

Red Mountain Mining Ltd and Controlled Entities



Interim Consolidated Financial Report For the Half-Year Ended 31 December 2015

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 2015 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.

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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 2015 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 Neil Warburton
- Mr Michael Wolley
- Mr Jon Dugdale

Review of operations and financial results

The Group has recorded an operating loss of \$1.08M for the half year ended 31 December 2015 (2014: \$0.46M loss) and continued with exploration activities, on the gold projects and copper gold tenements in the Philippines.

Financial position

As of 31 December 2015, the Company had cash balances of \$0.13M (30 June 2015: \$0.59M) and net assets of \$23.7M (30 June 2015: \$23.77M).

Commentary

During the 6 months to 31 December 2015, Red Mountain Mining Ltd (**Red Mountain, the Company** or **RMX**) made significant progress towards its dual key objectives of completing the Definitive Feasibility Study (**DFS**) and permitting for the proposed Batangas Gold Project mine in the Philippines.

New Strategic Funding Agreement:

A revised, project level, Strategic Funding Agreement (**New Agreement**) was signed on 14 October 2015 between Bluebird Merchant Ventures Ltd (**BMV**), the Company and Red Mountain Mining (Singapore) Pte Ltd (**RMMS**), the Company's wholly owned subsidiary and holder of the Batangas Gold Project assets in the Philippines. The New Agreement includes increased Stage 1 Funding to complete the DFS and permitting of the Batangas Gold Project development to USD 1.7 million (~A\$2.3 million), when BMV will earn 25% of RMMS. Immediately following completion of Stage 1 Funding, the project loan from RMX of USD 1.2 million (~A\$1.6 million), including interest and costs, will be repaid to RMX and a 25% BMV / 75% RMX incorporated joint venture (**JV**) will be formed at the RMMS level, to fund the Batangas Gold Project. BMV will then have two alternative funding options to increase its equity in RMMS to 50.1%:

- a **Sole Funding Option**, prior to the DFS and permitting being completed, whereby Bluebird will pay an additional US\$1.7M, (total US\$3.4M /~A\$4.5M) to increase its equity in RMMS to 50.1%. The Sole Funding Option may be exercised at any time up to Stage 2 End Date, which is now 13 months after BMV Listing, or by the 28 February 2017 whichever is later; or
- if the Sole Funding Option is not exercised or expires by the Stage 2 End Date, the **Stage 2 Funding** option may be exercised, whereby an additional US\$3.8M (total US\$5.5M/A\$7.3M) is payable upon completion of the Stage 2 conditions precedent, which include: a) completion of the DFS demonstrating a >25% IRR; b) delivery of a >100,000oz gold equivalent ore reserve and c) final permitting to allow development of the Batangas Gold Project (see release 23 December 2015 for details). The Stage 2 Funding option will expire on the Stage 2 End Date but may be extended by agreement of all parties.

Directors' Report

If neither option is exercised, the companies will continue to operate under the JV.

Definitive Feasibility Study (DFS) and Permitting:

The DFS is now approximately 80% complete, with a geotechnical drilling program and several other key technical inputs required to finalise the DFS, which is expected to be completed by June 2016, subject to receipt of Stage 1 Funding from BMV. The current gold price of ~A\$1,600/oz Au is similar in Australian dollar terms to the last DFS update (ASX release 23 January 2015) that demonstrated strong projected operating cash flows for the initial project, producing over 100,000oz of gold over 5 years of mining and processing with an Internal Rate of Return (IRR) of 65%. However, fuel and other input costs have continued to reduce, which are likely to favourably impact the DFS financial outcomes.

Permitting for the proposed Batangas Gold Project is well advanced, with the key Environmental Compliance Certificate (ECC) and the Declaration of Mining Feasibility (DMF) now expected to be processed for final approval following the Philippines government elections in early May 2016.

New Gold Drilling Targets Defined:

Three significant new high grade gold drilling targets have been identified on the Lobo MPSA at the Batangas Gold Project, including:

- i) **South West Breccia (SWB) Extended:** new trenching results were produced from extensions to the SWB Main Lode including Trench 50: **7m @ 20.5 g/t Au**; Trench 47: **7m @ 11.5 g/t Au** including **1m @ 50.9 g/t Au**; and Trench 52: **5m @ 8.83 g/t Au** including **1m @ 29.3 g/t Au** (ASX release 7 September 2015). These new results are from trenches in the vicinity of the very high-grade gold surface rock-chip results announced to the ASX on 24 August 2015 and including 90.4 g/t Au, 23.1 g/t Au and 17.9 g/t Au. Based on these results, the Company has now defined a 40 metre strike length extension to the SWB Main Lode, that is open to the southwest towards Japanese Tunnel, and has not been effectively drilled within the top 50 metres from surface.
- ii) **Tamarind Target:** the exceptional new gold results from the extensions to the SWB Main Lode project along strike 400m to the south west of SWB to a new target at Tamarind. Tamarind is in the footwall of previous high-grade results at Lobo, associated with a large, multi-element, soil anomaly occurring up-slope, and in the footwall, of previous very high grade surface vein intersections at Limestone, including Trench 34: 3.5m @ 25.9 g/t Au including 1.5m @ 56.8 g/t Au (ASX release 2 February 2015) and Trench 13: 2.6m @ 28.6 g/t Au including 1.5m @ 45.9 g/t Au (ASX release 7 January 2014). A new trenching result in Trench 11/53 of **2.3m @ 10.7 g/t Au** (ASX release 17 December 2015) indicates that the alteration zone continues into the footwall towards the Tamarind target zone in the footwall of the previously sampled HW Lode, that lies under shallow scree and limestone cover but is associated with a strong multi-element soil anomaly up slope. Drilling is planned to test the Tamarind target following receipt of Stage 1 Funding from BMV, pending approval of the Philippines Mines and Geosciences Bureau (**MGB**) to drill, post expiry of the Exploration Period of the Lobo MPSA.

Directors' Report

- iii) **Benito Target:** located along strike from the West Drift Resource at Lobo, the Benito target is associated with a major flexure (bend) in the lode that is very similar to the flexure associated with the existing high grade gold SWB resource. The new trenching and rock chip results (released 17 December 2015) include **4m @ 70.7 g/t Silver (Ag)** and **1.5m @ 227.9 g/t Ag, 0.42% Cu** and, along with previous soil sampling results, indicate that the Benito lode is at a higher level, and in the silver-copper zone of the epithermal system relative to the SWB mineralisation, but at a similar level to the surface exposure of West Drift.

Strategy to Advance Gold Projects to Development and Production:

The Company is also in the process of finalising the assessment of several advanced gold opportunities in Australia for potential merger or acquisition. Acquisition of an advanced gold project in Australia is seen by the Company as an opportunity to generate cash flow in the near term and provide a stepping stone to development of the Philippines based Batangas Gold Project.

The Company's near term strategy for the Batangas Gold Project, following the anticipated receipt of Stage 1 Funding and the formation of the JV, is to complete the DFS and final permitting and then arrange financing to commence development of the mine and processing facilities. Drilling of near term, high grade targets will also continue, with the objective of defining additional resources which can be converted to gold ore reserves on completion of the DFS.

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 has a sound track record of environmental, health and safety programs. The endorsement of all 10 Barangay (township) Councils for our development plans is testament to this.

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

Competent Person Statement

The information in this report relating to 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.

Cautionary Statement

The production targets referred to in this report were first released to ASX on 20 November 2014 and updated on 23 January 2015. They are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets will be realised. Other than as noted in this announcement, all material assumptions underpinning production targets or forecast financial information derived from production targets continue to apply and have not materially changed.

Directors' Report

Corporate

During the period, the Company raised \$600,000 (before costs) pursuant to a partially underwritten Share Purchase Plan (**SPP**) that closed on 3 September 2015. 240,000,000 Shares were issued pursuant to the SPP on 9 September 2015, at an issue price of \$0.0025 per Share. At the same time, 10,000,000 Shares were issued as a placement to a consultant at an issue price of \$0.0025 per Share and 1,405,000 Shares were issued pursuant to a controlled placement deed, at an issue price of \$0.0045 per Share.

On 15 September 2015, 215,000,000 Listed Options exercisable at \$0.0037 each on or before 15 September 2017 were issued in part consideration for capital raising services provided in conjunction with the SPP.

On 12 November 2015, the Company confirmed it had received an R&D tax rebate of \$337,543.

17,283,500 Performance Rights were issued to the Managing Director and an employee on 16 November 2015, following shareholder approval at the Company's Annual General Meeting. The Performance Rights are subject to specific vesting conditions and expire on 1 December 2018. At the same time a further 25,000,000 Listed Options, exercisable at \$0.0037 each on or before 15 September 2017, were issued to PAC Partners Pty Ltd, in part consideration for capital raising services provided in connection with the SPP.

On 2 December 2015, 12,600,000 Class D Performance Rights, held by the Company's Managing Director Mr Jon Dugdale, were cancelled by agreement between the Company and Mr Dugdale, following the Company and Mr Dugdale forming the view that the Performance Rights were no longer aligned with the Company's current objectives and strategy. A further 4,683,500 Class G Performance Rights held by the Company's Philippines Country Manager, Mr Geoff Boswell, were also cancelled by agreement between the Company and Mr Boswell, following the expiry of the timeframe for the vesting hurdles to be achieved.

The Company announced on 21 December 2015 that it had entered into a Convertible Security Funding Agreement (**CSFA**) for up to \$300,000, by way of convertible securities with the Australian Special Opportunity Fund, LP, managed by The Lind Partners, LLC, a New York based institutional investor (together, **Investor**). This, enabled the Company to drawdown up to \$300,000 and to issue Convertible Securities, to be repaid at a face value of 1.1667 times the amount drawn with no interest if the face value is paid within a 3 months (90 days) term of each drawdown (**the Term**). \$150,000 was drawn down on 24 December 2015 and the Company issued 35,000,000 options to the Investor, exercisable at \$0.003 on or before 24 December 2018. Post the end of the half year period, a further \$150,000 was drawn down.

Directors' Report

Significant and subsequent events and transactions

As noted above, on 22 January 2016, the Company drew down a further \$150,000 pursuant to the CSFA. Subject to shareholder approval, the Company has agreed to issue 53,888,889 options, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018, to the Investor in part consideration for the CSFA, subject to shareholder approval to be sought at the General Meeting scheduled for 21 March 2016.

On 15 February 2016, the Company announced that it has received firm commitments from professional and sophisticated investors to raise \$140,000 (before costs) via the issue of 140 million shares, at an issue price of 0.1 cents (\$0.001) per share (**Placement**). On 19 February 2016 140,000,000 Shares were issued pursuant to the Placement. Subject to shareholder approval, participants in the Placement will also receive 1 free attaching new option for every 2 new shares subscribed for, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018 (New Option). In conjunction with the Placement, the Company announced a fully underwritten pro-rata, non-renounceable rights issue offer (**Rights Issue**) to raise a further \$1.05 million (\$1,051,449) (before costs), on the basis of 2 new shares for every 3 shares held by eligible shareholders on the Record Date, at an issue price of 0.1 cents (\$0.001) per share. In addition, 1 free attaching New Option will be issued for every 2 new shares subscribed for, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018. On 15 March, 1,051,449,119 Shares and 525,724,558 New Options were issued pursuant to the Rights Issue. Shareholder approval will be sought for the proposed issue of up to 595,724,559 New Options to the manager of the Placement and underwriter of the Rights Issue.

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 8 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

Perth, Western Australia

Dated this 15th day of March 2016

DECLARATION OF INDEPENDENCE BY IAN SKELTON 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 2015, 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.



Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Revenue			
Interest income		56,324	22,977
Net foreign exchange gain		-	526,379
Expenses			
Professional fees		(195,601)	(144,993)
Consultancy costs		(135,493)	(141,202)
Depreciation expense		(24,370)	(25,771)
Employee benefits expenses		(227,695)	(257,915)
Share based payment expenses		(104,862)	(147,037)
Legal fees		(38,275)	(41,058)
Travelling expenses		(11,823)	(12,678)
Finance costs		(22,500)	(45)
Net foreign exchange loss		(119,221)	-
Other expenses		(255,604)	(233,979)
Loss before income tax		(1,079,120)	(455,322)
Income tax expense		(238)	-
Net loss for the period		(1,079,358)	(455,322)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		334,313	1,876,792
Revaluation in Philippines		6,057	5,301
Other comprehensive income for the period		340,370	1,882,093
Total comprehensive income/(loss) for the period (net of tax)		(738,988)	1,426,771
Profit/(loss) attributable to:			
Members of the parent entity		(1,091,970)	(818,073)
Non-controlling interest		12,612	362,751
		(1,079,358)	(455,322)
Total comprehensive profit/(loss) attributable to:			
Members of the parent entity		(580,446)	1,508,300
Non-controlling interest		(158,542)	(81,259)
		(738,988)	1,426,771
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd		Cents (0.09)	Cents (0.11)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
Assets			
Current			
Cash and cash equivalents		129,396	594,528
Trade and other receivables		155,928	226,086
Total current assets		285,324	820,614
Non-current			
Plant and equipment	3	19,857	43,763
Exploration & evaluation expenditure	4	25,290,391	24,484,254
Total non-current assets		25,310,248	24,528,017
Total assets		25,595,572	25,348,631
Liabilities			
Current			
Trade and other payables		478,051	405,842
Provisions		135,088	131,184
Financing	15	851,869	614,125
Total current liabilities		1,465,008	1,151,151
Non-current			
Provisions		173,830	171,847
Non-current tax liability		257,790	256,791
Total non-current liabilities		431,620	428,638
Total liabilities		1,896,628	1,579,789
Net assets		23,777,457	23,768,842
Equity			
Contributed equity	6	34,418,950	34,254,662
Reserves	9	7,979,239	6,977,005
Accumulated losses	10	(18,620,732)	(17,542,854)
Capital & reserves attributable to the owners of Red Mountain Mining Ltd		23,487,457	23,688,813
Non-controlling interest		(78,513)	80,029
Total equity		23,698,944	23,768,842

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2015

	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total	Non-controlling interest	Total
Balance at 1 July 2015	34,254,662	(17,542,854)	3,563,595	3,368,744	44,666	23,688,813	80,029	23,768,842
Profit/(Loss) for the period	-	(1,091,970)	-	-	-	(1,091,970)	12,612	(1,079,358)
Other comprehensive income	-	-	505,467	-	6,057	511,524	(171,154)	340,370
Total comprehensive loss for the period	-	(1,091,970)	505,467	-	6,057	(580,446)	(158,542)	(738,988)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs								
Share issues, net of costs	139,288	-	-	-	-	139,288	-	139,288
Share based payment	25,000	14,092	-	490,710	-	529,802	-	529,802
Balance at 31 December 2015	34,418,950	(18,620,732)	4,069,062	3,859,454	50,723	23,487,457	(78,513)	23,698,944
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Total	Non-controlling interest	Total
Balance at 1 July 2014	31,990,012	(15,766,999)	208,415	3,036,658	41,408	19,509,494	279,566	19,789,060
Profit/(Loss) for the period	-	(818,073)	-	-	-	(818,073)	362,751	(455,322)
Other comprehensive income	-	-	2,326,373	-	5,301	2,331,674	(444,280)	1,887,394
Total comprehensive loss for the period	-	(818,073)	2,326,373	-	5,301	1,513,601	(81,259)	1,432,072
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs								
Share issues, net of costs	1,077,294	-	-	-	-	1,077,294	-	1,077,294
Share based payment	-	-	-	147,037	-	147,037	-	147,037
Balance at 31 December 2014	33,067,306	(16,585,072)	2,534,788	3,183,695	46,709	22,247,426	198,037	22,445,463

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2015

	Notes	31 December 2015	31 December 2014
Operating activities			
Cash receipt from customers		57,875	21,931
Payments to employees and suppliers (inclusive of goods and services tax)		(698,127)	(692,339)
Interest received		44,565	8,947
Interest paid		-	(45)
Net cash (outflow) from operating activities		<u>(595,687)</u>	<u>(661,506)</u>
Investing activities			
Payment for property, plant and equipment		-	(3,406)
Payment for exploration		(924,433)	(1,617,680)
Research and development claim received		336,943	-
Net cash (outflow) from investing activities		<u>(587,490)</u>	<u>(1,621,086)</u>
Financing activities			
Proceeds from issue of shares		600,000	1,040,182
Proceeds from borrowings		145,000	-
Share issue costs		(60,771)	(31,035)
Net cash inflow from financing activities		<u>684,229</u>	<u>1,009,147</u>
Net Increase/(decrease) in cash held		(498,947)	(1,273,445)
Net foreign exchange difference		33,816	81,916
Cash at the beginning of period		594,527	1,719,452
Cash at the end of period		<u>129,396</u>	<u>527,923</u>

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 2015 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 15 March 2016.

Going concern

For the half year ended 31 December 2015, the Group recorded a loss of \$1,079,358 and had operating and investing cash outflows of \$1,183,177. Net proceeds from issue of securities and borrowings after cash costs totalled \$684,229. At 31 December 2015, the cash balance was \$129,396.

The interim consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Directors have determined in order to continue to rapidly develop the Philippines' assets, the Group is likely to require raising capital in the next 12 months. On 15 February 2016, the Company announced a fully underwritten, pro-rata non-renounceable rights issue, raising \$1,051,449 (before costs) on the basis of 2 new shares for every 3 shares held by eligible shareholders at an issue price of 0.1 cents (\$0.001) per share. In addition, 1 free attaching New Option will be issued for every 2 new shares subscribed for, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018. On 15 March 2016, 1,051,449,119 Shares and 525,724,558 New Options were issued pursuant to the Rights Issue, raising \$1,051,449 (before costs).

In addition, as announced to the market on 1 March 2016, the Company expects the Admission to Trading (Listing) of Bluebird on the Main Market of the London Stock Exchange (LSE) in the United Kingdom during the week of 14 March 2016, which in turn will result in an inflow of funds of USD 1.2 million (approximately \$1.6 million) to the Company. Based on available information, the directors believe that Bluebird's Listing will be successful, however if it is not, other means of funding will be required to be sourced by the Company.

Should Bluebird not be successful with the proposed listing, and remittance of funds to the company thereon, it may indicate the existence of a material uncertainty that may cause significant doubt on the ability of the company to continue as a going concern. The Directors are confident that the above mentioned funding activities within the next 12 months will be successful and therefore the financial report has been prepared on a going concern basis. Accordingly no adjustments have been made to the interim consolidated financial statements relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

a) Statement of compliance

The interim consolidated financial statements (“the interim financial statements”) of the Group are for the six months ended 31 December 2015 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 2015 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 2015.

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.

Impact of standards issued but not effective

From 1 July 2015, the Group is required to adopt Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2015. The Group has reviewed the impact of these Standards and Interpretations and are continuing to assess whether they will have a significant effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

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 of Directors (“Board”).

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

Half-year ended 31 December 2015

	Corporate	Exploration	Eliminations	Total
	\$	\$	\$	\$
Revenue	55,497	827	-	56,324
Depreciation	(3,147)	(21,223)	-	(24,370)
Employee Costs	(189,196)	(38,499)	-	(227,695)
Consulting fees	(74,605)	(60,891)	-	(135,496)
Share based payment	(104,862)	-	-	(104,862)
Financing expense	(22,500)	-	-	(22,500)
Other expenditures	(384,681)	(236,078)	-	(620,759)
(Loss)/Gain after income tax	(723,494)	(355,864)	-	(1,079,358)
Total assets	41,611,552	28,337,718	(44,353,698)	25,595,572
Total liabilities	1,117,340	30,743,790	(29,964,502)	1,896,628

Half-year ended 31 December 2014

	Corporate	Exploration	Eliminations	Total
	\$	\$	\$	\$
Revenue	19,170	3,807	-	22,977
Other income	1,239	525,140	-	526,379
Depreciation	(6,703)	(19,068)	-	(25,771)
Employee Costs	(209,595)	(48,320)	-	(257,915)
Consulting fees	(74,699)	(67,924)	-	(142,623)
Share based payment	(147,037)	-	-	(147,037)
Other expenditures	(346,696)	(84,636)	-	(431,332)
(Loss)/Gain after income tax	(764,321)	308,999	-	(455,322)
Total assets	40,161,502	24,867,228	(41,843,745)	23,184,985
Total liabilities	179,750	25,561,919	(25,002,147)	739,522

3 PLANT AND EQUIPMENT

The following tables show the movements in plant and equipment

	6 months to 31 December 2015	30 June 2015
	\$	\$
Carrying amount at 1 July	43,763	105,794
Additions	-	4,124
Depreciation	(24,370)	(75,444)
Exchange differences on translating foreign operations	464	9,289
Carrying amount at end of period	19,857	43,763

4 EXPLORATION AND EVALUATION EXPENDITURES

The following tables show the movements in exploration and evaluation expenditures

	6 months to 31 December 2015	Year to 30 June 2015
	\$	\$
Carrying amount at 1 July	24,484,254	18,457,991
Additions/(disposals)	872,610	2,709,328
Research & development claim	(336,943)	(134,980)
Exchange differences on translating foreign operations	270,470	3,451,915
Carrying amount at end of period	25,290,391	24,484,254

5 LOSS PER SHARE

	6 months to 31 December 2015	6 months to 31 December 2014
	Cents	Cents
Basic and diluted loss per share	(0.09)	(0.11)

	6 months to 31 December 2015	6 months to 31 December 2014
	\$	\$
Earnings used to calculate basic EPS	(1,079,970)	(818,073)

	Number	Number
Weighted average number of shares used in calculating basic and diluted loss per share	1,263,600,912	751,487,365

6 CONTRIBUTED EQUITY

	31 December 2015	30 June 2015
	\$	\$
1,437,173,679 (June 2015: 1,185,768,679) fully paid ordinary shares		
At the beginning of period	34,254,662	31,990,012
Shares issued during the period	630,690	2,459,793
Exercise of options	-	362
Share issue costs	(466,402)	(195,505)
Balance at end of period	34,418,950	34,254,662

During the half year, the Company issued 250,000,000 fully paid ordinary shares in lieu of capital raising and consulting services. The shares deemed fair value was determined using a pricing model.

	31 December 2015	30 June 2015
	Number	Number
At the beginning of period	1,185,768,679	686,947,994
Shares issued during the period	251,405,000	498,780,554
Exercise of options	-	40,131
Balance at end of period	1,437,173,679	1,185,768,679

7 OPTIONS

	31 December 2015	30 June 2015
	\$	\$
269,769,329 (June 2015: 112,839,477) options		
At the beginning of period	2,987,206	2,932,797
Options issued during the period	399,941	54,409
Balance at end of period	3,357,213	2,987,206
	Number	Number
At the beginning of period	702,372,285	112,839,477
Options issued during the period	275,000,000	589,492,694
Options exercised during the period	-	(40,131)
Balance at end of period	977,372,285	702,372,285

During the half year, the company issued 240,000,000 options exercisable on or before 15 September 2017 at \$0.0037 per option in lieu of capital raising and consulting services. The options deemed fair value was determined using an option pricing model. On 24 December 2015, the company issued 35,000,000 options exercisable on or before 24 December 2018 in accordance with the Convertible Note funding. Refer Note 15 (b).

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

Listed	Listed options expire 31/03/2016 @ \$0.012	Listed options expire 30/06/2016 @ \$0.03	Listed options Expire 30/06/2016 @ \$0.006	Listed options Expire 15/09/2017 @ \$0.0037
No. of options	270,987,597	128,501,960	287,882,728	240,000,000

7 OPTIONS (CONTINUED)

Unlisted	Unlisted options expire 15/09/2016 @ \$0.20	Unlisted options Expire 15/09/2016 @ \$0.20
No. of options	15,000,000	35,000,000

8 PERFORMANCE SHARES

	31 December 2015 \$	30 June 2015 \$
79,850,500 (June 2015: 79,850,500) performance shares		
At the beginning of period	103,861	-
Cancelled during the period	(14,092)	-
Share based payments during the period	104,862	103,861
Balance at end of period	194,631	103,861
	Number	Number
At the beginning of period	79,850,500	28,000,000
Performance rights cancelled (Class D and G)	(17,283,500)	-
Performance rights issued during the period*	17,283,500	51,850,500
Balance at end of period	79,850,500	79,850,500

*The following performance rights were issued during the period: 17,283,500 Performance Rights I; and the cancellation of 12,600,000 Performance Rights D and 4,683,500 Performance Rights G. All performance rights issued during the period have an expiry date on 1 December 2018.

Performance Rights I were issued to Directors and executives as part of their remuneration under the Group's Performance Rights Plan which was approved at the annual general meeting held on 18 November 2013.

Terms and conditions of Performance Rights I as share-based payments issued during the half year:

	Class I @ \$0.00199 per right ¹
No. of performance rights	17,283,500
Total value	\$34,428

Vesting conditions of the Performance Rights issued during the year are as follows:

The Class I Performance Rights shall vest and convert to Shares on 1 December 2018, subject to achieving both of the following milestones:

- (i) the actual production compared to the Board approved production budget and operating costs compared to the Board approved operating costs budget being in line with expectations for the financial year ending 30 June 2018; and
- (ii) Mr Dugdale remaining an employee of the Company as at 1 December 2018, ((b)(i) and (ii) together, the Vesting Conditions and each a Vesting Condition). (c) The Class I Performance Rights shall expire at 5.00 pm (WST) on 1 December 2018 (Expiry Date).

8 PERFORMANCE SHARES (CONTINUED)

Any Class I Performance Right not vested before the Expiry Date shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class I Performance Rights.

9 RESERVES

(a) Share-Based Payments Reserve

	31 December 2015	30 June 2015
	\$	\$
At the beginning of the reporting period	3,368,744	3,036,658
Cancellation of performance rights	(14,092)	
Share based payments during the period	104,862	277,677
Options issued in lieu of services(i)	399,941	54,409
Balance at end of reporting period	3,859,455	3,368,744

(i) Refer Note 6

(b) Foreign Currency Translation Reserve

	31 December 2015	30 June 2015
	\$	\$
At the beginning of the reporting period	3,563,595	208,415
Exchange differences on translation of foreign operation	505,468	3,355,180
Balance at end of reporting period	4,069,063	3,563,595

(c) Other Reserves

	31 December 2015	30 June 2015
	\$	\$
At the beginning of the reporting period	44,666	41,408
Pension revaluation in the Philippines	6,057	3,258
Balance at end of reporting period	50,723	44,666

10 ACCUMULATED LOSSES

	31 December 2015	30 June 2015
	\$	\$
At the beginning of the reporting period	(17,528,762)	(15,766,999)
Prior period adjustment (i)	-	14,093
Net loss attributable to members of the Company	(1,091,970)	(1,775,856)
Balance at end of reporting period	(18,620,732)	(17,528,762)

i) Prior period adjustment results from the cancellation of Performance Rights D and G.

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.

No options were issued to the directors as part of their remuneration during the six months ended 31 December 2015 and total share-based payment expensed during the reporting period amounted to \$104,862.

As at the date of this report, the interests of the directors in shares and options of the Company were:

	Ordinary shares		Options over ordinary shares		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Neil Warburton	156,250	22,739,531	31,248	10,201,506	-	6,000,000
Jon Dugdale	-	15,000,000	-	1,295,550	24,600,000	25,200,000
Michael Wolley	-	-	-	-	4,000,000	-

12 EVENTS SUBSEQUENT TO REPORTING DATE

On 15 February 2016, the Company announced that it has received firm commitments from professional and sophisticated investors to raise \$140,000 (before costs) via the issue of 140 million shares, at an issue price of 0.1 cents (\$0.001) per share (**Placement**). On 19 February 2016 140,000,000 Shares were issued pursuant to the Placement. Subject to shareholder approval, participants in the Placement will also receive 1 free attaching new option for every 2 new shares subscribed for, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018 (New Option). In conjunction with the Placement, the Company announced a fully underwritten pro-rata, non-renounceable rights issue offer (**Rights Issue**) to raise a further \$1.05 million (\$1,051,449) (before costs), on the basis of 2 new shares for every 3 shares held by eligible shareholders on the Record Date, at an issue price of 0.1 cents (\$0.001) per share. In addition, 1 free attaching New Option will be issued for every 2 new shares subscribed for, exercisable at 0.15 cents (\$0.0015) each and expiring 31 March 2018. On 15 March 1,051,449,119 Shares and 525,724,558 New Options were issued pursuant to the Rights Issue, raising \$1,051,449 (before costs). Shareholder approval will be sought for the proposed issue of up to 595,724,559 New Options to the manager of the Placement and underwriter of the Rights Issue.

No other matter or circumstance has arisen subsequent to 31 December 2015 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

13 DIVIDENDS

No dividends were paid in the six months ended 31 December 2015.

14 CONTINGENT LIABILITIES

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

15 CURRENT LIABILITIES - BORROWINGS

	31 December 2015	30 June 2015
	\$	\$
Strategic financing ⁱ	684,369	614,125
Convertible Security funding	167,500	-
	851,869	614,125

i) Equivalent of USD500,000

a) Bluebird Merchant Ventures – Strategic Financing¹

A Strategic Financing Partnership Agreement (“Agreement”) with London based Bluebird Merchant Ventures Ltd (BMVL) to fund the DFS, permitting and initial development, was signed on the 23 December 2014. The Agreement is for two stages of funding, totalling US\$5.5m (approximately A\$7.3m), to earn BMVL up to 50% of the wholly owned subsidiary, Red Mountain Mining Singapore Ltd (RMMS), holder of the Philippines Projects. Stage 1, US\$1m, will fund the DFS, final permitting and reserve definition exploration drilling. Stage 2, US\$4.5M, is subject to completion of the DFS and final mine permitting, and is planned to fund the initial development of the project. Refer to the Company’s 30 June 2015 ASX release for details and Note 18.

On 14 October 2015, RMX entered into a new project level Strategic Financing Agreement (new Agreement), with BMVL. Pursuant to the new Agreement, BMVL will increase Stage 1 Funding from US\$1M to US\$1.7M (approximately A\$2.4M), to earn an aggregate 25% interest in RMMS, BMVL will then have two alternative options to increase equity in RMMS to 50.1%:

- i) a Sole Funding Option, prior to the DFS and permitting being completed, whereby BMVL will pay an additional US\$1.7M, (total US\$3.4M/A\$4.5M) to increase equity in RMMS to 50.1%. The Sole Funding Option may now, pursuant to a Variation to the Agreement signed 26th January 2016, be exercised at any time up to 28 February 2017 or 13 month from BMVL Admission and must be paid in full within 10 business days of exercise, or;
- ii) if the Sole Funding Option is not exercised or expires, the Stage 2 Funding option, whereby an additional US\$3.8M (total US\$5.5M/A\$7.3M) is payable upon completion of the Stage 2 Condition Precedents (CPs), including the DFS and final permitting. This will also increase BMVL’s equity in RMMS to 50.1%. The Stage 2 Funding option will now, pursuant to a Variation to the Agreement signed 26th January 2016, expire on 28 February 2017 or 13 month from BMVL Admission, and may be extended by agreement of all parties.

If neither option is exercised, the companies will continue to operate under the JV.

15 CURRENT LIABILITIES – BORROWINGS (CONTINUED)

b) Convertible Security Funding²

On 21 December 2015, the Company entered into a Convertible Security Funding Agreement (CSFA) for the private placement of up to \$300,000 by way of convertible securities with an aggregate face value of up to \$350,000.

The CSFA will allow the Company to drawdown up to \$300,000 and to issue Convertible Securities, to be repaid at a face value of 1.1667 times the amount drawn (\$350,000) with no interest if the face value is paid within a 3 months (90 days) term of each drawdown (the Term). The Company intends to pay the face value of any Convertible Securities issued within the Term from part proceeds expected to be received from Bluebird Merchant Ventures Limited (BMVL) on its Admission to the London Securities Exchange and associated capital raising, which will also enable RMMS to repay project loans to RMX totalling up to US\$ 1.2 million. At 31 December 2015, the company has drawn-down \$150,000. Fair value of the convertible note at 31 December 2015 is deemed \$175,000.

1. Repayable, in Red Mountain Mining Ltd (ASX:RMX) shares at conditional pricing, subject to certain conditions not being met in accordance with the Subscription Agreement between Red Mountain Mining Ltd, Red Mountain Mining (Singapore) Pte Ltd and Bluebird Merchant Ventures Limited (BMV). Not repayable if BMV complete Admission to the London Stock Exchange and complete Stage 1 funding
2. On 24 December 2015, 35,000,000 options exercisable on or before 24 December 2015 @ \$0.003 were issued pursuant to the Convertible Security Funding Agreement. These options were deemed to have nil value at 31 December 2015.

16 COMMITMENTS FOR EXPENDITURE

	31 December 2015	31 December 2014
	\$	\$
<i>Office leases</i>		
Within one year	123,318	33,218
Later than one year but not later than five years	4,498	-
	127,816	33,218
<i>Exploration commitments</i>		
Within one year	117,826	132,162
Later than one year but not later than five years	167,570	-
	285,396	135,162

17 RELATED PARTIES

Directors

Full disclosure in relation to the Directors will be disclosed in the annual report 30 June 2016.

Wholly-owned group

The wholly owned group consists of Red Mountain Mining Ltd 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 (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

* MRL Gold Inc. has an investment in Egerton Gold Philippines Inc. (“EGPI”) that pertains to 40% ownership. MRL Gold Inc. has option on EGPI’s 60% remaining issued and outstanding capital.

18 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 2015		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial Assets				
Cash & cash equivalents	129,396	129,396	594,527	594,527
Trade & other receivables	21,891	21,891	52,245	52,245
	<u>151,287</u>	<u>151,287</u>	<u>646,772</u>	<u>646,772</u>
Financial Liabilities				
Trade & other creditors	329,513	329,513	263,326	263,326
Borrowings ¹	851,869	851,869	614,125	614,125
	<u>1,181,382</u>	<u>1,181,382</u>	<u>877,451</u>	<u>877,451</u>

1. Repayable, in Red Mountain Mining Ltd (ASX:RMX) shares at conditional pricing, subject to certain conditions not being met in accordance with the Subscription Agreement between Red Mountain Mining Ltd, Red Mountain Mining (Singapore) Pte Ltd and Bluebird Merchant Ventures Limited (BMV). Not repayable if BMV complete Admission to the London Stock Exchange and complete Stage 1 funding. Refer Note 15 a). Further \$175,000 is repayable via the Convertible Security Funding. Refer Note 15 b).

Directors' Declaration

1. 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 2015 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

Perth, Western Australia
Dated this 15th day of March 2016

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 2015, 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 2015 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.

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 2015 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*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to be 'Ian Skelton', is written over a printed 'BDO' logo in blue ink.

Ian Skelton

Director

Perth, 15 March 2016