



ASX ANNOUNCEMENT

16 May 2013

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## RED MOUNTAIN LODGES PROSPECTUS FOR CAPITAL RAISING TO FUND DRILLING OF IDENTIFIED HIGH-GRADE GOLD TARGETS AND SCOPING STUDY

As announced on the 15 May 2013, Perth-based Red Mountain Mining Limited (ASX: RMX) ("the Company" or "Red Mountain") has today lodged a Prospectus for its proposed pro-rata renounceable rights issue ("Rights Issue") with the Australian Securities and Investments Commission.

The Red Mountain capital raising, which seeks to raise up to A\$2.8 million (before costs), is to primarily fund drilling of identified high grade gold targets with the aim of expanding on the existing gold mineral resources at its Batangas gold project, 120 kilometres south of Manila, in the Philippines. At full subscription, a scoping study into the development of a potentially high-margin gold production project is also proposed.

The offer allows Eligible Shareholders the opportunity to participate in the Rights Issue on the basis of three (3) new shares for every two (2) shares held by shareholders on the record date at an issue price of A\$0.01 (1 cent) per new share with one (1) free attaching "Short Dated" option, exercisable at A\$0.015 (1.5 cents) each on or before 30 June 2014, for every two new shares subscribed for, and one (1) free attaching "Long Dated" option, exercisable at A\$0.03 (3 cents) each on or before 30 June 2016, for every four (4) new shares subscribed for to raise up to approximately \$2,813,580 (before costs). The Prospectus will allow shareholders to apply for shares in excess of their entitlement.

Patersons Securities Limited ("Patersons") has been appointed as Lead Manager and the Rights Issue will be partially and conditionally underwritten to \$550,000.

Key dates of the Rights Issue are summarised in the table below. Red Mountain reserves the right to change these dates subject to the Corporations Act and ASX Listing Rules.

Event	
Lodgement of Prospectus with the ASIC	16 May 2013
Lodgement of Prospectus & Appendix 3B with ASX	16 May 2013
Notice sent to Optionholders	16 May 2013
Notice sent to Shareholders	20 May 2013
Ex date (date from which Shares trade on ASX without the entitlement to participate in the Offer) and Rights Trading commences	21 May 2013
<b>Record Date</b> for determining Entitlements	<b>27 May 2013</b>
Prospectus despatched to Shareholders	31 May 2013

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ASX code: RMX  
ABN 40 119568106

COMPANY DIRECTORS  
**Neil Warburton**  
Non Executive Chairman  
**Jon Dugdale**  
Managing Director  
**Keith Rowe**  
Non Executive Director

**Michael Wolley**  
Non-Executive Director  
**Shannon Coates**  
Company Secretary

CONTACT DETAILS  
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Last Day of Rights Trading	7 June 2013
Closing Date	17 June 2013
ASX notified of under subscriptions	20 June 2013
Issue date	25 June 2013
Deferred settlement trading ends	25 June 2013
New Securities commence normal trading on ASX	26 June 2013

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#### **About Red Mountain Mining Limited**

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

The Company completed the acquisition of significant gold resources and copper gold tenements in the Philippines on 30 October 2012. Since acquisition the company has focussed on upgrading the Batangas resources through discovery of new, high grade, gold zones at Archangel, and Lobo (eg West Drift, Pica, Ulupong). The company will continue drilling with the objective of increasing the size and grade of JORC compliant Mineral Resources at Batangas then completing a scoping study to demonstrate the viability of a potential high-margin gold project development.

Other gold opportunities will be reviewed on a continuous basis.

# **RED MOUNTAIN MINING LIMITED**

## **ACN 119 568 106**

### **PROSPECTUS**

**For the renounceable pro-rata rights issue of approximately 281,358,039 New Shares, on the basis of 3 New Shares for every 2 Shares held at an issue price of 1 cent per New Share, to raise approximately \$2,813,580 and 1 free New Short-Dated Option for every 2 New Shares subscribed for under the Prospectus and 1 free New Long-Dated Option for every 4 New Shares subscribed for under the Prospectus.**

**Offer closes at 5:00pm WST on 17 June 2013**

**The Offer is partially and conditionally underwritten by Patersons Securities Limited up to the Minimum Subscription amount of \$550,000. Refer to Section 4.7 of this Prospectus for details regarding the terms of the Underwriting Agreement. Completion of the Offer is subject to raising the Minimum Subscription of \$550,000.**

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Shares and New Options offered by this Prospectus should be considered highly speculative.

## **IMPORTANT NOTICE**

This Prospectus is dated 16 May 2013 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares and New Options will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company whose securities are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

### **Restrictions on distribution**

The Offer is made in Australia, New Zealand and Canada only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at [www.redmm.com.au](http://www.redmm.com.au). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

### **Rights trading**

Your Rights may have value. If you decide not to exercise all or part of your Rights you should consider whether to sell your Rights. It is important that you either accept or sell your Rights in accordance with the instructions in Section 4 of this Prospectus.

Individual applicants are responsible for determining their allocations of Rights and Shares before trading in them. Eligible Shareholders who trade in Rights or Shares before receiving confirmation of their allocation do so at their own risk.

Shareholders who take no action in respect of their Rights will receive no benefits. An Entitlement and Acceptance Form is enclosed with this Prospectus.

## **Reporting on Exploration Results and Mineral Resources**

The information in this Prospectus relating to Exploration Results and Mineral Resources is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*". Mr Dugdale is a full time employee and Managing Director of the Company. Mr Dugdale consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Neil Warburton (Non-Executive Chairman)  
Mr Jon Dugdale (Managing Director)  
Mr Keith Rowe (Non-Executive Director)  
Mr Michael Wolley (Non-Executive Director)

### **COMPANY SECRETARY**

Ms Shannon Coates

### **BUSINESS OFFICE**

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### **UNDERWRITER AND LEAD MANAGER**

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2 The Esplanade  
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### **SOLICITORS**

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595 Stirling Highway  
Cottesloe WA 6011

### **SHARE REGISTRY \***

Computershare Investor Services Pty Limited  
Level 2, 45 St George's Terrace  
Perth WA 6000

Tel: (AUS) 1300 557 010

+61 3 9415 4000 (outside Australia)

\* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

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## 1. INVESTMENT OVERVIEW

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Question	Response	Where to find more information
What is the Offer?	<p>We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata renounceable rights issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for 3 New Shares for every 2 Shares held on the Record Date. Each Eligible Shareholder will also be entitled to 1 free New Short-Dated Option for every 2 New Shares subscribed for under the Prospectus and 1 free New Long-Dated Option for every 4 New Shares subscribed for under the Prospectus. Application will be made for quotation of both the series of New Options.</p>	Section 2.1
What is the Issue Price for the New Shares?	The Issue Price is 1 cent per New Share.	Section 2.1
What are the terms of the New Short-Dated Options?	The New Short-Dated Options have an exercise price of 1.5 cents and an expiry date of 30 June 2014. The full terms of the New Short-Dated Options are set out in Section 5.2.	Section 5.2
What are the terms of the New Long-Dated Options?	The New Long-Dated Options have an exercise price of 3 cents and an expiry date of 30 June 2016. The full terms of the New Long-Dated Options are set out in Section 5.2.	Section 5.2
Who is an Eligible Shareholder?	The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia, New Zealand or Canada on the Record Date.	Section 4.1(a)
How many New Securities will be issued?	<p>The maximum number of New Securities that will be issued under the Offer is 281,358,039 New Shares, 140,679,020 New Short-Dated Options, 70,339,510 New Long-Dated Options and 27,500,000 Underwriter Options.</p> <p>Where Option holders who reside in Australia, New Zealand or Canada exercise their Options before the Record Date, they will be entitled to participate in the Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Offer.</p>	Section 2.1



Question	Response	Where to find more information
What is the amount that will be raised under the Offer?	<p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$2,813,580 before expenses. If existing Option holders exercise their Options before the Record Date so as to participate in the Offer, the amount raised under the Offer may increase.</p> <p>The Offer is partly and conditionally underwritten by the Broker to the Underwritten Amount of \$550,000.</p>	Section 2.1
What are the Underwriter and Lead Manager arrangements with the Broker?	<p>The Broker (Patersons Securities Limited) is both the Underwriter (on a partial and conditional basis) and the Lead Manager.</p> <p>The Offer is conditionally underwritten by the Broker to the Underwritten Amount. The condition to the underwriting commitment of the Broker is that Eligible Shareholders or other parties must subscribe for at least 28,135,804 New Shares under the Offer (being 10% of the Full Subscription). The Broker's obligation to subscribe for the Shortfall Securities is subject to satisfaction of this condition.</p> <p>The Broker as Lead Manager to the Offer will to seek to place the Shortfall Securities beyond the Underwritten Amount.</p> <p>The fees of the Broker are set out in Section 4.7(e).</p>	Section 4.7
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds for:</p> <ul style="list-style-type: none"> <li>• Drilling high-grade gold targets at Lobo and Archangel prospects to seek to increase and upgrade Mineral Resources at Batangas Gold Project.</li> <li>• General working capital.</li> <li>• Undertake a preliminary scoping study into gold project development at Batangas Gold Project (where funds allow).</li> <li>• Payment of the costs of the rights issue process including underwriting fee.</li> </ul> <p>A budget of how we intend to use the funds raised at both Minimum Subscription and Full Subscription is set out in Section 2.2. As with any budget, new circumstances may change the way we apply the funds.</p>	Section 2.2
What is the effect of the Offer?	<p>The effect of the Offer is to:</p> <ul style="list-style-type: none"> <li>• Increase the number of Shares and Options on issue.</li> <li>• Increase our cash reserves by up to approximately \$2,813,580 before the costs of the Offer.</li> </ul>	Section 2.3

Question	Response	Where to find more information
What are the risks of a further investment in the Company?	<p>The Rights Issue should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> <li>• Exploration and development risk – Resource exploration and development is by its nature a high risk undertaking. The key focus of the Company is the development of the Batangas Gold Project in the Philippines. There is no assurance that the Company's activities on its projects including the further development of the Batangas Gold Project will result in a commercially viable operation.</li> <li>• Future capital needs and additional funding – The Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all which would prejudice the development of projects and the viability of the Company.</li> <li>• Philippines based risks – There are various risks by reason of the Company's operations in the Philippines including foreign acquisition laws, mining policy changes, sovereign and political risks and renewal of licences.</li> <li>• Gold price – The Company is seeking to develop gold projects. Adverse fluctuations in the gold price may detrimentally affect the Company.</li> <li>• Project acquisition – As part of its business strategy the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.</li> <li>• Reliance on key personnel - The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives.</li> </ul>	Section 3
What are the alternatives for Eligible Shareholders?	<p>The Offer is renounceable so that you are able to trade your Rights.</p> <p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> <li>• Take up all of your Rights.</li> <li>• Apply for Shortfall Securities.</li> <li>• Sell all of your Rights on ASX.</li> </ul>	Section 4.2

Question	Response	Where to find more information
	<ul style="list-style-type: none"> <li>• Take up part of your Rights and sell the balance of your Rights on ASX.</li> <li>• Take up part of your Rights and allow the balance of your Rights to lapse.</li> <li>• Deal with part or all of your Rights other than on ASX.</li> <li>• Allow all or part of your Rights to lapse.</li> </ul>	
<p>What happens if Eligible Shareholders don't accept their Entitlement?</p>	<p>Any Entitlement not accepted will form the Shortfall.</p> <p>The Underwriters must apply for the Shortfall Shares up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.</p> <p>Parties associated with two of the Directors, Neil Warburton and Keith Rowe, are sub-underwriting on the same terms as other sub-underwriters. Details of the sub-underwriting are set out in Section 4.7(c).</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the discretion of the Directors in consultation with the Underwriter.</p>	<p>Sections 4.5 and 4.7</p>
<p>What will happen to Excluded Shareholders Rights?</p>	<p>The Company has appointed the Broker as nominee to sell the Excluded Shareholders Rights. The Broker will sell the Rights and distribute the proceeds of the sale net of expenses (in Australian dollars) to each of the Excluded Shareholders in proportion to their shareholdings.</p>	<p>Section 4.4</p>
<p>What are the key dates of the Offer?</p>	<p>Prospectus lodged with ASIC and ASX</p> <p>Appendix 3B lodged with ASX</p> <p>Notice sent to Optionholders</p> <p>Notice sent to Shareholders</p> <p>"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)</p> <p>Rights trading commences</p> <p>Record Date (to determine eligibility of Shareholders to participate in the Offer)</p> <p>Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible</p>	<p>16 May 2013</p> <p>16 May 2013</p> <p>16 May 2013</p> <p>20 May 2013</p> <p>21 May 2013</p> <p>21 May 2013</p> <p>27 May 2013</p> <p>31 May 2013</p>

Question	Response	Where to find more information
	Shareholders	
	Last day for Rights trading	7 June 2013
	Closing Date	17 June 2013
	ASX notified of under-subscriptions	20 June 2013
	Issue date	25 June 2013
	Deferred settlement trading ends	25 June 2013
	New Securities commence normal trading on ASX.	26 June 2013
	<p>Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.</p>	

## 2. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

### 2.1 Background

We listed on ASX on 1 September 2011. The Company is a gold explorer and project acquisition company. Our primary focus is the development of the Batangas gold project in the Philippines. The Company further has certain tenement interests at the Tapani San Francisco copper-gold project in the Philippines.

We are making this Offer which consists of a pro-rata renounceable rights issue of approximately 281,358,039 New Shares to Eligible Shareholders. The Offer is made on the basis of 3 New Shares for every 2 Shares held by Eligible Shareholders on the Record Date at an issue price of 1 cent per New Share and 1 free New Short-Dated Option for every 2 New Shares subscribed for under the Prospectus and 1 free New Long-Dated Option for every 4 New Shares subscribed for under the Prospectus ("**Rights Issue**"). On this basis, the Rights Issue will seek to raise up to approximately \$2,813,580.

The Offer is renounceable, so that Eligible Shareholders who do not wish to take up some or all of their Entitlement may be able to sell or otherwise transfer all or part of their Entitlement through the financial market operated by ASX or by way of an off-market transfer. Refer to Section 4.2 for more information.

As at the date of this Prospectus, we have 187,572,026 Shares, 44,446,558 Options and 50,000,000 performance shares on issue. The conversion terms of the performance shares are set out in Section 2.4. Option holders with an address in Australia, New Zealand or Canada may exercise their Options before the Record Date and participate in the Offer. In this event, the number of New Shares to be issued under this Prospectus and the funds raised as a result of the Rights Issue may vary.

### 2.2 Use of Funds

We are seeking to raise a total of up to approximately \$2,813,580 from this Rights Issue. Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Offer at each of Minimum Subscription and Full Subscription:

<b>Funds Available</b>	<b>Minimum Subscription</b>	<b>Full Subscription</b>
Cash on hand	\$500,000	\$500,000
Funds raised under the Offer <sup>1</sup>	\$550,000	\$2,813,580
<b>Total funds available</b>	<b>\$1,050,000</b>	<b>\$3,313,580</b>
<b>Use of Funds</b>		
Drilling high-grade gold targets at Batangas Gold Project: Lobo and Archangel prospects	\$500,000	\$1,500,000
Undertake preliminary scoping study into gold project development at Batangas Gold Project	\$0	\$300,000
General working capital <sup>2</sup>	\$410,000	\$1,367,580

Estimated expenses of the Offer including Underwriting fee <sup>3</sup>	\$140,000	\$146,000
<b>Total</b>	<b>\$1,050,000</b>	<b>\$3,313,580</b>

1. The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer. In the event that more funds are raised than \$2,813,580, we will allocate those additional funds to general working capital.
2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. Further, general working capital may be applied to evaluating new gold or polymetallic project opportunities that may complement the existing projects of the Company.
3. If any Shortfall Securities are placed beyond the Underwritten Amount, then a 6.5% fee on the amount of Shortfall Securities placed will be paid to the Broker. Any such fees will be paid out of general working capital.
4. In the event that moneys are received beyond Minimum Subscription, the net funds are intended to be applied firstly to drilling gold targets, then to general working capital and then to undertaking a preliminary scoping study.
5. The table is a statement of our proposed application of the funds raised as at the date of this Prospectus. The Batangas property and specifically the two mineral production sharing agreements ("MPSA") (Archangel and Lobo) will be the primary focus of the intended use of funds. The immediate objectives of the Company are to discover new epithermal gold shoots at Lobo, upgrade gold resources and complete a preliminary scoping study into a gold project development. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

### 2.3 Effect on shareholders' equity and cash reserves

The principal effects of the Rights Issue on the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 2.4); and
- (b) increase our cash reserves at Full Subscription by approximately \$2,813,580, before taking into account the expenses of the Offer (see Section 2.5).

A pro forma statement of financial position, which that contains further information about the effect of the Rights Issue on the Company, is provided in Section 2.5.

### 2.4 Effect on capital structure

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital as at the date of this Prospectus will be as shown in the following table:

<b>Shares</b>	<b>Minimum Subscription</b>	<b>Full Subscription</b>
Existing Shares	187,527,026	187,572,026
New Shares issued under Rights Issue	55,000,000	281,358,039
<b>Total Shares on issue after completion of the Rights Issue</b>	<b>242,527,026</b>	<b>468,930,065</b>
<b>Performance Shares</b>	<b>Minimum Subscription</b>	<b>Full Subscription</b>
Performance Shares <sup>1</sup>	50,000,000	50,000,000
<b>Options</b>	<b>Minimum Subscription</b>	<b>Full Subscription</b>
Existing Options (exercise price 20 cents expiring 12.9.13)	1,718,433	1,718,433
Existing Options (exercise price 20 cents expiring 30.6.14)	27,728,125	27,728,125
Existing Options (exercise price 20 cents expiring 15.9.16)	15,000,000	15,000,000
New Short-Dated Options issued under Rights Issue (exercise price 1.5 cents expiring 30 June 2014)	27,500,000	140,679,020
New Long-Dated Options issued under Rights Issue (exercise price 3 cents expiring 30 June 2016)	13,750,000	70,339,510
Underwriter Options (exercise price 3 cents expiring 30 June 2016)	27,500,000	27,500,000
<b>Total Options on issue after completion of the Rights Issue</b>	<b>113,196,558</b>	<b>282,965,088</b>

1. The performance shares will convert to Shares (fully paid ordinaries) if the Company upgrades the JORC Code Indicated Resource at Batangas to 600,000 ounces of gold and completes a scoping study that demonstrates a viable gold mining project based on more than 50% of the JORC Indicated Resource converting to JORC Code Mineral Reserve or equivalent by 30 October 2013.

## 2.5 Pro forma Statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma statement of financial position has been prepared based on the unaudited balance sheet as at 31 March 2013. The pro forma statement of financial position shows the effect of the Rights Issue as if it had been made on 31 March 2013 at both Minimum Subscription and Full Subscription based on the following assumptions:

- (a) At Minimum Subscription, the issue of 55,000,000 New Shares under the Offer at an issue price of 1 cent each to raise \$550,000 and the issue of 41,250,000 New Options for free (on the basis of 1 New Short-Dated Option for every 2 New Shares subscribed for under the Prospectus and 1 free New Long-Dated Option for every 4 New Shares subscribed for under the Prospectus) and 27,500,000 Underwriter Options and estimated expenses of the Offer of \$140,000.
- (b) At Full Subscription, the issue of 281,358,039 New Shares under the Offer at an issue price of 1 cent each to raise \$2,813,580 and the issue of 211,018,530 New Options for free (on the basis of 1 New Short-Dated Option for every 2 New Shares subscribed for under the Prospectus and 1 free New Long-Dated Option for every 4 New Shares subscribed for under the Prospectus) and 27,500,000 Underwriter Options and estimated expenses of the Offer of \$146,000.
- (c) The 27,500,000 Underwriter Options are calculated by way of Black Scholes valuation at 0.273 cents per Option, with a total value of \$75,075.



	31 March 2013 (Unaudited) \$	31 March 2013 Proforma (Minimum Subscription) \$	31 March 2013 Proforma (Full Subscription) \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	1,503,089	1,913,089	4,170,669
Trade and other receivables	289,107	289,107	289,107
<b>Total current assets</b>	<b>1,792,196</b>	<b>2,202,196</b>	<b>4,459,776</b>
<b>Non-current</b>			
Plant and equipment	90,351	90,351	90,351
Exploration and evaluation expenditure	15,984,462	15,984,462	15,984,462
<b>Total non-current assets</b>	<b>16,074,813</b>	<b>16,074,813</b>	<b>16,074,813</b>
<b>Total assets</b>	<b>17,867,009</b>	<b>18,277,009</b>	<b>20,534,589</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	606,835	606,835	606,835
Provisions	50,062	50,062	50,062
<b>Total current liabilities</b>	<b>656,897</b>	<b>656,897</b>	<b>656,897</b>
<b>Non-current</b>			
Retirement benefits	231,110	231,110	231,110
<b>Total non-current liabilities</b>	<b>231,110</b>	<b>231,110</b>	<b>231,110</b>
<b>Total liabilities</b>	<b>888,007</b>	<b>888,007</b>	<b>888,007</b>
<b>Net assets</b>	<b>16,979,002</b>	<b>17,389,002</b>	<b>19,646,582</b>
<b>Equity</b>			
Contributed equity	26,407,277	26,861,527	29,125,107
Reserves	2,692,539	2,767,614	2,767,614
Retained earnings	(12,120,814)	(12,240,139)	(12,246,139)
<b>Total equity</b>	<b>16,979,002</b>	<b>17,389,002</b>	<b>19,646,582</b>

## 2.6 Potential effect on control

Mindoro Resources Limited ("Mindoro") at the date of this Prospectus has a relevant interest in 100,000,000 Shares representing voting power of 53.3%. Additionally it holds 50,000,000 Performance Shares, the conversion terms of which are set out in Section 2.4.

The effect of the Offer on the voting power of Mindoro is reliant upon take up of any Entitlement by Mindoro, the take up of Entitlement by other Shareholders and the subsequent placing of any Shortfall. Below is a table detailing various scenarios.

	Shares held by Mindoro	Voting Power if all other Shareholders take up their Entitlement	Voting Power if Minimum Subscription only achieved	Voting Power if no other Shareholders take up their Entitlement
If Mindoro takes up no Entitlement	100,000,000	31.3%	41.2%	41.2% (as Minimum Subscription achieved)
If Mindoro takes up 100% of Entitlement	250,000,000	53.3%	Not relevant	74.1%

The Offer is 3 New Shares for every 2 Shares held by Eligible Shareholders and the maximum dilution at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 60% of its existing shareholding.

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter by its sub-underwriting will increase its voting power in Shares to 20% or more.

By reason of the above, the effect on control of the Offer is reliant upon any take up of Entitlement by Mindoro, the take up of Entitlement by other Shareholders and the subsequent placing of any Shortfall.

### **3. RISK FACTORS**

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#### **3.1 Introduction**

An investment in the securities the subject of this Prospectus is highly speculative as the Company is a gold explorer and project acquisition company. The Company currently has an interest in projects in the Philippines with its primary focus being the continued exploration and development of the Batangas gold project.

There are a number of factors that may have a material impact on our future operating and financial performance. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the resource industry and having operations in the Philippines. The general investment risks below are some of the risks to the Company of a general economic nature.

#### **3.2 Specific Risks**

##### **Exploration**

Investors should understand that exploration and development is by its nature a high risk undertaking. There can be no assurance that the Company's exploration of its existing projects or any other exploration projects that may be acquired in the future will result in a commercially viable discovery.

##### **Development and Mining**

Possible future development of a mining operation at any of the Company's projects is dependent on, and may be affected by, a number of factors including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risks from third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

## **Future Capital Needs and Additional Funding**

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

## **Sovereign and Political Risks Associated with Operating in the Philippines**

The projects of the Company are located in the Philippines and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

### **Philippines Government Mining Policy, Executive Order 079**

In January 2012 the Philippines Government issued a new mining policy termed Executive Order 079 ("EO79"). The Implementing Rules and Regulations (IRR) of the EO79 have been issued. However there is a risk that further changes under the EO79 policy will involve increases to royalties and taxes that will affect the revenue derived by the Company from any future operation.

### **Philippine Foreign Acquisition Laws**

An entity not of Philippine nationality may only acquire up to 40% of a Philippine MPSA (mineral production sharing agreement) or the holder of an MPSA directly. The restriction on foreign ownership relates to the ownership of an MPSA and its holder, the operation of an MPSA, the total physical area that may be held by a foreign held entity and the role that a foreign person may have in an entity that has more than 40% of an MPSA or MPSA holder.

The Company has considered this in structuring the holding of interests and contractual rights in the MPSAs, such that the direct holding is only 40% of the holder of the MPSAs and the remaining 60% is held as a contractual right. However, there is a risk that the current or future structure of the Company's holdings may be subject to alteration due to changes to Philippine foreign ownership laws.

### **Conditions and Renewal of Licences**

The permits and agreements on the projects are governed by the Philippine legislation and are evidenced by the granting of permits and agreements, extension of permits and/or extension of specific stages of the MPSA's. Each permit, agreement or extension is for a specific term and carries with its annual expenditure and reporting commitments, as well as other conditions requiring compliance.

## **Consents from Surface Land Holders**

The Philippines Mining Act sets out the requirement for entities wishing to access mineral permits for the purpose of exploration, development and utilisation to receive the consent of the surface owners or occupants of the land in writing prior to such access and to pay them an appropriate amount of compensation.

Although seeking such consent is a common task for mining companies in the Philippines, there is no guarantee that it will be a fast or cost effective process for the Company.

## **Gold and Commodity Price Volatility**

It is anticipated that any revenues derived from mining will be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold and the terms of any offtake agreements which it enters into.

Gold and metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for gold and metals, forward selling by producers and production cost levels in mineral producing regions.

Moreover, gold and metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the relevant commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

## **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in other gold or polymetallic projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

## **Reliance on Key Personnel**

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives.

## **Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. They are also influenced by the recoverability of the value component from the defined resource.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

## **Environmental**

The Company's projects are subject to laws and regulations regarding environmental matters. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the

Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

### 3.3 **General Investment Risks**

#### **Securities Investments and Share Market Conditions**

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

#### **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

#### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in countries in which the Company operates may adversely affect the financial performance of the Company.

## **4. DETAILS OF THE OFFER**

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### **4.1 The Offer**

#### **(a) Overview**

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia, New Zealand or Canada on the Record Date. The Record Date is 5.00pm WST, 27 May 2013.

As an Eligible Shareholder you are entitled to subscribe for 3 New Shares for every 2 Shares held on the Record Date at the Issue Price of 1 cent per New Share. You are also entitled to one free New Short-Dated Option for every 2 New Shares subscribed for and one free New Long-Dated Option for every 4 New Shares subscribed for.

When calculating your Rights, we will round down fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 17 June 2013).

The Offer is renounceable. This means that you may sell your Rights.

#### **(b) Minimum Subscription**

Minimum Subscription under the Rights Issue is \$550,000 representing the Underwritten Amount.

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application moneys.

#### **(c) Offer is partly and conditionally underwritten**

The Offer is partly and unconditionally underwritten by the Broker to the Underwritten Amount. The condition to the underwriting commitment of the Broker is that Eligible Shareholders or other parties must subscribe for at least 28,135,804 New Shares under the Offer (being 10% of the Full Subscription). The Broker is not a related party or shareholder in the Company. Further information about the underwriting is set out in Section 4.7.

#### **(d) Broker is Lead Manager**

The Broker has agreed to lead manage the Offer by seeking to place Shortfall Securities beyond the Underwritten Amount to investors. Further information about the Lead Manager role is set out in Section 4.7.

(e) **Rights attaching to New Shares and terms of New Options**

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 5.1 and 5.2.

(f) **Underwriter Options**

The Company has agreed to issue 27,500,000 Underwriter Options to the Underwriter and any parties that have participated as sub-underwriters subject to any necessary Shareholder approval.

The terms of the Underwriter Options are set out in Section 5.2.

(g) **Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares and New Options.

#### 4.2 **What Eligible Shareholders may do**

(a) **Alternatives**

The number of Shares to which Eligible Shareholders are entitled (your Entitlement or Rights) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Rights, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Rights (refer Section 4.2(b));
- take up all of your Rights and apply for Shortfall Securities (refer Section 4.2(c));
- sell all of your Rights on the ASX (refer Section 4.2(d));
- take up part of your Rights and sell the balance on the ASX (refer Section 4.2(e));
- take up part of your Rights and allow the balance to lapse (refer Section 4.2(f));
- deal with part or all of your Rights other than on the ASX (refer Section 4.2(g))
- allow all or part of your Rights to lapse (refer Section 4.2(h)).

(b) **Taking up all of your Rights**

If you wish to take up all of your Rights, complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form.



You should then forward your completed Entitlement and Acceptance Form together with your application moneys in accordance with Section 4.3 to reach the Company's Share Registry no later than 5.00pm (WST) on the Closing Date.

**(c) Taking up all your Rights and applying for Shortfall Securities**

Eligible Shareholders may, in addition to taking up all their Rights, apply for Shortfall Shares as described in Section 4.5.

A single cheque should be used for the application moneys for your Rights and the number of Shortfall Shares you wish to apply for as stated on the Entitlement and Acceptance Form.

**(d) Selling all of your Rights on the ASX**

If you wish to sell all of your Rights on the ASX, complete the appropriate section in the accompanying Entitlement and Acceptance Form and lodge the Entitlement and Acceptance Form with your stockbroker as soon as possible, or otherwise provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

**(e) Taking up part of your Rights and selling the balance on the ASX**

If you wish to take up only part of your Rights, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 4.2(b). You may then provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX.

**(f) Taking up part of your Rights and allowing the balance to lapse**

If you wish to take up part of your Rights and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 4.2(b). If you take no further action, the balance of your Rights will lapse and you will have forfeited any potential benefit to be gained from selling/trading your Rights.

**(g) Dealing with part or all of your Rights other than on the ASX**

You may transfer all or part of your Rights to another person other than on the ASX provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of Shares.

If you wish to transfer all of your Rights to another person other than on the ASX, forward a completed standard renunciation and acceptance form (obtainable from the Company's Share Registry) and the applicable transferee's cheque or bank draft for the New Shares and New Options they wish to subscribe for to the Company's Share Registry by 5.00pm (WST) on the Closing Date.

If you wish to transfer part of your Rights to another person other than on the ASX only, but also want to take up some or all of the balance of your Rights, you will need to take the steps described above in relation to the Rights you wish to transfer and complete the accompanying Entitlement and Acceptance Form in respect of the Rights you wish to take up. You will need to lodge the form in accordance with the procedure in Section 4.2(b).

If the Share Registry receives both a completed renunciation and acceptance form and a completed Entitlement and Acceptance Form in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

(h) **Allow all or part of your Rights to lapse**

Your Rights may have value. Rights are renounceable, which enable Eligible Participants who do not wish to accept some or all of their Rights, to sell or trade all or part of their Rights on the ASX.

#### 4.3 **Payment**

The price for New Shares is payable in full on application by a payment of 1 cent per Share. The Entitlement and Acceptance Form must be accompanied by a cheque or bank draft of the Application Moneys.

Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**Red Mountain Mining Limited – Rights Issue Account**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued. You should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s). If the amount of your cheque(s) is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared moneys will pay for or your application may be rejected.

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY payments.

#### 4.4 **Excluded Shareholders**

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia, New Zealand or Canada) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended, and Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand or Canada.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Pursuant to section 615 of the Corporations Act, the Company has appointed the Broker as nominee ("**Nominee**") to sell the Rights to which Excluded Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Rights will be sold and the manner of any such sale. The Company will pay the Nominee a brokerage fee of 1.5% (subject to a minimum charge of \$100) on the execution

of the sale of any Rights. The Company has applied to the ASIC to approve the appointment of the Nominee pursuant to section 615 of the Corporations Act. However, as at the date of the Prospectus, ASIC has not approved the appointment of the Nominee.

Any interest earned on the proceeds of the sale of these Rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Excluded Shareholders as described below.

The net proceeds of the sale of these Rights will then be forwarded by the Company as soon as practicable to the Excluded Shareholders, in proportion to their share of such Rights (after deducting brokerage commission and other expenses).

Notwithstanding that the Nominee must sell Rights, Excluded Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Nominee will not be required to sell Excluded Shareholders' Entitlements at a particular price.

Shareholders resident in Australia, New Zealand or Canada holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.5 Shortfall**

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities. The Shortfall Securities may be placed at the discretion of the Directors, in consultation with the Underwriter, within 3 months of the Closing Date.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Rights Issue. The Offer to issue Shortfall Securities is a separate offer under the Prospectus.

Shareholders may apply for any Shortfall Securities by completing the relevant Shortfall Shares section in the Entitlement and Acceptance Form and sending it to the Company's share registry (refer to Section 4.2(a) above) together with a cheque in the amount of Shortfall applied for.

Application for Shortfall with moneys does not guarantee any allotment of any Shortfall Shares. The Directors in consultation with the Underwriter may determine that an applicant for Shortfall Securities will receive a lesser number of Shortfall Securities than the number applied for or may reject an application for Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated will be returned without interest.

The Broker is obliged to take up and subscribe for Shortfall Shares up to the Underwritten Amount.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

## 4.6 Allotment and quotation

### (a) Allotment of New Shares and New Options

The New Shares and New Options issued pursuant to the Rights Issue will be allotted in accordance with the timetable set out in Section 1. We will allot the New Shares and New Options on the basis of your Rights.

Pending the allotment and issue of New Shares and New Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

No securities will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### (b) Quotation by ASX

We intend to apply to ASX for quotation of the New Shares and New Options within 7 days of the date of this Prospectus. If the ASX accepts our application, quotation of the New Shares and New Options will commence after the allotment of the New Shares and New Options.

If any New Shares and New Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those New Shares and New Options and the Application Money in respect of those New Shares and New Options will be refunded to you without interest within the time prescribed by the Corporations Act.

### (c) Holding statements

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of New Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

## 4.7 Underwriting, sub-underwriting and Lead Manager arrangements

### (a) The Underwriter

The Broker is appointed under the Underwriting Agreement to underwrite the Rights Issue up to the Underwritten Amount. The Broker is not a related party or a Shareholder of the Company.

In the event of a Shortfall, the Directors are not aware of any reason why the Broker would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

### (b) Underwriting Agreement

The Underwriting Agreement was negotiated on an arms length basis.

Under the Underwriting Agreement, the Underwriter (Broker) is obliged to subscribe for all of the Shortfall Shares within 3 business days of receiving notice from us as to the number of Shortfall Shares. The maximum number of Shortfall Securities that the Underwriter is required to subscribe for is 55,000,000 Shares and associated New Options representing the Underwritten Amount.

We are also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Offer in accordance with all relevant regulatory requirements and we have given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

A condition to the underwriting commitment is that Eligible Shareholders or other parties must subscribe for at least 28,135,803 New Shares under the Offer (being 10% of the Full Subscription). The Underwriter's obligation to subscribe for the Shortfall Securities is subject to satisfaction of this condition.

In addition to the condition referred to above, as is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of Shortfall Shares. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index falls to a level that is 10% or more than the level at the close of business on the business day prior to the date of this Prospectus, the Shares of the Company finish trading for 3 trading days with a closing price that is less than this Offer price of 1 cent and where an adverse change occurs in respect of the Company or its assets which has a material adverse effect. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

(c) **Sub-Underwriting**

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.

The related parties who have agreed to sub-underwrite are an entity controlled by Neil Warburton, a Director, for \$100,000 (10,000,000 Shares), Justin Warburton, a son of Neil Warburton for \$30,000 (3,000,000 Shares) and entities controlled by Keith Rowe, a Director, for \$100,000 (10,000,000 Shares). The current relevant interest in Shares of Neil Warburton and Keith Rowe is set out in Section 5.6(b).

Each of these sub-underwriters has agreed to sub-underwrite on the same terms as other sub-underwriters to the Offer. The Underwriter is responsible for fees payable to sub-underwriters. The sub-underwriters will be paid a sub-underwriting fee by the Underwriter of 5% of the amount sub-underwritten and the Underwriter will nominate the sub-underwriters to receive one Underwriter Option for every 2 New Shares that is sub-underwritten. The fees the related party sub-underwriters will therefore receive are:

- Neil Warburton entity - \$5,000 and, subject to Shareholder approval, 5,000,000 Underwriter Options.

- Justin Warburton - \$1,500 and, subject to Shareholder approval, 1,500,000 Underwriter Options.
- Keith Rowe entities - \$5,000 and, subject to Shareholder approval, 5,000,000 Underwriter Options.

(d) **Lead Manager**

By the Mandate Agreement between the Company and the Broker, the Broker has agreed to lead manage the Offer by seeking to place any Shortfall Securities beyond the Underwritten Amount to investors.

(e) **Fees to Broker**

The fees payable to the Broker (exclusive of GST) in relation to the rights issue are:

- \$60,000 corporate advisory fee payable upon completion of the Offer;
- \$35,750 underwriting fee (being 6.5% of the Underwritten Amount) payable upon completion of the Offer;
- 6.5% of the amount of any Shortfall Securities that are placed; and
- 27,500,000 Underwriter Options.

(f) **Effect on control**

The Underwriter currently has no relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares up to the Underwritten Amount (maximum of 55,000,000 Shares as at the date of this Prospectus). In the event that the Underwriter is required to subscribe for all of the Shortfall Shares up to the Underwritten Amount, the relevant interest of the Underwriter will be 22.6% at Minimum Subscription. However, the Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter by its sub-underwriting will increase its voting power in Shares to 20% or more.

The Underwriter has informed us that on the facts and circumstances presently known to it, it is supportive of our current direction and it does not currently intend to make any major changes to our direction and objectives, and that other than as disclosed in this Prospectus:

- does not currently intend to make any changes to our existing businesses;
- does not currently intend to inject further capital into the Company other than in underwriting the Offer;

- does not currently intend to become involved in decisions regarding the future employment of our present employees and contemplates that they will continue in the ordinary course of business;
- does not currently intend for any property to be transferred between the Company and it or any person associated with it;
- does not currently intend to redeploy our fixed assets; and
- does not currently intend to change our existing financial or dividend policies.

## **5. ADDITIONAL INFORMATION**

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### **5.1 Rights attaching to New Shares**

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

#### **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share excluding amounts credited or paid in advance of a call. Voting may be in person or by proxy, attorney or representative.

#### **Dividends**

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share (not credited) bears to the total issue price of the share (excluding amounts credited). All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

#### **Future Issues of Securities**

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

#### **Transfer of Shares**

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

#### **Meetings and Notices**

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to



shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

### **Election of Directors**

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (or the number nearest to one third) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the managing director.

### **Winding Up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

### **Amendment of Constitution**

The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

### **Predominance of Listing Rules**

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## **5.2 Terms of New Short-Dated Options, New Long-Dated Options and Underwriter Options**

The terms of the issue of the New Short-Dated Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 30 June 2014.

- (c) The exercise price of the Options is 1.5 cents each.
- (d) Application will be made for the Options to be quoted and the Options will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

The terms of the issue of the New Long-Dated Options and Underwriter Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 30 June 2016.
- (c) The exercise price of the Options is 3 cents each.
- (d) Subject to meeting the listing requirements of the Listing Rules, application will be made for the Options to be quoted and the Options will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.

- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

### 5.3 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus

with ASIC.

We lodged our latest annual report with ASX on 29 October 2012. Since then, we have made the following announcements to ASX, shown in the table below.

<b>Date</b>	<b>Description of Announcement</b>
29/10/2012	Notice of Annual General Meeting/Proxy Form
30/10/2012	RMX Completes Acquisition of Mindoro Copper-Gold Assets
30/10/2012	Appendix 3B
30/10/2012	Secondary Trading Notice
30/10/2012	Initial Director's Interest Notice
15/11/2012	Becoming a substantial holder from MDO
27/11/2012	Drilling commences at Lobo
27/11/2012	Chairman's Address to AGM
27/11/2012	Results of Meeting
28/11/2012	High Grade Gold found in surface sampling at Lobo
30/11/2012	High Grade Gold Intersected at Archangel
11/12/2012	Trading Halt
13/12/2012	Red Mountain raises \$1 million
18/12/2012	Red Mountain Strengthens Board and Executive Management
19/12/2012	Second High Grade Gold System Confirmed
24/12/2012	Change of Director's Interest Notice
02/01/2013	Change of Director's Interest Notice
02/01/2013	Appendix 3B
02/01/2013	Secondary Trading Notice
07/01/2013	More High Grade Gold Results From Surface Sampling at Lobo
07/01/2013	Appendix 3B
07/01/2013	Secondary Trading Notice
09/01/2013	Second High Grade Gold System at Batangas Delivers Results
18/01/2013	Final Results Deliver High Grade Copper and Gold

<b>Date</b>	<b>Description of Announcement</b>
30/01/2013	New Mineral Resource Estimate for Batangas
31/01/2013	Quarterly Activities and Cashflow Report
05/02/2013	Red Mountain intersects 6.3m at 8.03 g/t Gold at Batangas
13/02/2013	Appointment of Country Manager
15/02/2013	Change of Director's Interest Notice
19/02/2013	Presentation
25/02/2013	Change of Director's Interest Notice
25/02/2013	Research Report
27/02/2013	Research Report
01/03/2013	Red Mountain Extends High Grade Zone at West Drift
11/03/2013	New High Grade Gold Vein Surface Discovery
15/03/2013	Half Yearly Report and Accounts
04/04/2013	Drilling Commenced on New High Grade Vein at Lobo
17/04/2013	Board Changes
24/04/2013	Quarterly Activities and Cashflow Report
26/04/2013	Ceasing to be a substantial holder
01/05/2013	New High Grade Gold Intersections at Pica, Batangas
03/05/2013	Ceasing to be a substantial holder
09/05/2013	Trading Halt
13/05/2013	Suspension from Official Quotation
13/05/2013	Cancellation of Unlisted Options
14/05/2013	Change of Director's Interest Notice x 3
15/05/2013	Reinstatement to Official Quotation
15/05/2103	Capital raising to raise \$2.8 million
15/05/2013	Company Presentation

#### 5.4 **Market price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were :

	<b>Price</b>	<b>Date</b>
Highest	12 cents	21 February 2013
Lowest	0.8 cents	15 May 2013
Latest	0.8 cents	15 May 2013

#### 5.5 **Board and Management**

The Board consists of:

- Mr Neil Warburton (Non-Executive Chairman)
- Mr Jon Dugdale (Managing Director)
- Mr Keith Rowe (Non-Executive Director)
- Mr Michael Wolley (Non-Executive Director)

Messrs Warburton, Dugdale and Rowe as current or former executive directors are not considered independent directors.

Mr Wolley is an independent director.

#### 5.6 **Directors' Interests**

##### (a) **Interests of Directors**

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or

promotion of the Company or the Offer.

(b) **Interests in securities as at the date of this Prospectus**

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue.

<b>Director</b>	<b>Number of Shares currently held</b>	<b>Number of Options currently held</b>
Neil Warburton <sup>5</sup>	7,855,625 <sup>1</sup>	3,849,375 <sup>2</sup>
Jon Dugdale	0	0
Keith Rowe <sup>6</sup>	5,953,125 <sup>3</sup>	3,211,875 <sup>4</sup>
Michael Wolley	0	0

Notes:

1. Comprising 125,000 Shares held directly; 4,565,625 Shares held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 1,040,000 Shares held indirectly by Michlange Pty Ltd <NF Warburton Family A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust; 1,500,000 Shares held indirectly by Michlange Pty Ltd <Warburton Super A/C> of which Mr Warburton is a director and shareholder and beneficiary of the trust and 625,000 Shares held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Warburton is a director and shareholder.
2. Comprising 75,000 Options exercisable at 20 cents expiring on 30 June 2014; 3,399,375 Options exercisable at 20 cents expiring on 30 June 2014 held indirectly by Michlange Pty Ltd of which Mr Warburton is a director and shareholder; 375,000 Options exercisable at 20 cents expiring on 30 June 2014 held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Warburton is a director and shareholder.
3. Comprising 312,500 Shares held directly; 4,415,625 Shares held indirectly by Keith Bowden Rowe and Lesley Rowe (the spouse of Keith Rowe); 625,000 Shares held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Rowe is a director and shareholder and 600,000 Shares held by Keith and Lesley Rowe as trustee for the Rowe Self-Administered Superannuation Fund a/c, of which Mr Rowe is a beneficiary.
4. Comprising 187,500 Options Exercisable at 20 cents expiring on 30 June 2014; 2,649,375 options exercisable at 20 cents expiring on 30 June 2014 held indirectly by Keith Bowden Rowe and Lesley Rowe. Lesley Rowe is the spouse of Keith Rowe; 375,000 options exercisable at 20 cents expiring on 30 June 2014 held indirectly by Australian Beijing Holdings Pty Ltd of which Mr Rowe is a director and shareholder.

5. Neil Warburton may participate in the Offer by taking up his Entitlement and by being called on to subscribe as a sub-underwriter in the event of sufficient Shortfall.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Offer. Subject to Shareholder approval, 5,000,000 Underwriter Options will be issued to Neil Warburton in accordance with section 4.7(c).

6. Keith Rowe may participate in the Offer by taking up his Entitlement and by being called on to subscribe as a sub-underwriter in the event of sufficient Shortfall.

Any New Shares subscribed for will result in the issue of New Options in accordance with the Offer. Subject to Shareholder approval, 5,000,000 Underwriter Options will be issued to Keith Rowe in accordance with section 4.7(c).

(c) **Remuneration of Directors**

Mr Neil Warburton is paid \$90,000 per annum as a director's fee as non-executive chairman. In the two years prior to the date of this Prospectus Mr Warburton has received a total remuneration of \$368,630 including his former role of executive chairman and acting chief executive officer.

Mr Jon Dugdale is paid \$300,000 plus statutory superannuation per annum as managing director including a director's fee. In the two years prior to the date of this Prospectus Mr Dugdale has received a total remuneration of \$115,446. Mr Dugdale commenced as a part-time executive director on 1 November 2012 and a full-time executive director on 21 January 2013.

Mr Keith Rowe is paid \$45,000 per annum as a director's fee as a non-executive director. In the two years prior to the date of this Prospectus Mr Rowe has received a total remuneration of \$316,710 including his former role as an executive director prior to Mr Dugdale's appointment.

Mr Michael Wolley is paid \$45,000 per annum as a director's fee as a non-executive director. In the two years prior to the date of this Prospectus Mr Wolley has received a total remuneration of \$82,083.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company.

**5.7 Interests of experts and advisers**

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or



- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$25,000 (excluding GST) for these services. In the past two years, Fairweather Corporate Lawyers has been paid fees (excluding GST) of approximately \$88,000 by the Company.

Patersons Securities Limited is the Underwriter and Lead Manager in relation to the Rights Issue and the fees payable to Patersons Securities Limited are set out in Section 4.7(e). In the past two years, Patersons Securities Limited has not been paid any fees by the Company.

## 5.8 Expenses of the Offer

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$140,000 at Minimum Subscription and \$146,000 at Full Subscription. These estimated expenses include fees to be paid to the Underwriter and Lead Manager (but not including any fees to be paid to the Lead Manager upon the placing of any Shortfall), legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Rights Issue.

## 5.9 Consents

The following parties has given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer.

Patersons Securities Limited has consented to being named as the Underwriter and Lead Manager to the Offer and the inclusion in the Prospectus of all statements referring to it.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and

- has not caused or authorised the issue of this Prospectus.

## 6. DIRECTORS' AUTHORISATION AND CONSENT

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This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 16 May 2013



.....  
Signed for and on behalf of Red Mountain Mining Limited  
By Mr Neil Warburton  
Chairman

## 7. GLOSSARY

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Where the following terms are used in this Prospectus they have the following meanings:

<b>Applicant</b>	A person who submits and Entitlement and Acceptance Form.
<b>Application</b>	An application for New Shares and New Options under the Rights Issue.
<b>Application Money</b>	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
<b>AFSL</b>	Australian Financial Services Licence.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
<b>Board</b>	The Board of Directors.
<b>Broker</b>	Patersons Securities Limited (ACN 008 896 311) (AFSL 239052).
<b>Closing Date</b>	The time and date at which the Offer expires, being 5.00pm WST, 17 June 2013, subject to the Company varying this date in accordance with the Listing Rules.
<b>Company or Red Mountain Mining</b>	Red Mountain Mining Limited (ACN 119 568 106).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth)
<b>Director</b>	A director of the Company for the time being.
<b>Eligible Shareholders</b>	Shareholders with a registered address in Australia, New Zealand or Canada at the Record Date.
<b>Entitlement</b>	The entitlement to subscribe for New Shares and New Options under the Rights Issue.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
<b>Excluded Shareholder</b>	A Shareholder whose registered address is not in Australia, New Zealand or Canada.

<b>Full Subscription</b>	The maximum amount to be raised under the Offer being the sum of \$2,813,580 assuming no existing Options are exercised.
<b>JORC Code</b>	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
<b>Issue Price</b>	1 cent per New Share, being the price payable to subscribe for each New Share.
<b>Lead Manager</b>	The Broker.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>Mandate Agreement</b>	The mandate agreement between the Company and the Broker dated 8 May 2013.
<b>Minimum Subscription</b>	The minimum amount to be raised under the Offer being the sum of \$550,000.
<b>New Long-Dated Option</b>	An Option offered under the Rights Issue exercisable at 3 cents on or before 30 June 2016 on the terms set out in Section 5.2.
<b>New Options</b>	The New Short-Dated Options and the New Long-Dated Options offered under the Rights Issue.
<b>New Securities</b>	The New Shares and New Options.
<b>New Shares</b>	The Shares offered under the Rights Issue.
<b>New Short-Dated Option</b>	An option offered under the Rights Issue exercisable at 1.5 cents on or before 30 June 2014 on the terms set out in Section 5.2.
<b>Offer</b>	The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.
<b>Official List</b>	The official list of the ASX.
<b>Option</b>	An option to acquire a Share.
<b>Prospectus</b>	This prospectus dated 16 May 2013.
<b>Record Date</b>	The time and date for determining a Shareholder's entitlement to participate in the Rights Issue, being 5.00pm WST, 27 May 2013.
<b>Rights</b>	The right to subscribe for New Shares and New Options under this Prospectus.

<b>Rights Issue</b>	The pro-rata renounceable offer to Eligible Shareholders of 3 New Shares for every 2 Shares held by Eligible Shareholders on the Record Date with 1 free New Option for every 4 New Shares subscribed for.
<b>Share</b>	A fully paid ordinary share in the issued capital of the Company.
<b>Shareholder</b>	Registered holder of Shares.
<b>Shortfall</b>	Securities not applied for under the Offer before the Closing Date.
<b>Shortfall Securities</b>	New Securities constituting the Shortfall.
<b>Underwriter</b>	The Broker.
<b>Underwriter Options</b>	An Option exercisable at 3 cents on or before 30 June 2016 on the terms set out in Section 5.2.
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Broker dated 16 May 2013.
<b>Underwritten Amount</b>	\$550,000.
<b>WST</b>	Western Standard Time.
<b>\$</b>	Australian dollars unless otherwise stated.