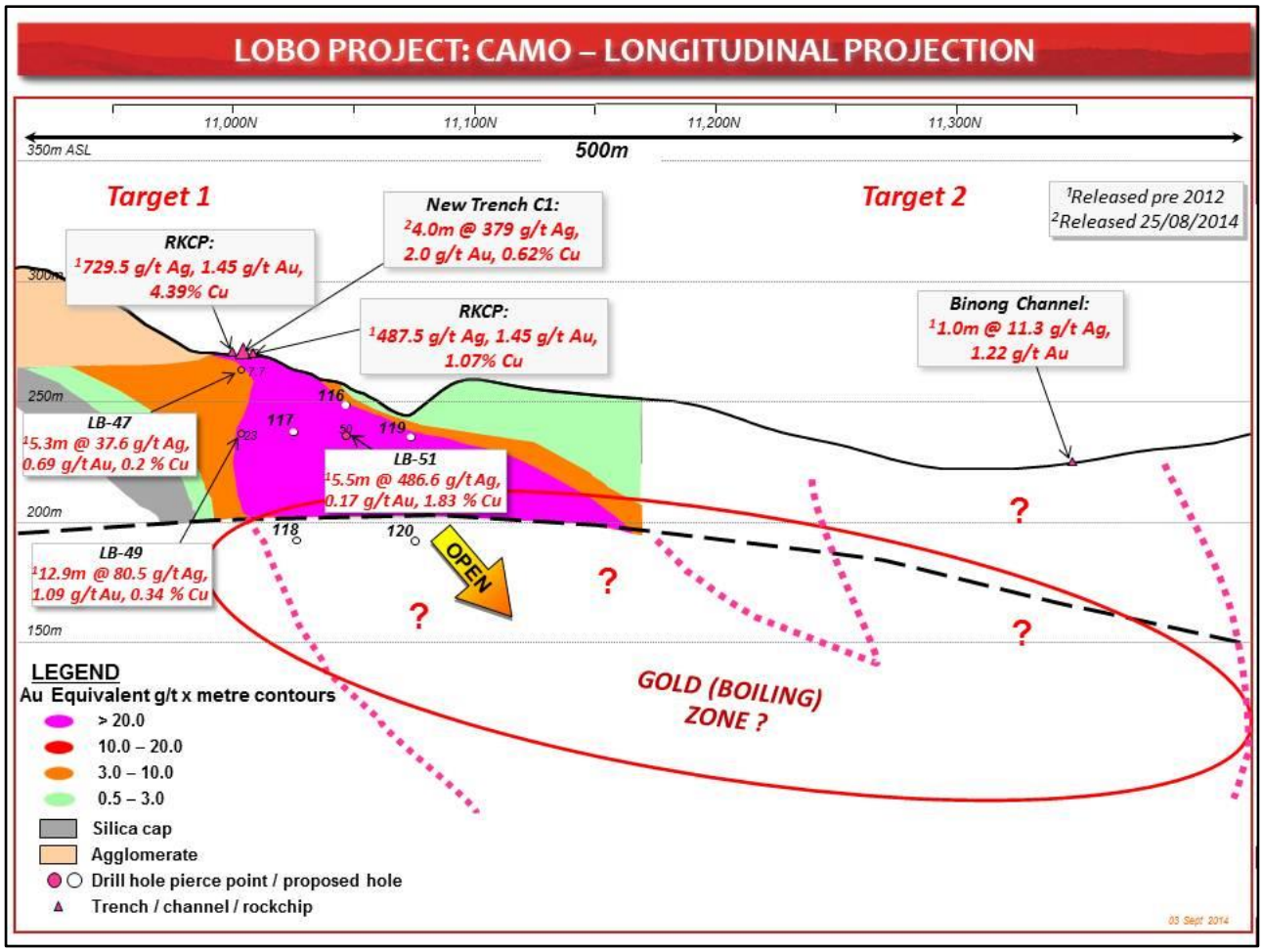


Figure 3: Longitudinal projection of Camo, targets 1 and 2

About the Camo Target:

The Camo target is located approximately 1.2 kilometres along strike northeast of the high grade SWB resource, and is associated with an identical flexure or bend in the structure to SWB (see plan, Figure 4). Camo is also at a 100 metre higher elevation than SWB, and characterised by high silver and copper grades in layered quartz-barite-enargite (Cu-As sulphide) epithermal lode material, indicative of the siliceous cap or sinter zone formed within the upper levels of an epithermal system.

High grade gold generally occurs below the silver rich siliceous sinter, within the "boiling zone" of the epithermal system. This is interpreted to have been eroded at SWB but may lie at shallow depth at Camo (see longitudinal projection Figure 5). This interpretation is backed up by the observation that at West Drift, 1 kilometre north of Camo, a gold resource (released 30 June 2014) is located less than 100 metres below the previously mined silver-copper rich siliceous zone.

The Camo lode therefore represents a significant target to define a near surface silver-copper and gold resource, with potential for a high grade gold zone at depth.

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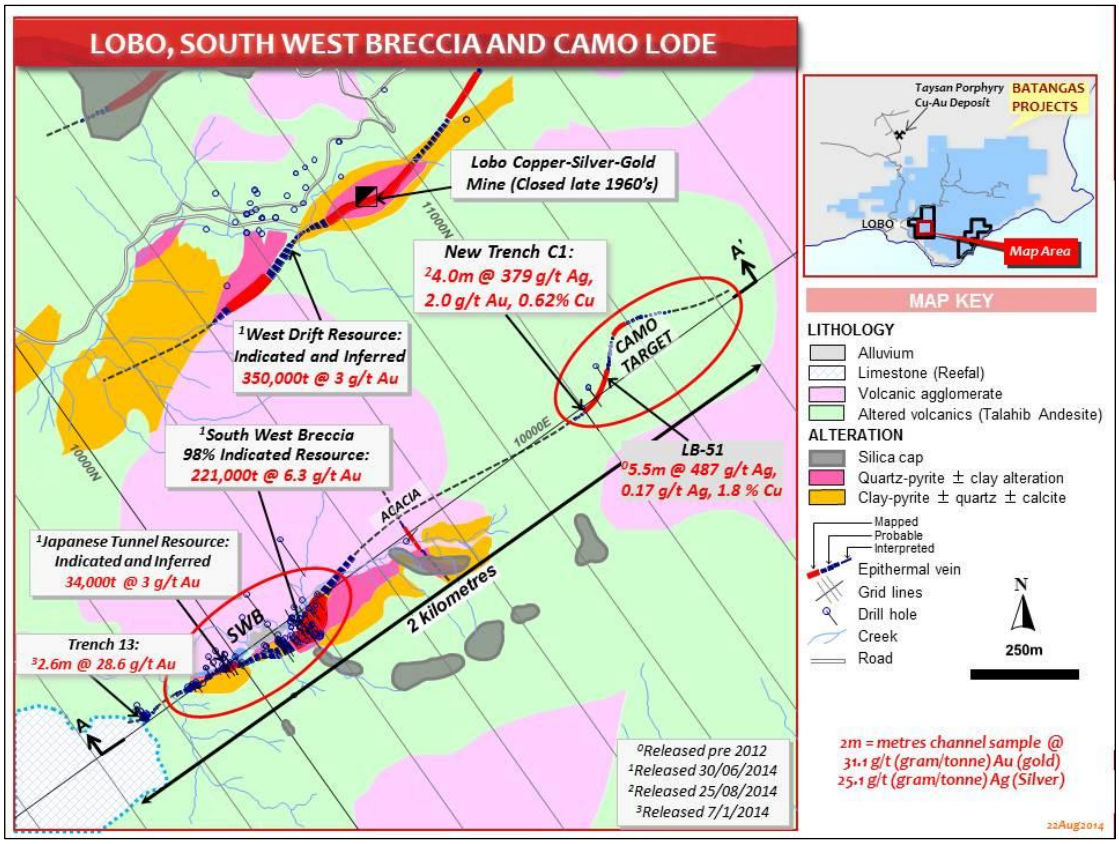


Figure 4: Plan of SWB and Camo lodes, Lobo epithermal gold prospect, Batangas project

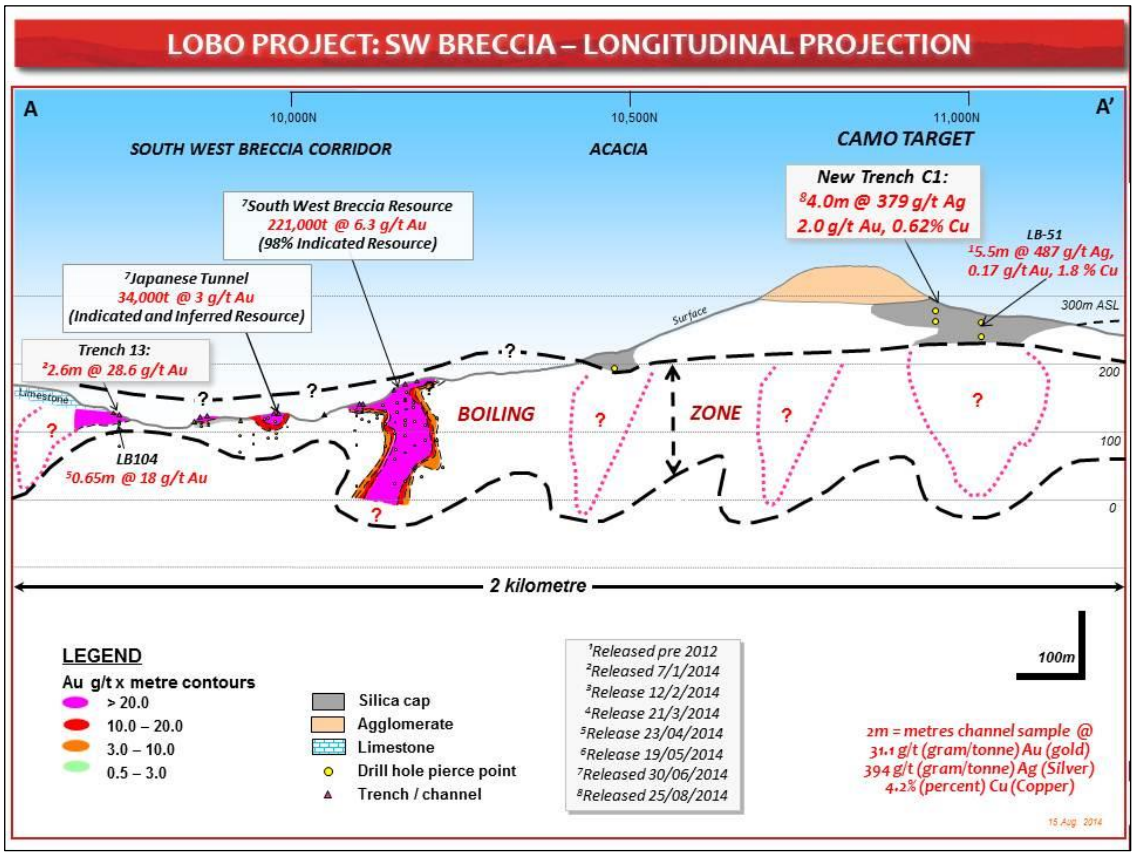


Figure 5: Longitudinal projection of South West Breccia and Camo structures

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About the Lobo Prospect

Surface trench channel sampling and drilling conducted by Red Mountain has intersected high-grade epithermal gold mineralisation in five areas on the Lobo Mineral Production Sharing Agreement ("MPSA" – Philippines equivalent to a Mining Lease), namely SWB, Pica, Japanese Tunnel, West Drift and Ulupong.

Mineral Resources totaling 604,000t @ 4.2 g/t Au for 82,000 ounces of gold have been defined in three areas at Lobo, including SWB with a total 98% Indicated and 2% Inferred Resource of 221,000t @ 6.3 g/t Au, Japanese Tunnel with a total Indicated and Inferred Resource of 34,000t @ 3.0 g/t Au and West Drift with a total Indicated and Inferred Resource of 350,000t @ 3.0 g/t Au (ASX release 30 June 2014, JORC 2012).

The Company is focussed on increasing high grade resources through discovery of new, high grade, gold zones at Lobo. Five priority targets have been identified on the Lobo prospect area, for high grade gold as well as silver-gold-copper mineralisation at the top of the preserved epithermal systems (see Figure 6).

Sampling of the new target areas continues, with the objective of defining multiple targets for a drilling program that is in progress.

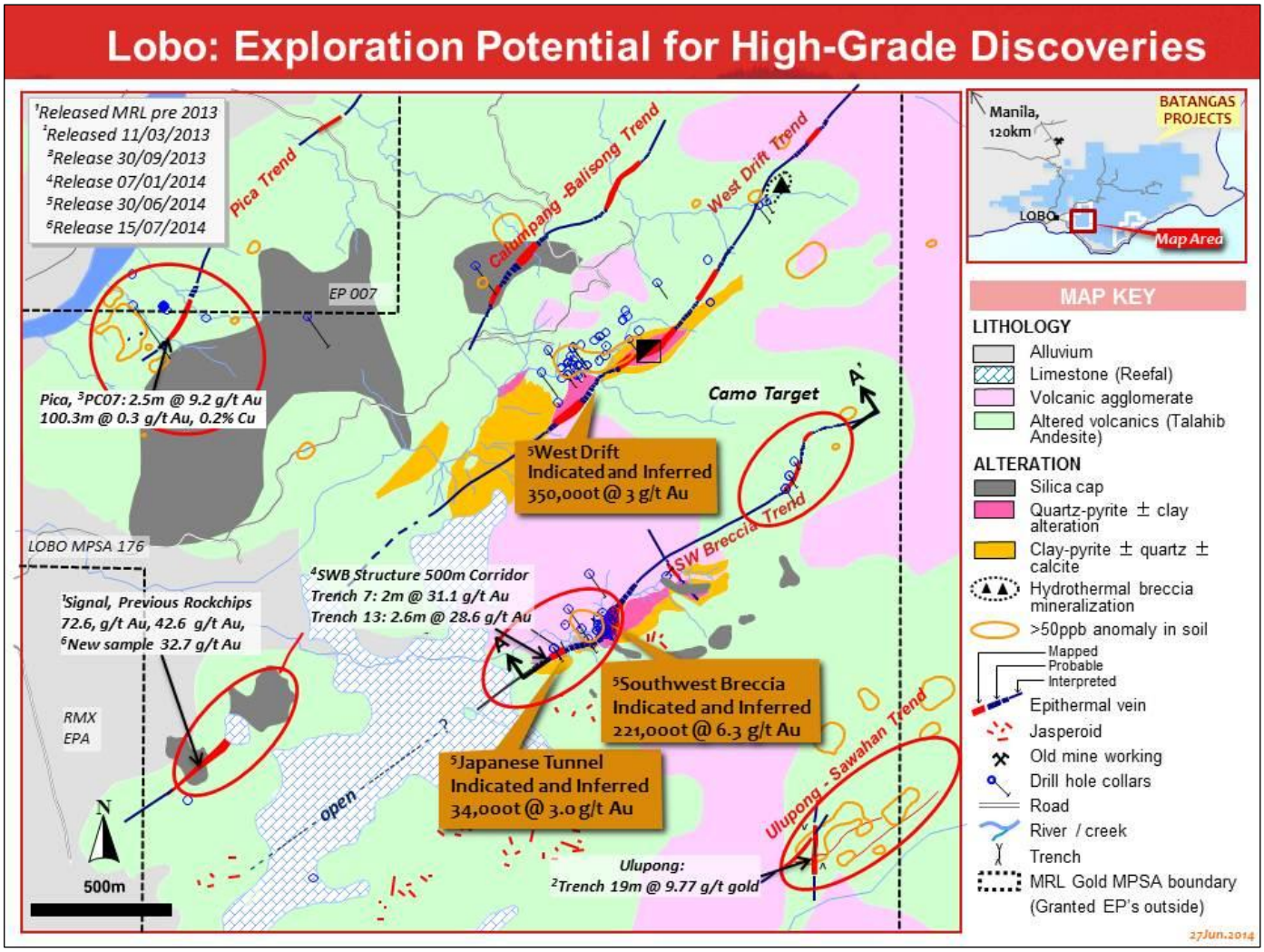


Figure 6: Plan of Lobo epithermal gold prospect with resources and high priority targets

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About Red Mountain Mining Limited and the Batangas Gold Project

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

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

The Company will continue exploration with the objectives of upgrading Mineral Resources at Batangas.

A Scoping Study (ASX release 20 March 2014) has demonstrated a strongly viable, low capital and operating cost, gold development based on initially recovering 90,000oz of gold over 4.5 years and potentially generating A$57 million of cash flow, including A$17m of pre-production capital (US$ 1,350/oz; A$:US$ exchange 0.9).

The Company is completing a Definitive Feasibility Study (DFS) on the project and final permitting submissions have been lodged with the Philippines Government for approval to develop the Batangas Project, gold mining and processing operation (ASX release 30 April 2014).

Other gold opportunities will be reviewed on a continuous basis.

Cautionary Statement

The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with inferred mineral resources (that represent 10% of the mining inventory in the Scoping Study) and there is no certainly that further exploration work will result in the determination of indicated Mineral Resources or that the production target itself will be realised. There is no certainty that the Scoping Study production targets or the forecast financial information derived from production targets, will be realised. All material assumptions underpinning the production targets and forecast financial information derived from the production targets, full details of which were released to ASX on 20 March 2014, continue to apply and have not materially changed.

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Competent Person Statement

The information in this report relating to Mineral Resources and post 1 December 2013 Exploration Results is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale is a full time employee and Managing Director of Red Mountain Mining Ltd. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed.

The information in this report relating to pre December 2013 Exploration Results is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale is a full time employee and Managing Director of Red Mountain Mining Ltd. Mr Dugdale takes responsibility and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

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