

Red Mountain Mining Ltd and Controlled Entities



Interim Consolidated Financial Report For the Half-Year Ended 31 December 2021

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian equivalent to International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

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Red Mountain Mining Ltd and its controlled entities

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Red Mountain Mining Ltd and its controlled entities

Directors' Report

The Directors of Red Mountain Mining Ltd present their Report together with the financial statements of the consolidated entity, being Red Mountain Mining Ltd (“**Red Mountain**” or “the **Company**”) and its controlled entities (“the **Group**”) for the half year ended 31 December 2021 and the Independent Auditor’s Review Report thereon.

Director details

The following persons were Directors of the Company during and since the end of the half-year:

- Mr Jeremy King (resigned 15 November 2021)
- Mr Troy Flannery (appointed 15 November 2021)
- Mr Lincoln Ho
- Mr Robert Parton

Principal activities

The Group’s principal continuing activities during the financial half-year consisted of mineral exploration.

Review of operations and financial results

The Group has recorded an operating loss of \$718,573 for the half year ended 31 December 2021 (2020: loss of \$970,771).

Financial position

As at 31 December 2021, the Company had cash balances of \$1,015,446 (30 June 2021: \$1,731,392) and net assets of \$3,685,095 (30 June 2021: \$2,811,754).

Commentary

Mt Maitland Project

On 13 July 2021, the Company announced that drilling had completed at the Maitland South prospect. Drilling successfully intersected the Maitland South Shear Zone between 266.77m and 281.42m (14.65m width). The shear zone consisted of quartz filled breccias on the margins with strongly silica, sericite, with minor hematite altered schist within the centre of the zone. Disseminations of pyrite were observed throughout the interval.

Drilling of the Jacia IP chargeability anomaly was completed prior to this with encouraging base metal and gold indications. Occurrences/blebs of chalcopyrite (Cu), Sphalerite (Zn) and Galea (Pb) associated with quartz veining were noted during logging.

In addition, two zones of intercalated, pyrite bearing, Banded Iron Formation (BIF) and amphibolite were intersected during drilling. These zones are prospective for gold mineralisation. BIF related gold mineralisation has previously been observed at the Maitland Project at the Lenanphyl prospect which RMX drilled in late 2020.

The Company is currently undertaking an internal assessment of the project with experienced consultant geologists before committing any expenditure on further exploration.

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Directors' Report

Mt Mansbridge Heavy Rare Earth Project – 100%

On 6 July 2021, the Company announced that 952 soil samples were recently collected from the three priority Rare Earth Element prospects at Mt Mansbridge: Killi-Killi, Vader and Kylo. Samples were analyzed during collection utilizing a REE calibrated portable XRF with areas of interest immediately infilled by the team. RMX's consulting geochemist identified a subset of samples for further laboratory analysis.

On 27 July 2021 the Company announced that it had completed a technical review of its Cow Creek Prospect at its 100% owned Mt Mansbridge Project in Western Australia. The review highlighted Cow Creek as prospective for mafic-ultramafic intrusive related for Ni-Cu-Co-PGEs.

On 18 August 2021, the Company announced that soil sampling assay results have been received from the laboratory from the 952-sample survey that was completed earlier in the year at Mt Mansbridge. The survey generated several REE soil anomalies, two significant anomalies have been defined at the Killi-Killi Prospect. The first soil anomaly is a HREE anomaly and is located on the western end of the Mt Mansbridge inlier. Geologically, the anomaly is located on the prospective unconformable contact between the basement Killi-Killi Formation and the overlying Gardiner Sandstone. The second soil anomaly is a LREE anomaly that was partially defined by previous soil sampling programs. The anomaly has now been defined at a length of 1km and is again located on the prospective unconformable contact.

In October 2021, heritage surveying was completed and the maiden RC drilling program commenced. The drilling program tested several Rare Earth Elements (REE), Cobalt and Nickel-Copper-Cobalt-PGE targets at the project and was undertaken under supervision by members of the Tjurubalan, the Traditional Owners of the land.

On 7 December 2021, the Company announced that it has successfully completed 4 of the planned holes at the project before the drill rig and personnel demobilized from site due to the onset of the wet season within the Kimberley making access untenable. With substantial access tracks now established at the Mt Mansbridge project and heritage clearance achieved, the Company is well placed to successfully complete its exploration programs.

Heavy rare earth elements were discovered at Mt Mansbridge - Solo Prospect. Rock chipping undertaken by the Company during the reporting year confirmed the Xenotime mineralisation at the prospect with three drill holes planned to test the zone. Three RC holes for 451m were completed at the prospect during the drilling program. Encouragingly a 6m zone (49-55m) of Xenotime mineralisation was identified in hole MMRC002.

Mineralisation was associated with a silica altered structure, hosted within a broader package of quartz and quartz-mica greywackes and occasional finer grained perlites. Remaining assays from the remainder of hole MMRC002 and MMRC001 & 003 from the prospect are expected to be returned and reported upon during the March 2022 quarter. With the Déjà vu Prospect (Ni-Cu-Co-PGE's), sporadic sampling and assaying through the ultramafic intrusive unit returned several encouraging cobalt assay results.

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Directors' Report

Mt Mansbridge Heavy Rare Earth Project – 100% (continued)

Litho-geochemical studies recently undertaken by the companies geochemical and geological consultants highlighted the cobalt as primary magmatic related (i.e. not weathering enrichment) and also that the anomalous Co values cannot be explained by the observed silicate minerals within the peridotite only.

Subsequent to the period, on 6 January 2022, the Company provided an update on the encouraging assay results for its rare earth elements and cobalt prospects. Prioritised assay results from drilling undertaken at the Solo Prospect have recently been received from the laboratory with Heavy Rare Earth Element enrichment confirmed from drilling at the Solo Prospect. Petrological analysis was undertaken by Diamantina Laboratories, which confirmed the presence of Xenotime and Florencite mineralization.

Koonenberry Gold Project

The Koonenberry Gold Project covers approximately 657 km² and is located in a geologic setting considered analogous to the prolific Victorian Goldfields located in south-eastern Australia.

The Koonenberry Gold Project adjoins Manhattan Corporation's (ASX:MHC) Tibooburra Gold Project where Manhattan has recently announced a new high grade gold discovery (see announcement dated 25 June 2020).

The Company has completed an internal review of the project's historic data and commenced budgeting for an exploration programme at targeted locations. The Company is pleased to note recent positive developments in RC drilling in our neighbouring tenement by Manhattan Corporation (ASX: MHC), delivering impressive high grade gold assay results at close to surface. The Company is considering the implications of these exploration result outcomes so close to the Company's tenement package.

Mukabe-Kasari Cobalt-Copper Project, DRC

In December 2021, the Company advised the vendor of the Mukabe Kasari project of its election to not exercise this option to proceed with the earn-in agreement, as it is in the best interests for Red Mountain to place its focus on its flagship Australian assets.

Batangas Gold Project, Philippines

The Company currently holds 1.7 million shares in London listed Blue Bird Merchant Ventures Limited (LON: BMV). Blue Bird is focused on its near-term production gold project in South Korea. BMV's share price as at 31 December 2021 was 2.75 pence.

The Company retains its net smelter royalty over the Philippines located Batangas gold project.

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Directors' Report

Corporate

The Company raised ~\$792,000 via the exercise of listed options. A further \$300,000 was raised from the issue of 300,000 convertible notes. In total, 800,000 convertible notes were converted into 108,646,617 shares during the period. No convertible notes remained outstanding at the end of the period.

Significant and subsequent events and transactions

On 27 January 2022, the Company announced that it had received firm commitments from institutional and sophisticated investors to raise \$1.6 million (before costs) via a share placement of 177,905,556 fully paid ordinary shares at an issue price of \$0.009 per share. The shares were placed on 4 February 2022.

On 21 February 2022, the Company announced it had acquired 100% of the Nannup Project, a prospective granted exploration tenement south west of the Greenbushes lithium province in Western Australia.

As the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than as discussed above, no other matter or circumstance has arisen subsequent to 31 December 2021 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

Significant changes in the state of affairs

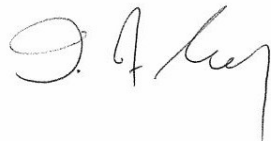
There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included within this financial report and forms part of this Directors' Report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors.



Troy Flannery
Non-Executive Chairman

Perth, Western Australia

Dated this 4th day of March 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Mountain Mining Ltd for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 4 March 2022

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Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

| | Note | 31 December 2021 \$ | 31 December 2020 \$ |
|---|------|---------------------------|---------------------------|
| Revenue | | | |
| Other income | | 70,109 | 79,188 |
| Expenses | | | |
| Professional fees | | (119,150) | (169,650) |
| Consultancy costs | | (181,250) | (190,571) |
| Depreciation expense | | (73,737) | (73,737) |
| Employee benefits expenses | | (198,206) | (149,050) |
| Exploration and evaluation expense | | (23,878) | (89,178) |
| Share-based payment expense | 3 | - | (200,546) |
| Legal fees | | (25,946) | (29,203) |
| Finance costs | | (5,395) | (9,380) |
| Loss on financial instrument revaluation | | (49,884) | (23,349) |
| Other expenses | | (111,236) | (115,295) |
| Loss before income tax | | (718,573) | (970,771) |
| Income tax benefit | | - | - |
| Net loss for the period | | (718,573) | (970,771) |
| Other comprehensive income for the period | | - | - |
| Total comprehensive loss for the period (net of tax) | | (718,573) | (970,771) |
| Basic and diluted loss per share attributable to members of Red Mountain Mining Ltd | 7 | Cents (0.05) | Cents (0.09) |

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

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Financial Position

As at 31 December 2021

| | Note | 31 December 2021 \$ | 30 June 2021 \$ |
|---|------|---------------------------|-----------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 1,015,446 | 1,731,392 |
| Trade and other receivables | | 157,158 | 143,642 |
| Financial assets at fair value through profit or loss | 5 | 87,906 | 137,797 |
| Total current assets | | 1,260,510 | 2,012,831 |
| Non-current | | | |
| Right of use asset | | 98,317 | 172,054 |
| Exploration and evaluation expenditure | 4 | 2,553,780 | 1,681,251 |
| Total non-current assets | | 2,652,097 | 1,853,305 |
| Total assets | | 3,912,607 | 3,866,136 |
| Liabilities | | | |
| Current | | | |
| Trade and other payables | | 123,647 | 375,143 |
| Lease liability | | 103,865 | 154,947 |
| Total current liabilities | | 227,512 | 530,090 |
| Non-current | | | |
| Lease liability | | - | 24,292 |
| Convertible notes | 6 | - | 500,000 |
| Total non-current liabilities | | - | 524,292 |
| Total liabilities | | 227,512 | 1,054,382 |
| Net assets | | 3,685,095 | 2,811,754 |
| Equity | | | |
| Contributed equity | 8 | 46,080,385 | 44,488,471 |
| Reserves | | 11,156,330 | 11,156,330 |
| Accumulated losses | | (53,551,620) | (52,833,047) |
| Total equity | | 3,685,095 | 2,811,754 |

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

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

| | Issued capital \$ | Accumulated losses \$ | Foreign currency translation reserve \$ | Share-based payment reserve \$ | Other reserves \$ | Total \$ |
|--|----------------------|-----------------------------|---|---|-------------------------|------------------|
| Balance at 1 July 2021 | 44,488,471 | (52,833,047) | 4,934,806 | 6,172,837 | 48,687 | 2,811,754 |
| Loss for the period | - | (718,573) | - | - | - | (718,573) |
| Other comprehensive income/(loss) | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (718,573) | - | - | - | (718,573) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Conversion of convertible notes (note 6) | 800,000 | - | - | - | - | 800,000 |
| Exercise of options (note 8) | 791,914 | - | - | - | - | 791,914 |
| Balance at 31 December 2021 | 46,080,385 | (53,551,620) | 4,934,806 | 6,172,837 | 48,687 | 3,685,095 |
| Balance at 1 July 2020 | 42,303,996 | (51,164,020) | 4,934,806 | 5,711,257 | 48,687 | 1,834,726 |
| Loss for the period | - | (970,771) | - | - | - | (970,771) |
| Other comprehensive income/(loss) | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (970,771) | - | - | - | (970,771) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Issue of share capital | 1,100,000 | - | - | - | - | 1,100,000 |
| Acquisition of Mt Mansbridge Project | 550,000 | - | - | - | - | 550,000 |
| Share issue cost | (300,811) | - | - | - | - | (300,811) |
| Exercise of options | 32,000 | - | - | - | - | 32,000 |
| Share-based payments (note 3) | - | - | - | 487,312 | - | 487,312 |
| Balance at 31 December 2020 | 43,685,185 | (52,134,791) | 4,934,806 | 6,198,569 | 48,687 | 2,732,456 |

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

Red Mountain Mining Ltd and its controlled entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

| | Notes | 31 December 2021 \$ | 31 December 2020 \$ |
|---|-------|---------------------------|---------------------------|
| Operating activities | | | |
| Payments to employees and suppliers | | (686,025) | (785,767) |
| Interest and other finance costs paid | | (5,395) | (7,878) |
| Interest received | | 501 | 739 |
| Sub-lease income received | | 32,500 | 11,000 |
| Payments made for exploration expenditure | | (23,878) | - |
| Net cash (outflow) from operating activities | | <u>(682,297)</u> | <u>(781,906)</u> |
| Investing activities | | | |
| Payments for exploration and evaluation expenditure | | (872,529) | (296,725) |
| Payments made to acquire exploration projects | | - | (350,000) |
| Purchase of financial instruments | | - | (34,000) |
| Proceeds from sale of financial instruments | | - | 246,485 |
| Net cash (outflow) from investing activities | | <u>(872,529)</u> | <u>(434,240)</u> |
| Financing activities | | | |
| Proceeds from issue of shares | | - | 1,100,000 |
| Proceeds from the exercise of options | | 614,254 | 32,000 |
| Share issue costs | | - | (67,153) |
| Repayment of lease liabilities | | (75,374) | (72,304) |
| Proceeds from the issue of convertible notes | | 300,000 | - |
| Net cash inflow from financing activities | | <u>838,880</u> | <u>992,543</u> |
| Net decrease in cash held | | (715,946) | (223,603) |
| Cash at the beginning of period | | <u>1,731,392</u> | <u>1,443,884</u> |
| Cash at the end of period | | <u>1,015,446</u> | <u>1,220,281</u> |

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

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Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2021

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Red Mountain Mining Ltd (the **Company**) is domiciled in Australia.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2021 comprised the Company and its subsidiaries (together referred to as (the **Group**)).

For the purpose of preparing the consolidated financial report, the Group is a for profit entity.

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates.

Statement of compliance

The interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2021 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2021

2 SEGMENT REPORTING

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

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

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

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

3 SHARE-BASED PAYMENTS

| | 31 December 2021 | 31 December 2020 |
|------------------|------------------|------------------|
| | \$ | \$ |
| Listed options | - | 90,000 |
| Unlisted options | - | 397,312 |
| | <u>-</u> | <u>487,312</u> |

(i) Listed options

During the half-year ended 31 December 2021, the Group issued 36,215,540 listed options upon conversion of convertible notes and 32,996,396 listed bonus options upon exercise of listed option on 1 to 3 basis.

During the half-year ended 31 December 2020, 18 million listed options, with an exercise price of \$0.008 and an expiry date of 14 July 2021, were granted. The fair value of each option was \$0.005, being the listed option price on 15 September 2020.

| Option Holder | Number of options | Value |
|---------------|-------------------|---------------------------|
| Lead Manager | 7,000,000 | \$35,000 ⁽ⁱ⁾ |
| Directors | | |
| Jeremy King | 4,000,000 | \$20,000 ⁽ⁱⁱ⁾ |
| Rob Parton | 1,000,000 | \$5,000 ⁽ⁱⁱ⁾ |
| Lincoln Ho | 2,000,000 | \$10,000 ⁽ⁱⁱ⁾ |
| Consultant | 4,000,000 | \$20,000 ⁽ⁱⁱⁱ⁾ |

(ii) Unlisted options

During the half-year ended 31 December 2020, 60 million unlisted options, with an exercise price of \$0.011 and an expiry date of 2 October 2022, were granted. A Black-Scholes model was used to estimate the fair value of the options. The inputs used in the model to value the options were:

| | |
|------------------------|---------|
| Grant date share price | \$0.012 |
| Expected volatility | 102% |
| Dividend yield | 0% |
| Risk free rate | 0.09% |
| Fair value per option | \$0.007 |

| Option Holder | Number of options | Value |
|---------------|-------------------|--------------------------|
| Lead Manager | 30,000,000 | \$198,657 ⁽ⁱ⁾ |

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2021

| | | |
|-------------|------------|---------------------------|
| Directors | | |
| Jeremy King | 15,000,000 | \$99,328 ⁽ⁱⁱ⁾ |
| Lincoln Ho | 10,000,000 | \$66,218 ⁽ⁱⁱ⁾ |
| Consultant | 5,000,000 | \$33,109 ⁽ⁱⁱⁱ⁾ |

⁽ⁱ⁾ Total of \$233,657 included in the Statement of Financial Position as share issue cost.

⁽ⁱⁱ⁾ Total of \$200,546 included in the Statement of Profit or Loss and Other Comprehensive Income as share-based payment expense.

⁽ⁱⁱⁱ⁾ Total of \$53,109 included in the Statement of Profit or Loss and Other Comprehensive Income as consultancy costs expense.

4 EXPLORATION AND EVALUATION EXPENDITURE

The following tables show the movements in exploration and evaluation expenditures.

| | 31 December 2021 | 30 June 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Carrying amount at 1 July | 1,681,251 | - |
| Acquisitions: | | |
| - Mt Maitland Project ⁽ⁱ⁾ | - | 250,000 |
| - Mt Mansbridge Project ⁽ⁱⁱ⁾ | - | 650,000 |
| Additions capitalised during the period | 872,529 | 781,251 |
| Impairment of exploration and evaluation | - | - |
| Carrying amount at end of period | 2,553,780 | 1,681,251 |

(i) On 29 July 2020, the Company acquired a 100% interest in the Mt Maitland Project. \$250,000 in cash was paid to acquire the project.

(ii) On 8 December 2020, shareholder approval was obtained to grant 50,000,000 as part consideration for acquisition of the Mt Mansbridge Project. The fair value of each share was \$0.011, being the share price on the date of approval. In total, \$100,000 in cash was paid and 50,000,000 shares at \$0.011 per share, totalling \$550,000 in shares, was paid to acquire the project.

5 FINANCIAL ASSETS

| | 31 December 2021 | 30 June 2021 |
|--|------------------|--------------|
| | \$ | \$ |
| Financial assets at fair value through profit or loss - Current | | |
| 144,000 (30 June 2021: 144,000) fully paid ordinary shares held in Great Northern Minerals Limited | 864 | 1,584 |
| 1,700,000 (30 June 2021: 1,700,000) fully paid ordinary shares held in Bluebird Merchant Ventures Ltd (LSE: BMV) | 87,042 | 136,213 |
| | 87,906 | 137,797 |

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2021

6 CONVERTIBLE NOTES

| | 31 December 2021 | 30 June 2021 |
|---------------------------|------------------|----------------|
| | \$ | \$ |
| Convertible notes – | | |
| Non-current | | |
| Tranche 1 ⁽ⁱ⁾ | - | 500,000 |
| Tranche 2 ⁽ⁱⁱ⁾ | - | - |
| | <u>-</u> | <u>500,000</u> |

\$800,000 convertible notes, with a face value of \$1, were issued in June and August 2021. The notes had an interest rate of 12% p.a. and expired on 21 June 2023. The notes were repayable in cash or shares. If the conversion was exercised, the number of ordinary shares issued from the conversion of notes would be calculated based on a 20% discount 5 day VWAP. Additionally, a 1 for 3 free attaching option, with an exercise price of \$0.011 and an expiry of 2 October 2022, would be issued to noteholders on conversion.

- (i) \$500,000 convertible notes were issued on 21 June 2021. The notes were converted into 65,789,474 shares during 6 to 8 August 2021. 21,929,825 free attaching options were also issued.
- (ii) \$300,000 convertible notes were issued on 6 August 2021. The notes were converted into 42,857,143 shares on 18 August 2021. 14,285,715 free attaching options were also issued.

7 LOSS PER SHARE

| | 31 December 2021 | 31 December 2020 |
|--|----------------------|----------------------|
| | Cents | Cents |
| Basic and diluted loss per share | <u>(0.05)</u> | <u>(0.09)</u> |
| | | |
| | 31 December 2021 | 31 December 2020 |
| | \$ | \$ |
| Loss used to calculate basic and diluted loss per share | <u>(718,573)</u> | <u>(970,771)</u> |
| | | |
| | Number | Number |
| Weighted average number of shares used in calculating basic and diluted loss per share | <u>1,428,987,327</u> | <u>1,067,709,135</u> |

8 CONTRIBUTED EQUITY

| (a) Issued and fully paid | 31 December 2021 | | 30 June 2021 | |
|---------------------------|----------------------|-------------------|---------------|------------|
| | No. | \$ | No. | \$ |
| Ordinary shares | <u>1,464,458,302</u> | <u>46,080,385</u> | 1,256,822,489 | 44,488,471 |

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

Red Mountain Mining Ltd and its controlled entities

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2021

8 CONTRIBUTED EQUITY (CONTINUED)

(b) Movement reconciliation

| | Number | \$ |
|--|----------------------|-------------------|
| At 1 July 2020 | 938,036,775 | 42,303,996 |
| Issue of Shares - \$0.004 placement | 75,000,000 | 300,000 |
| Issue of Shares - \$0.007 placement | 114,285,714 | 800,000 |
| Exercise of options - \$0.008 per share | 4,000,000 | 32,000 |
| Acquisition of Mt Mansbridge Project (i) | 50,000,000 | 550,000 |
| Issue of Shares - \$0.012 placement | 30,000,000 | 360,000 |
| Issue of Shares - \$0.010 placement | 40,000,000 | 400,000 |
| Shares issued for investor relations services (ii) | 5,500,000 | 82,500 |
| Capital raising costs | - | (340,025) |
| At 30 June 2021 | 1,256,822,489 | 44,488,471 |
| Exercise of listed options - \$0.008 | 98,989,196 | 791,914 |
| Conversion of 500,000 convertible notes to shares @\$0.0076 each | 65,789,474 | 500,000 |
| Conversion of 300,000 convertible notes to shares @\$0.007 each | 42,857,143 | 300,000 |
| At 31 December 2021 | 1,464,458,302 | 46,080,385 |

9 EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2022, the Company announced that it had received firm commitments from institutional and sophisticated investors to raise \$1.6 million (before costs) via a share placement of 177,905,556 fully paid ordinary shares at an issue price of \$0.009 per share. The shares were placed on 4 February 2022.

On 21 February 2022, the Company announced it had acquired 100% of the Nannup Project, a prospective granted exploration tenement south west of the Greenbushes lithium province in Western Australia.

As the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than as discussed above, no other matter or circumstance has arisen subsequent to 31 December 2021 that has significantly affected or may significantly affect the operations or the state of affairs of the Group in future financial years.

10 CONTINGENT LIABILITIES

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

11 COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

12. DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2021. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2021.

Red Mountain Mining Ltd and its controlled entities

Directors' Declaration

In the Directors' opinion:

- a. The consolidated financial statements and notes comply with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors.



Troy Flannery
Non-Executive Director

Perth, Western Australia
Dated this 4th day of March 2022

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red Mountain Mining Ltd which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Mountain Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Mountain Mining Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Mountain Mining Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 4 March 2022

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