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**RAND MINING LTD**  
**(formerly Rand Mining NL)**  
**ABN 41 004 669 658**  
**FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

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**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities  
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## **Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities Directors' Report**

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2010.

### **Directors and Officers**

The names of directors and officers who held office during or since the end of the half-year:

A Billis – Director since 2003

O Demis – Director since 1985

G Sklenka – Director since 2004

R Berzins – Joint Company Secretary since 2009

### **Review of Operations**

#### *East Kundana Joint Venture (Rand's Interest 12.25%)*

Development and production at the Raleigh Underground Mine that commenced on 1 December 2004 continues.

Capital development for the half year totalled 34.2 metres; 27.1 metres for decline development and 7.1 metres for secondary development. By the close of the half year period, development had been extended to a depth of approximately 698 metres below the surface.

Operating development for the half year totalled 2,107.0 metres; 518.8 metres in waste, 1,233.6 metres in ore and 354.6 metres through paste fill.

Mine production during the half year totalled 182,563 tonnes grading 12.7 g/t containing 74,938 ounces of gold, based on grade control estimates. (The previous half year 172,135 tonnes grading 13.5 g/t containing 74,806 ounces of gold were estimated to be mined.) Rand's entitlement of the gold is 9,367 ounces.

A total of 96,361 tonnes (wet) of Rand and Tribune's combined entitlement to Raleigh ore was hauled from the Bed Blend Stockpiles on the ROM pad at the Raleigh Mine to the ROM pad at the Greenfields Plant. A further 23,940 tonnes (wet) previously stored at the Rubicon ROM pad was hauled to the ROM pad at the Greenfields Plant.

Two toll treatment campaigns at the Greenfields Plant, from 12 August 2010 to 9 September 2010 and 7 October 2010 to 22 October 2010, processed 87,527 tonnes of Raleigh ore during the half year. A total of 31,040 ounces of gold and 3,973 ounces of silver were credited to the Rand and Tribune Bullion Accounts.

Rand's share of gold bullion was 7,760 ounces.

Agreements have been executed for the financing and development of the Rubicon project with ANZ and Barrick. The project started in February 2011, with the first cut of the decline on 26 February 2011.

There has been minimal exploration activity as the bulk of the Exploration Budget is committed to the Raleigh Deeps drilling program.

#### *Seven Mile Hill (Rand's Interest 50%)*

These tenements have not been granted and are pending.

#### *Wongan Hills (Rand's Interest 100%)*

A follow-up exploration programme to test previously reported anomalies has been planned and will be undertaken when unrestricted access to the area is available following the harvesting of the current wheat crop.

#### *Option to acquire Taptea Iron Ore Project in Liberia*

During the half-year, the Company announced to shareholders that:

## **Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities Directors' Report**

- Rand has been granted an Option to acquire all of the issued share capital in Iron Resources Limited (based in Ghana, West Africa) ('IRA'), which holds a mineral exploration license over a 600km<sup>2</sup> area located ("Tapeta Iron Ore Project") within the emerging Liberian-Guinean iron ore province, ("Tapeta Iron Ore Project") host to several of West Africa's most important iron ore deposits.
- The Tapeta Iron Ore Project provides an early stage entry into an exciting exploration asset with substantial potential for value creation through early drilling and resource definition.
- The Company is targeting high grade hematite suitable for production of direct shipping ore and medium to high grade magnetite deposits.
- Work completed on the Tapeta Iron Ore Project to date suggests that the total area of iron formation outcrop within the project could exceed 9km<sup>2</sup>.
- Based on the possible outcrop sizes and the disposition of the iron formation, the Tapeta Iron Ore Project has the potential to host a deposit of 'moderate' size on a world scale.
- Completion of the Option agreement and the acquisition of IRA is conditional upon full due diligence satisfactory to Rand, Rand shareholder approval and all regulatory approvals, including Rand complying with any requirements of ASX.
- Consideration for the acquisition of the IRL shares to be paid in the form of the issue of ordinary shares and unlisted options by Rand and the transfer of 8,000,000 fully paid ordinary shares held by Rand in Tribune Resources NL (ASX Code: TBR). Apart from the option payment for the grant of the Option to Rand (being US\$30,000) and the reimbursement to IRL of costs for exploration activities conducted by IRL and due diligence costs incurred by IRL for due diligence activities conducted on behalf of Rand (up to an aggregate of US\$250,000), no cash consideration is to be paid.
- Rand will be one of the few ASX listed companies offering exposure to the iron ore industry in West Africa.

Under the Share Purchase Agreement, the transaction is conditional upon completion of full due diligence satisfactory to Rand and all necessary regulatory and shareholder approvals required to complete the transaction being obtained

### *Change of Entity type and Company Name and amendment to the Constitution*

At the shareholders Annual General Meeting, held on 30 November 2010, the shareholder's approved the change of legal entity corporate structure from that of an No Liability Company to that of a Public Company limited by shares.

As a consequence of this change, the Company name, after being approved, has been changed from Rand Mining NL to Rand Mining Ltd, and the Company constitution amended to reflect these changes.

### *Sale of Assets*

At the Annual general Meeting referred to above, the shareholder's also approved the sale of the Company's assets, being unit 1 and 2 – 49 Melville Parade South Perth. Settlement regarding this sale has commenced and will be completed in the quarter ending 31 March 2011.

### *Deconsolidation of Onslow Resources*

Due to a change in capital of Onslow Resources Ltd ("ORL"), a public company not listed on the ASX, ORL is no longer a wholly owned subsidiary of Rand and hence financial reporting adjustment have been made to reflect this.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities  
Directors' Report**

**Significant Changes During the Period**

During the half-year Rand Mining Ltd's ownership in Onslow Resources Ltd changed from 100% to 6.35%.

**Auditors' Independence Declaration**

The lead auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2010.

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



**A Billis**

Director

Perth

Dated this 15<sup>th</sup> March 2011

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**Auditor's Independence Declaration  
To The Directors of Rand Mining Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rand Mining Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Director – Audit & Assurance

Perth, 15 March 2011

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Consolidated Statement of Comprehensive Income**  
**for the half-year ended 31 December 2010**

|   |                                    | <b>Consolidated</b> |                   |
|---|------------------------------------|---------------------|-------------------|
|   |                                    | <b>31.12.2010</b>   | <b>31.12.2009</b> |
|   |                                    | <b>\$</b>           | <b>\$</b>         |
| <b>Revenue from operating activities</b>  |                                    | 7,031,418           | 8,008,495         |
| Share of profits of equity accounted investment   | 7                                  | 1,489,364           | 1,227,269         |
| Gain on disposal of subsidiary  |                                    | 626,831             | -                 |
| Change in value of inventories  |                                    | 2,707,564           | 1,636,897         |
| Gain/(loss) on bullion loan from Tribune Resources Ltd  |                                    | -                   | (229,922)         |
| Acquisition costs   |                                    | (52,766)            | -                 |
| Impairment on available for sale financial asset  |                                    | (50,804)            | (3,212)           |
| Impairment of mine development costs  |                                    | -                   | (10,812)          |
| Impairment of equity accounted investment   | 7                                  | -                   | (1,754,240)       |
| Loss on disposal of subsidiary  |                                    | -                   | -                 |
| Loss on acquisition   |                                    | -                   | (12,302)          |
| Mining costs  |                                    | (4,796,818)         | (4,136,860)       |
| Employee benefits expense   |                                    | (276,923)           | (233,980)         |
| Exploration costs written off   |                                    | (292,575)           | (225,588)         |
| Depreciation and amortisation expense   |                                    | (1,441,168)         | (1,415,054)       |
| Finance costs   |                                    | (198,696)           | (196,111)         |
| Royalty expense   |                                    | (308,189)           | (276,419)         |
| Administration expenses   |                                    | (547,254)           | (490,802)         |
| Profit/(Loss) before income tax   |                                    | 3,889,984           | 1,887,359         |
| Income tax expense  |                                    | (972,651)           | (957,451)         |
| <b>Profit/(Loss) for the period</b>   |                                    | <b>2,917,333</b>    | <b>929,908</b>    |
| <b>Profit/(Loss) attributable to members of the parent entity</b>                                 |                                    | <b>2,917,333</b>    | <b>929,908</b>    |
| <br>  |                                    |                     |                   |
| <b>Other comprehensive income</b>   |                                    |                     |                   |
| Available-for-sale financial assets   |                                    |                     |                   |
| -   | current year gains (losses)        | 90,076              | 96,863            |
| -   | reclassification to profit or loss | 54,016              | 3,213             |
| <br>  |                                    |                     |                   |
| Share of other comprehensive income of equity accounted investments                               |                                    | 46,698              | 50,015            |
| Income tax relating to components of other comprehensive income                                   |                                    | -                   | (6,601)           |
| <b>Other comprehensive income for the period, net of tax</b>                                      |                                    | <b>190,790</b>      | <b>143,490</b>    |
| <b>Total comprehensive income for the period attributable to the members of the parent entity</b> |                                    | <b>3,108,123</b>    | <b>1,073,398</b>  |
| <br>  |                                    |                     |                   |
| <b>Earnings per share:</b>  |                                    |                     |                   |
| Basic earnings/(loss) per share (cents)   |                                    | 4.79                | 2.29              |
| Diluted earnings/(loss) per share (cents)   |                                    | 4.79                | 2.06              |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**for the half-year ended 31 December 2010**

|                                      | Notes | Consolidated      |                   |
|--------------------------------------|-------|-------------------|-------------------|
|                                      |       | 31.12.2010        | 30.06.2010        |
|                                      |       | \$                | \$                |
| <b>ASSETS</b>                        |       |                   |                   |
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash and cash equivalents            |       | 2,315,691         | 3,507,616         |
| Trade and other receivables          |       | 95,974            | 810,016           |
| Inventories                          | 6     | 10,220,412        | 7,512,849         |
|                                      |       | <u>12,632,077</u> | <u>11,830,481</u> |
| Available for sale asset             | 5     | 890,000           | -                 |
| <b>TOTAL CURRENT ASSETS</b>          |       | <u>13,522,077</u> | <u>11,830,481</u> |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Available for sale financial assets  | 8     | 597,104           | 438,322           |
| Investment in associates             | 7     | 12,821,310        | 11,285,248        |
| Property, plant and equipment        |       | 1,814,092         | 2,900,783         |
| Exploration and evaluation           |       | -                 | 2,927             |
| Mine development                     |       | 4,216,157         | 5,008,870         |
| Deferred tax assets                  |       | 545,328           | 259,881           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <u>19,993,991</u> | <u>19,896,031</u> |
| <b>TOTAL ASSETS</b>                  |       | <u>33,516,068</u> | <u>31,726,512</u> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Trade and other payables             |       | 1,516,223         | 2,906,377         |
| Provisions                           |       | 130,896           | 95,623            |
| Borrowings                           |       | 238,960           | 672,792           |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <u>1,886,079</u>  | <u>3,674,792</u>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Provisions                           |       | 326,573           | 326,573           |
| Deferred tax liability               |       | 1,775,808         | 1,305,662         |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <u>2,102,381</u>  | <u>1,632,235</u>  |
| <b>TOTAL LIABILITIES</b>             |       | <u>3,988,460</u>  | <u>5,307,027</u>  |
| <b>NET ASSETS</b>                    |       | <u>29,527,608</u> | <u>26,419,485</u> |
| <b>EQUITY</b>                        |       |                   |                   |
| Issued capital                       |       | 17,578,448        | 17,578,448        |
| Reserves                             |       | 2,943,526         | 2,752,736         |
| Retained earnings                    |       | 9,005,634         | 6,088,301         |
| <b>TOTAL EQUITY</b>                  |       | <u>29,527,608</u> | <u>26,419,485</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**for the half-year ended 31 December 2010**

**Consolidated**

|   | Share Capital<br>Ordinary | Retained<br>Earnings | Revaluation<br>Reserve | Available-for-<br>sale financial<br>assets | Shareholder<br>Payment<br>Reserve | Total             |
|---|---------------------------|----------------------|------------------------|--|-----------------------------------|-------------------|
| <b>Adjusted Balance at 1.7.2009</b>                             | <b>11,453,559</b>         | <b>1,920,599</b>     | <b>226,282</b>         | <b>619,241</b>                             | <b>1,418,800</b>                  | <b>15,638,481</b> |
| Adjustment for an error in the prior period                     | -                         | 18,735               | -                      | -  | -                                 | 18,735            |
| <b>Adjusted Equity at 1.7.2009</b>                              | <b>11,453,559</b>         | <b>1,939,334</b>     | <b>226,282</b>         | <b>619,241</b>                             | <b>1,418,800</b>                  | <b>15,657,216</b> |
| Profit for the period   | -                         | 929,908              | -                      | -  | -                                 | 929,908           |
| <i>Other comprehensive income:</i>                              |                           |                      |                        |  |                                   |                   |
| Available-for-sale financial assets                             |                           |                      |                        |  |                                   |                   |
| - current year gains (losses)                                   | -                         | -                    | -                      | 96,863                                     | -                                 | 96,863            |
| - reclassification to profit or loss                            | -                         | -                    | -                      | 3,213                                      | -                                 | 3,213             |
| Equity accounted investments                                    | -                         | -                    | -                      | 50,015                                     | -                                 | 50,015            |
| Income tax relating to comprehensive income<br>for the period   | -                         | -                    | -                      | (6,601)                                    | -                                 | (6,601)           |
| <b>Total comprehensive income for the<br/>period</b>            | <b>-</b>                  | <b>929,908</b>       | <b>-</b>               | <b>143,490</b>                             | <b>-</b>                          | <b>1,073,398</b>  |
| <b>Transaction with owners in their capacity<br/>as owners:</b> |                           |                      |                        |  |                                   |                   |
| Transaction costs on share issue                                | (24,448)                  | -                    | -                      | -  | -                                 | (24,448)          |
| <b>Balance at 31.12.2009</b>                                    | <b>11,429,111</b>         | <b>2,869,242</b>     | <b>226,282</b>         | <b>762,731</b>                             | <b>1,418,800</b>                  | <b>16,706,166</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Consolidated Statement of Changes in Equity**  
**for the half-year ended 31 December 2010**

|   | Consolidated              |                      |                        |  |                                   |                   |
|---|---------------------------|----------------------|------------------------|--|-----------------------------------|-------------------|
|   | Share Capital<br>Ordinary | Retained<br>Earnings | Revaluation<br>Reserve | Available-for-<br>sale financial<br>assets | Shareholder<br>Payment<br>Reserve | Total             |
| <b>Balance at 1.7.2010</b>                                      | <b>17,578,448</b>         | <b>6,088,301</b>     | <b>579,843</b>         | <b>754,093</b>                             | <b>1,418,800</b>                  | <b>26,419,485</b> |
| Profit for the period   | -                         | 2,917,333            | -                      | -  | -                                 | 2,917,333         |
| <i>Other comprehensive income:</i>                              | -                         | -                    | -                      | -  | -                                 | -                 |
| Available-for-sale financial assets                             | -                         | -                    | -                      | -  | -                                 | -                 |
| - current year gains (losses)                                   | -                         | -                    | -                      | 90,076                                     | -                                 | 90,076            |
| - reclassification to profit or loss                            | -                         | -                    | -                      | 54,016                                     | -                                 | 54,016            |
| Equity accounted investments                                    | -                         | -                    | -                      | 46,698                                     | -                                 | 46,698            |
| Income tax relating to comprehensive income<br>for the period   | -                         | -                    | -                      | -  | -                                 | -                 |
| <b>Total comprehensive income for the<br/>period</b>            | <b>-</b>                  | <b>2,917,333</b>     | <b>-</b>               | <b>190,790</b>                             | <b>-</b>                          | <b>3,108,123</b>  |
| <b>Transaction with owners in their capacity<br/>as owners:</b> |                           |                      |                        |  |                                   |                   |
| Transaction costs on share issue                                | -                         | -                    | -                      | -  | -                                 | -                 |
| <b>Balance at 31.12.2010</b>                                    | <b>17,578,448</b>         | <b>9,005,634</b>     | <b>579,843</b>         | <b>944,883</b>                             | <b>1,418,800</b>                  | <b>29,527,608</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Consolidated Statement of Cash Flows**  
**for the half-year ended 31 December 2010**

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>31.12.2010</b>   | <b>31.12.2009</b> |
|  | <b>\$</b>           | <b>\$</b>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                     |                   |
| Receipts from customers                              | 6,956,535           | 7,975,305         |
| Payments to suppliers and employees                  | (518,594)           | (547,231)         |
| Production costs                                     | (6,647,872)         | (4,667,222)       |
| Interest received                                    | 71,116              | 33,188            |
| Finance costs  | (85,001)            | (3,922)           |
| Tax instalments paid                                 | (507,318)           | (831,859)         |
|  | <hr/>               | <hr/>             |
| Net cash provided by/(used in) operating activities  | (731,134)           | 1,958,259         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                     |                   |
| Purchase of investments                              | (50,803)            | (1)               |
| Payment for plant & equipment                        | (274,768)           | (699,441)         |
| Mining tenement expenditure                          | (312,842)           | (157,530)         |
| Cash out on deconsolidation of Onslow Resources      | (57,189)            | -                 |
|  | <hr/>               | <hr/>             |
| Net cash used in investing activities                | (695,602)           | (856,972)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                     |                   |
| Loans to other entities                              | (21,189)            | (500)             |
| Proceeds/ (cost) from issue of share capital         | -                   | (24,448)          |
| Proceeds of borrowings                               | 256,000             | 200,000           |
| Repayment of borrowings                              | -                   | -                 |
|  | <hr/>               | <hr/>             |
| Net cash (used in)/provided by financing activities  | 234,811             | 175,052           |
| Net increase/(decrease) in cash held                 | (1,191,925)         | 1,276,339         |
| <b>Cash at the beginning of the financial period</b> | <hr/>               | <hr/>             |
|  | 3,507,616           | 2,357,643         |
| <b>Cash at the end of the financial period</b>       | <hr/>               | <hr/>             |
|  | 2,315,691           | 3,633,982         |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 December 2010**

**NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS**

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB),

The historical cost basis has been used, except for investment properties, land and buildings, derivatives and available-for-sale financial assets which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Rand Mining Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent financial statements, except as follows:

*Revenue Recognition*

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

**NOTE 2: NEW ACCOUNTING POLICIES**

**New or revised Standards and Interpretations that are first effective in the current reporting period**

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Impact of new and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

**AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9**

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurements of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will have no impacts on the Group's financial statements. The Group has yet to decide when to adopt AASB 9.

**Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project**

AASB 2009-5 Introduces amendments to Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statements of cash flows and the classification of leases of land and buildings.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

**AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project**

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 December 2010**

Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters.

The key clarifications include:

- The measurement of non-controlling interests in a business combination;
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 Business Combinations (2008); and
- Transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

**NOTE 3: SEGMENT REPORTING**

The Company has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

**Description of segments**

In order to determine the operating segments, the chief operating decision maker (that being the entire Board of Directors in this instance) have based their strategic decision on reports. The Board has identified two reportable segments.

*Rand Mining Ltd*

This segment includes Rand Mining Ltd, its wholly owned subsidiary Rand Exploration NL which includes investments in associates and the East Kundana Joint Venture operations and gold exploration.

*Onslow Resources Ltd*

This segment is involved in Western Australian mineral exploration other than gold. As at 31 December 2010 Onslow Resources Ltd was no longer a wholly owned subsidiary of Rand Mining Ltd.

**Segment Information**

Segment information provided to the Board of Directors for the half-year ended 31 December 2010 is as follows:

| <b>Half-year ended</b>          | <b>Rand Mining</b> | <b>Onslow</b>        | <b>Consolidated</b> |
|---------------------------------|--------------------|----------------------|---------------------|
| <b>31 December 2010</b>         | <b>Ltd</b>         | <b>Resources Ltd</b> |                     |
|                                 | <b>\$</b>          | <b>\$</b>            | <b>\$</b>           |
| Total segment revenue           | 7,027,474          | 188                  | 7,027,662           |
| Intersegment revenue            | -                  | -                    | -                   |
| Revenue from external customers | 7,027,474          | 188                  | 7,027,662           |
| <b>EBITDA</b>                   | <b>5,676,941</b>   | <b>(221,866)</b>     | <b>5,455,075</b>    |

| <b>Half-year ended</b>          | <b>Rand Mining</b> | <b>Onslow</b>        | <b>Consolidated</b> |
|---------------------------------|--------------------|----------------------|---------------------|
| <b>31 December 2009</b>         | <b>Ltd</b>         | <b>Resources Ltd</b> |                     |
|                                 | <b>\$</b>          | <b>\$</b>            | <b>\$</b>           |
| Total segment revenue           | 8,008,495          | -                    | 8,008,495           |
| Intersegment revenue            | -                  | -                    | -                   |
| Revenue from external customers | 8,008,495          | -                    | 8,008,495           |
| <b>EBITDA</b>                   | <b>3,796,752</b>   | <b>(101,497)</b>     | <b>3,695,255</b>    |

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 December 2010**

The Board of Directors monitors segment performance based on EBITDA. This measure excludes non-recurring expenditure such as restructuring costs and goodwill impairments and also excludes share-based payment expenses.

Reconciliation of EBITDA to profit before income tax is as follows:

|   | <b>Consolidated</b>     |                         |
|---|-------------------------|-------------------------|
|   | <b>2010</b>             | <b>2009</b>             |
|   | <b>\$</b>               | <b>\$</b>               |
| EBITDA  | 5,455,075               | 3,695,255               |
| Intersegment eliminations                           | -                       | -                       |
| Interest revenue                                    | 71,116                  | 33,188                  |
| Finance costs                                       | (195,038)               | (426,033)               |
| Depreciation and amortisation                       | (1,441,168)             | (1,415,054)             |
| Profit before income tax from continuing operations | <u><b>3,889,985</b></u> | <u><b>1,887,356</b></u> |

Finance costs exclude the non-cash interest paid on the gold bullion loan.

Total asset amounts provided to the executive management committee are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and physical location of the assets.

**NOTE 4: CONTINGENT LIABILITIES**

Native title claims have been made with respect to areas which include tenements in which the consolidated entity has interests. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects.

The consolidated entity has the following performance guarantees with the Minister for State Development:

ML15/993 \$55,370.00

ML16/309 \$77,297.50

The total limit of the performance guarantee is \$133,000 of which \$332.50 is unused.

The calculation of the Management Fee as per the Joint Venture Agreement was in dispute for the 30 month period ended 30 June 2010. In accordance with the terms of the Joint Venture Agreement, the dispute was referred to an Independent Expert. The Independent Expert issued his report in October 2010. The Management Fee of approximately \$740,000, which was previously expensed, for the 30 month period ended 30 June 2010 was paid in November 2010.

**NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE**

*Change of Entity type and Company Name and amendment to the Constitution*

At the shareholders Annual General Meeting, held on 30 November 2010, the shareholder's approved the change of legal entity corporate structure from that of an No Liability Company to that of a public Company limited by shares.

As a consequence of this change, the Company name, after being approved, has been changed from Rand Mining NL to Rand Mining Ltd, and the Company constitution amended to reflect these changes.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 December 2010**

*Sale of Assets*

At the Annual general Meeting referred to above, the shareholder's also approved the sale of the Company's assets, being unit 1 and 2 – 49 Melville parade South Perth. Settlement regarding this sale has commenced and will be completed in the quarter ending 31 March 2011.

These assets are recorded as available for sale at 31 December 2010.

*Rubicon Project*

Agreements have been executed for the financing and development of the Rubicon project with ANZ and Barrick. The project started in February 2011, with the first cut of the decline on 26 February 2011.

**NOTE 6: INVENTORIES**

|                           | <b>31 December 10</b>    | <b>30 June 10</b>       |
|---------------------------|--------------------------|-------------------------|
| Ore stockpiles – at cost  | 2,868,537                | 2,629,019               |
| Gold on hand – at cost    | 7,351,875                | 4,708,541               |
| Gold in transit – at cost | -                        | 175,289                 |
|                           | <u><b>10,220,412</b></u> | <u><b>7,512,849</b></u> |

Gold on hand at 31 December 2010 has a net realisable value of \$13,993,159 [30 June 2010: \$11,003,509] measured at a spot rate of \$1,382 [30 June 2010: \$1,452.15].

**NOTE 7: INVESTMENT IN ASSOCIATES**

During the half-year the Company retained its 23.70% interest in Tribune Resources Ltd. This investment is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. The market value of the Company's interest at 31 December 2010 was \$28,378,892.

**Movement in carrying amount:**

|  | <b>31 December 10</b>    | <b>31 December 09</b>   |
|--|--------------------------|-------------------------|
| Carrying amount at the beginning of year         | 11,285,248               | 8,942,928               |
| Share of profit/(loss) after tax                 | 1,489,364                | 1,227,269               |
| Share of increment on revaluation of investments | 46,698                   | 50,015                  |
| Impairment of investment in associate            | -                        | (1,754,240)             |
| Carrying amount at the end of financial period   | <u><b>12,821,310</b></u> | <u><b>8,465,972</b></u> |

**NOTE 8: RELATED PARTY TRANSACTIONS**

During the half-year the joint venture paid \$142,521 in royalties to a director related entity, Lake Grace Exploration Pty Ltd, of which \$17,459 relates to Rand Mining Ltd. Rand Mining Ltd paid \$7,875 in executive accommodation fees and Onslow Resources Ltd paid \$12,000 in administration expenses to Lake Grace Exploration Pty Ltd. Lake Grace Exploration Ltd is a company related to Mr Billis.

**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 December 2010**

**NOTE 8: AVAILABLE FOR SALE FINANCIAL ASSETS**

| Non-Current   | <b>Consolidated</b>   |                   |
|---|-----------------------|-------------------|
|   | <b>31 December 10</b> | <b>30 June 10</b> |
| Balance 1 July  | 438,322               | 526,532           |
| Additions   | 68,706                | -                 |
| Disposals   | (3,212)               | -                 |
| Impairment of available for sale financial asset to profit and loss | (50,803)              | (160,847)         |
| Revaluation to reserve  | 144,091               | 72,637            |
| Balance at end of period  | <b>597,104</b>        | <b>438,322</b>    |

During the half-year, the Company's interest in Onslow Resources Ltd decreased from 100% at 30 June 2010 to 6.35%. As a result the Company recognised a profit on deconsolidation of \$626,831 and accounted for the remaining investment of \$17,902 as an available for sale financial asset.

**NOTE 10: AVAILABLE FOR SALE FINANCIAL ASSETS RESERVE**

|   | <b>Consolidated</b>   |                   |
|---|-----------------------|-------------------|
|   | <b>31 December 10</b> | <b>30 June 10</b> |
| Balance 1 July  | 754,093               | 619,241           |
| Share of revaluation movement for investment in associate – Tribune Resources Ltd | -                     | 62,214            |
| Revaluation to reserve  | 90,076                | (88,209)          |
| Impairment of available to profit and loss  | 54,015                | 160,847           |
| Balance at end of period  | <b>898,184</b>        | <b>754,093</b>    |



**Rand Mining Ltd (formerly Rand Mining NL) ABN 41 004 669 658 and Controlled Entities  
Directors' Declaration**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Rand Mining Ltd ('the Company'):

- (a) The financial statements and notes, as set out on pages 6 to 15, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - (ii) giving a fair and true view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date;
- (b) There are reasonable grounds to believe that Rand Mining Ltd will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to be 'A Billis', written over a faint circular stamp or watermark.

**A Billis**

Dated this 15th day of March 2011

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### **Independent Auditor's Review Report To the Members of Rand Mining Limited**

We have reviewed the accompanying half-year financial report of Rand Mining Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

#### **Directors’ responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 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 2010 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 Rand Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

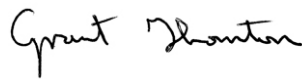
**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**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 Rand Mining Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Director – Audit & Assurance

Perth, 15 March 2011