

Red Mountain to Acquire and Drill Mt Mansbridge

- **Acquisition of 100% of Mt Mansbridge Rare Earths Project completed after due diligence on multiple projects**
- **Company elects not to proceed with Mt Kokeby Kaolin Project after careful consideration of project and market conditions**
- **Mt Mansbridge scheduled for Heritage Survey ahead of extensive 2020 exploration program**
- **Drilling program planned for second quarter 2020 on Mt Mansbridge - focus on Heavy Rare Earths**
- **Board pleased with favourable terms and reduced up-front consideration for Mt Mansbridge**
- **Clear focus on strategic environment for heavy rare earths renders Mt Mansbridge a highly valuable project for Red Mountain**
- **Red Mountain is fully funded through current exploration program**

Red Mountain Mining Ltd (**RMX** or **Company**) is pleased to advise that an agreement has been reached with ARD Group (ARD), the vendors of the Mt Mansbridge heavy rare earths project, to favourably restructure the transaction. Details on the revised and final transaction terms are set out below.

Further, after careful consideration, the Board has concluded that in current market conditions a prudent course of action is to acquire only the Mt Mansbridge project. Consequently, the Company has elected not to proceed with the acquisition of the Mt Kokeby kaolin project.

The Board is pleased with the dual result of reduced up front consideration for Mt Mansbridge and the reduced share dilution and cash conservation resulting from the election not to proceed with Mt Kokeby. This will allow the Company to properly test the Mt Mansbridge project from the position of being sufficiently resourced and capitalised.

A notice of meeting to approve the transaction will be despatched to shareholders in the near term.



Heavy rare earths remain a critical and strategic component of the modern economy and the Board was also pleased to note recent commentary from industry participants referencing the attractive outlook for the demand for heavy rare earths, in particular dysprosium and terbium.

Mt Mansbridge Work Program

The Mt Mansbridge Rare Earths project is one of the few Australian rare earth projects prospective for heavy rare earths with known occurrences of xenotime, which hosts the heavy rare earth elements (HREE) dysprosium and terbium.

Having secured the highly prospective Mt Mansbridge Project in the Kimberly, RMX is pleased to announce that it has now completed the compilation of a comprehensive database, including historical geochemistry, geophysics and drilling data.

With the regional unconformity now extending over 30 kms at the Mt Mansbridge Project, Red Mountain with the support of independent consultants, has commenced a geological assessment and reprocessing of geophysical data to delineate existing drill targets as well as generate new prospects.

On completion of the wet season, Red Mountain will undertake a heritage survey as well as complete a reconnaissance field trip to ground truth areas of interest. These field activities are expected to commence in April 2020.

The aim of the reconnaissance program is to prepare for an effective first pass exploration program with the following objectives:

- Validate existing prospects and priority drill targets;
- Identify the potential for basement hosted and unconformity-related REE mineralisation; and
- Prepare site access and drill pads.

Following the reconnaissance program, Red Mountain will commence a drill program to fully test the Mt Mansbridge area for REE mineralisation. Drilling is expected to commence in early Q2, 2020.

Mt Mansbridge Transaction Terms

The Company has entered into a variation agreement which has amended the terms for the acquisition of 100% of the Mt Mansbridge heavy rare earths project. The revised acquisition terms are as follows:

RMX to acquire 100% of Mt Mansbridge in exchange for the issue of 100m shares and payment of \$100,000.

Further consideration only payable on attainment of project related milestones:

| Project Milestone | Consideration |
|--|--|
| JORC Resource with contained: <ul style="list-style-type: none"> • 3 000 000 kg total rare earth oxides (TREO); and • Average grade greater than or equal to 1.5% TREO with cut-off of 0.8% TREO; and • Heavy rare earth oxide (HREO) percentage of greater than or equal to 80%. | <ul style="list-style-type: none"> • \$50 000 Cash • 30 000 000 Consideration shares |
| Completion of a feasibility study with a pre-tax IRR > 20% and NPV8/Capex > 0.8 | <ul style="list-style-type: none"> • \$500 000 Cash; and • \$1 000 000 worth of Consideration shares based on 30-day VWAP prior to date of satisfaction of milestone; and • 1% NSR |
| Binding, multi-year offtake or tolling agreement for a minimum of 500,000kg of rare earth oxide per annum | <ul style="list-style-type: none"> • \$500 000 Cash; and • \$500 000 worth of Consideration Shares based on 30-day VWAP prior to the date on which RMX announces entry into the Binding Offtake. |

To the extent that the issue of any Consideration Shares would result in the ARD Group holding 20% or more of shares in the Company, shareholder approval will be required at that time.

All consideration shares issued to be subject to 12 months escrow from date of issue.

ARD Group may appoint a board nominee to the Company upon attainment of the feasibility study milestone.

Other

The Company is fully funded to carry out the Mt Mansbridge work program, and continues to identify and assess further mineral project opportunities which would be value accretive to RMX shareholders.



Red Mountain Chairman Jeremy King made comment to shareholders:

“After the board’s careful consideration of the Mt Kokeby Kaolin Project, the near-term opportunity and strategic value of the Mt Mansbridge Rare Earths Project stood clear to us as a potential development asset.

With more favourable acquisition terms in the 100% acquisition of Mt Mansbridge, the Company now has a clear objective and an excellent project that provides exceptional leverage for shareholders, to the high value industry of Heavy Rare Earths. The clear focus of Red Mountain now is to move forward with extensive exploration and drilling of the project in order to advance towards development and I look forward to commencing our planned drilling in the second quarter.”

Jeremy King
Chairman

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About Red Mountain Mining

Red Mountain Mining (ASX: RMX) is focused on new energy metals and will focus on the strategic and significant Rare Earths market through the 100% acquisition of the Mt Mansbridge Rare Earths Project in Western Australia. RMX believes the Rare Earth macro environment is supportive given global industry interest to seek diversification in supply outside of China and as such, is currently planning an aggressive exploration program including drilling at Mt Mansbridge.

Authorised for and on behalf of the Board,

A handwritten signature in black ink that reads "Mauro Piccini".

Mauro Piccini,
Company Secretary