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Revisions to the proposed acquisition of the Tapeta Iron Ore project, located in Northern Central Liberia, West Africa

Further to previous announcements by Rand Mining Limited (**Rand** or the **Company**) dated 24 December 2010, 25 February, 23 May 2011 and 1 September 2011 relating to Rand's option to acquire Iron Resources Limited (**IRL**) from Resource Capital Limited (**RCL**) (the **Option Agreement**). IRL is the registered holder of an iron ore mineral exploration licence over a 600km² area located within the emerging Liberian-Guinean iron ore province (**Project Area**).

By way of deed of variation, the parties have today agreed to vary the Option Agreement whereby RCL has agreed to extend the term of the option by 12 months to 23 September 2013 (**Expiry Date**) in exchange for Rand paying a non-refundable option fee of USD\$50,000.

All other terms of the Option Agreement remain the same, including the following key terms:

- Rand may exercise the option at any time prior to the Expiry Date by providing written notice to RCL. On exercise of the option, Rand is obliged to transfer 8 million fully paid ordinary shares in Tribune Resources Limited (ASX:TBR) (**Tribune Shares**) to RCL;
- In the event that completion of the acquisition of RCL does not occur, RCL must retransfer the Tribune Shares to Rand forthwith;
- IRL has agreed to grant Rand a licence to access the Project Area during the option period to conduct a drilling programme and all activities associated with the programme;
- Rand is responsible for the costs of the drilling programme. This includes payment of the rent and any minimum expenditure or work obligations required in order to keep the mineral exploration licence in good standing.



Further, the parties have also agreed to vary the terms of the share purchase agreement (which is annexed to the Option Agreement) which will come into effect when Rand exercises the option pursuant to the Option Agreement (**Share Purchase Agreement**). The Share Purchase Agreement has been varied by amending the terms of the Additional Consideration (as defined in the Share Purchase Agreement) to be issued upon satisfaction of the Milestones set out in the Share Purchase Agreement. Accordingly, the terms of the Additional Consideration will be as follows:

- subject to Completion, the Purchaser will issue to the Vendor 72,000,000 Purchaser Shares and 36,000,000 Purchaser Options with an exercise price of AUD\$0.75 each and expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource (as defined in the JORC Code) of greater than 500,000,000 tonnes of iron ore being determined by the Purchaser within the Project Area (**First Milestone**);
- following the First Milestone, the Purchaser will issue to the Vendor a further 72,000,000 Purchaser Shares and 36,000,000 Purchaser Options with an exercise price of AUD\$0.75 each and expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 1,000,000,000 tonnes of iron ore being determined by the Purchaser within the Project Area (**Second Milestone**);
- following the Second Milestone, the Purchaser will issue to the Vendor a further 72,000,000 Purchaser Shares and 36,000,000 Purchaser Options with an exercise price of AUD\$0.75 each and expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 1,500,000,000 tonnes of iron ore being determined by the Purchaser within the Project Area (**Third Milestone**); and
- following the Third Milestone, the Purchaser will issue to the Vendor a further 72,000,000 Purchaser Shares and 36,000,000 Purchaser Options with an exercise price of AUD\$0.75 each and expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 2,000,000,000 tonnes of iron ore being determined by the Purchaser within the Project Area (**Fourth Milestone**).

The only change to the terms of the Additional Consideration is that their respective exercise prices are all now AUD\$0.75. The remaining terms of the Share Purchase Agreement are otherwise unaltered.

A summary of the terms and conditions of the Option Agreement and the Share Purchase Agreement (which incorporates the amendments referred to in this announcement) (**Transaction**) is set out in the Annexure to this announcement.

The cost of the drilling programme and exploration activity on the Project Area and other costs will be initially sourced from current business activities and working capital.

For further information, please contact:

Roland Berzins
Company Secretary



ANNEXURE

SUMMARY OF THE TERMS OF THE TRANSACTION

1. Option and Access Agreement

Under the terms and conditions of an option and access agreement (**Option Agreement**), as varied by the deed of variation, Rand has acquired an option to acquire the entire issued share capital in IRL (**Option**), a wholly owned subsidiary of RCL, from RCL (**Shares**). IRL is the registered holder of a mineral exploration license (**Permit**) over a 599.82km² area located in Northern-Central Liberia, West Africa (**Project Area**). The material terms of the Option and Access Agreement are set out below:

- (a) As consideration for the extension of the option period pursuant to the deed of variation, Rand has agreed to pay a non-refundable option fee of US\$50,000. This is in addition to Rand's payment of US\$100,000 on September 2011 and US\$30,000 made in December 2011 (**Option Consideration**).
- (b) Rand may exercise the Option at any time before 11.59pm on 23 September 2013 (**Option Expiry Date**) by providing written notice to RCL and the parties entering into the share purchase agreement annexed to the Option Agreement (**Share Purchase Agreement**) without delay.
- (c) The Option Agreement shall be terminated upon:
 - (i) completion occurring under the Share Purchase Agreement;
 - (ii) non-exercise of the Option by the Option Expiry Date; and
 - (iii) with immediate effect, if Rand commits a material breach of the Option Agreement.
- (d) IRL is not required to refund the Option Consideration or any of IRL's expenses previously reimbursed by Rand.
- (e) Rand is liable to reimburse IRL for exploration costs and due diligence costs reasonably incurred by IRL on behalf of Rand up to an aggregate of US\$250,000.
- (f) IRL has agreed to grant Rand a licence to access the Project Area during the period of the Option to conduct a drilling programme and all activities associated with the programme including construction of roads or structures on the Project Area (**Access Licence**). The grant of the Access Licence imposes obligations on Rand as though it was the registered holder of the Permit.
- (g) Rand is responsible for the costs of a drilling programme up to US\$2.5 million. This includes payment of the rent and any minimum expenditure or work obligations required in order to keep the Permit in good standing.
- (h) The parties acknowledge that there is a pre-existing royalty arrangement between RCL and IRL in respect of iron ore extracted from the Project Area under a royalty deed which will continue to operate in full force and effect (**Royalty Deed**). The terms of the Option Agreement will be subject to the Royalty Deed and will not affect or interrupt RCL's rights under the Royalty Deed.
- (i) The Option Agreement contains standard warranties, representations and indemnities expected to be included in an agreement of this nature.

2. Share Purchase Agreement

If the Option is exercised then Rand and RCL will acquire the Shares in accordance with the terms and conditions of the Share Purchase Agreement. The key terms of the Share Purchase Agreement, as amended by the deed of variation, are as follows:

- (a) Completion of the sale and purchase of the Shares in IRL is conditional upon and subject to the following conditions being satisfied or waived within 6 months following execution of the Share Purchase Agreement:
- (i) Rand being satisfied with the results of its due diligence investigations;
 - (ii) any shareholder approval that is required by Rand to implement the Transaction as contemplated under the Share Purchase Agreement being obtained;
 - (iii) any shareholder approval that is required by Rand to transfer any part or all of the Tribune Shares (described in paragraph (d)(i) below);
 - (iv) all approvals of any governmental authority being obtained (including ASIC and ASX approvals) which are necessary to implement the Transaction; and
 - (v) RCL receiving a certified copy of any third party consent, or waiver of pre-emptive rights regarding the Shares, required under any contract or otherwise with respect to the acquisition of the Shares by Rand, each of which is unconditional or subject only to conditions acceptable to Rand,
- (together, the **Conditions**).
- (b) If any of the Conditions are not satisfied or waived within 6 months following execution of the Share Purchase Agreement, a party may terminate the agreement and RCL must retransfer the Tribune Shares to Rand.
- (c) The consideration payable by Rand under the Share Purchase Agreement is as follows (**Purchase Consideration**):
- (i) immediately upon the Share Purchase Agreement being entered into, Rand shall transfer 8 million fully paid ordinary shares in Tribune Resources Limited (ASX:TBR) (**Tribune Shares**) to RCL, subject to a holding lock being applied and a security interest granted by RCL in favour of Rand until such time that completion occurs under the agreement. To the extent that Rand is limited or prohibited from transferring all of the Tribune Shares under any law or the ASX Listing Rules then, it is relieved of its obligation to transfer the Tribune Shares to the extent of the limitation or prohibition for the duration of the limitation or prohibition or until Rand obtains all necessary approvals under that law or rule; and
 - (ii) on completion of the Share Purchase Agreement, Rand shall issue RCL:
 - (A) 96,000,000 fully paid ordinary shares in Rand (**Rand Shares**); and
 - (B) 96,000,000 unlisted options to acquire an equal number of fully paid ordinary shares in Rand at an exercise price of \$0.75 each with an expiry date 5 years from the date of issue.
- (d) In addition to the Purchase Consideration, Rand will issue RCL with the following Rand Shares and unlisted options on the occurrence of certain events (**Additional Consideration**):
- (i) 72 million Rand Shares and 36 million unlisted options with an exercise price of \$0.75 each and an expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource (as defined in the JORC Code) of greater than 500 million tonnes of iron ore being determined by Rand on the Project Area;
 - (ii) 72 million Rand Shares and 36 million unlisted options with an exercise price of \$0.75 each and an expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 1 billion tonnes of iron ore being determined by Rand on the Project Area;
 - (iii) 72 million Rand Shares and 36 million unlisted options with an exercise price of \$0.75 each and an expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 1.5 billion tonnes of iron ore being determined by Rand on the Project Area; and

- (iv) 72 million Rand Shares and 36 million unlisted options with an exercise price of \$0.75 each and an expiry date of 5 years from the date of issue, upon an independently calculated Inferred Resource of greater than 2 billion tonnes of iron ore being determined by Rand on the Project Area.
- (e) The parties acknowledge that the Purchase Consideration to be issued and any Additional Consideration may be deemed to be restricted securities as defined by the ASX Listing Rules and will be subject to an escrow period.
- (f) In the event that Rand is subject to a change of control event after completion but before the Fourth Milestone, then Rand will issue the Additional Consideration that remains unissued at the time of the change of control event on an accelerated basis subject to any law or the ASX Listing Rules. To the extent that any law or the ASX Listing Rules limit the number of Additional Consideration that may be issued then, Rand agrees to issue the Additional Consideration on the occurrence of each of Milestone as set out in paragraph (e) above.
- (g) Prior to completion of the Share Purchase Agreement, RCL will procure that IRL will maintain the permit in accordance with all applicable laws of Liberia and comply with the conditions of the permit and not alter its share capital structure in any way or enter into any loan.
- (h) The Share Purchase Agreement contains standard warranties expected to be included in an agreement of this nature.