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Rand Mining NL (ASX Code: RND) granted conditional option to acquire 100% of Tapeta Iron Ore project, located in Northern Central Liberia, West Africa

Highlights

- ***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.***
- ***Rand has been granted an Option to acquire all of the issued share capital in Iron Resources Limited (based in Ghana, West Africa), which holds a mineral exploration license over a 600km² area located within the emerging Liberian-Guinean iron ore province, host to several of West Africa's most important iron ore deposits.***
- ***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^2.***
- ***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.***
- ***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.***

Project Overview

Rand Mining NL (**Rand** or the **Company**) is pleased to announce that it has today entered into a conditional option agreement with Resource Capital Limited (**RCL**) (a company incorporated in the Republic of the Seychelles) and Iron Resources Limited (**IRL**) (a company incorporated in the Republic of Ghana) (**Option Agreement**).

Under the terms and conditions of the Option Agreement, Rand has acquired a six month option (**Option**) to acquire all of the issued share capital in IRL from RCL (**Transaction**). IRL is the registered holder of an iron ore mineral exploration license over a 600km² area which encompasses the Gbi Range (pronounced Bwee) located in Northern-Central Liberia, West Africa (**Project Area**).

The Project Area is located approximately 5km from the township of Tapeta in Nimba County, central Liberia and approximately 220km east of Monrovia, the capital of Liberia.

The Project Area contains an extensive sequence of iron formations located within the emerging Liberian-Guinean iron ore province, host to several of West Africa's most important iron ore deposits, including the world class Simandou deposit (Figure 1).

Figure 1: Schematic diagram showing the location of the Tapeta Iron Project in relation to regional brown and greenfield iron ore development projects.

The property was secured by IRL, through the successful award in July 2008 of mineral exploration license MEL12003, which covers an approximate area of 500km^2. Recent application has seen the area of the license extended by approximately 100km^2.

In common with the other deposits in the region, the Archaean iron formations at Tapeta take the form of magnetite-bearing gneiss known as 'itabirite' and are associated with metavolcano-sedimentary formations, set into a gneissic basement complex. The iron formations are more resistant to erosion than the rest of the gneissic metavolcano-sedimentary sequence and consequently,

following long periods of erosion, tend to be located on the summits of ridges and on the dip slopes of tilted fault blocks.

Work completed on the Tapeta Iron Ore project to date suggests that the total area of iron formation outcrop within the Project Area could exceed 9km^2. The main ridges and target regions identified to date are listed in Table 1 below.

Target Region	Target Name		Approx. Area km^2	Total for Region km^2	Overall Total km^2
North	Little Bwee		0.25	2.7	9.35
	Bwee Ridge		1.5		
	Morris Ridges	Ridge 1	0.3		
		Ridge 2	0.4		
		Ridge 3	0.15		
		Ridge 4	0.1		
Central and South	Giant	Main Outcrop	3.8	6.65	
		West	0.2		
		South	0.35		
	Farr	North	0.6		
		Central	0.7		
		South	1		

Table 1: Interpreted Areas of Iron Formation Outcrop in the Project Area (defined from sampling and in conjunction with LandSat and geophysical data)

In many parts of the Project Area the outcropping itabirite is observed to have been enriched to hematite and goethite. The enrichment appears to be extensive, suggesting that the iron formations may have been regionally enriched by metamorphic processes. Reconnaissance sampling conducted by IRL on the Bwee Ridge in the northwest of the Project Area suggests that grades are moderate to high. Samples collected from the Bwee Ridge averaged 56.8% Fe with most deleterious elements within acceptable ranges (Table 2). IRL is currently assessing additional sample data collected from the Project Area and is planning a maiden drilling programme to assess the most prospective areas of outcrop.

	Fe %	SiO_2 %	P %	S %	Al_2O_3 %	LOI %	Sample Size
Hematite ore, desirable contaminant and grade	>55	<5	<0.1	<0.05	<2	7-10	-
Samples collected from Bwee Ridge (average values)	56.8	3.7	0.1	n/a	3.7	9.7	14

Table 2: Average assay values obtained from reconnaissance sampling conducted on the Bwee Ridge, shown against desirable contaminant and Fe grades for Hematite ore.

The potential tonnage of iron in the Project Area is difficult to estimate at this stage of the work programme due to the lack of data on the thickness of the iron formations and the rugged jungle covered terrain and thick soils that tend to obscure outcrop margins and many of the smaller outcrops. Given the possible outcrop sizes and the disposition of the iron formations, the total tonnage of iron formation within the Project Area is conservatively judged to have the potential to be of 'moderate' size on a world scale. The extensive enrichment of the itabirites could improve the prospectivity of the project as a significant proportion of the iron is likely to be of high grade, and potentially suitable for direct shipping. Much of the interpretive work on the project has been based

on an ultra-high resolution helicopter borne magnetic and radiometric survey completed by IRL in April 2010 which covered 325km² of the original 500km² license area (Figure 2). IRL is continuing its work on refining the geological interpretation and structural model at Tapeta with a view to establishing a global exploration target for the project.

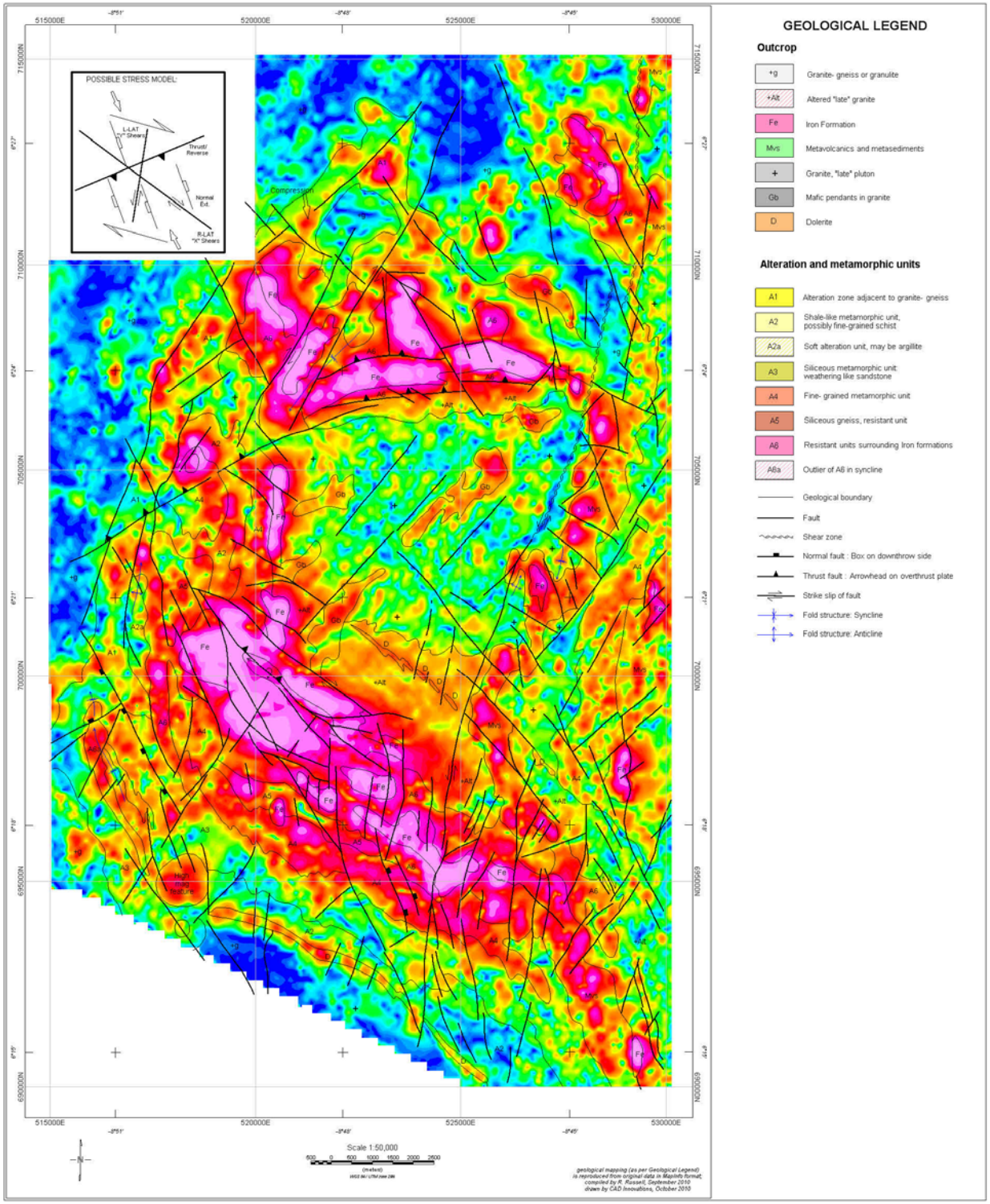

Figure 2: Interpreted solid geology shown over the analytical signal of the total magnetic intensity (survey area = 325km^2)

The main iron formations within the Tapeta Iron Ore project are strategically located within 70km of the Yekepa to Buchanan railway line which connects the iron or mines at Mt Nimba, in the north of the country, to the iron ore exporting port of Buchanan (Figure 3).

The existing rail and associated port infrastructure is controlled by the Liberian government and is currently being utilised by ArcelorMittal (the world's largest steel producer) in its reported bid to recommence production from the iron ore mines at Mt Nimba by July 2011.

Figure 3: Granted iron ore tenure of Liberia, showing location of rail, road and port infrastructure (as at March 2010). Note: The original license area (approximately 500km^2) of the Tapeta Iron Ore project was extended in July 2010 with the grant of a further area (approximately 100km^2) adjoining the south-eastern boundary of the original licence area (see figure above).

Drilling on the Tapeta Iron Ore Project Area to define an initial JORC compliant iron ore resource is anticipated to commence as soon as practicable following the completion of the Transaction.

Iron Resources Limited

IRL was incorporated to apply for the mineral exploration license over the Project Area, conduct exploration activities over the Project Area and operate the Tapeta Iron Ore Project. IRL is incorporated in Ghana, West Africa where it has an office in Accra (the capital of Ghana).

IRL is operated from Perth, Western Australia with its sole shareholder, Resource Capital Limited, incorporated in the Republic of the Seychelles.

IRL is presently assembling a highly experienced team of managers, consultants and professional advisors with a blend of skills and significant depth of Liberian, West African and Australian exploration mining experience.

Conditions to Transaction

If the Option is exercised then Rand and RCL will complete the Transaction on the terms and conditions of a formal share purchase agreement (**Share Purchase Agreement**). Rand anticipates that completion of the Transaction will occur in the first six months of 2011. Following completion, Rand intends to quickly commence a further drilling programme in order to define an initial JORC compliant iron ore resource.

It is proposed that the Share Purchase Agreement will provide, by way of consideration to RCL for the acquisition of all the issued share capital in IRL, that:

(a) Rand issue 96,000,000 fully paid ordinary shares (**Consideration Shares**) to RCL;

(b) Rand issue 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 (**Consideration Options**) to RCL; and

(c) Rand transfer to RCL 8,000,000 fully paid ordinary shares in Tribune Resources NL (ASX Code: TBR) currently held by Rand.

In addition, it is proposed that the Share Purchase Agreement provide for the issue by Rand to RCL of up to an additional 288,000,000 fully paid ordinary shares (**Performance Shares**) and 144,000,000 unlisted options (the unlisted options to be issued with different exercise prices ranging from $1.00 to $1.75 each but all with an expiry date of 5 years from the date of issue) (**Performance Options**) in Rand upon certain performance milestones being achieved and as permitted by ASX. These performance milestones are more particularly described in the table below.

In the event that Rand is subject to a change of control event, then Rand will issue to RCL, on an accelerated basis and as permitted by ASX, a certain proportion of the Performance Shares plus Performance Options.

Rand capital structure following completion of Transaction and satisfaction of Performance Milestones

Performance Milestone	**Number of securities to be issued**	**Total Shares and Options on Issue**
Current (no milestone to be completed)	N/A	1. 60,841,209 fully paid ordinary shares 2. 4,000,000 unlisted options exercisable at

		\$0.60 and expiring on 29 August 2012
Completion of the Transaction	1. 96,000,000 fully paid ordinary shares in Rand 2. 96,000,000 unlisted options to acquire 96,000,000 fully paid ordinary shares in Rand at an exercise price of \$0.75 each and expiry date of 5 years from the date of issue	1. 156,841,209 fully paid ordinary shares 2. 4,000,000 unlisted options exercisable at \$0.60 and expiring on 29 August 2012 3. 96,000,000 unlisted options at an exercise price of \$0.75 each and expiry date of 5 years from the date of issue
An independently calculated Inferred Resource (as defined in the JORC Code) of greater than 500,000,000 tonnes of iron ore being determined within the Project Area (**First Performance Milestone**)	1. 72,000,000 fully paid ordinary shares in Rand 2. 36,000,000 unlisted options to acquire 36,000,000 fully paid ordinary shares in Rand at an exercise price of \$1.00 each and expiry date of 5 years from the date of issue	1. 228,841,209 fully paid ordinary shares 2. 4,000,000 unlisted options exercisable at \$0.60 and expiring on 29 August 2012 3. 96,000,000 unlisted options at an exercise price of \$0.75 each and expiry date of 5 years from the date of issue 4. 36,000,000 unlisted options at an exercise price of \$1.00 each and expiry date of 5 years from the date of issue
An independently calculated Inferred Resource (as defined in the JORC Code) of greater than 1,000,000,000 tonnes of iron ore being determined within the Project Area (**Second Performance Milestone**)	1. 72,000,000 fully paid ordinary shares in Rand 2. 36,000,000 unlisted options to acquire 36,000,000 fully paid ordinary shares in Rand at an exercise price of \$1.25 each and expiry date of 5 years from the date of issue	1. 300,841,209 fully paid ordinary shares 2. 4,000,000 unlisted options exercisable at \$0.60 and expiring on 29 August 2012 3. 96,000,000 unlisted options at an exercise price of \$0.75 each and expiry date of 5 years from the date of issue

		4. 36,000,000 unlisted options at an exercise price of $1.00 each and expiry date of 5 years from the date of issue 5. 36,000,000 unlisted options at an exercise price of $1.25 each and expiry date of 5 years from the date of issue
An independently calculated Inferred Resource (as defined in the JORC Code) of greater than 1,500,000,000 tonnes of iron ore of being determined within the Project Area (**Third Performance Milestone**)	1. 72,000,000 fully paid ordinary shares in Rand 2. 36,000,000 unlisted options to acquire 36,000,000 fully paid ordinary shares in Rand at an exercise price of $1.50 each and expiry date of 5 years from the date of issue	1. 372,841,209 fully paid ordinary shares 2. 4,000,000 unlisted options exercisable at $0.60 and expiring on 29 August 2012 3. 96,000,000 unlisted options at an exercise price of $0.75 each and expiry date of 5 years from the date of issue 4. 36,000,000 unlisted options at an exercise price of $1.00 each and expiry date of 5 years from the date of issue 5. 36,000,000 unlisted options at an exercise price of $1.25 each and expiry date of 5 years from the date of issue 6. 36,000,000 unlisted options at an exercise price of $1.50 each and expiry date of 5 years from the date of issue
An independently calculated Inferred Resource (as defined in the JORC Code) of greater than 2,000,000,000 tonnes of iron	1. 72,000,000 fully paid ordinary shares in Rand 2. 36,000,000 unlisted options to acquire	1. 444,841,209 fully paid ordinary shares 2. 4,000,000 unlisted

ore of being determined within the Project Area (**Fourth Performance Milestone**)	36,000,000 fully paid ordinary shares in Rand at an exercise price of $1.75 each and expiry date of 5 years from the date of issue	options exercisable at $0.60 and expiring on 29 August 2012 3. 96,000,000 unlisted options at an exercise price of $0.75 each and expiry date of 5 years from the date of issue 4. 36,000,000 unlisted options at an exercise price of $1.00 each and expiry date of 5 years from the date of issue 5. 36,000,000 unlisted options at an exercise price of $1.25 each and expiry date of 5 years from the date of issue 6. 36,000,000 unlisted options at an exercise price of $1.50 each and expiry date of 5 years from the date of issue 7. 36,000,000 unlisted options at an exercise price of $1.75 each and expiry date of 5 years from the date of issue

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 including, without limitation:

(a) any shareholder approval to change the nature and scale of Rand's activities in accordance with ASX Listing Rule 11.1.2; and

(b) Rand complying with any requirements of ASX, including the requirements of Chapters 1 and 2 of the Listing Rules and issuing a prospectus, as if Rand were applying for admission to the official list of ASX (as required by ASX Listing Rule 11.1.3).

ASX may impose mandatory escrow provisions upon Rand's issue of the relevant securities to RCL pursuant to the terms and conditions of the Share Purchase Agreement. In addition, Rand will seek appropriate waivers from ASX for the purpose of permitting the issue of the Performance Shares and Performance Options pursuant to the Share Purchase Agreement.

Following completion of the Transaction, Rand intends to fund the working capital requirements of the Tapeta Iron Ore Project from existing working capital and currently does not intend to raise any additional funds either from third parties or from its existing shareholders for this purpose. However, Rand's funding requirements may be subject to change and the directors of Rand reserve Rand's right to raise additional funds if required. If so, Rand will make a further announcement to the market.

Shareholder approval and Listing Rule compliance

If the Option is exercised by Rand, Rand's shareholders will receive a notice of general meeting in due course outlining the resolutions that will be sought at the general meeting to consider the Transaction.

If the Transaction is successfully completed, the nature and scale of Rand's current activities under Chapter 11 of the ASX Listing Rules will be changed from a predominantly Australian gold exploration and producing focussed company to a West African iron ore exploration focussed company. Rand will therefore be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules if the Transaction is approved by shareholders.

At this stage, Rand expects to seek shareholder approval for the following resolutions:

1. for the purposes of ASX Listing Rule 11.1.2, the approval of the Transaction and the approval of the change in the nature and scale of Rand's activities as a result of the Transaction;
2. for the purposes of ASX Listing Rule 7.1, Chapter 2E and section 611, item 7 of the Corporations Act, the approval of the allotment and issue of the Consideration Shares and Consideration Options as consideration for the acquisition of all of the issued share capital of IRL under the Transaction;
3. for the purposes of ASX Listing Rule 7.1, Chapter 2E and section 611, item 7 of the Corporations Act, the approval of the allotment and issue of the Performance Shares and Performance Options upon certain performance milestones being achieved; and
4. any other necessary resolutions to give effect to the Transaction.

The passing of each resolution is subject to the passing of all of them.

As Rand is required to obtain shareholder approval pursuant to Listing Rule 11.1.2, quotation of Rand's securities will be suspended upon the passing of the above resolutions and Rand will be required, pursuant to Listing Rule 11.1.3, to satisfy the requirements of Chapters 1 and 2 of the Listing Rules in order for ASX to lift the suspension.

In accordance with ASX Listing Rule 3.10.3, Rand provides the following further information:

Information required under ASX Listing Rule 3.10.3	**Information provided by Rand**
Class of securities to be issued	1. Ordinary shares in Rand (being the Consideration Shares and Performance Shares). 2. Unlisted options in Rand (being the Consideration Options and Performance Options).

Number of securities to be issued (if known) or maximum number which may be issued	1. 96,000,000 Consideration Shares upon completion of the Transaction. 2. 96,000,000 Consideration Options upon completion of the Transaction. 3. 288,000,000 Performance Shares to be issued following completion of the Transaction upon the satisfaction of certain performance milestones being achieved (as described previously in this announcement). 4. 144,000,000 Performance Options to be issued following completion of the Transaction upon the satisfaction of certain performance milestones being achieved (as described previously in this announcement).
Principal terms of the securities to be issued	1. The Consideration Shares and the Performance Shares will, once issued, rank equally with existing ordinary shares in Rand. 2. The Consideration Options will entitle the Option Holder 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. 3. The Performance Options will entitle the Option Holder to acquire an equal number of fully paid ordinary shares in Rand at an exercise price ranging between $1.00, $1.25, $1.50 and $1.75 each with an expiry date 5 years from the date of issue (as described previously in this announcement).
Issue price or consideration	1. Under the terms and conditions of the Option Agreement, Rand will pay to IRL an option payment of USD$30,000 and provide, on a non refundable basis, up to USD$250,000 to IRL for the purpose of reimbursing IRL for its costs in connection with (i) IRL's exploration

	activities in the Project Area and (ii) IRL's costs in connection with Rand conducting its due diligence on IRL and the Transaction. 2. Under the terms and conditions of the Share Purchase Agreement, Rand will (i) issue to RCL the Consideration Shares, Consideration Options, Performance Shares, Performance Options and (ii) will transfer to RCL 8,000,000 fully paid ordinary shares in Tribune Resources NL (ASX Code: TBR).
Purpose of the issue	The purpose of the issue will be consideration under the Transaction to allow Rand to acquire all of the issued shares in IRL.
Whether the entity will seek security holder approval in relation to the proposed issue of securities	Rand intends to seek shareholder approval to the Transaction.
Whether the issue will be to a class of security holders	The issue will be to RCL pursuant to the terms and conditions of the Share Purchase Agreement.

Indicative Timetable

The indicative timetable for implementing the steps described in this announcement is set out below.

Event	**Indicative Date**
Rand to complete due diligence and exercise Option	By 23 May 2011
Finalise and despatch Notice of Meeting materials Lodge Prospectus	Within 1 month of Rand exercising the Option
General meeting to approve Transaction	Within 2 months of Rand exercising the Option
Complete Transaction	Within 5 Business Days of the General meeting to approve Transaction

The timetable is subject to change and the directors of Rand reserve the right to amend the above indicative timetable at any time.

As soon as Rand's due diligence in connection with the Transaction has been completed, Rand will make a further announcement to the market.

For further information, please contact:

Roland Berzins
Company Secretary

Competent persons: The information in this announcement relating to exploration activities on the Project Area is compiled by Dr Richard Russell who is a member of the Australasian Institute of Mining and Metallurgy. Dr Russell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Russell has consented to the inclusion in this announcement of the information on the Tapeta Iron Ore Project in the form and context represented above.

(Dr) Richard Russell
PhD, MAusIMM.
Principal, R. Russell and Associates Pty Ltd.
24 December 2010.