

STATEMENT FROM THE DIRECTORS OF RED MOUNTAIN MINING LIMITED

17 June 2016

Dear Red Mountain Mining Shareholder,

As you are aware, on 23 May 2016, Red Mountain Mining Limited (“Red Mountain” or the “Company”) sent you a Notice of Meeting in respect of a General Meeting (Meeting) of shareholders to be held in Perth on Friday, 1 July 2016.

The Meeting was called in response to a request from just four of the Company’s 1,800 shareholders for a meeting to be held. The requisitioning shareholders are Mr Bin Liu, The M Grocer Pty Ltd <Gideon Harkham Family A/C>, Mr Scott Williams and Sport & Allied Professionals & Executives (Shape) Pty Ltd (“Requisitionists”).

The Meeting concerns the Requisitionists seeking to replace your Directors with persons of their own choosing.

Subsequently, on Wednesday 15 June, the Company announced the results of a Pre-Feasibility Study (PFS) on the Batangas Gold Project (“Batangas”), with highlights including:

- A maiden probable gold ore reserve containing 128,000 ounces,
- Gold production forecast of 116,000 ounces during initial 7 years,
- A\$46 million of free cash-flow at a gold price of A\$1,700 per ounce.

The Directors view is that Batangas is an exciting project and worthy of being brought into production as soon as possible.

Having demonstrated that Batangas has significant potential value, it is our view that the interests of all shareholders would best be served by retaining the team of Directors most likely to maximise the value of this flagship asset.

As set out in the Directors’ Statement that accompanied the 23 May Notice of Meeting, each of your current Directors has a long career in the resources industry, has relevant formal qualifications, is a member of relevant resources industry associations, has considerable experience bringing mines into production and/or a track record of discovery and development, and considerable experience as a director of publicly-listed companies.

With respect to Batangas, your Directors have already successfully delivered key milestones including:

- Acquiring the project,
- Increasing the resource from 408,000 ozs to 444,000 ozs gold,
- Establishing a maiden gold ore reserve of 128,000 ozs,
- Completing a host of studies including options studies, the scoping study and the PFS,
- Obtaining additional funding through the introduction of UK-based Bluebird Merchant Ventures Ltd (“Bluebird”) as a joint venture partner,
- Having a plan to take the Batangas Gold Project into production.

Your Directors already know Batangas and the Philippines well, and have both the capability and the intent to bring the project into production as quickly and efficiently as possible.

All that is known of the Requisitionists’ proposed strategy for the Company is set out in their statement, which also accompanied the 23 May Notice of Meeting.

With respect to the way forward, all the Requisitionists state is that they “...expect the new Board to have a focus on:

- “Cost control,
- “Assessment of the Company’s existing projects,
- “Identifying and assessing (sic) new ventures”.

The Requisitionists are silent as to their board nominees intentions for Batangas. Neither your Directors, nor anyone else, has any idea as to whether the Requisitionists or their nominees want to develop the Company's flagship project.

It is noted that only one of the three board nominees claims resources company management skills, none of the three have stated any technical resources qualifications or membership of any resources industry associations, and one appears to have never previously been a director of an ASX-listed company.

The Requisitionists' statement makes no mention of who will be the Company's Chairman, Chief Executive Officer or Managing Director.

None of the nominee directors appear to hold any shares in the Company, unlike the current Directors.

On a separate matter, in the lead up to the Meeting requisition, former BBY Ltd share brokers, now with stockbroking firm APP Securities, and their clients, including the Requisitionists, (**the APP Clients**), appear to have acted in concert. This possible collective action has forced your company to conduct this Meeting, with the apparent objective of replacing your Company's board and obtaining control of the Company for their own purposes. The Directors note that in the Company's recent capital raising, in March 2016, the APP Clients have been allocated almost all of the shares they currently hold by the APP Securities brokers, seemingly in support of the Company.

Your Directors are deeply concerned with the conduct of the APP Securities brokers, and the APP Clients, and have notified the Australian Securities & Investments Commission (ASIC) seeking a full investigation into such conduct. The Company considered that this is in the best interests of all shareholders of the Company.

The Company will keep shareholders informed of any further developments in this regard.

The Directors urge shareholders to **VOTE AGAINST ALL SIX RESOLUTIONS** so we can put this disruptive and potentially damaging distraction aside, and get on with the important task of developing the Batangas Gold Project as quickly and efficiently as possible.

For your convenience, the green proxy form that accompanies this letter has been pre-completed in accordance with your Directors' recommendations and paid for by your directors. If you support your current Directors, please submit this form.

Please note that, if you have previously voted for the Requisitionists proposed directors, and you now support your current Directors, you can re-lodge your vote by lodging this green proxy form, as it is your last vote received which counts. To be valid, proxy forms must be received by 11:00 am WST on Wednesday, 29 June 2016.

Every single vote is very important. Your vote might just make the difference.

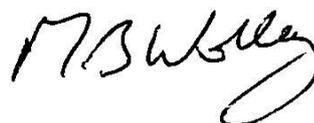
Yours sincerely,



**Mr Neil Warburton
Non-Executive Chairman**



**Mr Jon Dugdale
Managing Director**



**Mr Michael Wolley
Non-Executive Director**

The cost of this letter and mail-out was borne by your Directors out of their personal funds.