



Red Mountain Mining Ltd

ACN 119 568 106

Annual Report

30 June 2018

Contents	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the consolidated financial statements	20
Directors' Declaration	52
Independent Auditor's Report to the Members	53
Additional Shareholder Information	57

Corporate Directory

Directors

Jeremy King
Non-Executive Director

Lincoln Ho
Non-Executive Director

Robert Parton
Non-Executive Director

Secretary

Mauro Piccini

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Solicitor

Bellanhouse Legal
Ground floor, 11 Ventnor Avenue
West Perth WA 6005

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
+61 (8) 6188 0800

Securities Exchange Listing

Listed on the Australian Securities Exchange (ASX code: RMX)

Principal registered office in Australia

Level 1, 1 Altona Street, West Perth WA 6005
+61 (8) 6559 1792

Website

www.redmm.com.au

Red Mountain Mining Ltd and its controlled entities

Your Directors present their report on the Consolidated Entity (“Group”) consisting of Red Mountain Mining Ltd (“Red Mountain Mining” or “Company”) and the entities it controlled at the end of, or during, the financial year ended 30 June 2018.

Directors

The following persons were Directors of Red Mountain Mining during the financial year and to the date of this report:

Jeremy King	<i>Non-Executive Director</i>
Lincoln Ho	<i>Non-Executive Director</i>
Robert Parton	<i>Non-Executive Director</i>

Review of Operations

Mukabe-Kasari Cobalt-Copper Project

The Company in conjunction with its technical consultants continued to assess the prospectivity of the Mukabe-Kasari Cobalt-Copper Project with a focus on a review of the extensive Copper soil sampling programme carried out by the Company during the prior quarter.

Subsequent to the quarter ending, the Company announced that it had completed the review of the geochemical Copper anomaly at the Mukabe-Kasari Copper Project and is planning to extend the soil sampling grid to the Copper anomalies in order to define suitable drilling locations.

Batangas Gold Project

The Company retains its leverage to the Philippines based Batangas Gold project by way of its 1% NSR production royalty and as at the end of the Relevant Quarter held approximately 5.5 million shares in London listed Bluebird Merchant Ventures Ltd (share price as at 30 June 2018: 2.9 pence per share).

Business Development

The Board continues to identify and assess additional opportunities in the gold, energy metals and base metals space including a brownfields base and energy metals project in South East Asia, gold and lithium opportunities in South America and base and energy metals projects in Africa.

CORPORATE

Other Corporate Activities

On 6 September 2017, the Company completed a share placement to raise \$735,000 from professional and sophisticated investors, through the issue of 66,818,182 shares at an issue price of \$0.011, as approved by shareholders on 15 November 2016.

On 28 February 2018, the Company completed a placement to raise \$1 million (before costs) through the issue of 111,128,888 fully paid shares at an issue price of \$0.009 per share.

On 13 April 2018, the Company completed a placement to raise \$500,000 (before costs) through the issue of 55,555,567 fully paid ordinary shares at an issue price of \$0.009 per share.

Red Mountain Mining Ltd and its controlled entities

Other Activities

The Company continues to seek additional mineral projects that will deliver shareholder value and has reviewed and conducted due diligence with regard to several over the reporting period but, other than the Mukabe-Kasari Cobalt-Copper Project, none that have been considered of sufficient merit to transact on.

Revenues and results

A summary of consolidated revenues and results is set out below:

	2018	2017
	\$	\$
Revenue	<u>80,781</u>	<u>87,333</u>
Loss before income tax expense	(1,348,989)	(27,431,610)
Income tax (expense)	-	243,867
Loss attributable to members of Red Mountain Mining Ltd	<u>(1,348,989)</u>	<u>(27,187,743)</u>

Financial Position

The Group had a total equity of \$3,862,595 (2017: \$2,669,106) at the end of the reporting period.

During the financial year, the Group had a net increase in contributed equity of \$2,233,855 (2017: \$3,213,235) net of share issue costs as a result of capital raising issuing a total of 233,502,637 fully paid ordinary shares. A total of 4,000,000 fully paid ordinary shares were issued to consultants in consideration of services provided. 10,000,000 fully paid ordinary shares were issued as consideration for the earn in of the Mukabe Kasari project.

and 15,625 fully paid ordinary shares were issued as a result of conversion of options during the financial year.

At the end of the financial year the Group had cash balances of \$2,951,942 (2017: \$2,416,752) and net assets of \$3,862,595 (2017: \$2,699,106).

Total liabilities (being trade and other creditors, provisions, and tax liabilities) amounted to \$213,826 (2017: \$264,689).

Red Mountain Mining Ltd and its controlled entities

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Outlook

The Board shall continue its work to optimise the Company's Projects as well as assessing opportunities for additional mineral projects that will deliver shareholder value.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- (a) the Consolidated Entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Consolidated Entity's state of affairs in future financial years.

Information on Directors

Jeremy King LLB

Non-Executive Director

Mr King is a corporate advisor and lawyer with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

During the past three years, Mr King held the following directorships in other ASX listed companies: Bowen Coking Coal Limited, Pure Minerals Limited, Six Sigma Metals Limited, Axxis Technology Limited, Sultan Resources Limited, European Cobalt Limited, Easter Iron Limited, Drake Resources Limited, Aldoro Resources Limited; and LIndian Resources Limited (resigned)

Lincoln Ho

Non-Executive Director

Lincoln has almost a decade of experience in equities trading, with a strong focus in corporate restructuring, due diligence, mergers & acquisitions in the emerging companies sector. He has investor relations experience in Asia, having liaised with high net-worth investors in Singapore and China.

Mr Ho is a non-executive director of Pure Minerals Limited (ASX: PM1) and Sultan Resources Limited (ASX: SLZ), which both have a strong focus on mineral exploration. He also serves as a board director of the Pioneer Development Fund (Aust) Limited, designed and implemented by the Australian Government to facilitate the supply of equity capital to Australia's Small to Medium Enterprises (SMEs).

During the past three years, Mr Ho held the following directorships in other ASX listed companies: Pure Minerals Limited and Sultan Resources Limited.

Red Mountain Mining Ltd and its controlled entities

Robert Parton CPA

Non-Executive Director

Commencing in 1987, Robert spent 20 years providing business analysis and management at companies including BHP, Kraft Foods, Crane Group, Mitre 10 and PDL Electronics (part of the Schneider Electric Group). Since 2006, Robert has been providing corporate advisory services utilising his extensive experience in business management, project evaluation and capital-raising across various sectors including real estate, cleantech, IT and manufacturing. He has been involved in transaction management from sourcing, analysis and due diligence evaluation through to settlement and is a qualified accountant with over 20 years' membership with CPA Australia.

During the past three years, Mr Parton held the following directorships in other ASX listed companies: Pure Minerals Limited (resigned), Directmoney Limited (formerly Basper Limited) (resigned), Teleso Technologies Limited (resigned), Motopia Limited (resigned) and Lanka Graphite Limited (formerly Viculus Limited) (resigned).

Mauro Piccini CA (Appointed 10 November 2017)

Company Secretary

Mr Piccini is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). He specialises in corporate advisory, company secretarial and financial management services. Mauro spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines.

Directors' interests in shares and options

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

	Ordinary Shares		Options over Ordinary Shares		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Jeremy King	-	10,000,000 ¹	-	10,000,000 ¹	-	22,000,000
Lincoln Ho	1,000,000	3,000,000 ²	-	2,500,000 ²	11,000,000	-
Robert Parton	-	-	-	-	-	1,500,000 ³

1. Shares, Options and Performance rights held by Bushwood Nominees Pty Ltd, of which Mr King is a director.
2. Shares and Options held by Saltus Corporate Pty Ltd <LLPMH Investment Trust.>. Mr Ho is a director of the trustee and beneficiary of the fund.
3. Performance rights held by TPG Australasia Pty Ltd, of which Mr Robert Parton is a director.

Directors' Remuneration

Please refer to the Remuneration Report for information relating to the Directors' remuneration for the financial year.

Red Mountain Mining Ltd and its controlled entities

Meetings of Directors

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were as follows. The Directors meet frequently and have conference calls on an informal basis to discuss all matters associated with investment strategy, review of operations, and other Company matters. During the year, in order to save costs (with one of three directors situated in Melbourne), much of the Company's business has been conducted by circular resolution.

Director	Board	
	A	B
Jeremy King	3	3
Lincoln Ho	3	3
Robert Parton	3	3

A - denotes the number of meetings attended

B - denotes the number of meetings held during the time the Director held office or was a member of the Committee during the year.

Shares and options on issue

At the date of this report, the Company has 678,036,775 fully paid ordinary shares on issue.

The following options over ordinary shares and performance rights in the Company were on issue at the date of this report, on a post consolidation basis:

Options	Date of Expiry	Exercise Price AUD	Number
Listed Options – Corporate advisory	28 June 2023	\$0.02	35,000,000
Listed Options – RMXOG	21 November 2019	\$0.015	67,210,653
Listed Options – RMXOH	13 December 2019	\$0.018	37,000,000
Unlisted Options	24 December 2018	\$0.096	1,093,750
Unlisted Options	14 October 2019	\$0.02	12,500,000

No option holder has any right to participate in any other share issue of the Company or any other entity.

During the financial year, 233,502,637 fully paid ordinary shares were issued in conjunction with capital raisings. A further 10,000,000 fully paid ordinary shares were issued in conjunction with for the Mukabe Kasari project earn in and 4,000,000 to Xcel Capital for Corporate Advisory services and 35,000,000 options exercisable at \$0.02 each on or before 28 June 2023 for Corporate Advisory services.

Red Mountain Mining Ltd and its controlled entities

Performance Rights granted during the year

During the financial year 34,500,000 performance rights were issued to Directors as part of their remuneration as Non-Executive Directors of the Company. Refer to Note 13.

The following Performance Rights were granted during the year:

Performance rights	Number issued	Grant date	Vesting date	Expiry date	Fair value per performance right (\$)	Total value at grant date (\$)
Tranche 1	5,500,000	15/05/2018	-	1/06/2019	0.01	55,000
Tranche 2	9,500,000	15/05/2018	-	1/06/2020	0.01	95,000
Tranche 3	19,500,000	15/05/2018	-	1/06/2021	0.01	195,000

Share-based payments

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black-Scholes option valuation model. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset. There were 35,000,000 options exercisable at \$0.02 each on or before 28 June 2023, granted as share-based payments during the year.

Dividends

No dividends were paid to members during the financial year and the Directors do not recommend the payment of a dividend.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Red Mountain Mining Ltd and its controlled entities

REMUNERATION REPORT (AUDITED)

The Directors of Red Mountain Mining present the Remuneration Report which has been audited as required by section 308 (3C) of the Corporations Act 2001. Information regarding the remuneration of key management personnel (Key Management Personnel) is required by Corporations Regulations 2M.3.03. Key Management Personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

The Remuneration Report covers the following matters:

- a. Directors and Key Management Personnel disclosed;
- b. Remuneration governance;
- c. Principles used to determine the nature and amount of remuneration;
- d. Executive service agreements;
- e. Details of remuneration;
- f. Share-based remuneration; and
- g. Other information.

(a) Directors and Key Management Personnel disclosed

Key Management Personnel include the following Non-Executive Directors who were in office during or since the end of financial year 2018:

(i) Non-Executive Directors

Jeremy King	Non-executive Director
Lincoln Ho	Non-executive Director
Robert Parton	Non-executive Director

(b) Remuneration governance

Nomination and Remuneration Committee

From 1 July 2016, the full Board assumed the responsibilities of the Nomination and Remuneration Committee in accordance with its Charter.

The Nomination and Remuneration Committee is primarily responsible for making recommendations to the Board on:

- the over-arching remuneration framework;
- operation of the incentive plans which apply to the Executive team, including key performance indicators and performance hurdles;
- remuneration levels of executive Directors and other Key Management Personnel; and
- Non-executive Director fees.

The Committee's objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- motivating senior executives to pursue the long-term growth and success of the Group;
- demonstrating a clear relationship between senior executives' performance and remuneration;
- attracting and retaining senior executives and Directors; and
- not paying excessive remuneration.

Red Mountain Mining has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group. The remuneration packages are reviewed annually by the Nomination and Remuneration Committee (or the Board in accordance with the Nomination and Remuneration Committee Charter) and evaluation is based on specific criteria including business performance of the Company (e.g. share

Red Mountain Mining Ltd and its controlled entities

price, market capitalisation, performance against budget) and its subsidiaries, whether Company objectives are being achieved and the development of management and personnel. The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary;
- short term incentives, being cash bonuses and
- long term incentives, being employee share schemes.

Executive Directors' remuneration has been structured to reflect short and long-term performance objectives appropriate to the Group's circumstances and Company objectives.

Executive Directors' and senior executives' remuneration packages involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Group's circumstances and strategic objectives.

Non-Executive Directors' remuneration has been formulated with regard to the following guidelines:

- Non-Executive Directors will be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity (being shares, options, performance rights and other share-based payments. Refer to section (f) of the Remuneration Report for share based payment detail), usually without participating in schemes designed for the remuneration of executives;
- Non-Executive Directors will not be provided with retirement benefits other than superannuation;
- no Director is involved in setting their own remuneration or terms and conditions and in such a case relevant Directors are required to be absent from the full Board discussion;
- Non-Executive Directors do not have other responsibilities incurring fees beyond the Director fees; and
- the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting is currently set at \$500,000.

Use of remuneration consultants

The Group did not engage external remuneration consultants for the financial year ended 30 June 2018 but conducted reviews of similar sized peer group companies.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

	2018	2017	2016	2015	2014
EPS (cents)	(0.25)	(2.63)	(0.004)	(0.19)	(0.42)
Dividends (cents per share)	-	-	-	-	-
Net (loss)	(1,348,989)	(27,187,743)	(378,807)	(1,533,578)	(2,444,927)
Closing share price (cents)	0.008	0.024	0.1	0.3	1.0
Change in share price during the year (cents)	(0.016)	(0.076)	(0.2)	(0.7)	0.2

Red Mountain Mining Ltd and its controlled entities

Company performance and link to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives.

During the financial year 34,500,000 performance rights were issued to Directors as part of their remuneration as Non-Executive Directors of the Company please refer to note 13.

(d) Service agreements

All Non-Executive Directors were appointed by a letter of appointment. Directors can retire in writing as set out in the Constitution.

(e) Details of remuneration

Director and other Key Management Personnel Remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel of Red Mountain Mining are shown in the table below:

Name	Year	Short term benefits, cash salary and fees (\$)	Superannuation (\$)	Other benefits (\$)		Termination payments	Share-based payments Options and Performance Rights (\$)	Total (\$)	% of Remuneration which is performance based
				Annual Leave	Long Service Leave				
J King	2018	120,000	-	-	-	-	220,000	340,000	65%
J King	2017	110,100	-	-	-	-	282,911	393,011	72%
L Ho	2018	36,000	-	-	-	-	110,000	146,000	75%
L Ho	2017	31,000	-	-	-	-	70,478	101,478	69%
R Parton	2018	24,000	-	-	-	-	15,000	39,000	38%
R Parton	2017	14,000	-	-	-	-	-	14,000	-
J Bontempo	2018	-	-	-	-	-	-	-	-
J Bontempo ¹	2017	19,000	-	-	-	-	71,478	90,478	79%
G Boswell	2018	-	-	-	-	-	-	-	-
G Boswell ²	2017	-	-	-	-	-	(120,265)	(120,265)	100%
Total	2018	180,000	-	-	-	-	345,000	525,000	66%
Total	2017	174,100	-	-	-	-	304,602	478,702	64%

1. Appointed as a Director 1 July 2016, resigned 1 December 2016.

2. Resigned 11 August 2016. Performance Rights A, B, C, F, H and I were cancelled upon the resignation of Mr Geoff Boswell as of 11 August 2016 and in accordance with the terms and conditions of the recipient remaining an employee/director of the Company. The total value of cancelled Performance Rights included in the accounts is (\$120,625)

Performance Rights issued as performance incentives as of 30 June 2018 are described in (f).

Red Mountain Mining Ltd and its controlled entities

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Year	Fixed Remuneration	At-risk – STI	At-risk – LTI
J King	2018	35%	-	65%
J King	2017	28%	-	72%
L Ho	2018	25%	-	75%
L Ho	2017	31%	-	69%
R Parton	2018	62%	-	38%
R Parton	2017	100%	-	-
G Boswell	2018	-	-	-
G Boswell	2017	-	-	100%
J Bontempo ¹	2018	-	-	-
J Bontempo	2017	100%	-	-

(f) Share-based remuneration

Details of share-based payments in the Company held during the financial year by each Key Management Personnel, including their personally related parties, are set out below.

(fa) Performance Rights issued as remuneration to Key Management Personnel during 2018 financial year

34,500,000 Performance Rights were granted during the year to Key Management Personnel. Set out below are summaries of rights granted by the Company to directors during the year.

2018	Number of rights	Number of Shares	Grant date	Hurdle
Tranche 1	5,500,000	5,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.02 within 12 months of the date of issue;
Tranche 2	9,500,000	9,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.03 within 24 months of the date of issue
Tranche 3	19,500,000	19,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.05 within 36 months of the date of issue.

2018	Grant date	Expiry date	Balance at the start of the year	Granted during the year	Vested during the year	Balance at end of the year	Fair value at grant date \$
Tranche 1	15/05/2018	1/06/2019	-	5,500,000	-	5,500,000	55,000
Tranche 2	15/05/2018	1/06/2020	-	9,500,000	-	9,500,000	95,000
Tranche 3	15/05/2018	1/06/2021	-	19,500,000	-	19,500,000	195,000

Red Mountain Mining Ltd and its controlled entities

2018 Name	Balance at the start of the year	Granted during the year	Cancelled	Converted during the year	Balance at end of the year	Unvested
J King	-	22,000,000	-	-	22,000,000	22,000,000
L Ho	-	11,000,000	-	-	11,000,000	11,000,000
R Parton	-	1,500,000	-	-	1,500,000	1,500,000

(fb) Options as remuneration to Key Management Personnel

During the year no options were granted as remuneration to Key Management Personnel.

(fc) Shares as remuneration to Key Management Personnel

During the year no shares were issued as remuneration to Key Management Personnel.

Equity instrument disclosures relating to Key Management Personnel

Share holdings

The numbers of shares in the Company held during the financial year by each Director of Red Mountain Mining and other Key Management Personnel of the Group, including their personally related parties, are set out below on a pre-consolidation basis.

2018 Name	Balance at the start of the year	Received during the year on the exercise of options	Granted as remuneration	Other changes during the year	At resignation/ appointment	Balance at the end of the year
<i>Directors</i>						
J King	9,000,000	-	-	-	-	9,000,000
L Ho	3,000,000	-	-	-	-	3,000,000
R Parton	-	-	-	-	-	-

Options

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Red Mountain Mining and other Key Management Personnel of the Group, including their personally related parties, are set out below, on a pre-consolidation basis.

2018 Name	Balance at the start of the year	Granted as remuneration	Exercise of options	Bought & (Sold)/ (Cancelled)	Balance at the end of the year	Total number at resignation/ appointment	Total number of options vested	Total number of options exercisable
<i>Directors</i>								
J King	10,000,000	-	-	-	10,000,000	-	10,000,000	10,000,000
L Ho	2,500,000	-	-	-	2,500,000	-	2,500,000	2,500,000
R Parton	-	-	-	-	-	-	-	-

Red Mountain Mining Ltd and its controlled entities

(g) Other information

(i)	2018	2017
Transactions with Key Management Personnel at 30 June	\$	\$
Receipt of rental income from Pure Minerals Limited, an entity related to Mr Jeremy King and Mr Lincoln Ho	22,500	-
Receipt of rental income from Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King.	3,500	-
Company Secretary and financial management fees paid and payable to Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King	90,625	-

(ii)	2018	2017
Amounts outstanding and payable to related parties at 30 June	\$	\$
Director fees payable to Bushwood Nominees, an entity related to Mr Jeremy King	10,000	10,000
Director fees payable to TPG Australasia Pty Ltd, an entity related to Mr Robert Parton	2,000	2,200
Company Secretary and financial management fees payable to Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King	13,125	-

(iii)

No loans have been made to any Director or any of their related parties, during the year or prior year. There were no further transactions with Directors including their related parties, not disclosed above.

Voting and Comments at the Company's 2017 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2017 was put to the shareholders of the Company at the Annual General Meeting held on 14 November 2017. The resolution was passed unanimously without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

Hedging of securities

In accordance with the Group's general share trading policy and Employee Share Option Plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or Director share plan.

END OF AUDITED REMUNERATION REPORT

Red Mountain Mining Ltd and its controlled entities

Environmental regulations

The operations of the Group are not subject to any particular and significant environmental regulations under a law of the Commonwealth or state. There have been no known significant breaches of any other environmental requirement.

The National Greenhouse and Energy Reporting Act (NGER) legislation was considered and not determined to be applicable to the entity at the current stage.

Indemnities given and insurance premiums paid to officers and auditors

During the year, Red Mountain Mining paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 11 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within the financial report.

This report is made in accordance with a resolution of the Directors.



Jeremy King
Non-Executive Director

Perth, Western Australia
28 September 2018

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

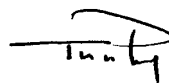
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Red Mountain Mining Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2018

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	2	80,781	87,333
Consultancy costs		(528,473)	(305,724)
Depreciation expense	2	(762)	(5,117)
Employee benefits expenses	2	(180,000)	(197,855)
Exploration consulting expenditure		(114,209)	-
Finance cost	2	(8,820)	(1,773)
Gain on disposal of subsidiary		-	191,153
Exploration asset write off expense	6	-	(505,661)
Impairment of other assets		(57,017)	(219,702)
Disposal of exploration assets	2	-	(24,614,713)
Legal fees		(8,605)	(28,368)
Gain/(Loss) on financial instrument revaluation	5	108,967	(283,305)
Net foreign exchange loss	2	-	(138,889)
Other expenses		(408,477)	(689,893)
Professional fees		(223,868)	(401,076)
Share-based payment expenses	2,13	(1,702)	(301,342)
Travelling expenses		(6,804)	(16,678)
Loss before income tax		(1,348,989)	(27,431,610)
Income tax benefit/(expense)	3	-	243,867
Net loss after income tax for the year		(1,348,989)	(27,187,743)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Revaluation of the Philippines		-	(1,018)
Exchange differences on translation of foreign operations		-	(418,892)
Other comprehensive income/(loss) for the year		-	(419,910)
Total comprehensive income/(loss) for the year (net of tax)		(1,348,989)	(27,607,653)
Profit/(Loss) attributable to:			
Members of the parent entity		-	(26,953,068)
Non-controlling interest		-	(234,675)
		-	(27,187,743)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		-	(25,585,205)
Non-controlling interest		-	(2,022,448)
		-	(27,607,653)
		Cents	Cents
Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd	15	(0.25)	(2.63)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2018

	Notes	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	4	2,951,942	2,416,752
Trade and other receivables	5	144,239	160,196
Financial assets at fair value through profit or loss	5	300,192	256,914
Total current assets		3,396,373	2,833,862
Non-current assets			
Exploration & evaluation expenditure	6	641,208	99,171
Trade and other receivables	5	38,840	-
Plant and equipment		-	762
Total non-current assets		680,048	99,933
Total assets		4,076,421	2,933,795
Current liabilities			
Trade and other payables	7	174,986	264,689
Total current liabilities		174,986	264,689
Non-Current liabilities			
Trade and other payables	7	38,840	-
Total non-current liabilities		38,840	-
Total liabilities		213,826	264,689
Net assets		3,862,595	2,669,106
Equity			
Contributed equity	8	41,220,240	38,986,385
Reserves	9 (a)	10,681,892	10,373,269
Accumulated losses	9 (b)	(48,039,537)	(44,256,531)
Capital & reserves attributable to the owners of Red Mountain Mining Ltd		3,862,595	5,103,123
Non-controlling interest		-	(2,434,017)
Total equity		3,862,595	2,669,106

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the financial year ended 30 June 2018

	Note	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Share- based payments reserve \$	Other reserves \$	Total \$	Non- Controlling interest \$	Total \$
Consolidated Group									
Balance at 30 June 2017		38,986,385	(44,256,531)	4,933,208	5,391,374	48,687	5,103,123	(2,434,017)	2,669,106
Loss for the year		-	(1,348,989)	-	-	-	(1,348,989)	-	(1,348,989)
Total comprehensive income/(loss) for the year		-	(1,348,989)	-	-	-	(1,348,989)	-	(1,348,989)
Issue of share capital		2,473,160	-	-	-	-	2,473,160	-	2,473,160
Share issue cost		(239,539)	-	-	-	-	(239,539)	-	(239,539)
Shares issued on exercise of RMXOG options		234	-	-	-	-	234	-	234
Issue of options	9	-	-	-	306,921	-	306,921	-	306,921
Performance rights	9	-	-	-	1,702	-	1,702	-	1,702
Transfer of non-controlling interest assumed by parent entity upon disposal of subsidiary during the 30 June 17 financial year	9	-	(2,434,017)	-	-	-	(2,434,017)	2,434,017	-
Balance at 30 June 2018		41,220,240	(48,038,537)	4,933,208	5,699,997	48,687	3,862,595	-	3,862,595
Balance at 30 June 2016		35,773,150	(17,303,463)	3,564,327	3,892,784	49,705	25,976,503	(411,567)	25,564,936
Loss for the year		-	(26,953,068)	-	-	-	(26,953,068)	(234,677)	(27,187,745)
Other comprehensive income/(loss)		-	-	1,368,881	-	(1,018)	1,367,863	(1,787,773)	(419,910)
Total comprehensive income/(loss) for the year		-	(26,953,068)	1,368,881	-	(1,018)	(25,585,205)	(2,022,450)	(27,607,655)
Transactions with owners in their capacity as owners:									
Cancellation of performance rights	9,13	-	-	-	(120,625)	-	(120,625)	-	(120,625)
Contributions of equity, net of transaction costs		3,213,235	-	-	-	-	3,213,235	-	3,213,235
Share based payment	9	-	-	-	1,544,300	-	1,544,300	-	1,544,300
Issue of options	9	-	-	-	74,915	-	74,915	-	74,915
Balance at 30 June 2017		38,986,385	(44,256,531)	4,933,208	5,391,374	48,687	5,103,123	(2,434,017)	2,669,106

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Red Mountain Mining Ltd and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS for the financial year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Payments to employees and suppliers		(1,235,093)	(1,658,061)
Interest received		79,503	37,880
Net cash (outflows) from operating activities	14	(1,155,590)	(1,620,181)
Cash flows from investing activities			
Payment for exploration activities		(372,037)	(604,832)
Payment for investment in listed shares		(18,720)	-
Receipt of proceeds from sale of shares		84,408	-
Net cash (outflows) from investing activities		(306,349)	(604,832)
Cash flows from financing activities			
Proceeds from issue of shares		2,235,160	4,066,016
Proceeds from issue of options		234	74,915
Share issue costs		(239,544)	(252,190)
Net cash inflows from financing activities		1,995,850	3,888,741
Net increase in cash held		533,911	1,663,728
Cash at the beginning of the year		2,416,752	757,642
Effect of exchange rate changes on Cash & Cash equivalents		1,279	(4,618)
Cash at the end of the year	4	2,951,942	2,416,752

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. This financial report is for the Group consisting of Red Mountain Mining Ltd and its controlled entities.

This financial report is presented in Australian dollars.

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 28 September 2018. The Company has the power to amend and reissue the financial report.

Red Mountain Mining Limited ("Red Mountain Mining" or the "Company") is a limited company incorporated in Australia. The address of its registered office is Level 1, 1 Altona Street, West Perth WA 6005.

Statement of Compliance

Red Mountain Mining is a for-profit entity. These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements comprise the consolidated financial statements of Red Mountain Mining and its controlled entities ("the Group").

Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost convention and the accrued basis, as explained in the accounting policies below.

Adoption of New and Revised Accounting Standards

The Company has adopted all the new and revised Standards that are relevant to its operations and effective for the reporting period starting from 1 July 2017.

At the date of authorisation of the financial statements, the Company has not applied the new Standards and Interpretations that were in issue but not yet effective.

Significant accounting estimates and judgements

(i) Significant accounting judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

(ii) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 6. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to profit or loss.

(iii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options issued is determined by using Black-Scholes valuation model taking into account the terms and conditions upon which the instruments were granted. For performance rights issued, the fair value is determined by using the share price on grant date taking into account the probability of meeting the market based conditions at grant date. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2018 and the results of all controlled entities for the financial year then ended. The Company and its controlled entities together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the parent entity has control if it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Intercompany transactions, balances and unrealised income and expenses on transactions between Group companies are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Both the functional and presentation currency of Red Mountain Mining Ltd and its subsidiaries is Australian dollars.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations, Red Mountain Mining (Singapore) Pte Ltd is SGD, Red Mountain (Hong Kong) Holdings is HKD and RMX USA Corporation is USD.

As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Red Mountain Mining Ltd at the rate of exchange ruling at the reporting date and income and expense items are translated at the average exchange rate for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to the partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences are recognised in other comprehensive income.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases

Operating leases payments, net of any incentives received from the lessor, under which the lessor effectively retains substantially all such risks and benefits, are charged to profit or loss on a straight-line basis over the term of the lease.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Directors' assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and has assessed the impact to be insignificant.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and expects the impact to be insignificant as there is no revenue contract in the Group.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. The Group has material operating leases with a term 12 months or longer. Therefore it is expected the impact as above will be significant.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Revenue and expenses

	2018 \$	2017 \$
(a) Revenue		
Interest received	28,629	45,053
Other income	4,373	-
Foreign exchange gain	1,279	-
Gain on disposal of asset	-	42,280
Subleasing income	46,500	-
	80,781	87,333

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

Subleasing income

Subleasing income is recognised when earned.

(b) Other Income

Gain on disposal of subsidiary	-	191,153
	-	191,153

(c) Expenses

Depreciation expense	762	5,117
Employee benefits expense		
- Salary, wages and retirement benefits	180,000	197,855
Share based payment expense		
- Equity based payments issued to employees and consultants	-	421,967
- Performance Rights expensed/(cancelled)	1,702	(120,625)
	1,702	301,342
Loss on disposal of exploration assets	-	24,614,713
Exploration asset write off expense	-	505,661
Finance cost		
- Interest expense and bank fees	8,820	1,773
Net foreign exchange loss	-	138,889

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Income tax

	2018 \$	2017 \$
(a) Income tax expense		
Current tax (expense)/benefit	-	243,867
Deferred tax	-	-
	<u>-</u>	<u>243,867</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,348,989)	(27,431,610)
Tax at the Australian tax rate of 30% (2017: 27.5%)	(404,697)	(7,543,693)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Legal fees	2,799	3,700
Equity based payments	112,987	225,883
Impairment – BMVL investment	6,727	-
Other non-assessable	-	-
Other non-deductible	37,919	257
	(244,264)	(7,313,853)
Current year tax assets not recognised	244,264	7,069,986
Income tax expense/(benefit)	<u>-</u>	<u>(243,867)</u>

(c) The estimated potential deferred tax benefits not brought to account at 30% (2017: 27.5%)

Revenue losses - Australia	(3,688,482)	(3,099,423)
Capital Losses	(1,003,449)	(883,990)
Temporary differences - Australia	(201,611)	188,786
Temporary differences – Overseas	-	-

The potential future income tax benefit will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit.

No deferred tax assets have been recognised due to the fact that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

The franking account balance at year end was nil.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Income tax (continued)

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Note 4. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	2,843,821	2,416,752
Term deposits ⁽ⁱ⁾	108,121	-
	2,951,942	2,416,752

(i) Term deposits are held as bank guarantees

The Group's exposure to interest rate and credit risk is disclosed in Note 18.

Cash comprises cash at bank and in hand.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Note 5. Trade and other receivables & Financial assets at fair value through profit or loss

	2018	2017
	\$	\$
<i>Trade and other receivables - Current</i>		
Advances	67,274	154
Prepayments	14,209	34,352
Other	28,760	125,690
Lease incentive asset*	33,996	-
	144,239	160,196

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Trade and other receivables & Financial assets at fair value through profit or loss (continued)

	2018	2017
	\$	\$
<i>Trade and other receivables – Non-Current</i>		
Lease incentive asset*	38,840	-
<i>Financial assets at fair value through profit or loss - Current</i>		
1,440,000 fully paid ordinary shares held in Greenpower Limited ¹	7,200	-
5,595,652 (2017: 7,595,652) fully paid ordinary shares held in Bluebird Merchant Ventures Ltd (LSE: BMV) ²	292,992	256,914
	300,192	256,914

* Lease incentive relates to office premise and is amortised over the lease term.

1. Includes impairment of \$11,520

2. Includes impairment of \$nil (2017: \$283,305). Includes gain on value of \$120,487 (2017: \$nil).

Net gain on financial instruments revaluation is \$108,967 during the year ended 30 June 2018.

Refer to note 22 for further information on fair value measurement.

Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 10 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit. Gains or losses arising from changes in fair value are recognised in profit or loss.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Exploration & Evaluation Expenditure

	2017 \$	2017 \$
Carrying amount at 1 July	99,171	25,149,974
Additions	372,037	876,589
Cost of Earn in to Mukabe Kasari Project	170,000	-
Disposal of exploration assets ⁽ⁱ⁾	-	(24,614,713)
Write off for tenements relinquished	-	(505,661)
Exchange difference on translating foreign operations	-	(807,018)
Carrying amount at 30 June	641,208	99,171

- (i) On 30 November 2016, the Company's wholly owned subsidiary, Red Mountain Mining (Singapore) Pte Ltd (RMMS) entered into a transaction with the Batangas Gold Project joint venture partner, Bluebird Merchant Ventures Ltd (BMVL). Under the terms of the transaction, BMVL will acquire 100% of the Batangas Gold Project in exchange for issuing 1.25 million shares in BMVL plus a perpetual 1% net smelter production royalty over the Batangas Gold Project and the return of BMVL's 25% shareholding interest in RMMS.

The shareholders of RMMS approved the transaction at an EGM held 16 February 2017.

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Trade and other payables

	2018	2017
	\$	\$
<i>Current:</i>		
Trade payables	72,671	141,569
Other payables	68,319	90,521
Insurance financing ¹	-	32,599
Lease incentive liability*	33,996	-
	174,986	264,689
<i>Non-Current:</i>		
Lease incentive liability*	38,840	-
	38,840	-

* Lease incentive relates to office premise and is amortised over the lease term.

1. Insurance funding payable at 30 June 2017 is payable at \$4,657 per month incurring interest at 7.53% flat expiring 30 January 2018.

The Group's exposure to liquidity and foreign exchange risk related to trade and other payables is disclosed in Note 18. The carrying amount approximates fair value due to short-term nature.

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Note 8. Contributed equity

(a) Share capital

	Notes	Parent entity		2017	
		2018			
		Shares	\$	Shares	\$
Ordinary shares fully paid	8(b)	678,036,775	41,220,240	430,518,513	38,986,385

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Movements in ordinary share capital

Date	Details	Share No.	Issue price \$	\$
30 June 2016	Balance	3,233,331,117		35,773,150
22 Sept 2016	Securities reorganisation – 32:1	(3,132,288,935)	-	-
07 Oct 2016	Placement - \$0.01	167,500,000	0.010	1,675,000
14 Oct 2016	Shares in lieu – Pac Partners	28,000,000	0.001	26,880
14 Oct 2016	Shares in lieu – Directors	14,000,000	0.001	14,000
11 Nov 2016	Share purchase plan	35,000,000	0.010	350,000
15 Nov 2016	Shares in lieu – Stocksdigital	3,000,000	0.0125	37,540
15 Nov 2016	Shares in lieu – Waugh services	6,000,000	0.0126	75,600
15 Nov 2016	Exercise of RMXOG Options	164,063	0.015	2,462
31 Dec 2016	Exercise of RMXOF options	125,000	0.015	1,875
03 Feb 2017	Exercise of RMXOG options	2,195,000	0.015	32,925
03 Feb 2017	Exercise of unlisted options	2,500,000	0.020	50,000
03 Mar 2017	Placement - \$0.031	34,648,307	0.031	1,074,098
03 Mar 2017	Placement - \$0.029	23,306,983	0.029	675,904
03 Mar 2017	Exercise of RMXOG options	3,700,000	0.015	55,500
25 May 2017	Exercise of RMXOG options	3,645	0.015	55
30 May 2017	Exercise of RMXOH options	2,000,000	0.018	36,000
01 June 2017	Exercise of RMXOH options	6,000,000	0.018	108,000
27 June 2017	Shares issued in lieu - Stocksdigital	1,333,333	0.030	40,000
	Share issue expenses	-		(1,042,604)
30 June 2017	Balance	430,518,513		38,986,385
17 July 2017	Shares Issued on exercise of RMXOG options	15,625		234
6 Sept 2017	Shares Issued to sophisticated investors	66,818,182		735,000
	Share issue expenses	-		(96,288)
8 Sept 2017	Shares Issued in part consideration for the revised terms of the Company's proposed Earn in of Mukabe Kasari	10,000,000		170,000
8 Sept 2017	Shares issued in lieu of services – Xcel Capital	4,000,000		68,000
28 Feb 2018	Shares Issued to sophisticated investors	111,128,888		1,000,160
	Share issue expenses	-		(143,251)
13 April 2018	Shares Issued pursuant to Share Purchase Plan	55,555,567		500,000
30 June 2018	Balance	678,036,775		41,220,240

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Contributed equity continued

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Note 9. Reserves and Accumulated Losses

	2018 \$	2017 \$
(a) Reserves		
Share-based payments reserve (i)	5,699,997	5,391,374
Foreign currency translation reserve (ii)	4,933,208	4,933,208
Other reserves (iii)	48,687	48,687
Total reserves at the end of the financial year	<u>10,681,892</u>	<u>10,373,269</u>

	2018 \$	2017 \$
(i) Share-based payments reserve		
Movements:		
Balance at beginning of year	5,391,374	3,892,784
Share-based payments cancelled during the year	-	(120,625)
Share-based payments expense during the year	-	410,865
Options issued	-	71,665
Options issued in lieu of services ⁽¹⁾	306,921	1,136,685
Performance rights issued	1,702	-
Balance at the end of the financial year	<u>5,699,997</u>	<u>5,391,374</u>

1. Options issued in lieu of marketing services, refer to note 13.

(1) Performance Rights

	Parent entity		
	2018 \$	Performance Rights	2017 \$
Performance Rights	<u>34,500,000</u>	<u>1,702</u>	<u>-</u>

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Reserves and Accumulated Losses (Continued)

Movement in Performance Rights

Date	Details	Performance Rights No.	\$
30 June 2016	Balance	79,850,500	120,625
1 July 2016	Cancellation of Class A, B,C,E,F ¹	(59,800,000)	-
11 August 2016	Cancellation of Class A, B,C,F,H,I ¹	(20,050,500)	(120,625)
30 June 2017	Balance	-	-
15 May 2018	Performance rights issue ²	34,500,000	1,702
30 June 2018	Balance	34,500,000	1,702

¹At 11 August 2016, 20,050,500 performance rights lapsed upon the resignation of Geoff Boswell. Refer Note 13.

²On 15 May 2018 34,500,000 performance rights were granted to Directors as part of their remuneration as Non-Executive Directors of the Company.

The following Performance Rights were issued to the Company's Directors and Key Management Personnel during the year:

	J King	L Ho	R Parton	Total
Tranche 1	3,000,000	2,000,000	500,000	5,500,000
Tranche 2	6,000,000	3,000,000	500,000	9,500,000
Tranche 3	13,000,000	6,000,000	500,000	19,500,000
Total	22,000,000	11,000,000	1,500,000	34,500,000

There are no voting rights for Performance Rights holders.

(2) Options

	Parent entity			
	2018		2017	
	Options	\$	Options	\$
Options over ordinary shares of the Company	152,804,405	5,628,295	170,081,898	5,391,374

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Reserves and Accumulated Losses (Continued)

Movement in options on issue

Date	Details	Options No.	\$
30 June 2016	Balance	2,138,760,791	3,772,159
	Expiry of unexercised \$0.20		
15 Sept 2016	15 Sept 2016	(15,000,000)	-
	Securities reorganization –		
22 Sept 2016	32:1 RMXOE	(232,500,000)	-
	Securities reorganization –		
22 Sept 2016	32:1 RMXOF	(1,803,998,921)	-
	Securities reorganization –		
22 Sept 2016	32:1	(33,906,250)	-
	Unlisted options – Director incentive - \$0.02 expiring 14 Oct 2019	15,000,000	410,865
14 Oct 2016	Options issued in lieu – Pac Partners – RMXOG ⁽¹⁾	1,750,000	49,647
15 Nov 2016	Loyalty options offer – RMXOG	71,663,986	71,665
15 Nov 2016	Options issued in lieu – Asenna Wealth - RMXOH ⁽¹⁾	20,000,000	366,908
13 Dec 2016	Option exercise – RMXOG	(164,063)	-
31 Dec 2016	Option exercise - RMXOG	(125,000)	-
03 Jan 2017	Option exercise – RMXOG	(2,195,000)	-
03 Feb 2017	Option exercise – unlisted \$0.02 on or before 14 Oct 2019	(2,500,000)	-
03 Feb 2017	Option exercise – RMXOG	(3,700,000)	-
3 Mar 2017	Options issue in lieu – Xcel Capital – RMXOH ⁽¹⁾	25,000,000	720,130
12 Apr 2017	Option exercise – RMXOG	(3,645)	-
25 May 2017	Option exercise – RMXOH	(2,000,000)	-
30 May 2017	Option exercise – RMXOH	(6,000,000)	-
1 June 2017			
30 June 2017	Balance	<u>170,081,898</u>	<u>5,391,374</u>
	Exercise of RMXOG options	(15,625)	-
17 July 2017	Lapse of RMXOE Options unexercised	(7,500,003)	-
15 Sept 2017	Issue of consultant options	35,000,000	306,921
15 May 2018	Lapse of RMXOF Options unexercised	(44,761,867)	-
31 March 2018			
30 June 2018	Balance	<u>152,804,403</u>	<u>5,698,295</u>

During the current year, 35,000,000 options were issued to consultants in lieu of the marketing services provided. The value of these equity-settled transactions was measured at fair value using the Black-Scholes model.

During the 2017 reporting period, 26,750,000 options were issued to consultants in lieu of capital raising services and 20,000,000 options were issued in lieu of consulting services. 15,000,000 options were issued to Directors as incentive. The value of these equity-settled transactions is measured at the fair value of the services received.

⁽¹⁾ Total value of \$1,136,685 in lieu of capital raising and consulting services.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Reserves and Accumulated Losses (continued)

Terms and conditions of options on issue

	Listed options expiry 28/06/2023 @ \$0.02	Listed options expiry 21/11/2019 @ \$0.015	Listed options expiry 13/12/2019 @ \$0.018	Unlisted options expiry 24/12/2018 @ \$0.003 (reorg \$0.096)	Unlisted options expiry 14/10/2019 @ \$0.02
No. of options	35,000,000	67,210,653	37,000,000	1,093,750	12,500,000

	2018		2017	
	No. of Options	Weighted average exercise price (\$)	No. of Options	Weighted average exercise price (\$)
Balance at beginning of year	170,081,898	\$0.0242	2,138,760,791	\$0.0015
Granted during the year	35,000,000	-	133,413,986	-
Securities reorganisation	-	-	(2,070,405,171)	-
Exercised during the year	(15,625)	-	(16,687,708)	-
Expired during the year	(52,261,870)	-	(15,000,000)	-
Balance at the end of the year	152,804,403	\$0.0179	170,081,898	\$0.0242
Exercisable at the end of the year	152,804,403	\$0.0179	170,081,898	\$0.0242

The weighted average remaining contractual life of the options outstanding as at 30 June 2018 is 2.22 years (2017: 1.87 years).

(ii) Foreign currency translation reserve

2018	2017
\$	\$

Movements:

Balance at beginning of year	4,933,208	3,564,327
Exchange differences on translation of foreign operation	-	1,368,881
Balance at the end of the financial year	<u>4,933,208</u>	<u>4,933,208</u>

(iii) Other reserves

Movements:

Balance at beginning of year	48,687	49,705
Pension remeasurement in the Philippines	-	(1,018)
Balance at the end of the financial year	<u>48,687</u>	<u>48,687</u>

(b) Accumulated losses

Accumulated losses at the beginning of the financial year	(44,256,531)	(17,303,463)
Net loss attributable to members of the Company	(1,348,989)	(26,953,068)
Transfer of non-controlling interest assumed by parent entity upon disposal of subsidiary during the 30 June 2017 financial year	(2,434,017)	-
Accumulated losses at the end of the financial year	<u>(48,039,537)</u>	<u>(44,256,531)</u>

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Reserves and Accumulated Losses (continued)

(c) Nature and purpose of reserve

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity benefits provided to Directors as remuneration or to suppliers as payment for products and services. The details of share-based payments are disclosed in Note 13.

(ii) Foreign currency translation reserve

Exchange differences arising from translation of the foreign controlled entities are taken to the foreign currency translation reserve, as prescribed in Note 1. The reserve is recognised in the profit or loss when the net investment is disposed of.

(iii) Other reserves

Differences arising from the pension revaluation of the foreign controlled entities are taken to the other reserves. The reserve is recognised in the profit or loss when the net value is expensed.

Note 10. Related party disclosure

(a) Directors

The following persons were Directors or Key Management Personnel of Red Mountain Mining Ltd during the financial year:

Directors:

Jeremy King	Non-Executive Director
Lincoln Ho	Non-Executive Director
Robert Parton	Non-Executive Director

(b) Key management personnel compensation

Detail of remuneration paid and payable to Key Management Personnel has been disclosed in the Directors' Report.

Aggregate of remuneration paid and payable to Key Management Personnel during the financial year as follows:

	2018	2017
	\$	\$
Short-term employee benefits - Cash salaries and fees	180,000	174,100
Share-based payments – Options, Performance Rights and short term incentives (refer to Note 13)	345,000	304,602
	525,000	478,702

(c) Other Key management personnel compensation disclosure

The Board policy in determining the nature and amount of compensation and discussion of the relationship between the Board's policy and the entity's performance are provided in the Remuneration Report section of the Directors' Report.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Related party disclosure (continued)

(c) Other Key management personnel compensation disclosure (continued)

(i)	2018	2017
Transactions with Key Management Personnel at 30 June	\$	\$
Receipt of rental income from Pure Minerals Limited, an entity related to Mr Jeremy King and Mr Lincoln Ho	22,500	-
Receipt of rental income from Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King.	3,500	-
Company Secretary and financial management fees paid and payable to Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King	90,625	-
<hr/>		
(ii)	2018	2017
Amounts outstanding and payable to related parties at 30 June	\$	\$
Director fees payable to Bushwood Nominees, an entity related to Mr Jeremy King	10,000	10,000
Director fees payable to TPG Australasia Pty Ltd, an entity related to Mr Robert Parton	2,000	2,200
Company Secretary and financial management fees payable to Mirador Corporate Pty Ltd, an entity related to Mr Jeremy King	13,125	-
<hr/>		

(iii)

No loans have been made to any Director or any of their related parties, during the year or prior year.

There were no further transactions with Directors including their related parties, not disclosed above.

(e) Wholly-owned group

The wholly-owned group consists of Red Mountain Mining Ltd and its wholly-owned subsidiaries as described in Note 12.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Remuneration of auditors

	2018	2017
	\$	\$
<hr/>		
During the year the following services were paid or payable to the auditors of the Group, its related entities and non-related audit firms:		
BDO Australia		
Audit services – Subsidiary	9,015	-
RSM Australia		
Audit services – Parent entity	43,500	46,000
Non-audit services – Parent entity	6,000	12,500
Other RSM affiliates		
Non-audit services – Subsidiary	11,437	1,278
	69,952	59,778

Note 12. Investments in controlled entities

(a) Material subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2018	2017
			%	%
Red Mountain Mining (Hong Kong) Holdings Ltd	Hong Kong	Ordinary	100	100
Red Mountain Mining (Singapore) Pte Ltd (RMMS)	Singapore	Ordinary	100	100 ³
RMX USA LLC	USA	Ordinary	100	100 ²
MRL Gold Inc	Philippines	Ordinary	-	- ³
Egerton Gold Philippines Inc	Philippines	Ordinary	-	- ³

- On 29 April 2016, the Subscription agreement between the Company and Bluebird Merchant Ventures Ltd (BMVL) settled earning BMVL 25% interest in RMMS, the holder of the Batangas Gold Project in the Philippines.
- On 29 November 2016, the company incorporated RMX USA Corporation, a wholly owned subsidiary of the Company.
- During the prior year, the Company disposed of its exploration asset, MRL Gold Inc. including its investment in Egerton Gold Philippines Inc. ("EGPI") that pertains to 40% ownership to BMVL. As part of the disposal, BMVL returned its 25% interest in RMMS.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Share-based payments

The Group provides the following in the form of share-based payment transactions:

- Shares and options to acquire ordinary shares are issued to Directors and contractors of the Group as an incentive to improve the Board and shareholders goal congruence;
- In lieu of services provided; and
- Performance rights are issued to Directors and executives of the Group.

Shares

During the year, 4,000,000 fully paid ordinary shares in the Company were issued to consultants in lieu of consulting services relating to the introduction to the Mukabe Kasari Project. Total value of shares was \$68,000.

Options

Terms and conditions of options as share-based payments issued during the year:

	Listed options Expiry 15/05/2023 @ \$0.02
No. of options	35,000,000
Grant date	15 May 2018
Expiry date	28 June 2023
Fair value at grant date (\$)	\$0.009
Share price at grant date	\$0.008
Exercise price	\$0.02
Expected volatility	150%
Dividend yield	-
Risk-free interest rate	2.44%

The Company issued 35,000,000 unlisted options \$0.02 expiring on or before 28 June 2023 to consultants in lieu of marketing services for nil consideration. Total value of options was \$306,921.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Performance Rights

34,500,000 performance rights were granted during the year to Key Management Personnel. Set out below are summaries of performance rights granted by the Company to directors during the year. Refer to Remuneration Report for details of the performance rights granted during the year to Key Management Personnel.

2018	Number of rights	Number of Shares	Grant date	Hurdle
Tranche 1	5,500,000	5,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.02 within 12 months of the date of issue;
Tranche 2	9,500,000	9,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.03 within 24 months of the date of issue
Tranche 3	19,500,000	19,500,000	15/05/2018	Performance Rights will vest upon the VWAP for 10 consecutive Trading Days of Shares equalling or exceeding \$0.05 within 36 months of the date of issue.

2018	Grant date	Expiry date	Balance at the start of the year	Granted during the year	Vested during the year	Balance at end of the year	Fair value at grant date \$
Tranche 1	15/05/2018	1/06/2019	-	5,500,000	-	5,500,000	55,000
Tranche 2	15/05/2018	1/06/2020	-	9,500,000	-	9,500,000	95,000
Tranche 3	15/05/2018	1/06/2021	-	19,500,000	-	19,500,000	195,000

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Note	2018 \$	2017 \$
Performance Rights expensed during the year		1,702	(120,625)
Shares expensed during the year		-	12,600
Options expensed during the year		-	409,367
Share based payment expense		1,702	301,342
Shares expensed during the year in lieu of consulting services		68,000	153,142
Options expensed during the year consulting services		306,921	366,906
Shares issued in lieu of capital raising expenses		-	24,080
Options issued in lieu of capital raising expenses		-	768,027

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Share-based payments (continued)

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Reconciliation of loss from ordinary activities after income tax to net cash outflow used in operating activities

	2018 \$	2017 \$
(i) Reconciliation of cash and cash equivalent:		
Cash at Bank	2,951,942	2,416,752
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Operating loss after income tax	(1,348,989)	(27,187,743)
<u>Non-cash items</u>		
(Gain)/Loss on revaluation of financial assets at fair value through profit or loss	(108,966)	283,305
Depreciation	762	5,117
Share based payments expense	1,702	301,342
Share based payments – investor relations and corporate advisory	374,921	520,505
Impairment of investments and assets	57,019	-
Exploration asset write off expense	-	505,661
Disposal of exploration asset	-	24,614,713
Gain on disposal of subsidiary	-	(191,153)
Write back of income tax liability	-	243,867
Net foreign exchange (gains)/losses	1,279	138,889
<u>Change in operating assets and liabilities</u>		
Other receivables	(9,619)	43,548
Trade and other payables	(123,699)	(429,207)
Current tax liability	-	(252,616)
Other operating assets / liabilities	-	(216,409)
Net cash used in operating activities	(1,155,590)	(1,620,181)

(iii) Non-cash financing and investing activities

2018

Other than as detailed in Note 13 and the Directors' Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2018.

2017

Other than as detailed in Note 13 and the Directors' Report, there were no non-cash financing or investing activities during the financial year ended 30 June 2017.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Loss per share

	2018	2017
	Cents	Cents
Basic and diluted loss per share	(0.25)	(2.63)
	2018	2017
Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	545,234,941	1,023,627,990
	2018	2017
	\$	\$
Losses used in calculating loss per share	(1,348,989)	(26,953,068)

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
 - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 16. Dividends

The Board does not recommend the payment of a dividend for the financial year ended 30 June 2018. No dividends were paid during the financial year.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Note 17. Operating Segments

Based on AASB 8, Red Mountain Mining Ltd operates predominantly in one segment, being the mining and exploration industry.

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Financial Instruments

(a) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to fund investment opportunities and develop or secure access to a producing mining asset.

Consistently with others in the industry, the Group monitors capital on the basis of working capital requirements.

During 2018, the Group's strategy, which was unchanged from 2017, was to maintain a current account balance sufficient to meet the Group's day to day expenses with the balance held in term deposits.

	2018 \$	2017 \$
Cash and cash equivalents	2,951,942	2,416,752
Trade and other receivables (excludes lease incentive asset)	110,243	160,196
Financial assets at fair value through profit or loss	300,192	256,914
Trade and other payables (excludes lease incentive liability)	(140,990)	(264,689)
Short term employee benefits	-	-
Working capital position	<u>3,221,387</u>	<u>2,569,173</u>

(b) Financial Instruments

The following details the Group's financial instruments at the reporting date:

	2018 \$	2017 \$
Financial Assets		
Cash and Cash equivalents	2,951,942	2,416,752
Trade and other receivables (excludes lease incentive asset)	110,243	160,196
Financial assets at fair value through profit or loss	300,192	256,914
Total Financial Assets	<u>3,362,377</u>	<u>2,833,862</u>
Financial Liabilities		
Trade and other payables (excludes lease incentive liability)	140,990	264,689
Total Financial Liabilities	<u>140,990</u>	<u>264,689</u>

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including fair value interest rate risk, currency risk and price risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors. The Board identifies and evaluates financial risks in close co-operation with management and provides written principles for overall risk management.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Financial Instruments (continued)

The Board meets regularly to analyse and monitor the financial risks associated to the business operations.

(i) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, prudent oversight of future funding requirements and maintaining ongoing contact to facilitators of further funding.

The Group has implemented a creditors policy, authorisation matrix and purchase order system in order to consistently improve the quality of control over contractual obligations, cash flow and budgeting.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and maintain appropriate liquidity levels.

Contractual maturities of financial liabilities	Less than 6 months \$	6 months to 1 year	1 to 5 years \$	Carrying amount of liabilities \$
30 June 2018				
Non-derivatives				
Trade and other payables	140,990	-	-	140,990
30 June 2017				
Non-derivatives				
Trade and other payables	232,090	32,599	-	264,689

The Group funds its activities through capital raising in order to limit its liquidity risk.

The Group does not have any unused credit facilities.

(ii) Market risk

Fair value interest rate risk

As the Group's major assets are cash deposits held in fixed and variable interest rate deposits, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The Group manages this risk by only investing in A+ rated institutions and maintaining an appropriate mix between different terms.

At reporting date, the Group had the following exposure to variable interest rate risk.

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents		
- Australia	2,951,942	2,416,645
- Hong Kong	-	-
- Singapore	-	107
	2,951,942	2,416,752

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Financial Instruments (continued)

Interest rate sensitivity analysis

Weighted average interest rate for the financial year ended 30 June 2018 was 0.6% (2017: 1.9%). At 30 June 2018, if interest rates had been 1% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on post-tax profit as a result of changes in the interest rates would be as follows:

	Higher/(Lower)	
	2018	2017
	\$	\$
Judgments of reasonably possible movements:		
<i>Post tax profit</i>		
+1.0% (100 basis points)	29,519	24,167
-1.0% (100 basis points)	(29,519)	(24,167)

Currency risk

The Group manages its currency risks by closely monitoring exchange rate fluctuations.

Foreign currency risk sensitivity analysis

The Group's exposure to foreign currency risk at the reporting date was as follows:

30 June 2018	USD
Cash and cash equivalents	1,618
Total foreign currencies	1,618
Total converted into AUD	2,185

30 June 2017	USD
Cash and cash equivalents	1,275
Total foreign currencies	1,275
Total converted into AUD	1,658

Based on the financial instruments held at 30 June 2018, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the financial year would have been \$218 lower/higher (2017: \$165 lower/higher) and equity would have been \$218 lower/higher (2017: \$165 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments as detailed in the above table. Profit or loss is more sensitive to movements in AUD/USD exchange rates. The Group's exposure to other foreign exchange movements is not material.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Financial Instruments (continued)

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial assets, liabilities and borrowings have been recognised at the reporting date at their net fair values.

The carrying amount of cash and cash equivalents, trade receivable, payables and borrowings are assumed to approximate their fair values due to their short-term maturity.

Price risk

The Group is exposed to equity securities price risk as it holds investments in securities classified on the statement of financial position as available-for-sale at fair value through profit or loss. The Group is not exposed directly to commodity price risk.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

Note 19. Contingent liabilities

The Group has no contingent liabilities at 30 June 2018.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Commitments

	2018 \$	2017 \$
<i>Lease Commitments</i>		
within one year	134,574	132,119
later than one year but not later than five years	160,483	355,066
later than five years	-	-
	295,057	487,185

The Group has an office lease in Australia.

The Group has no other commitments for expenditure at 30 June 2018.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 21. Parent entity information

The following information relates to the parent entity, Red Mountain Mining Ltd. The information presented hereto has been prepared using accounting policies consistent with those presented in the respective notes to the consolidated financial statements.

Parent	2018 \$	2017 \$
Current assets	3,392,333	2,805,733
Non-current assets	680,048	13,684
Total assets	4,072,381	2,819,417
Current liabilities	174,986	264,689
Non-current liabilities	38,840	-
Total liabilities	213,826	264,689
Contributed equity	41,220,240	38,986,385
Reserves	5,698,295	5,391,374
Accumulated losses	(43,059,980)	(41,823,031)
Net Assets	3,858,555	2,554,728
Loss for the year	(1,236,949)	(17,702,639)
Other comprehensive income	-	4,361
Total comprehensive loss for the year	(1,236,949)	(17,698,278)

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2018 and 30 June 2017.

Commitments

The parent entity has commitments as at 30 June 2018 and 30 June 2017.

Red Mountain Mining Ltd and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 22. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	300,192	-	-	300,192
Total assets	300,192	-	-	300,192

Consolidated - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	256,914	-	-	256,914
Total assets	256,914	-	-	256,914

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 23. Events occurring after reporting date

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

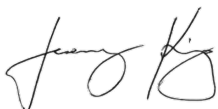
Red Mountain Mining Ltd and its controlled entities

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements; and
 - (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (4) of the Corporations Act 2001.



Jeremy King
Director

Perth, Western Australia
28 September 2018



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

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

Opinion

We have audited the financial report of Red Mountain Mining Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p><i>Carrying Value of Exploration and Evaluation Expenditure</i> Refer to Note 6 in the financial statements</p>	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$641,208 as at 30 June 2018 relating to the Mukabe-Kasari Project.</p> <p>We determined this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:</p> <ul style="list-style-type: none"> • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to the area of interest; • Assessing whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss. 	<p>Our audit procedures in relation to the exploration and evaluation expenditure asset included:</p> <ul style="list-style-type: none"> • Ensuring that the right to tenure of the area of interest was current for the Mukabe-Kasari Project; • Agreeing a sample of additions to the exploration and evaluation expenditure asset during the year to supporting documentation and ensuring that the amounts were capital in nature and relate to the area of interest; • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of an economically recoverable reserves may be determined; • Enquiring with management and reviewing the budget to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources on the Mukabe-Kasari Project; and • Critically assessing and evaluating management's assessment that no indicators of impairment existed in relation to the Mukabe-Kasari Project at the reporting date.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

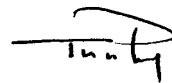
In our opinion, the Remuneration Report of Red Mountain Mining Ltd, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 September 2018

Red Mountain Mining Ltd and its controlled entities

Additional Shareholder Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 24 September 2018.

Substantial Shareholders

There were no shareholders holding 5% or more of the voting shares in the Company as at 24 September 2018.

Voting Rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance Rights

Performance Rights carry no voting rights.

Options

Options carry no voting rights.

Unmarketable Parcels

There were 1,308 holders of less than a marketable parcel of ordinary shares, which as at 24 September was 11,495,094.

Distribution Schedules

Quoted Securities

Ordinary share capital

- 678,036,775 fully paid shares held by 2,578 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Ordinary Shares

Holding	Number of Holders	Shares
1 – 1,000	270	105,596
1,001 – 5,000	294	817,616
5,001 – 10,000	189	1,373,912
10,001 – 100,000	1,039	46,001,322
100,000 and over	786	629,738,329
	2,578	678,036,775

Additional Shareholder Information

Red Mountain Mining Ltd and its controlled entities

listed Options

RMXOG Listed Options, exercisable at \$0.015 on or before 21 November 2019

Holding	Number of Holders	Options
1 – 1,000	10	2,274
1,001 – 5,000	33	72,368
5,001 – 10,000	16	104,543
10,001 – 100,000	41	2,060,653
100,001 and over	79	64,970,815
	179	67,210,653

RMXOH Listed Options, exercisable at \$0.018 on or before 31 December 2019

Holding	Number of Holders	Options
1 – 1,000		
1,001 – 5,000		
5,001 – 10,000		
10,001 – 100,000	14	1,021,917
100,001 and over	38	35,978,083
	52	37,000,000

Additional Shareholder Information

Red Mountain Mining Ltd and its controlled entities

Top Holders of Quoted Securities

Fully Paid Ordinary Shares

	Name	Number of Shares	%
1	MCNEIL NOMINEES PTY LIMITED	25,000,000	3.69
2	80 MILES & BEYOND PTY LTD <80 MILES & BEYOND S/F A/C>	12,538,888	1.85
3	MR MANIKANDAN SETHUPATHI	12,466,500	1.84
4	XCEL CAPITAL PTY LTD	11,111,111	1.64
5	MS CHUK FAH POI	10,500,000	1.55
6	BUSHWOOD NOMINEES PTY LTD	10,000,000	1.47
7	COCU METALS LIMITED	7,500,000	1.11
8	MR MATTHEW STEVEN KLEIN	7,166,667	1.06
9	POINTCIANA PTY LTD <IVANHOE INVESTMENTS A/C>	7,000,000	1.03
9	TECHFORCE PERSONNEL PTY LIMITED	7,000,000	1.03
11	MR DANNY EU HUAT KHOO	6,450,000	0.95
12	MR ALISTAIR DAVID MCKENZIE	6,188,000	0.91
13	LEEJAMES NOMINEES PTY LTD <THE HEPBURN SUPER FUND A/C>	6,000,000	0.88
14	MS ANNETTE EVA CALDWELL	5,700,000	0.84
15	MR GREGORY JOHN BANDY	5,600,000	0.83
16	SEVENTY THREE PTY LTD <KING SUPER FUND NO 3 A/C>	5,336,667	0.79
17	QUID CAPITAL PTY LTD	5,000,101	0.74
18	ESE CAPITAL PTY LIMITED <ESE CAPITAL A/C>	5,000,000	0.74
18	MR SHAOJUN JIA	5,000,000	0.74
18	KALCON INVESTMENTS PTY LTD	5,000,000	0.74
	Totals	170,557,934	25.15

Additional Shareholder Information

Red Mountain Mining Ltd and its controlled entities

RMXOG Listed Options, exercisable at \$0.015 on or before 21 November 2019

	Name	Number of options	%
1	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	8,103,959	12.06
2	YEOH SUPER PTY LTD <YEOH SUPER A/C>	4,667,790	6.95
3	MR ANDREW JOHN MEEK	4,600,000	6.84
4	MR BRIAN EDWARD FENTON	4,250,000	6.32
5	MR CHRIS ROBINSON	3,158,719	4.70
6	MR PAUL ROBERT DALLA-LIBERA	2,228,350	3.32
7	MR SIMON HANCOCK	1,950,000	2.90
8	MRS VANESSA RUBEN	1,605,000	2.39
9	MISS PAULA MORRELL	1,500,000	2.23
9	MRS VANESSA RUBEN	1,500,000	2.23
11	MR RODNEY PATRICK CALLAHAN	1,400,000	2.08
12	MR KRISHNAN MUTHU SANTHANA SIVANANTHAM	1,346,157	2.00
13	MRS DEEPA RANI	1,187,333	1.77
14	MR TRAVIS MICHAEL SAMUELL	1,164,000	1.73
15	MR AARON CHARLES JASHARI	1,123,285	1.67
16	MR PAUL AIVALIOTIS	1,000,000	1.49
16	MR PAUL RICHARD JOB	1,000,000	1.49
16	MR IVAN JAMES SINANOVIC	1,000,000	1.49
16	SOUTHERN MANAGEMENT CONSULTANTS PTY LTD <EMPLOYEES NO 1 S/F A/C>	1,000,000	1.49
20	BARNWELL PTY LTD	970,000	1.44
	Totals	44,754,593	66.59

Red Mountain Mining Ltd and its controlled entities

Additional Shareholder Information

RMXOH Listed Options, exercisable at \$0.018 on or before 31 December 2019

	Name	Number of options	%
1	MR LUIGI MILANESI	4,580,000	12.38
2	MR FAROUK AHMED	2,826,500	7.64
3	ZAMAN PERAK PTY LTD <ANDREW FLEISCHER S/F A/C>	2,500,000	6.76
4	MR PAUL VENDA DIVIN	2,400,000	6.49
5	MR CHARLIE MING CHAI YEOH	2,250,000	6.08
6	MR PAUL ROBERT DALLA-LIBERA	2,166,695	5.86
7	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	2,000,000	5.41
8	RIMOYNE PTY LTD	1,900,000	5.14
9	FIRST INVESTMENT PARTNERS PTY LTD	1,880,772	5.08
10	MR PAUL ANTONY STONEHAM	1,800,000	4.86
11	MR ROBERT ALFRED JURGENS	1,298,200	3.51
12	MR ZAKI-ANDREW AYOUB	1,211,302	3.27
13	MRS DEEPA RANI	1,005,000	2.72
14	MR VICTOR LAWRENCE JOYCE + MRS SUSAN JOAN ABRA <VICTOR L JOYCE S/F A/C>	1,000,000	2.70
15	MR AMARJEET SANDHU	800,000	2.16
16	BLUE EAGLE MINING PTY LTD <MERCER FAMILY SUPER FUND A/C>	600,000	1.62
17	MR SCOTT ANDREW WAITE	580,000	1.57
18	MISS EMILY CHAI	541,589	1.46
19	MS CHUK FAH POI	450,000	1.22
20	MR ANDREW GORDON ANDERSON	420,336	1.14
	Totals	32,210,394	87.06

Unquoted options

- 1,093,750 unquoted options with an exercise price of \$0.096 and an expiry date of 24 December 2018;
- 12,500,000 unquoted options with an exercise price of \$0.02 and an expiry date of 14 October 2019; and
- 35,000,000 unquoted options with an exercise price of \$0.02 and an expiry date of 28 June 2023.

Red Mountain Mining Ltd and its controlled entities

Additional Shareholder Information

Restricted Securities

There were no restricted securities at 24 September 2018.

On Market Buy Back

There is no current on market buy back.

Securities exchange

The Company is listed on the Australian Securities Exchange under the code RMX.

Corporate Governance Statement

The Board of Directors of Red Mountain Mining Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <http://www.redmm.com.au/corporate-governance/>