

# **Rand Mining Limited**

**(Formerly known as Rand Mining NL)**

**ABN 41 004 669 658**

**Annual Report - 30 June 2011**

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Corporate directory**  
**30 June 2011**

|                                  |                                                                                                                                                                                                                            |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors                        | Otakar Demis - Chairman<br>Anthony Billis<br>Gordon Sklenka                                                                                                                                                                |
| Company secretaries              | Otakar Demis<br>Roland Berzins                                                                                                                                                                                             |
| Notice of annual general meeting | The annual general meeting of Rand Mining Limited:<br><br>will be held at<br><div>Kalgoorlie Town Hall<br/>316 Hannan Street<br/>Kalgoorlie WA</div><br>time<br>date<br><div>09:30 AM<br/>Wednesday 30 November 2011</div> |
| Registered office                | Suite G1, 49 Melville Parade<br>South Perth WA 6151<br>Tel: +61 (8) 9474 2113<br>Fax: +61 (8) 9367 9386                                                                                                                    |
| Principal place of business      | Suite G1, 49 Melville Parade<br>South Perth WA 6151<br><br>Correspondence address:<br>PO Box 307<br>West Perth WA 6872                                                                                                     |
| Share register                   | Advanced Share Registry Services Limited<br>150 Stirling Hwy<br>Nedlands WA 6009<br>Tel: +61 (8) 9389 8033<br>Fax: +61 (8) 9389 7871                                                                                       |
| Auditor                          | Grant Thornton Audit Pty Ltd<br>PO Box 570<br>Perth WA 6872                                                                                                                                                                |
| Bankers                          | ANZ Bank<br>77 St George's Terrace<br>Perth WA 6000                                                                                                                                                                        |
| Stock exchange listing           | Rand Mining Limited shares are listed on the Australian Securities Exchange (ASX code: RND)                                                                                                                                |
| Website address                  | <a href="http://www.randmining.com.au">www.randmining.com.au</a>                                                                                                                                                           |

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Review of operations**

**East Kundana Joint Venture**

The East Kundana Joint Venture ('EKJV') is located 25km west north west of Kalgoorlie and 47km north east of Coolgardie.

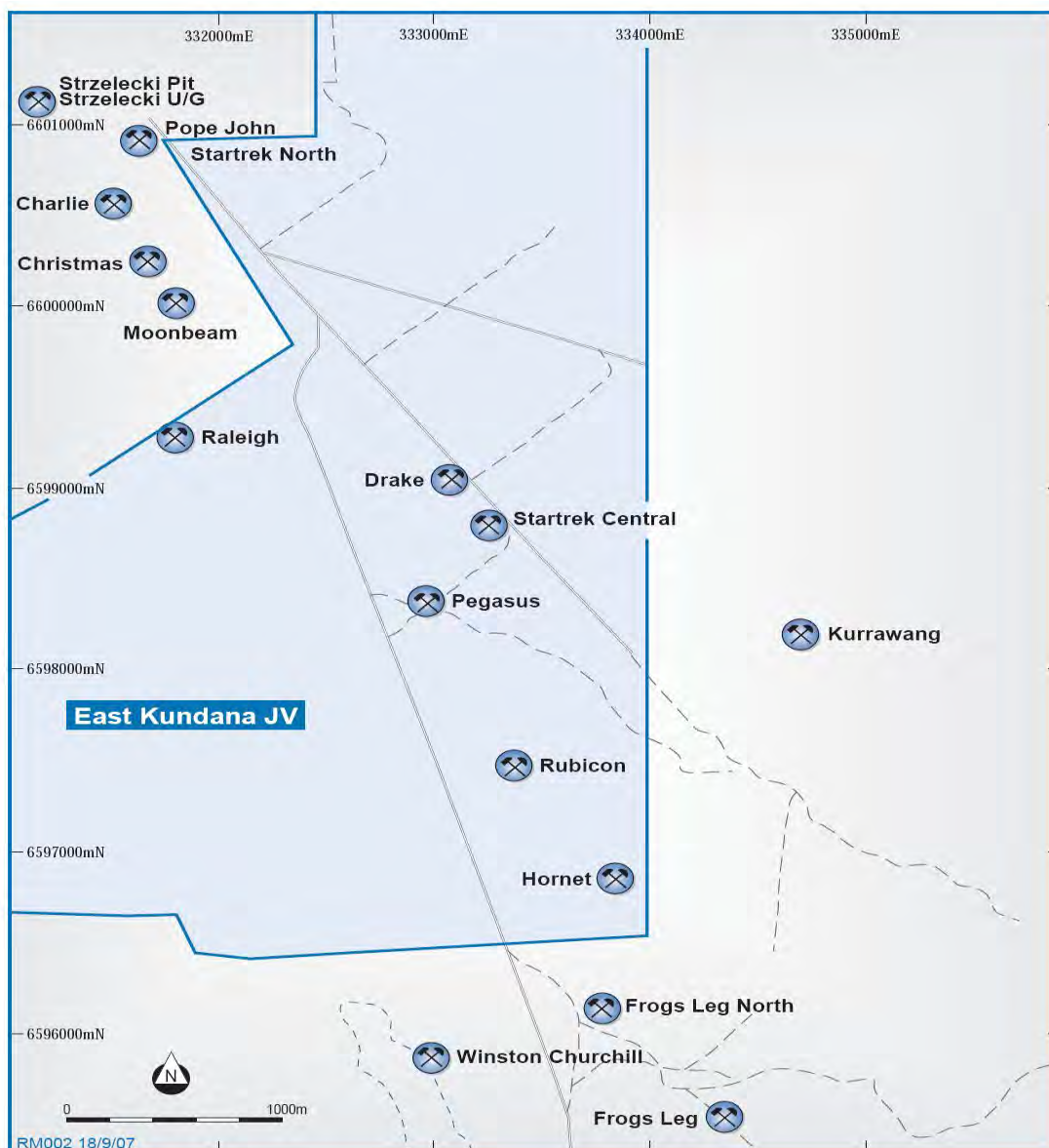
The EKJV is between Rand Mining Limited ('Rand'). (12.25%), Tribune Resources Limited ('Tribune'). (36.75%) and Gilt-Edged Mining NL (51%) a wholly owned subsidiary of Barrick Australia Pacific Limited.



**KUNDANA PROJECT**  
**Location Map**

*Note: The Joint Venture deposits are located within the blue shaded area. Other deposits indicated on this map do not belong to either Rand Mining or the Joint Venture.*

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**EAST KUNDANA JOINT VENTURE**  
**Deposit Locations**

*Note: The Joint Venture deposits are located within the blue shaded area. Other deposits indicated on this map do not belong to either Rand Mining or the Joint Venture.*

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*Mining*

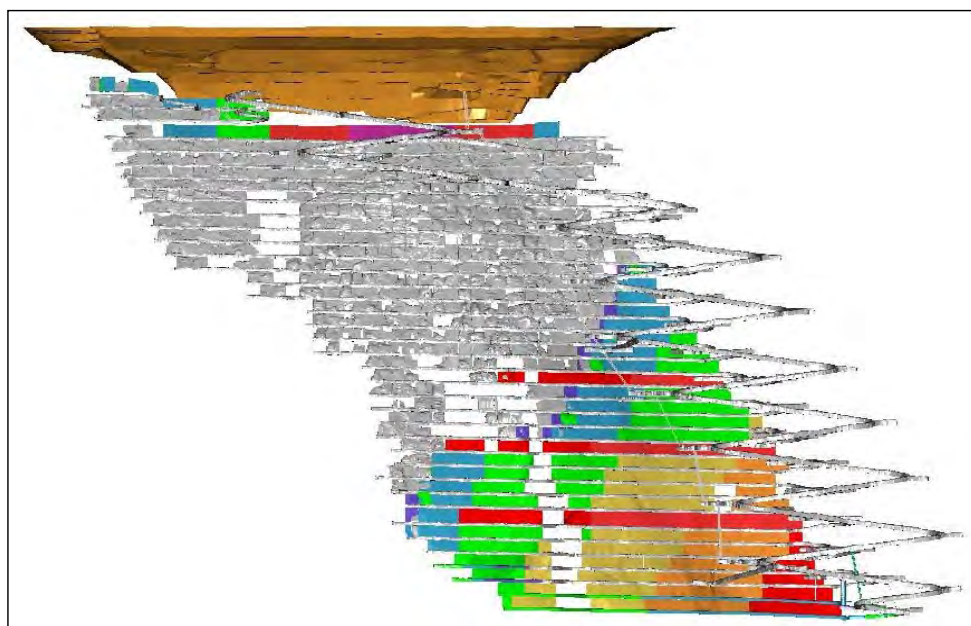
During the year ending 30 June 2011, 323,182 (2010: 339,660) tonnes of ore were extracted from the 6202 to 5705 stopes and development headings spanning 5744 to 5614 levels of the Raleigh Underground mine. The grade was 13.4 g/t, the same grade as in the previous year.

Rand's entitlement to the ore extracted was 40,398 tonnes, compared to 42,458 tonnes the previous year.

| Year                      | Raleigh Production |                |                |
|---------------------------|--------------------|----------------|----------------|
|                           | Mined<br>(t)       | Grade<br>(g/t) | Gold<br>(oz)   |
| 06/07                     | 239,700            | 16.6           | 127,700        |
| 07/08                     | 234,400            | 11.9           | 89,800         |
| 08/09                     | 308,512            | 12.6           | 124,962        |
| 09/10                     | 339,660            | 13.4           | 146,670        |
| <b>10/11</b>              | <b>323,182</b>     | <b>13.4</b>    | <b>139,060</b> |
| <b>RAND'S ENTITLEMENT</b> | <b>40,398</b>      | <b>13.4</b>    | <b>17,382</b>  |

The sequence of stoping and mine development until the end of 2015 in the current LOM plan is shown below, where grey represents all stoping and development completed at 30 June 2011, purple and blue last half of 2011, green 2012, yellow 2013, orange 2014 and red 2015.

The stoping front is advanced at a diagonal to minimise the impact of the high regional stress field at depth.



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*Processing*

During the year ending 30 June 2011, 171,291 tonnes of Rand and Tribune Group's share of EKJV ore was processed in four campaigns at the Greenfields Plant located near Coolgardie.

| <b>Rand and Tribune Group Processing</b> |                  |                  |                  |
|------------------------------------------|------------------|------------------|------------------|
| Campaign                                 | From             | To               | Processed<br>(t) |
| 15                                       | 12 Aug 10        | 09 Sep 10        | 57,408           |
| 16                                       | 07 Oct 10        | 22 Oct 10        | 30,119           |
| 17                                       | 02 Feb 11        | 02 Mar 11        | 54,726           |
| 18                                       | 23 Mar 11        | 06 Apr 11        | 29,038           |
|                                          | <b>01 Jul 10</b> | <b>30 Jun 11</b> | <b>171,291</b>   |
|                                          | 01 Jul 09        | 30 Jun 10        | 184,349          |
|                                          | 01 Jul 08        | 30 Jun 09        | 99,272           |
|                                          | 01 Jul 07        | 30 Jun 08        | 146,531          |
|                                          | 01 Jul 06        | 30 Jun 07        | 101,208          |
|                                          | 01 Jul 05        | 30 Jun 06        | 52,400           |

During the year ending 30 June 2011, 64,716.042 ounces of gold and 8,639.248 ounces of silver were credited to the Rand and Tribune Group Bullion Account.

Rand's share of the gold bullion was 16,179.000 ounces compared to 19,406.036 ounces the previous year.

| <b>Rand and Tribune Group Bullion</b> |                  |                   |                  | <b>Rand's Share</b> |
|---------------------------------------|------------------|-------------------|------------------|---------------------|
| From                                  | To               | Gold<br>(oz)      | Silver<br>(oz)   | Gold<br>(oz)        |
| <b>01 Jul 10</b>                      | <b>30 Jun 11</b> | <b>64,716.042</b> | <b>8,639.248</b> | <b>16,179.000</b>   |
| 01 Jul 09                             | 30 Jun 10        | 77,624            | 12,019           | 19,406              |
| 01 Jul 08                             | 30 Jun 09        | 32,478            | 4,649            | 8,119               |
| 01 Jul 07                             | 30 Jun 08        | 59,638            | 8,048            | 14,909              |
| 01 Jul 06                             | 30 Jun 07        | 49,335            | 6,640            | 12,333              |
| 01 Jul 05                             | 30 Jun 06        | 25,599            | 3,951            | 6,399               |

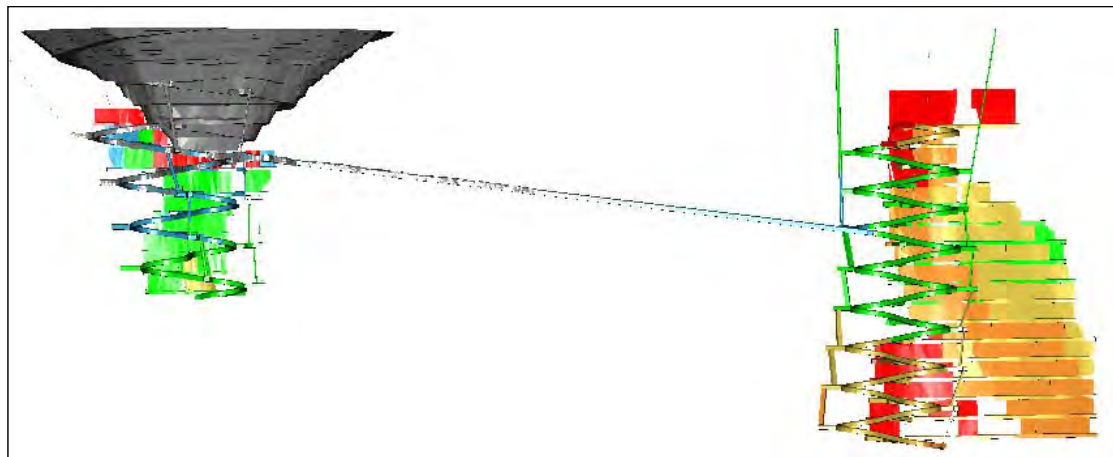


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*Project Development*

The first portal cut of the decline for the Rubicon/Hornet Underground Mine was completed on February 27, 2011. Ore development commenced on August 1.

The sequence of stoping and mine development until the end of 2015 in the current LOM plan is shown below, where grey represents all stoping and development completed at 30 June 2011, blue last half of 2011, green 2012, yellow 2013, orange 2014 and red 2015.



*Exploration*

Minimal regional exploration was performed during the year due to the large commitments on the drilling of the Raleigh Deeps. The Stage 1 results, reported in the March Quarterly Report, indicated that the main ore-body grades decreased rapidly below the 5600 RL hence the infill drilling to convert resources to reserves (Stage 2) has been cancelled.

Three drilling programmes have been recently approved:

- Raleigh – extensional drilling at the south of the ore-body and the final ultra-deep holes to test the down dip extension of the main ore-body,
- Rubicon – drilling designed to progress material below the Rubicon pit from inferred to indicated category,
- Hornet – drilling to test the mineralisation along the Mary Fault.

**Seven Mile Hill (50%)**

Discussions to farm out the Seven Mile Hill tenements are continuing.

**Wongan Hills (100%)**

This project consists of single Exploration Licence located near Wongan Hills in the Wheatbelt of Western Australia. Last year, a reconnaissance exploration programme delineated several anomalies. A follow-up exploration programme has been planned and approved.

**Tapeta Iron Ore Project, Northern Central Liberia, West Africa**

Rand has been granted an Option to acquire all of the issued share capital in Iron Resources Limited, (based in Ghana, West Africa) ('IRL'), a wholly owned subsidiary of Resource Capital Ltd ('RCL'), from RCL. IRL is the registered holder of a mineral exploration license (Permit) over a 599.82km<sup>2</sup> area located in Northern-Central Liberia, West Africa, an emerging Liberian-Guinean iron ore province ('Tapeta Iron Ore project'). 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.

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. Supplementary to the original granting of the option to acquire and subsequent to the 30 June 2011, IRL has agreed to grant Rand a licence to access the Tapeta Iron

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Ore Project Area ('Access Licence') 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 Access Licence.

Consideration for the acquisition of the IRL shares and the licence to assess the permit area is 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 Limited (ASX Code: TBR). Apart from cash consideration for the option and access to licence payments by Rand (being US\$130,000) 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 initial additional cash consideration is to be paid.

By way of consideration to RCL for the acquisition of all the issued share capital in IRL by Rand, as per the Share Purchase Agreement, it is proposed that:

- a) Rand issues 96,000,000 fully paid ordinary shares (Consideration Shares) to RCL;
- b) Rand issues 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 transfers to RCL 8,000,000 fully paid ordinary shares in Tribune Resources Limited 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. These performance milestones are more particularly described in the table below.

|                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Completion of the Transaction                                                                                                                                                                                    | <ol style="list-style-type: none"> <li>1. 96,000,000 fully paid ordinary shares in Rand</li> <li>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</li> </ol> |
| 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 ( <b>First Performance Milestone</b> )       | <ol style="list-style-type: none"> <li>1. 72,000,000 fully paid ordinary shares in Rand</li> <li>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</li> </ol> |
| 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 ( <b>Second Performance Milestone</b> )    | <ol style="list-style-type: none"> <li>1. 72,000,000 fully paid ordinary shares in Rand</li> <li>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</li> </ol> |
| 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 ( <b>Third Performance Milestone</b> )  | <ol style="list-style-type: none"> <li>1. 72,000,000 fully paid ordinary shares in Rand</li> <li>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</li> </ol> |
| An independently calculated Inferred Resource (as defined in the JORC Code) of greater than 2,000,000,000 tonnes of iron ore of being determined within the Project Area ( <b>Fourth Performance Milestone</b> ) | <ol style="list-style-type: none"> <li>1. 72,000,000 fully paid ordinary shares in Rand</li> <li>2. 36,000,000 unlisted options to acquire 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</li> </ol> |

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 and Performance Options.



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In addition:

- (a) Rand may exercise the Option at any time before 11.59pm on 23 September 2012 ('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.
- (b) 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; or
  - (iii) with immediate effect, if Rand commits a material breach of the Option Agreement.
- (c) IRL is not required to refund the Option Consideration or any of IRL's expenses previously reimbursed by Rand.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) The Option Agreement contains standard warranties, representations and indemnities expected to be included in an agreement of this nature.

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 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 (c)(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 back to Rand.

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- (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 ('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;
- (d) 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.
- (e) In the event that Rand is subject to a change of control event after completion but before the Fourth Performance 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 (d) above.
- (f) 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.
- (g) The Share Purchase Agreement contains standard warranties expected to be included in an agreement of this nature.

The completion of the Sale and Purchase is conditional upon full due diligence satisfactory to Rand, Rand shareholder approval and all regulatory approvals, including Rand complying with any requirements of ASX.

Rand will be one of the few ASX listed companies offering exposure to the iron ore industry in West Africa.

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Resources & Reserves

| MINERAL RESOURCES including ORE RESERVES on EKJV LEASES at 30 JUNE 2011 (subject to rounding errors) |             |                |             |                  |             |                |             |                  |             |                  |
|------------------------------------------------------------------------------------------------------|-------------|----------------|-------------|------------------|-------------|----------------|-------------|------------------|-------------|------------------|
|                                                                                                      | ENTITLEMENT | MEASURED       |             | INDICATED        |             | INFERRED       |             | TOTAL RESOURCE   |             |                  |
|                                                                                                      | (%)         | (t)            | Au (g/t)    | (t)              | Au (g/t)    | (t)            | Au (g/t)    | (t)              | Au (g/t)    | Au (oz)          |
| <b>Raleigh Underground</b>                                                                           |             |                |             |                  |             |                |             |                  |             |                  |
| M16/157                                                                                              | 0.0         | 49,000         | 20.1        | 2,000            | 13.5        | 6,000          | 3.8         | 57,000           | 18.2        | 33,336           |
| M15/993                                                                                              | 12.5        | 464,000        | 23.3        | 362,000          | 11.7        | 346,000        | 8.2         | 1,172,000        | 15.3        | 575,647          |
| <b>Hornet Open Pit</b>                                                                               | 12.25       | -              | -           | 169,000          | 3.7         | 3,000          | 1.6         | 172,000          | 3.6         | 20,173           |
| <b>Hornet Underground</b>                                                                            | 12.25       | -              | -           | 464,000          | 13.8        | 242,000        | 11.2        | 706,000          | 12.9        | 292,605          |
| <b>Rubicon Underground</b>                                                                           | 12.25       | -              | -           | 93,000           | 23.1        | 235,000        | 12.3        | 328,000          | 15.3        | 161,820          |
| <b>Pegasus Underground</b>                                                                           | 12.25       | -              | -           | 213,000          | 10.8        | 111,000        | 8.5         | 324,000          | 10.0        | 103,895          |
| <b>Total Mineral Resource on EKJV Leases</b>                                                         |             | <b>513,000</b> | <b>23.0</b> | <b>1,303,000</b> | <b>12.1</b> | <b>943,000</b> | <b>10.0</b> | <b>2,759,000</b> | <b>13.4</b> | <b>1,187,476</b> |
| The Competent Persons' Consents in the form and context in which it appears in the annual report.    |             |                |             |                  |             |                |             |                  |             |                  |

| MINERAL RESOURCES including ORE in MOONBEAM and GREENFIELDS STOCKPILES at 30 JUNE 2011            |                          |               |             |                |             |                |             |                |             |                |
|---------------------------------------------------------------------------------------------------|--------------------------|---------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|
|                                                                                                   | ENTITLEMENT              | MEASURED      |             | INDICATED      |             | INFERRED       |             | TOTAL RESOURCE |             |                |
|                                                                                                   | (%)                      | (t)           | Au (g/t)    | (t)            | Au (g/t)    | (t)            | Au (g/t)    | (t)            | Au (g/t)    | Au (oz)        |
| <b>Moonbeam Stockpile</b>                                                                         | 25.0                     | -             | -           | -              | -           | -              | -           | -              | -           | -              |
| <b>Greenfields Stockpiles</b>                                                                     | 25.0                     | 24,200        | 14.2        | -              | -           | -              | -           | 24,200         | 14.2        | 11,048         |
| <b>Rand's Entitlement</b>                                                                         | EKJV Leases              | 58,000        | 23.3        | 160,278        | 12.1        | 115,648        | 10.0        | 333,925        | 13.3        | 142,821        |
|                                                                                                   | <b>Leases+Stockpiles</b> | <b>64,050</b> | <b>22.4</b> | <b>160,278</b> | <b>12.1</b> | <b>115,648</b> | <b>10.0</b> | <b>339,975</b> | <b>13.3</b> | <b>145,583</b> |
| The Competent Persons' Consents in the form and context in which it appears in the annual report. |                          |               |             |                |             |                |             |                |             |                |

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| ORE RESERVES on EKJV LEASES at 30 JUNE 2011 (subject to rounding errors)                          |             |                |             |                  |            |                   |             |                |
|---------------------------------------------------------------------------------------------------|-------------|----------------|-------------|------------------|------------|-------------------|-------------|----------------|
|                                                                                                   | ENTITLEMENT | PROVED         |             | PROBABLE         |            | PROVED + PROBABLE |             |                |
|                                                                                                   | (%)         | (t)            | Au (g/t)    | (t)              | Au (g/t)   | (t)               | Au (g/t)    | Au (oz)        |
| <b>Raleigh Underground</b>                                                                        |             |                |             |                  |            |                   |             |                |
| M16/157                                                                                           | 0.0         | 47,000         | 11.2        | 3,000            | 7.6        | 50,000            | 10.9        | 17,589         |
| M15/993                                                                                           | 12.5        | 656,000        | 13.7        | 149,000          | 10.2       | 805,000           | 13.1        | 338,373        |
| <b>Hornet Open Pit</b>                                                                            | 12.25       | -              | -           | 165,000          | 3.9        | 165,000           | 3.9         | 20,480         |
| <b>Hornet Underground</b>                                                                         | 12.25       | -              | -           | 704,000          | 8.4        | 704,000           | 8.4         | 189,068        |
| <b>Rubicon Underground</b>                                                                        | 12.25       | -              | -           | 155,000          | 11.9       | 155,000           | 11.9        | 59,314         |
| <b>Pegasus Underground</b>                                                                        | 12.25       | -              | -           | -                | -          | -                 | -           | -              |
| <b>Total Ore Reserve on EKJV Leases</b>                                                           |             | <b>703,000</b> | <b>13.6</b> | <b>1,176,000</b> | <b>8.4</b> | <b>1,879,000</b>  | <b>10.3</b> | <b>624,824</b> |
| The Competent Persons' Consents in the form and context in which it appears in the annual report. |             |                |             |                  |            |                   |             |                |

| ORE RESERVES including ORE in MOONBEAM and GREENFIELDS STOCKPILES at 30 JUNE 2011                 |                            |               |             |                |            |                   |             |               |
|---------------------------------------------------------------------------------------------------|----------------------------|---------------|-------------|----------------|------------|-------------------|-------------|---------------|
|                                                                                                   | ENTITLEMENT                | PROVED        |             | PROBABLE       |            | PROVED + PROBABLE |             |               |
|                                                                                                   | (%)                        | (t)           | Au (g/t)    | (t)            | Au (g/t)   | (t)               | Au (g/t)    | Au (oz)       |
| <b>Rubicon Stockpile</b>                                                                          | 25.0                       | -             | -           | -              | -          | -                 | -           | -             |
| <b>Greenfields Stockpiles</b>                                                                     | 25.0                       | 24,200        | 14.2        | -              | -          | 24,200            | 14.2        | 11,048        |
| <b>Rand's Entitlement</b>                                                                         | EKJV Leases                | 82,000        | 13.7        | 144,065        | 8.4        | 226,065           | 10.4        | 75,232        |
|                                                                                                   | <b>Leases + Stockpiles</b> | <b>88,050</b> | <b>13.8</b> | <b>144,065</b> | <b>8.4</b> | <b>232,115</b>    | <b>10.5</b> | <b>77,994</b> |
| The Competent Persons' Consents in the form and context in which it appears in the annual report. |                            |               |             |                |            |                   |             |               |

Notes to tables:

- The gold price used for Raleigh UG and Hornet Open Pit Resources was US\$1400/oz. The gold price used for Rubicon/Hornet UG Resources was US\$910/oz.
- The gold price used for Raleigh UG, Rubicon/Hornet UG and Hornet Open Pit Reserves was US\$1200/oz.
- Raleigh Ore mined from M15/993 is subject to an Ore Division Agreement whereby the Raleigh Ore is divided equally between Gilt Edged Mining NL (Barrick) and the R&T Group.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Directors' report**  
**30 June 2011**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Rand Mining Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

**Directors**

The following persons were directors of Rand Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Otakar Demis - Chairman  
Anthony Billis  
Gordon Sklenka

**Principal activities**

The principal activities of the consolidated entity during the year were exploration, development and production activities at the consolidated entity's East Kundana Joint Venture tenements.

**Dividends**

There were no dividends paid or declared during the current or previous financial year.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$5,388,317 (30 June 2010: \$4,148,967).

Refer to 'Review of operations' report for detailed commentary which precedes this directors report.

**Significant changes in the state of affairs**

*Change of entity type and company name and amendment to the Constitution*

At the shareholders Annual General Meeting ('AGM'), held on 30 November 2010, the shareholder's approved the change of legal entity corporate structure from that of a 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 Limited, and the company constitution amended to reflect these changes.

*Sale of assets*

At the AGM referred to above, the shareholder's also approved the sale of the company's assets, being units 1 and 2 at 49 Melville Parade, South Perth. Settlement regarding the sale had been completed during the year.

*Deconsolidation of Onslow Resources Ltd*

Due to a change in capital of Onslow Resources Ltd ('ORL'), a public company not listed on the Australian Securities Exchange, ORL is no longer a wholly-owned subsidiary of Rand Mining Limited but is now an investment held-for-sale as Rand Mining Limited's ownership has changed from 100% to 6.35%. These financial statements reflect this discontinued operation.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

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

On 1 September 2011 the company announced the parties agreed to vary the Option and Share Purchase Agreement annexed in the Option Agreement by entering a Deed of Variation.

A summary of the material amendments to the Option and Share Purchase Agreement are set out below:

- Resource Capital Limited ('RCL') agreed to extend the term of the option by 12 months to 23 September 2012 ('Expiry Date') in exchange for the company paying a non-refundable option fee of \$100,000;
- the company may exercise the option at any time prior to the Expiry Date by providing written notice to RCL. On exercise of the option, the company is obliged to transfer 8 million fully paid ordinary shares in Tribune Resources Limited ('Tribune shares') to RCL;
- In the event that completion of the acquisition of RCL does not occur, RCL must retransfer the Tribune Shares back to the company forthwith;
- IRL has agreed to grant the company a licence to access the Project Area during the option period to conduct a drilling programme and all activities associated with the programme;
- the company is responsible for the costs of the drilling program up to \$2.5 million. 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; and
- the remaining terms of the share purchase agreement are otherwise unaltered, including the conditions precedent to completion of the acquisition and the consideration payable to RCL.

A summary of the terms of the Transaction are set out in ASX announcement dated 1 September 2011 on the company's website. Further details are contained in the 'Review of operations' report.

*Ore development*

Ore development commenced at Hornet and Rubicon on 1 August 2011.

*Securing a Clean Energy Future – the Australian Government's Climate Change Plan*

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the consolidated entity as legislation must be voted on and passed by both houses of Parliament. In addition, as the consolidated entity will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

The consolidated entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

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**Environmental regulation**

The consolidated entity is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

***Greenhouse gas and energy data reporting requirements***

The consolidated entity is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the consolidated entity to assess its energy usages, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the consolidated entity intends to take as a result. Due to this Act, the consolidated entity, via its participation in the EKJV has registered with the Department of Resources, Energy and Tourism as a participant entity and reports the results from its assessments.

The National Greenhouse and Energy Reporting Act 2007 require the consolidated entity, via its participation in the EKJV, to report its annual green house gas emissions and energy use. The consolidated entity has previously implemented systems and processes for the collection and calculation of data.

**Information on directors**

|                                             |                                                                                                          |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Name:                                       | Otakar Demis                                                                                             |
| Title:                                      | Executive Chairman and Joint Company Secretary                                                           |
| Experience and expertise:                   | Otakar is a private investor and businessman with several years experience as a director of the company. |
| Other current directorships:                | Executive Chairman and Company Secretary of Tribune Resources Limited (previously Tribune Resources NL)  |
| Former directorships (in the last 3 years): | None                                                                                                     |
| Special responsibilities:                   | None                                                                                                     |
| Interests in shares:                        | 26,629,601 ordinary shares (4,800 directly and 26,624,801 indirectly)                                    |
| Interests in options:                       | 1,000,000 options over ordinary shares (indirectly)                                                      |

|                                             |                                                                                                                                                                                                             |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                       | Anthony Billis                                                                                                                                                                                              |
| Title:                                      | Executive Director                                                                                                                                                                                          |
| Experience and expertise:                   | Anthony has over 26 years experience in gold exploration within the mining industry in Western Australia. He has been involved in the exploration and development of the Kundana project for over 21 years. |
| Other current directorships:                | Executive Director of Tribune Resources Limited (previously Tribune Resources NL)                                                                                                                           |
| Former directorships (in the last 3 years): | None                                                                                                                                                                                                        |
| Special responsibilities:                   | None                                                                                                                                                                                                        |
| Interests in shares:                        | 41,282,848 ordinary shares (14,000 directly and 41,268,848 indirectly)                                                                                                                                      |
| Interests in options:                       | 2,000,000 options over ordinary shares (indirectly)                                                                                                                                                         |



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|                                             |                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                       | Gordon Sklenka                                                                                                                                                                                                                                                                                       |
| Title:                                      | Non-Executive Director                                                                                                                                                                                                                                                                               |
| Qualifications:                             | B.Comm                                                                                                                                                                                                                                                                                               |
| Experience and expertise:                   | Gordon has worked in Chartered Accounting, Stockbroking and Corporate Advisory in both Perth and Sydney and has in excess of 15 years experience in corporate finance in the resources and technology industries predominantly focusing on capital raisings, IPOs, acquisitions and project finance. |
| Other current directorships:                | Non-Executive Director of Tribune Resources Limited (previously Tribune Resources NL), Non-Executive Director of AXG Mining Limited, Non-Executive Director of Advance Energy Ltd, and Non-Executive Director of Kilgore Oil and Gas Ltd                                                             |
| Former directorships (in the last 3 years): | Non-Executive Director of Regal Resources Limited (resigned on 16 June 2009), Non-Executive Director of Vector Resources Limited (resigned on 11 January 2011)                                                                                                                                       |
| Special responsibilities:                   | None                                                                                                                                                                                                                                                                                                 |
| Interests in shares:                        | 26,576,764 ordinary shares (indirectly)                                                                                                                                                                                                                                                              |
| Interests in options:                       | 1,000,000 options over ordinary shares (indirectly)                                                                                                                                                                                                                                                  |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

**Company secretaries**

Roland Berzins (B.Comm, ACPA, FFIN, TA) as joint company secretary has over 20 years experience in the mining industry. He was previously chief accountant for 6 years at Kalgoorlie Consolidated Gold Mines Pty Ltd ('Kalgoorlie Super Pit'). In addition, Roland has worked as a Senior Mining Analyst for the former BHP iron ore division and has worked for the Mt Newman, Koolan and Cockatoo iron ore project. Since 1996 Roland has been company secretary for a variety of ASX listed companies, and has also had experience in retail, merchant banking, venture capital and SME business advisory. Details of Mr Otakar Demis as joint company secretary can be found in the 'Information of directors' section above.

**Meetings of directors**

The number of meetings of the company's Board of Directors held during the year ended 30 June 2011, and the number of meetings attended by each director were:

|           | Full Board |      |
|-----------|------------|------|
|           | Attended   | Held |
| O Demis   | 16         | 18   |
| A Billis  | 18         | 18   |
| G Sklenka | 18         | 18   |

Held: represents the number of meetings held during the time the director held office.

The function of the Nomination and Remuneration Committee was undertaken by the Full Board.

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**Remuneration report (audited)**

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

***A Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. There are no termination or retirement benefits for non-executive directors other than statutory superannuation.

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ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2005, where the shareholders approved an aggregate remuneration of \$160,000.

*Executive remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave.

*Consolidated entity performance and link to remuneration*

Remuneration for certain individuals is directly linked to performance of the consolidated entity and is designed for rewarding executive directors, officers and senior management for their role in achieving corporate objectives and is directly linked to the creation of shareholder value. This incentive is provided under terms and conditions determined at the time of issue by the Board. Refer to section E of the remuneration report for details of the last five years earnings and total shareholders return.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

**B Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Rand Mining Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Rand Mining Limited and the following executives:

- Roland Berzins - Joint Company Secretary
- John Andrews - Manager of Kalgoorlie Operations

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| 2011                                   | Short-term benefits        |             |                      | Post-employment benefits | Long-term benefits       | Share-based payments |                |
|----------------------------------------|----------------------------|-------------|----------------------|--------------------------|--------------------------|----------------------|----------------|
| Name                                   | Cash salary and fees<br>\$ | Bonus<br>\$ | Non-monetary *<br>\$ | Super-annuation<br>\$    | Long service leave<br>\$ | Equity-settled<br>\$ | Total<br>\$    |
| <i>Non-Executive Directors:</i>        |                            |             |                      |                          |                          |                      |                |
| G Sklenka                              | 20,000                     | -           | -                    | -                        | -                        | -                    | 20,000         |
|                                        | <u>20,000</u>              | <u>-</u>    | <u>-</u>             | <u>-</u>                 | <u>-</u>                 | <u>-</u>             | <u>20,000</u>  |
| <i>Executive Directors:</i>            |                            |             |                      |                          |                          |                      |                |
| O Demis                                | 20,000                     | -           | -                    | 1,800                    | -                        | -                    | 21,800         |
| A Billis                               | 75,000                     | -           | 41,672               | 25,000                   | -                        | -                    | 141,672        |
|                                        | <u>95,000</u>              | <u>-</u>    | <u>41,672</u>        | <u>26,800</u>            | <u>-</u>                 | <u>-</u>             | <u>163,472</u> |
| <i>Other Key Management Personnel:</i> |                            |             |                      |                          |                          |                      |                |
| R Berzins                              | 60,000                     | -           | -                    | -                        | -                        | -                    | 60,000         |
| J Andrews                              | 65,000                     | -           | -                    | 25,000                   | -                        | -                    | 90,000         |
|                                        | <u>125,000</u>             | <u>-</u>    | <u>-</u>             | <u>25,000</u>            | <u>-</u>                 | <u>-</u>             | <u>150,000</u> |
|                                        | <u>240,000</u>             | <u>-</u>    | <u>41,672</u>        | <u>51,800</u>            | <u>-</u>                 | <u>-</u>             | <u>333,472</u> |

\* Includes car and housing plus applicable fringe benefits tax payable on benefits

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| 2010                                   | Short-term benefits        |             |                      | Post-employment benefits | Long-term benefits       | Share-based payments |                |
|----------------------------------------|----------------------------|-------------|----------------------|--------------------------|--------------------------|----------------------|----------------|
| Name                                   | Cash salary and fees<br>\$ | Bonus<br>\$ | Non-monetary *<br>\$ | Super-annuation<br>\$    | Long service leave<br>\$ | Equity-settled<br>\$ | Total<br>\$    |
| <i>Non-Executive Directors:</i>        |                            |             |                      |                          |                          |                      |                |
| G Sklenka                              | 20,000                     | -           | -                    | -                        | -                        | -                    | 20,000         |
|                                        | <u>20,000</u>              | <u>-</u>    | <u>-</u>             | <u>-</u>                 | <u>-</u>                 | <u>-</u>             | <u>20,000</u>  |
| <i>Executive Directors:</i>            |                            |             |                      |                          |                          |                      |                |
| O Demis                                | 20,000                     | -           | -                    | 1,800                    | -                        | -                    | 21,800         |
| A Billis                               | 83,501                     | -           | 43,773               | 25,000                   | -                        | -                    | 152,274        |
|                                        | <u>103,501</u>             | <u>-</u>    | <u>43,773</u>        | <u>26,800</u>            | <u>-</u>                 | <u>-</u>             | <u>174,074</u> |
| <i>Other Key Management Personnel:</i> |                            |             |                      |                          |                          |                      |                |
| R Berzins                              | 30,000                     | -           | -                    | -                        | -                        | -                    | 30,000         |
| J Andrews                              | 78,411                     | -           | 8,439                | 25,000                   | -                        | -                    | 111,850        |
|                                        | <u>108,411</u>             | <u>-</u>    | <u>8,439</u>         | <u>25,000</u>            | <u>-</u>                 | <u>-</u>             | <u>141,850</u> |
|                                        | <u>231,912</u>             | <u>-</u>    | <u>52,212</u>        | <u>51,800</u>            | <u>-</u>                 | <u>-</u>             | <u>335,924</u> |

\* Includes car and housing plus applicable fringe benefits tax payable on benefits

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name                                   | Fixed remuneration |      | At risk - STI |      | At risk - LTI |      |
|----------------------------------------|--------------------|------|---------------|------|---------------|------|
|                                        | 2011               | 2010 | 2011          | 2010 | 2011          | 2010 |
| <i>Non-Executive Directors:</i>        |                    |      |               |      |               |      |
| G Sklenka                              | 100%               | 100% | - %           | - %  | - %           | - %  |
| <i>Executive Directors:</i>            |                    |      |               |      |               |      |
| O Demis                                | 100%               | 100% | - %           | - %  | - %           | - %  |
| A Billis                               | 100%               | 100% | - %           | - %  | - %           | - %  |
| <i>Other Key Management Personnel:</i> |                    |      |               |      |               |      |
| R Berzins                              | 100%               | 100% | - %           | - %  | - %           | - %  |
| J Andrews                              | 100%               | 100% | - %           | - %  | - %           | - %  |

There were no cash bonuses paid or forfeited during the financial years ended 30 June 2011 and 30 June 2010.

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**C Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Otakar Demis  
Title: Executive Chairman and Joint Company Secretary  
Term of agreement: Ongoing subject to re-election at Annual General Meetings every 2 years  
Details: Base salary, inclusive of superannuation, for the year ending 30 June 2011 of \$21,800.

Name: Anthony Billis  
Title: Executive Director and Managing Director  
Term of agreement: Ongoing  
Details: Base salary, inclusive of superannuation, for the year ended 30 June 2011 of \$100,000 to be reviewed annually by the board of directors. The company also provides housing and motor vehicle benefits to Mr Billis.

Name: Roland Berzins  
Title: Joint Company Secretary  
Term of agreement: Ongoing  
Details: Base fees, for the year ended 30 June 2011 of \$60,000.

Name: John Andrews  
Title: Manager of Kalgoorlie Operations  
Term of agreement: Ongoing  
Details: Base salary, inclusive of superannuation for the year ended 30 June 2011 of \$90,000 plus motor vehicle benefit.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**D Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

*Options*

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2011.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

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**E Additional information**

*Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performances*

Due to the nature and size of the company and consolidated entity the level of remuneration is aligned with market conditions of persons holding similar positions in similar mining and exploration companies. The level of remuneration is reviewed annually by the Board and the process consists of a review of company and consolidated entity and individual performance, and relevant comparative remuneration in the market.

The earnings of the consolidated entity for the five years to 30 June 2011 are summarised below:

|                         | 2007<br>\$ | 2008<br>\$ | 2009<br>\$ | 2010<br>\$ | 2011<br>\$ |
|-------------------------|------------|------------|------------|------------|------------|
| Revenue                 | 11,137,384 | 13,512,316 | 11,870,317 | 15,173,504 | 13,205,437 |
| EBITDA                  | 4,604,299  | 5,610,585  | 5,675,325  | 9,109,718  | 9,714,778  |
| EBIT                    | 3,151,905  | 5,291,416  | 3,923,234  | 5,830,344  | 8,089,584  |
| Profit after income tax | 1,993,364  | 2,154,654  | 1,721,585  | 4,148,967  | 5,388,317  |

The factors that are considered to affect total shareholders return (TSR) are summarised below:

|                                            | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------------|------|------|------|------|------|
| Share price at financial year end (\$A)    | 0.38 | 0.41 | 0.26 | 0.38 | 0.55 |
| Basic earnings per share (cents per share) | 4.91 | 5.31 | 4.24 | 8.44 | 8.86 |

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of Rand Mining Limited under option at the date of this report are as follows:

| Grant date       | Expiry date    | Exercise price | Number under option |
|------------------|----------------|----------------|---------------------|
| Unlisted options | 29 August 2012 | \$0.60         | 4,000,000           |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**Shares issued on the exercise of options**

There were no shares of Rand Mining Limited issued on the exercise of options during the year ended 30 June 2011.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against liabilities that may arise from an officers' position with the exception of insolvency, conduct involving a wilful breach in relation to the company, or a contravention of section 182 or 183 of the Corporations Act 2001, an entity that is involved in any joint venture or, partnership or enterprise carried on in common with the company, outside directorships, any outside entity or non-profit outside entity or any vehicle or entity established to conduct such joint venture partnership or enterprise. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Rand Mining Limited**  
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**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd**

There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

30 September 2011  
Perth



Grant Thornton Audit Pty Ltd  
ABN 94 269 609 023

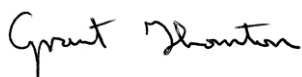
10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

**T** +61 8 9480 2000  
**F** +61 8 9322 7787  
**E** admin.wa@au.gt.com  
**W** www.grantthornton.com.au

**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 audit of Rand Mining Limited for the year ended 30 June 2011, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Director - Audit & Assurance

Perth, 30 September 2011

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of corporate governance**  
**30 June 2011**

The Board of Directors of Rand Mining Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Rand Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

| Principles and Recommendations                                          |                                                                                                                                                                     | Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Comply                                                                                                                                                                   |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b> |                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                          |
| 1.1                                                                     | Establish the functions reserved to the Board of Directors ('Board') of Rand Mining Limited ('Company') and those delegated to manage and disclose those functions. | <p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>The Board has adopted a Delegations of Authority that sets limits of authority for senior executives.</p> <p>On appointment of a Director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.</p> | Has now completed compilation.                                                                                                                                           |
| 1.2                                                                     | Disclose the process for evaluating the performance of senior executives.                                                                                           | Senior executives prepare strategic objectives that are reviewed and signed off by the Board. These objectives must then be met by senior executives as part of their key performance targets. The Chief Executive Officer ('CEO') then reviews the performance of the senior executives against those objectives. The Board reviews the CEO's compliance against his and the Company's objectives. These reviews occur annually.                                                                                                                              | Complies.                                                                                                                                                                |
| 1.3                                                                     | Provide the information indicated in <i>Guide to reporting on Principle 1</i> .                                                                                     | <p>A Board charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>A performance evaluation process is included in the Board Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>The Board conducted a performance evaluation for senior executives in the financial year in accordance with the process above.</p>                                                                                                       | <p>Complies.</p> <p>Complies.</p> <p>Complies.</p>                                                                                                                       |
| <b>Principle 2 – Structure the Board to add value</b>                   |                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                          |
| 2.1                                                                     | A majority of the Board should be independent directors.                                                                                                            | <p>The majority of the Board's directors are not independent as a majority of the Board are either a substantial shareholder or are executive directors of the Company.</p> <p>Gordon Sklenka is a Non-Executive Director, but not independent due to being an indirect</p>                                                                                                                                                                                                                                                                                    | The majority of directors do not comply only due to their indirect share holding as a director of a related entity in the Company, but however the skills and experience |

| Principles and Recommendations |                                                                                                            | Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Comply                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                |                                                                                                            | substantial shareholder.<br><br>Otakar Demis is an Executive Director and not independent as he is an indirect substantial shareholder.<br><br>Anthony Billis is an Executive Director.                                                                                                                                                                                                                                                                             | of both the independent and non-independent directors allow the Board to act in the best interests of shareholders.                                                                                                                                                                                                                               |
| 2.2                            | The Chair should be an independent director.                                                               | Otakar Demis is an Executive Director of the Board.                                                                                                                                                                                                                                                                                                                                                                                                                 | Does not comply. However the skills and experience of Mr Demis allows the Board to act in the best interests of shareholders.                                                                                                                                                                                                                     |
| 2.3                            | The roles of Chair and Chief Executive Officer should not be exercised by the same individual.             | Otakar Demis is the Chairman and Anthony Billis the Chief Executive Officer.                                                                                                                                                                                                                                                                                                                                                                                        | Complies.                                                                                                                                                                                                                                                                                                                                         |
| 2.4                            | The Board should establish a nomination committee.                                                         | The Company has established a Nomination and Remuneration Committee.<br><br>The Board supports the nomination and re-election of the directors at the Company's forthcoming Annual General Meeting.                                                                                                                                                                                                                                                                 | Does not comply. The Board considers that the Company is currently not of a size to justify the formation of a Nomination or Remuneration Committee. The Board as a whole undertakes the process of reviewing the skill base, experience and remuneration of existing directors to enable identification of attributes required in new directors. |
| 2.5                            | Disclose the process for evaluating the performance of the Board, its committees and individual directors. | The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website.<br><br>The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company. | Complies.                                                                                                                                                                                                                                                                                                                                         |
| 2.6                            | Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .                        | This information has been disclosed (where applicable) in the Directors' Report attached to this Corporate Governance Statement.<br><br>Gordon Sklenka is considered an independent director of the Company. A director is considered independent when he substantially satisfies the test for independence as set out in the ASX                                                                                                                                   | Complies.<br><br>The full Board operates the Nomination and Remuneration Committee. In addition, the Board does not                                                                                                                                                                                                                               |

| Principles and Recommendations                                       | Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Comply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                      | <p>Corporate Governance Recommendations.</p> <p>Members of the Board are able to take independent professional advice at the expense of the Company.</p> <p>Otakar Demis, Executive Chairman, was appointed to the Board in November 1985.</p> <p>Anthony Billis, Managing Director and Chief Executive Officer, was appointed to the Board in January 2003.</p> <p>Gordon Sklenka, Non-Executive Director, was appointed to the Board in August 2004.</p> <p>The Company as a whole undertakes the functions normally associated with a Nominations and Remuneration Committee.</p> <p>The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.</p> <p>In accordance with the information suggested in <i>Guide to Reporting on Principle 2</i>, the Company has disclosed full details of its Directors in the Director's Report attached to this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the Company's website.</p> | <p>consist of a majority of independent directors (see 2.1 above) however the skills and experience of both the independent and non-independent directors allow the Board to act in the best interests of shareholders.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Principle 3 – Promote ethical and responsible decision making</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3.1                                                                  | <p>Establish a code of conduct and disclose the code or a summary of the code.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>The Board has adopted a code of conduct and the code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct.</p> <p>The code is available on the Company's website.</p> <p>Complies.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3.2                                                                  | <p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction.</p> <p>The Board will prepare a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for board and senior management positions in the Company, education programs to develop skills and experience in preparation for board and</p> <p>Due to the size and nature of the firm, the Company does not comply however the Board has committed the Company to review and prepare a Diversity Policy that considers all aspects of diversity in accordance with corporate governance guidelines.</p> |

| Principles and Recommendations                                  |                                                                                                                                                                                                                                  | Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comply                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.3                                                             | Provide the information indicated in <i>Guide to reporting on Principle 3</i> .                                                                                                                                                  | <p>senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board, CEO and senior management.</p> <p>On completion and acceptance of a Diversity Policy, the Company will report in each annual report the measurable objectives for achieving gender diversity set by the Board,</p> <p>The Company will include in the Directors' Report the proportion of women employees and their positions held within the Company.</p> | <p>Due to the size and nature of the firm, the Company does not comply however the Board has committed the Company to review and prepare a Diversity Policy that considers all aspects of diversity in accordance with corporate governance guidelines.</p> <p>Does not comply.</p>                             |
| <b>Principle 4 – Safeguard integrity in financial reporting</b> |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                 |
| 4.1                                                             | The Board should establish an audit committee.                                                                                                                                                                                   | The Board believes the Company is not currently of a sufficient size, nor its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the functions normally associated with an audit committee.                                                                                                                                                                                                                                                                    | Does not comply.                                                                                                                                                                                                                                                                                                |
| 4.2                                                             | The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members. | <p>The audit and risk committee did not comply with Recommendation 4.2 in that the committee:</p> <ul style="list-style-type: none"> <li>▪ did not consist of only non-executive directors;</li> <li>▪ did not consist of a majority of independent directors; and</li> <li>▪ was not chaired by an independent chair.</li> </ul>                                                                                                                                                                                                | Does not comply due to the composition of the Board. However, the Board considers the directors to be the most appropriate members to constitute the audit and risk committee given their technical, finance and accounting expertise and broad knowledge of the industry in which the Company operates within. |
| 4.3                                                             | The audit committee should have a formal charter.                                                                                                                                                                                | The Board has not adopted an audit and risk charter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Does not comply. However, the Board considers the directors to be the most appropriate members to constitute the audit and risk committee given their technical, finance and accounting expertise and broad knowledge of the industry in which the Company operates                                             |

| Principles and Recommendations                           |                                                                                                                                                                                                                                                  | Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comply                                                                    |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 4.4                                                      | Provide the information indicated in <i>Guide to reporting on Principle 4</i> .                                                                                                                                                                  | <p>In accordance with the information suggested in <i>Guide to Reporting on Principle 4</i>, this has been disclosed in the Directors' Report attached to this Corporate Governance Statement</p> <p>The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the Company's website.</p> | <p>within, and as such, the full board participates.</p> <p>Complies.</p> |
| <b>Principle 5 – Make timely and balanced disclosure</b> |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |
| 5.1                                                      | Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | <p>The Company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001.</p> <p>This policy is available on the Company's website.</p>                                                                                                                                                                                                                          | Complies.                                                                 |
| 5.2                                                      | Provide the information indicated in the <i>Guide to reporting on Principle 5</i> .                                                                                                                                                              | The Company's continuous disclosure policy is available on the Company's website.                                                                                                                                                                                                                                                                                                                                                                                             | Complies.                                                                 |
| <b>Principle 6 – Respect the rights of shareholders</b>  |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |
| 6.1                                                      | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.                                             | <p>The Company has adopted a shareholder communications policy. The Company uses its website (www.randmining.com.au), annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings.</p> <p>This policy is available on the Company's website.</p>                                                                                                                      | Complies.                                                                 |
| 6.2                                                      | Provide the information indicated in the <i>Guide to reporting on Principle 6</i> .                                                                                                                                                              | The Company's shareholder communications policy is available on the Company's website.                                                                                                                                                                                                                                                                                                                                                                                        | Complies.                                                                 |
| <b>Principle 7 – Recognise and manage risk</b>           |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |
| 7.1                                                      | Establish policies for the oversight and management of material business risks and disclose a summary of these policies.                                                                                                                         | <p>The Company has adopted a risk management statement within the audit and risk committee charter. Board is responsible for managing risk.</p> <p>The risk management policy is available on the Company's website and is summarised in</p>                                                                                                                                                                                                                                  | Complies.                                                                 |

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Corporate Governance Statement**  
**30 June 2011**

| Principles and Recommendations                                                                                                                                                                                                                                                                                                                                                                                                     | Compliance                                                                                                                                                                                                                                                                                                                                                                                                 | Comply           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.</p>                                     | <p>this Corporate Governance Statement.</p> <p>The Company has identified key risks within the business. In the ordinary course of business, management monitor and manage these risks.</p> <p>Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.</p>                                                                                                   | <p>Complies.</p> |
| <p>7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.</p> | <p>The Board has received a statement from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.</p> | <p>Complies.</p> |

| Principles and Recommendations                                                                                                         | Compliance                                                                                                                                                                                                                                                                                                                                                                                                    | Comply                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.4 Provide the information indicated in <i>Guide to reporting on Principle 7</i> .                                                    | <p>The Board has adopted an audit and risk charter which includes a statement of the Company's risk policies.</p> <p>This charter is available on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>The Company has identified key risks within the business and has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer.</p> | Complies.                                                                                                                                                                                                                                                          |
| <b>Principle 8 – Remunerate fairly and responsibly</b>                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                    |
| 8.1 The Board should establish a remuneration committee.                                                                               | <p>The Board has not established a Nomination and Remuneration Committee and has not adopted a remuneration charter.</p> <p>The remuneration committee should :</p> <ul style="list-style-type: none"> <li>▪ consists of a majority of independent directors;</li> <li>▪ be chaired by an independent director; and</li> <li>▪ have three members.</li> </ul>                                                 | Does not comply. The Board considers that the Company is currently not of a size to justify the formation of a Remuneration Committee. The Board as a whole undertakes the process of reviewing the skill base, experience and remuneration of existing directors. |
| 8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | <p>The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. Refer to director's report for information</p> <p>No senior executive is involved directly in deciding their own remuneration.</p>                                                                                                                                                   | Complies.                                                                                                                                                                                                                                                          |
| 8.3 Provide the information indicated in <i>the Guide to reporting on Principle 8</i> .                                                | <p>The Board has adopted a Nomination and Remuneration Committee charter.</p> <p>The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.</p>                                                                                                                                                                                                     | Complies.                                                                                                                                                                                                                                                          |

Rand Mining Limited's corporate governance practices were in place for the financial year ended 30 June 2011 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Rand Mining Limited, refer to our website: [www.randmining.com.au](http://www.randmining.com.au)



### **Board functions**

The role of the Board of Rand Mining Limited is as follows:

- representing and serving the interests of shareholders by overseeing and appraising the strategies, policies and performance of the Company. This includes overseeing the financial and human resources the Company has in place to meet its objectives and the review of management performance;
- protecting and optimising Company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- responsible for the overall Corporate Governance of Rand Mining Limited and its controlled entities, including monitoring the strategic direction of the Company and those entities, formulating goals for management and monitoring the achievement of those goals;
- setting, reviewing and ensuring compliance with the Company's values (including the establishment and observance of high ethical standards);
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the Chief Executive Officer (CEO);
- reviewing procedures in place for appointment of senior management and monitoring of its performance, and for succession planning. This includes ratifying the appointment and the removal of the Chief Financial Officer and the Company Secretary;
- input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing and guiding systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures in place to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards and;
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person subject to ultimate responsibility of the directors under the Corporations Act 2001.

Matters, if applicable, which are specifically reserved for the Board or its committees include the following:

- appointment of a Chair;
- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or as additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- development and review of corporate governance principles and policies;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders and;
- any other specific matters nominated by the Board from time to time.

### **Structure of the Board**

The Company's constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to the terms of the constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the company constitution.

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. It is intended that the Board should comprise a majority of independent Non-Executive Directors and comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. It is also intended that the Chair should be an independent Non-Executive Director. The Board regularly reviews the independence of each director in light of the interests disclosed to the Board.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board will review the independence of each director in light of interests disclosed to the Board, including their participation in board activities associated with related entities, from time to time.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Rand Mining Limited are considered to be independent:

| <b>Name</b>    | <b>Position</b>        |
|----------------|------------------------|
| Gordon Sklenka | Non-Executive Director |

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The appointment date of each director in office at the date of this report is as follows:

| <b>Name</b>    | <b>Position</b>              | <b>Appointment Date</b>   |
|----------------|------------------------------|---------------------------|
| Otakar Demis   | Executive Director, Chairman | Appointed 26 July 1990    |
| Anthony Billis | Executive Director           | Appointed 22 January 2003 |
| Gordon Sklenka | Non-Executive Director       | Appointed 16 August 2004  |

Further details on each director can be found in the Directors' Report attached to this Corporate Governance Statement.

### **Securities trading policy**

Under the Company's Guidelines for Dealing in Securities Policy, directors, officers and employees of the Company should not trade in the Company's securities when he or she is in possession of price sensitive information that is not generally available to the market.

Directors and senior management are likely to be in possession of unpublished price sensitive information concerning the Company by virtue of their position within the Company. Therefore those persons are restricted from dealing in the Company's securities in the thirty day period immediately preceding the release of price sensitive information to the ASX (Non-Trading Period).

In addition, directors, officers and employees can only deal in the Company's securities after having first obtained clearance from the Company, and must notify the Company Secretary when a trade has occurred.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company within five business days of the transaction taking place.

The Securities Trading Policy has been issued to ASX and can be found on the Company's website

### **Audit and Risk Committee**

The Board recommends, subject to the Company being of the size and nature to warrant the establishment of a select committee, establishing an Audit and Risk Committee which would operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. The full Board deputises for the Audit and Risk Committee in the interim period. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators

### **Risk**

The responsibility of overseeing risk falls within the charter of the Audit and Risk Committee. The Company identifies areas of risk within the Company and management and the Board continuously undertake a risk assessment of the Company's operations, procedures and processes. The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.

The full board deputises for the Audit and Risk Committee in the interim period.

### **CEO and CFO certification**

The Chief Executive Officer and Chief Financial Officer have given a written declaration to the Board required by section 295A of the Corporations Act 2001 that in their view:

- the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

### **Performance**

The performance of the Board and key Executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, Directors will provide written feedback in relation to the performance of the Board against a set of agreed criteria.

- Feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board
- The Chief Executive Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

### **Remuneration**

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share in the success of Rand Mining Limited.

For a more comprehensive explanation of the Company's remuneration framework and the remuneration received by directors and key executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive (or executive) directors.

The Nomination and Remuneration Committee, currently undertaken by the Full Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Chief Executive Officer and Executive team.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Financial report**  
**For the year ended 30 June 2011**

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**General information**

The financial report covers Rand Mining Limited as a consolidated entity consisting of Rand Mining Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Rand Mining Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Rand Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite G1, 49 Melville Parade  
South Perth WA 6151

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2011. The directors have the power to amend and reissue the financial report.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of comprehensive income**  
**For the year ended 30 June 2011**

|                                                                                                       | <b>Note</b> | <b>Consolidated<br/>2011<br/>\$</b> | <b>2010<br/>\$</b> |
|-------------------------------------------------------------------------------------------------------|-------------|-------------------------------------|--------------------|
| <b>Revenue from continuing operations</b>                                                             | 4           | 13,205,248                          | 15,173,060         |
| Share of profits of associates accounted for using the equity method                                  | 5           | 2,941,169                           | 3,277,570          |
| Other income                                                                                          | 6           | 84,056                              | -                  |
| <b>Expenses</b>                                                                                       |             |                                     |                    |
| Changes in inventories                                                                                |             | 4,699,962                           | 4,108,576          |
| Employee benefits expense                                                                             |             | (540,764)                           | (433,268)          |
| Management fees                                                                                       |             | (361,085)                           | (352,690)          |
| Depreciation and amortisation expense                                                                 | 7           | (1,624,882)                         | (3,277,224)        |
| Impairment of available-for-sale assets                                                               |             | (75,804)                            | (160,847)          |
| Impairment of exploration and evaluation                                                              |             | (215,447)                           | (347,052)          |
| Impairment of mine development                                                                        |             | -                                   | (72,368)           |
| Impairment of equity accounted investments                                                            |             | -                                   | (1,754,240)        |
| Administration expenses                                                                               |             | (731,724)                           | (425,564)          |
| Loss on acquisition                                                                                   |             | -                                   | (12,302)           |
| Mining expenses                                                                                       |             | (7,124,747)                         | (6,368,809)        |
| Processing expenses                                                                                   |             | (1,926,669)                         | (1,996,287)        |
| Royalty expenses                                                                                      |             | (640,573)                           | (696,870)          |
| Bad debt expense                                                                                      |             | -                                   | (924)              |
| Finance costs                                                                                         | 7           | (94,745)                            | (448,497)          |
| <b>Profit before income tax expense from continuing operations</b>                                    |             | 7,593,995                           | 6,212,264          |
| Income tax expense                                                                                    | 8           | (2,664,456)                         | (1,622,421)        |
| Profit after income tax expense from continuing operations                                            |             | 4,929,539                           | 4,589,843          |
| Profit/(loss) after income tax (expense)/benefit from discontinued operations                         | 9           | 458,778                             | (440,876)          |
| <b>Profit after income tax expense for the year attributable to the owners of Rand Mining Limited</b> | 29          | 5,388,317                           | 4,148,967          |
| <b>Other comprehensive income</b>                                                                     |             |                                     |                    |
| Gain on revaluation of land and buildings                                                             |             | -                                   | 380,000            |
| Available-for-sale financial assets - current year losses                                             |             | (58,770)                            | (88,209)           |
| Available-for-sale financial assets - reclassification to profit or loss                              |             | 79,015                              | 160,847            |
| Share of other comprehensive income of associates and joint ventures                                  |             | 52,517                              | 62,214             |
| Tax movement on disposal of land and buildings                                                        |             | 127,694                             | -                  |
| Income tax relating to other comprehensive income                                                     |             | -                                   | (26,439)           |
| Other comprehensive income for the year, net of tax                                                   |             | 200,456                             | 488,413            |
| <b>Total comprehensive income for the year attributable to the owners of Rand Mining Limited</b>      |             | <u>5,588,773</u>                    | <u>4,637,380</u>   |

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

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of comprehensive income**  
**For the year ended 30 June 2011**

|                                                                                                          |             | <b>Consolidated</b> |              |
|----------------------------------------------------------------------------------------------------------|-------------|---------------------|--------------|
|                                                                                                          | <b>Note</b> | <b>2011</b>         | <b>2010</b>  |
|                                                                                                          |             | <b>\$</b>           | <b>\$</b>    |
|                                                                                                          |             | <b>Cents</b>        | <b>Cents</b> |
| <b>Earnings per share from continuing operations attributable to the owners of Rand Mining Limited</b>   |             |                     |              |
| Basic earnings per share                                                                                 | 45          | 8.10                | 9.34         |
| Diluted earnings per share                                                                               | 45          | 8.10                | 9.34         |
| <b>Earnings per share from discontinued operations attributable to the owners of Rand Mining Limited</b> |             |                     |              |
| Basic earnings per share                                                                                 | 45          | 0.75                | (0.90)       |
| Diluted earnings per share                                                                               | 45          | 0.75                | (0.90)       |
| <b>Earnings per share for profit attributable to the owners of Rand Mining Limited</b>                   |             |                     |              |
| Basic earnings per share                                                                                 | 45          | 8.86                | 8.44         |
| Diluted earnings per share                                                                               | 45          | 8.86                | 8.44         |

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

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of financial position**  
**As at 30 June 2011**

|                                                   |             | <b>Consolidated</b> |                   |
|---------------------------------------------------|-------------|---------------------|-------------------|
|                                                   | <b>Note</b> | <b>2011</b>         | <b>2010</b>       |
|                                                   |             | <b>\$</b>           | <b>\$</b>         |
| <b>Assets</b>                                     |             |                     |                   |
| <b>Current assets</b>                             |             |                     |                   |
| Cash and cash equivalents                         | 10          | 2,625,332           | 3,507,616         |
| Trade and other receivables                       | 11          | 634,661             | 185,502           |
| Inventories                                       | 12          | 12,212,809          | 7,512,849         |
| Income tax refund due                             | 13          | -                   | 624,514           |
| Total current assets                              |             | <u>15,472,802</u>   | <u>11,830,481</u> |
| <b>Non-current assets</b>                         |             |                     |                   |
| Investments accounted for using the equity method | 14          | 14,278,934          | 11,285,248        |
| Available-for-sale financial assets               | 15          | 473,259             | 438,322           |
| Property, plant and equipment                     | 16          | 2,926,420           | 2,900,783         |
| Exploration and evaluation                        | 17          | 28,813              | 2,927             |
| Mine development                                  | 18          | 5,251,864           | 5,008,870         |
| Deferred tax                                      | 19          | 393,377             | 259,881           |
| Total non-current assets                          |             | <u>23,352,667</u>   | <u>19,896,031</u> |
| <b>Total assets</b>                               |             | <u>38,825,469</u>   | <u>31,726,512</u> |
| <b>Liabilities</b>                                |             |                     |                   |
| <b>Current liabilities</b>                        |             |                     |                   |
| Trade and other payables                          | 20          | 2,169,454           | 2,045,334         |
| Borrowings                                        | 21          | -                   | 672,792           |
| Income tax                                        | 22          | 781,377             | 861,043           |
| Provisions                                        | 23          | 152,946             | 95,623            |
| Total current liabilities                         |             | <u>3,103,777</u>    | <u>3,674,792</u>  |
| <b>Non-current liabilities</b>                    |             |                     |                   |
| Borrowings                                        | 24          | 1,275,000           | -                 |
| Deferred tax                                      | 25          | 2,098,755           | 1,305,662         |
| Provisions                                        | 26          | 344,700             | 326,573           |
| Total non-current liabilities                     |             | <u>3,718,455</u>    | <u>1,632,235</u>  |
| <b>Total liabilities</b>                          |             | <u>6,822,232</u>    | <u>5,307,027</u>  |
| <b>Net assets</b>                                 |             | <u>32,003,237</u>   | <u>26,419,485</u> |
| <b>Equity</b>                                     |             |                     |                   |
| Contributed equity                                | 27          | 17,573,427          | 17,578,448        |
| Reserves                                          | 28          | 2,245,655           | 2,752,736         |
| Retained profits                                  | 29          | 12,184,155          | 6,088,301         |
| <b>Total equity</b>                               |             | <u>32,003,237</u>   | <u>26,419,485</u> |

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



**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of changes in equity**  
**For the year ended 30 June 2011**

|                                                                  | <b>Contributed<br/>equity<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total<br/>equity<br/>\$</b> |
|------------------------------------------------------------------|--------------------------------------|------------------------|------------------------------------|--------------------------------|
| <b>Consolidated</b>                                              |                                      |                        |                                    |                                |
| Balance at 1 July 2009                                           | 11,453,559                           | 2,264,323              | 1,939,334                          | 15,657,216                     |
| Other comprehensive income<br>for the year, net of tax           | -                                    | 488,413                | -                                  | 488,413                        |
| Profit after income tax<br>expense for the year                  | -                                    | -                      | 4,148,967                          | 4,148,967                      |
| Total comprehensive income<br>for the year                       | -                                    | 488,413                | 4,148,967                          | 4,637,380                      |
| <i>Transactions with owners in<br/>their capacity as owners:</i> |                                      |                        |                                    |                                |
| Contributions of equity                                          | 6,489,727                            | -                      | -                                  | 6,489,727                      |
| Less: transaction costs on<br>shares issued                      | (364,838)                            | -                      | -                                  | (364,838)                      |
| Balance at 30 June 2010                                          | <u>17,578,448</u>                    | <u>2,752,736</u>       | <u>6,088,301</u>                   | <u>26,419,485</u>              |
|                                                                  | <b>Contributed<br/>equity<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total<br/>equity<br/>\$</b> |
| <b>Consolidated</b>                                              |                                      |                        |                                    |                                |
| Balance at 1 July 2010                                           | 17,578,448                           | 2,752,736              | 6,088,301                          | 26,419,485                     |
| Other comprehensive income<br>for the year, net of tax           | -                                    | (507,081)              | 707,537                            | 200,456                        |
| Profit after income tax<br>expense for the year                  | -                                    | -                      | 5,388,317                          | 5,388,317                      |
| Total comprehensive income<br>for the year                       | -                                    | (507,081)              | 6,095,854                          | 5,588,773                      |
| <i>Transactions with owners in<br/>their capacity as owners:</i> |                                      |                        |                                    |                                |
| Transaction costs on shares<br>issued                            | (5,021)                              | -                      | -                                  | (5,021)                        |
| Balance at 30 June 2011                                          | <u>17,573,427</u>                    | <u>2,245,655</u>       | <u>12,184,155</u>                  | <u>32,003,237</u>              |

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

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Statement of cash flows**  
**For the year ended 30 June 2011**

|                                                                  |             | <b>Consolidated</b>     |                         |
|------------------------------------------------------------------|-------------|-------------------------|-------------------------|
|                                                                  | <b>Note</b> | <b>2011</b>             | <b>2010</b>             |
|                                                                  |             | <b>\$</b>               | <b>\$</b>               |
| <b>Cash flows from operating activities</b>                      |             |                         |                         |
| Receipts from customers                                          |             | 13,055,523              | 15,083,349              |
| Payments to suppliers and employees                              |             | (11,824,685)            | (9,334,549)             |
| Interest received                                                |             | 139,669                 | 90,155                  |
| Interest and other finance costs paid                            |             | (244,449)               | (4,837)                 |
| Income taxes paid                                                |             | (626,614)               | (1,196,262)             |
| Net cash from operating activities                               | 43          | <u>499,444</u>          | <u>4,637,856</u>        |
| <b>Cash flows from investing activities</b>                      |             |                         |                         |
| Payments for investments                                         |             | (75,804)                | (1)                     |
| Payments for property, plant and equipment                       | 16          | (1,449,669)             | (773,907)               |
| Payments for intangibles                                         | 17          | (381,209)               | (2,809,253)             |
| Payments for mine development                                    |             | (1,182,827)             | -                       |
| Proceeds from sale of property, plant and equipment              |             | <u>890,000</u>          | <u>-</u>                |
| Net cash used in investing activities                            |             | <u>(2,199,509)</u>      | <u>(3,583,161)</u>      |
| <b>Cash flows from financing activities</b>                      |             |                         |                         |
| Proceeds from issue of shares                                    | 27          | -                       | 634,720                 |
| Share issue transaction costs                                    |             | -                       | (364,838)               |
| Loans by other entities                                          |             | (495,607)               | (80,642)                |
| Loans received from related parties                              |             | 256,000                 | 650,000                 |
| Loans repaid to related parties                                  |             | (160,423)               | (743,962)               |
| Proceeds from borrowings                                         |             | 1,275,000               | -                       |
| Cash out on deconsolidation of Onslow Resources Limited          |             | <u>(57,189)</u>         | <u>-</u>                |
| Net cash from financing activities                               |             | <u>817,781</u>          | <u>95,278</u>           |
| Net increase/(decrease) in cash and cash equivalents             |             | (882,284)               | 1,149,973               |
| Cash and cash equivalents at the beginning of the financial year |             | <u>3,507,616</u>        | <u>2,357,643</u>        |
| Cash and cash equivalents at the end of the financial year       | 10          | <u><u>2,625,332</u></u> | <u><u>3,507,616</u></u> |

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

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;

AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;

AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;

AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and

AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

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

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

**Note 1. Significant accounting policies (continued)**

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 37.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rand Mining Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Rand Mining Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sales of gold and silver*

Sales of gold and silver revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

**Note 1. Significant accounting policies (continued)**

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

**Discontinued operations**

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Note 1. Significant accounting policies (continued)**

**Inventories**

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- Gold on hand is valued on an average total production cost method.
- Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage.
- A proportion of related depreciation and amortisation charge is included in the cost of inventory.

**Associates**

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

**Joint ventures**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Income earned from joint venture entities is recognised as revenue in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

**Investments and other financial assets**

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

**Note 1. Significant accounting policies (continued)**

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                            |               |
|----------------------------|---------------|
| Buildings                  | 40 years      |
| Plant and equipment        | 2.7-6.7 years |
| Mining plant and equipment | 2.7-6.7 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Note 1. Significant accounting policies (continued)**

*Mining plant and equipment and capital work in progress*

Mining plant and equipment and capital work in progress is carried at cost which includes acquisition, transportation, installation, and commissioning costs. Costs also include present value of decommissioning costs and finance charges capitalised during the construction period where such expenditure is financed by borrowings. Costs are not depreciated until such time as the asset has been completed ready for use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the consolidated entity, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**Exploration and evaluation**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

A regular review is undertaken by the Board of Directors of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to profit or loss or provided against.



**Note 1. Significant accounting policies (continued)**

**Mine development assets**

Capitalised mine development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mine development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mine development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

**Impairment of non-financial assets**

Goodwill and exploration and evaluation that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

The carrying value of capitalised exploration and evaluation is assessed for impairment at the area of interest level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings

**Note 1. Significant accounting policies (continued)**

**Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

*Site rehabilitation*

In accordance with the consolidated entity's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, is recognised when the land is contaminated.

**Employee benefits**

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

**Note 1. Significant accounting policies (continued)**

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

**Note 1. Significant accounting policies (continued)**

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Rand Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Comparative figures**

Certain comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Note 1. Significant accounting policies (continued)**

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

***AASB 10 Consolidated Financial Statements***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

***AASB 11 Joint Arrangements***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint Operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

***AASB 12 Disclosure of Interests in Other Entities***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', Interpretation 12 'Service Concession Arrangements' and Interpretation 13 'Customer Loyalty Programmes). The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made by the Consolidated Entity in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13***

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

**Note 1. Significant accounting policies (continued)**

*AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

*AASB 124 Related Party Disclosures (December 2009)*

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 127 Separate Financial Statements (Revised)*

*AASB 128 Investments in Associates and Joint Ventures (Reissued)*

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

*AASB 119 Employee Benefits (September 2011)*

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2013. The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The adoption of the revised standard from 1 July 2013 will require increased disclosures by the consolidated entity.

*AASB 2009-12 Amendments to Australian Accounting Standards*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

**Note 1. Significant accounting policies (continued)**

*AASB 2009-14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments arise from the issuance of Interpretation 14 'AASB 119 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction as a consequence of the issuance of Prepayments of a Minimum Funding Requirements' (Amendments to IFRIC 14). The amendments to IFRIC 14 meant that entities with minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendments in AASB 2009-14 allow entities to treat the benefit of early payment as a pension asset. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity as there are no surpluses in the defined benefit scheme.

*AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2010-5 Amendments to Australian Accounting Standards*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

*AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

**Note 1. Significant accounting policies (continued)**

*AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

*AASB 1054 Australian Additional Disclosures*

This Standard is applicable to annual reporting periods beginning on or after 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

*AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

*AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

The amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.



**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into one (2010: two) operating segment, Rand Mining Limited (2010: Rand Mining Limited and Onslow Resources Limited). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Board reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Notes to the financial statements**  
**30 June 2011**

**Note 3. Operating segments (continued)**

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

|                          |                                                                                                                                                                                                           |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rand Mining Limited      | This segment includes Rand Mining Limited, it's wholly owned subsidiary Rand Exploration NL, which includes investments in associates and the East Kundana Joint Venture operations and gold exploration. |
| Onslow Resources Limited | This segment is involved in mineral exploration other than gold and was discontinued in 2011.                                                                                                             |

*Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

During the year ended 30 June 2011 approximately 99% (2010: 100%) of the consolidated entity's external revenue was derived from sales to one customer.

*Operating segment*

The operating segment information given below is in relation to the prior year where there were two segments. As the consolidated entity only has one segment for the 2011 financial year, the information relating to this segment is detailed throughout the financial report.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Notes to the financial statements**  
**30 June 2011**

**Note 3. Operating segments (continued)**

|                                                    | Rand<br>Mining<br>Limited<br>\$ | Onslow<br>Resources<br>Limited<br>\$ | Intersegment<br>eliminations/<br>unallocated<br>\$ | Consolidated<br>\$ |
|----------------------------------------------------|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------|
| <b>2010</b>                                        |                                 |                                      |                                                    |                    |
| <b>Revenue</b>                                     |                                 |                                      |                                                    |                    |
| Sales to external customers                        | 15,083,346                      | -                                    | -                                                  | 15,083,346         |
| Total sales revenue                                | 15,083,346                      | -                                    | -                                                  | 15,083,346         |
| Share of profits of associates                     | 3,277,570                       | -                                    | -                                                  | 3,277,570          |
| Other income                                       | 89,714                          | 444                                  | -                                                  | 90,158             |
| <b>Total revenue</b>                               | <b>18,450,630</b>               | <b>444</b>                           | <b>-</b>                                           | <b>18,451,074</b>  |
| <b>Segment result</b>                              | 9,659,282                       | (416,377)                            | 2,628,588                                          | 11,871,493         |
| Depreciation and amortisation                      | (3,277,224)                     | (2,150)                              | -                                                  | (3,279,374)        |
| Impairment of assets                               | -                               | -                                    | (2,628,588)                                        | (2,628,588)        |
| Interest revenue                                   | 89,714                          | 444                                  | -                                                  | 90,158             |
| Finance costs                                      | (448,497)                       | (22,792)                             | -                                                  | (471,289)          |
| <b>Profit/(loss) before income<br/>tax expense</b> | <b>6,023,275</b>                | <b>(440,875)</b>                     | <b>-</b>                                           | <b>5,582,400</b>   |
| Income tax expense                                 |                                 |                                      |                                                    | (1,433,433)        |
| <b>Profit after income tax<br/>expense</b>         |                                 |                                      |                                                    | <b>4,148,967</b>   |
| <b>Assets</b>                                      |                                 |                                      |                                                    |                    |
| Segment assets                                     | -                               | -                                    | 31,726,512                                         | 31,726,512         |
| <b>Total assets</b>                                |                                 |                                      |                                                    | <b>31,726,512</b>  |
| <i>Total assets includes:</i>                      |                                 |                                      |                                                    |                    |
| Investments in associates                          | 9,760,909                       | -                                    | -                                                  | 9,760,909          |
| Acquisition of non-current<br>assets               | 2,415,990                       | 16,402                               | -                                                  | 2,432,392          |
| <b>Liabilities</b>                                 |                                 |                                      |                                                    |                    |
| Segment liabilities                                | -                               | -                                    | 5,307,027                                          | 5,307,027          |
| <b>Total liabilities</b>                           |                                 |                                      |                                                    | <b>5,307,027</b>   |

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**Note 4. Revenue**

|                                    | <b>Consolidated</b>      |                          |
|------------------------------------|--------------------------|--------------------------|
|                                    | <b>2011</b>              | <b>2010</b>              |
|                                    | <b>\$</b>                | <b>\$</b>                |
| <b>From continuing operations</b>  |                          |                          |
| <i>Sales revenue</i>               |                          |                          |
| Sales of gold                      | 13,005,085               | 15,036,805               |
| Sales of silver                    | 50,438                   | 46,541                   |
|                                    | <u>13,055,523</u>        | <u>15,083,346</u>        |
| <i>Other revenue</i>               |                          |                          |
| Interest                           | <u>149,725</u>           | <u>89,714</u>            |
| Revenue from continuing operations | <u><u>13,205,248</u></u> | <u><u>15,173,060</u></u> |

**Note 5. Share of profits of associates accounted for using the equity method**

|                              | <b>Consolidated</b>     |                         |
|------------------------------|-------------------------|-------------------------|
|                              | <b>2011</b>             | <b>2010</b>             |
|                              | <b>\$</b>               | <b>\$</b>               |
| Share of profit - associates | <u><u>2,941,169</u></u> | <u><u>3,277,570</u></u> |

**Note 6. Other income**

|                                     | <b>Consolidated</b>  |                 |
|-------------------------------------|----------------------|-----------------|
|                                     | <b>2011</b>          | <b>2010</b>     |
|                                     | <b>\$</b>            | <b>\$</b>       |
| Net gain on disposal of investments | 241                  | -               |
| Other income                        | <u>83,815</u>        | <u>-</u>        |
| Other income                        | <u><u>84,056</u></u> | <u><u>-</u></u> |

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**Note 7. Expenses**

|                                                                    | <b>Consolidated</b> |             |
|--------------------------------------------------------------------|---------------------|-------------|
|                                                                    | <b>2011</b>         | <b>2010</b> |
|                                                                    | <b>\$</b>           | <b>\$</b>   |
| Profit before income tax includes the following specific expenses: |                     |             |
| <i>Depreciation</i>                                                |                     |             |
| Plant and equipment                                                | 3,390               | 12,692      |
| Mining plant and equipment                                         | 515,694             | 892,986     |
| Total depreciation                                                 | 519,084             | 905,678     |
| <i>Amortisation</i>                                                |                     |             |
| Mine development                                                   | 1,105,798           | 2,371,546   |
| Total depreciation and amortisation                                | 1,624,882           | 3,277,224   |
| <i>Finance costs</i>                                               |                     |             |
| Interest and finance charges paid/payable                          | 94,745              | 225,151     |
| Loss on change in value of gold loan                               | -                   | 223,346     |
| Finance costs expensed                                             | 94,745              | 448,497     |
| <i>Net loss on disposal</i>                                        |                     |             |
| Net loss on disposal of property, plant and equipment              | -                   | 5,006       |
| <i>Rental expense relating to operating leases</i>                 |                     |             |
| Minimum lease payments                                             | 6,926               | 10,330      |
| <i>Superannuation expense</i>                                      |                     |             |
| Defined contribution superannuation expense                        | 61,034              | 59,830      |

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**Note 8. Income tax expense**

|                                                                                      | <b>Consolidated</b> |                  |
|--------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                      | <b>2011</b>         | <b>2010</b>      |
|                                                                                      | <b>\$</b>           | <b>\$</b>        |
| <i>Income tax expense</i>                                                            |                     |                  |
| Current tax                                                                          | 1,804,797           | 448,525          |
| Deferred tax                                                                         | 729,252             | 906,803          |
| Under provision in prior years                                                       | 58,384              | 78,105           |
|                                                                                      | <u>2,592,433</u>    | <u>1,433,433</u> |
| Aggregate income tax expense                                                         | <u>2,592,433</u>    | <u>1,433,433</u> |
| Income tax expense is attributable to:                                               |                     |                  |
| Profit from continuing operations                                                    | 2,664,456           | 1,622,421        |
| Loss from discontinued operations                                                    | (72,023)            | (188,988)        |
|                                                                                      | <u>2,592,433</u>    | <u>1,433,433</u> |
| Aggregate income tax expense                                                         | <u>2,592,433</u>    | <u>1,433,433</u> |
| Deferred tax included in income tax expense comprises:                               |                     |                  |
| Increase in deferred tax assets (note 19)                                            | (63,841)            | (39,147)         |
| Increase in deferred tax liabilities (note 25)                                       | 793,093             | 945,950          |
|                                                                                      | <u>729,252</u>      | <u>906,803</u>   |
| <i>Numerical reconciliation of income tax expense to prima facie tax payable</i>     |                     |                  |
| Profit before income tax expense from continuing operations                          | 7,593,995           | 6,212,264        |
| Profit/(loss) before income tax (expense)/benefit from discontinued operations       | 386,755             | (629,864)        |
|                                                                                      | <u>7,980,750</u>    | <u>5,582,400</u> |
| Tax at the Australian tax rate of 30%                                                | 2,394,225           | 1,674,720        |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |                     |                  |
| Accumulated imbedded derivative on the settlement of the Bullion Loan                | -                   | (775,180)        |
| Sundry items                                                                         | 139,824             | 52,334           |
|                                                                                      | <u>2,534,049</u>    | <u>951,874</u>   |
| Under provision in prior years                                                       | 58,384              | 78,105           |
| Prior year temporary differences not recognised now recognised                       | -                   | 403,454          |
| Income tax expense                                                                   | <u>2,592,433</u>    | <u>1,433,433</u> |

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**Note 8. Income tax expense (continued)**

|                                                      | <b>Consolidated</b> |               |
|------------------------------------------------------|---------------------|---------------|
|                                                      | <b>2011</b>         | <b>2010</b>   |
|                                                      | <b>\$</b>           | <b>\$</b>     |
| <i>Amounts charged/(credited) directly to equity</i> |                     |               |
| Deferred tax assets (note 19)                        | (69,655)            | (87,561)      |
| Deferred tax liabilities (note 25)                   | -                   | 114,000       |
|                                                      | <u>(69,655)</u>     | <u>26,439</u> |

**Note 9. Discontinued operations**

*Description*

Due to a change in capital of Onslow Resources Ltd ('ORL'), a public company not listed on the Australian Securities Exchange, ORL is no longer a wholly-owned subsidiary of Rand Mining Limited but is now an investment held-for-sale as Rand Mining Limited's ownership has changed from 100% to 6.35%.

As a result of this, the company recognised a profit on disposal of the business of \$626,831 and accounted for the remaining investment of \$17,902 as an available-for-sale-financial asset. ORL was its own operating segment, refer to note 3.

*Financial performance information*

|                                                                               | <b>Consolidated</b> |                  |
|-------------------------------------------------------------------------------|---------------------|------------------|
|                                                                               | <b>2011</b>         | <b>2010</b>      |
|                                                                               | <b>\$</b>           | <b>\$</b>        |
| Revenue                                                                       | 189                 | 444              |
| Total revenue                                                                 | <u>189</u>          | <u>444</u>       |
| Employee benefits expense                                                     | (9,037)             | (24,173)         |
| Depreciation and amortisation expense                                         | (312)               | (2,150)          |
| Impairment of exploration and evaluation                                      | (132,424)           | (294,081)        |
| Administration expenses                                                       | (80,403)            | (206,969)        |
| Bad debt expense                                                              | -                   | (80,143)         |
| Finance costs                                                                 | (18,089)            | (22,792)         |
| Total expenses                                                                | <u>(240,265)</u>    | <u>(630,308)</u> |
| Loss before income tax benefit                                                | (240,076)           | (629,864)        |
| Income tax benefit                                                            | 72,023              | 188,988          |
| Loss after income tax benefit                                                 | <u>(168,053)</u>    | <u>(440,876)</u> |
| Gain on disposal before income tax                                            | 626,831             | -                |
| Income tax expense                                                            | -                   | -                |
| Gain on disposal after income tax expense                                     | <u>626,831</u>      | <u>-</u>         |
| Profit/(loss) after income tax (expense)/benefit from discontinued operations | <u>458,778</u>      | <u>(440,876)</u> |

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**Note 9. Discontinued operations (continued)**

*Details of the disposal*

|                                        | <b>Consolidated</b>   |                 |
|----------------------------------------|-----------------------|-----------------|
|                                        | <b>2011</b>           | <b>2010</b>     |
|                                        | <b>\$</b>             | <b>\$</b>       |
| Net liabilities before deemed disposal | 608,926               | -               |
| Less: net assets after deemed disposal | <u>17,905</u>         | <u>-</u>        |
| Gain on disposal before income tax     | 626,831               | -               |
| Income tax expense                     | <u>-</u>              | <u>-</u>        |
| Gain on disposal after income tax      | <u><u>626,831</u></u> | <u><u>-</u></u> |

**Note 10. Current assets - cash and cash equivalents**

|                 | <b>Consolidated</b>     |                         |
|-----------------|-------------------------|-------------------------|
|                 | <b>2011</b>             | <b>2010</b>             |
|                 | <b>\$</b>               | <b>\$</b>               |
| Cash on hand    | 200                     | 200                     |
| Cash at bank    | 2,439,912               | 3,364,748               |
| Cash on deposit | <u>185,220</u>          | <u>142,668</u>          |
|                 | <u><u>2,625,332</u></u> | <u><u>3,507,616</u></u> |

**Note 11. Current assets - trade and other receivables**

|                                               | <b>Consolidated</b>   |                       |
|-----------------------------------------------|-----------------------|-----------------------|
|                                               | <b>2011</b>           | <b>2010</b>           |
|                                               | <b>\$</b>             | <b>\$</b>             |
| Other receivables                             | 111,220               | 146,325               |
| Less: Provision for impairment of receivables | <u>-</u>              | <u>(80,143)</u>       |
|                                               | <u>111,220</u>        | <u>66,182</u>         |
| Goods and services tax receivable             | 50,665                | 119,320               |
| Loans from related parties                    | <u>472,776</u>        | <u>-</u>              |
|                                               | <u><u>634,661</u></u> | <u><u>185,502</u></u> |



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**Note 11. Current assets - trade and other receivables (continued)**

*Impairment of receivables*

The ageing of the impaired receivables recognised above are as follows:

|                       | <b>Consolidated</b> |               |
|-----------------------|---------------------|---------------|
|                       | <b>2011</b>         | <b>2010</b>   |
|                       | <b>\$</b>           | <b>\$</b>     |
| 3 to 6 months overdue | -                   | 50,143        |
| Over 6 months overdue | -                   | 30,000        |
|                       | <u>-</u>            | <u>80,143</u> |

Movements in the provision for impairment of receivables are as follows:

|                                             | <b>Consolidated</b> |               |
|---------------------------------------------|---------------------|---------------|
|                                             | <b>2011</b>         | <b>2010</b>   |
|                                             | <b>\$</b>           | <b>\$</b>     |
| Opening balance                             | 80,143              | 30,000        |
| Additional provisions recognised            | -                   | 50,143        |
| Deconsolidation of Onslow Resources Limited | <u>(80,143)</u>     | <u>-</u>      |
| Closing balance                             | <u>-</u>            | <u>80,143</u> |

*Past due but not impaired*

There were no receivables which were past due but not impaired at 30 June 2011 (2010: \$nil).

**Note 12. Current assets - inventories**

|                 | <b>Consolidated</b> |                  |
|-----------------|---------------------|------------------|
|                 | <b>2011</b>         | <b>2010</b>      |
|                 | <b>\$</b>           | <b>\$</b>        |
| Ore stockpiles  | 1,650,606           | 2,629,019        |
| Gold in transit | -                   | 175,289          |
| Gold on hand    | <u>10,562,203</u>   | <u>4,708,541</u> |
|                 | <u>12,212,809</u>   | <u>7,512,849</u> |

Gold on hand at 30 June 2011 has a net realisable value of 20,795,667 (2010: \$11,003,509) measured at spot rate of \$1,420.66 (2010: \$1,452.15). Gold in transit had a net realisable value of \$nil (2010: \$408,909) measured at spot rate of \$1,452.15.

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**Note 13. Current assets - income tax refund due**

|                       | <b>Consolidated</b> |                |
|-----------------------|---------------------|----------------|
|                       | <b>2011</b>         | <b>2010</b>    |
|                       | <b>\$</b>           | <b>\$</b>      |
| Income tax refund due | -                   | 624,514        |
|                       | <u>-</u>            | <u>624,514</u> |

**Note 14. Non-current assets - investments accounted for using the equity method**

|                                                     | <b>Consolidated</b> |                    |
|-----------------------------------------------------|---------------------|--------------------|
|                                                     | <b>2011</b>         | <b>2010</b>        |
|                                                     | <b>\$</b>           | <b>\$</b>          |
| Investment in associate - Tribune Resources Limited | 16,555,274          | 13,561,588         |
| Less: provision for impairment                      | <u>(2,276,340)</u>  | <u>(2,276,340)</u> |
|                                                     | <u>14,278,934</u>   | <u>11,285,248</u>  |

Refer to note 40 for detailed information on investments in associates.

Refer to note 41 for detailed information on interests in joint ventures.

**Note 15. Non-current assets - available-for-sale financial assets**

|                     | <b>Consolidated</b> |                |
|---------------------|---------------------|----------------|
|                     | <b>2011</b>         | <b>2010</b>    |
|                     | <b>\$</b>           | <b>\$</b>      |
| Listed securities   | 455,357             | 438,322        |
| Unlisted securities | <u>17,902</u>       | <u>-</u>       |
|                     | <u>473,259</u>      | <u>438,322</u> |

**Reconciliation**

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

|                        |                |                |
|------------------------|----------------|----------------|
| Opening fair value     | 438,322        | 526,532        |
| Additions              | 93,705         | -              |
| Revaluation increments | 20,157         | 72,637         |
| Impairment of assets   | (75,803)       | (160,847)      |
| Expiration of options  | <u>(3,122)</u> | <u>-</u>       |
| Closing fair value     | <u>473,259</u> | <u>438,322</u> |

Refer to note 31 for detailed information on financial instruments.

All available-for-sale financial assets are denominated in Australian currency.

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**Note 16. Non-current assets - property, plant and equipment**

|                                               | <b>Consolidated</b>     |                         |
|-----------------------------------------------|-------------------------|-------------------------|
|                                               | <b>2011</b>             | <b>2010</b>             |
|                                               | <b>\$</b>               | <b>\$</b>               |
| Land and buildings - at independent valuation | -                       | 890,000                 |
|                                               | <u>-</u>                | <u>890,000</u>          |
| Plant and equipment - at cost                 | 294,086                 | 306,211                 |
| Less: Accumulated depreciation                | (288,684)               | (287,444)               |
|                                               | <u>5,402</u>            | <u>18,767</u>           |
| Mining plant and equipment - at cost          | 4,463,099               | 4,308,778               |
| Less: Accumulated depreciation                | (2,976,706)             | (2,461,012)             |
|                                               | <u>1,486,393</u>        | <u>1,847,766</u>        |
| Construction work in progress - at cost       | 1,434,625               | 144,250                 |
|                                               | <u>1,434,625</u>        | <u>144,250</u>          |
|                                               | <u><u>2,926,420</u></u> | <u><u>2,900,783</u></u> |

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                         | Land and<br>buildings<br>\$ | Plant and<br>equipment<br>\$ | Mining plant<br>& equipment<br>\$ | Construction<br>WIP<br>\$ | Total<br>\$             |
|-------------------------|-----------------------------|------------------------------|-----------------------------------|---------------------------|-------------------------|
| <b>Consolidated</b>     |                             |                              |                                   |                           |                         |
| Balance at 1 July 2009  | 510,000                     | 23,415                       | 1,951,332                         | 174,963                   | 2,659,710               |
| Additions               | -                           | 15,625                       | 789,420                           | 778,433                   | 1,583,478               |
| Disposals               | -                           | (5,431)                      | -                                 | -                         | (5,431)                 |
| Revaluation increments  | 380,000                     | -                            | -                                 | -                         | 380,000                 |
| Transfers in/(out)      | -                           | -                            | -                                 | (809,146)                 | (809,146)               |
| Depreciation expense    | -                           | (14,842)                     | (892,986)                         | -                         | (907,828)               |
|                         | <u>890,000</u>              | <u>18,767</u>                | <u>1,847,766</u>                  | <u>144,250</u>            | <u>2,900,783</u>        |
| Balance at 30 June 2010 | 890,000                     | 18,767                       | 1,847,766                         | 144,250                   | 2,900,783               |
| Additions               | -                           | 4,973                        | 18,128                            | 1,426,568                 | 1,449,669               |
| Disposals               | (890,000)                   | (14,636)                     | -                                 | -                         | (904,636)               |
| Transfers in/(out)      | -                           | -                            | 136,193                           | (136,193)                 | -                       |
| Depreciation expense    | -                           | (3,702)                      | (515,694)                         | -                         | (519,396)               |
|                         | <u>-</u>                    | <u>5,402</u>                 | <u>1,486,393</u>                  | <u>1,434,625</u>          | <u>2,926,420</u>        |
| Balance at 30 June 2011 | <u><u>-</u></u>             | <u><u>5,402</u></u>          | <u><u>1,486,393</u></u>           | <u><u>1,434,625</u></u>   | <u><u>2,926,420</u></u> |

**Valuations of land and buildings**

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were last revalued on 24 June 2010 based on independent assessments by a member of the Australian Property Institute and disposed of during the year.

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**Note 17. Non-current assets - exploration and evaluation**

|                                      | <b>Consolidated</b> |              |
|--------------------------------------|---------------------|--------------|
|                                      | <b>2011</b>         | <b>2010</b>  |
|                                      | <b>\$</b>           | <b>\$</b>    |
| Exploration and evaluation - at cost | <u>28,813</u>       | <u>2,927</u> |

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                         | Exploration &<br>evaluation<br>\$ | Total<br>\$      |
|-------------------------|-----------------------------------|------------------|
| <b>Consolidated</b>     |                                   |                  |
| Balance at 1 July 2009  | -                                 | -                |
| Additions               | 644,061                           | 644,061          |
| Write off of assets     | <u>(641,134)</u>                  | <u>(641,134)</u> |
| Balance at 30 June 2010 | 2,927                             | 2,927            |
| Additions               | 244,260                           | 244,260          |
| Disposals               | (2,927)                           | (2,927)          |
| Write off of assets     | <u>(215,447)</u>                  | <u>(215,447)</u> |
| Balance at 30 June 2011 | <u>28,813</u>                     | <u>28,813</u>    |

**Note 18. Non-current assets - mine development**

|                                | <b>Consolidated</b> |                    |
|--------------------------------|---------------------|--------------------|
|                                | <b>2011</b>         | <b>2010</b>        |
|                                | <b>\$</b>           | <b>\$</b>          |
| Mine development - at cost     | 11,783,937          | 10,435,145         |
| Less: Accumulated amortisation | <u>(6,532,073)</u>  | <u>(5,426,275)</u> |
|                                | <u>5,251,864</u>    | <u>5,008,870</u>   |

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**Note 18. Non-current assets - mine development (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                         | Mine<br>development<br>\$ | Total<br>\$             |
|-------------------------|---------------------------|-------------------------|
| <b>Consolidated</b>     |                           |                         |
| Balance at 1 July 2009  | 5,201,296                 | 5,201,296               |
| Additions               | 2,251,488                 | 2,251,488               |
| Impairment of assets    | (72,368)                  | (72,368)                |
| Amortisation expense    | <u>(2,371,546)</u>        | <u>(2,371,546)</u>      |
| Balance at 30 June 2010 | 5,008,870                 | 5,008,870               |
| Additions               | 1,348,792                 | 1,348,792               |
| Amortisation expense    | <u>(1,105,798)</u>        | <u>(1,105,798)</u>      |
| Balance at 30 June 2011 | <u><u>5,251,864</u></u>   | <u><u>5,251,864</u></u> |

**Note 19. Non-current assets - deferred tax**

|                                                                     | <b>Consolidated</b>   |                       |
|---------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                     | <b>2011</b>           | <b>2010</b>           |
|                                                                     | <b>\$</b>             | <b>\$</b>             |
| <i>The balance comprises temporary differences attributable to:</i> |                       |                       |
| Amounts recognised in profit or loss:                               |                       |                       |
| Accrued expenses                                                    | 6,675                 | 11,400                |
| Provisions                                                          | 149,295               | 126,659               |
| Doubtful debts                                                      | -                     | 33,043                |
| Capitalised mine development costs                                  | 160,175               | -                     |
| Other                                                               | <u>7,577</u>          | <u>1,218</u>          |
|                                                                     | <u>323,722</u>        | <u>172,320</u>        |
| Amounts recognised in equity:                                       |                       |                       |
| Transaction costs on share issue                                    | <u>69,655</u>         | <u>87,561</u>         |
|                                                                     | <u>69,655</u>         | <u>87,561</u>         |
| Deferred tax asset                                                  | <u><u>393,377</u></u> | <u><u>259,881</u></u> |
| <i>Movements:</i>                                                   |                       |                       |
| Opening balance                                                     | 259,881               | 133,173               |
| Credited to profit or loss (note 8)                                 | 63,841                | 39,147                |
| Credited to equity                                                  | <u>69,655</u>         | <u>87,561</u>         |
| Closing balance                                                     | <u><u>393,377</u></u> | <u><u>259,881</u></u> |

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**Note 20. Current liabilities - trade and other payables**

|                  | <b>Consolidated</b> |                  |
|------------------|---------------------|------------------|
|                  | <b>2011</b>         | <b>2010</b>      |
|                  | <b>\$</b>           | <b>\$</b>        |
| Trade payables   | 2,130,952           | 1,618,243        |
| Accrued expenses | 38,502              | 427,091          |
|                  | <u>2,169,454</u>    | <u>2,045,334</u> |

Refer to note 31 for detailed information on financial instruments.

**Note 21. Current liabilities - borrowings**

|                                          | <b>Consolidated</b> |             |
|------------------------------------------|---------------------|-------------|
|                                          | <b>2011</b>         | <b>2010</b> |
|                                          | <b>\$</b>           | <b>\$</b>   |
| Cash loan from Tribune Resources Limited | -                   | 672,792     |

Refer to note 24 for further information on assets pledged as security and financing arrangements and note 31 for detailed information on financial instruments.

*Total secured liabilities*

Tribune Resources Limited loaned the consolidated entity 4,000 ounces of gold bullion in 2006. Interest was payable in gold bullion and calculated on the principle at the interest rate of 8% per annum. The interest is calculated on the daily balance of the principle sum on the basis of a 365 day year and compounding on the last day of each month. On 27 January 2010, Rand Mining Limited repaid the bullion loan in full by way of 18,359,400 shares (at a value of \$5,875,008) and \$743,961 in cash.

*Assets pledged as security*

The gold loan - principle is as follows:

|                                                   | <b>Consolidated</b> |             |
|---------------------------------------------------|---------------------|-------------|
|                                                   | <b>2011</b>         | <b>2010</b> |
|                                                   | <b>\$</b>           | <b>\$</b>   |
| Gold loan from Tribune Resources Limited          | -                   | 2,834,600   |
| Value of imbedded derivative recognised in profit | -                   | 3,784,369   |
| Repayments                                        | -                   | (6,618,969) |
|                                                   | <u>-</u>            | <u>-</u>    |

**Note 22. Current liabilities - income tax**

|                          | <b>Consolidated</b> |             |
|--------------------------|---------------------|-------------|
|                          | <b>2011</b>         | <b>2010</b> |
|                          | <b>\$</b>           | <b>\$</b>   |
| Provision for income tax | 781,377             | 861,043     |

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**Note 23. Current liabilities - provisions**

|                   | <b>Consolidated</b> |               |
|-------------------|---------------------|---------------|
|                   | <b>2011</b>         | <b>2010</b>   |
|                   | <b>\$</b>           | <b>\$</b>     |
| Employee benefits | <u>152,946</u>      | <u>95,623</u> |

**Note 24. Non-current liabilities - borrowings**

|            | <b>Consolidated</b> |             |
|------------|---------------------|-------------|
|            | <b>2011</b>         | <b>2010</b> |
|            | <b>\$</b>           | <b>\$</b>   |
| Bank loans | <u>1,275,000</u>    | <u>-</u>    |

Refer to note 31 for detailed information on financial instruments.

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

|                                          | <b>Consolidated</b> |                |
|------------------------------------------|---------------------|----------------|
|                                          | <b>2011</b>         | <b>2010</b>    |
|                                          | <b>\$</b>           | <b>\$</b>      |
| Bank loans                               | 1,275,000           | -              |
| Cash loan from Tribune Resources Limited | <u>-</u>            | <u>672,792</u> |
|                                          | <u>1,275,000</u>    | <u>672,792</u> |

*Assets pledged as security*

The bank loans are secured over specified East Kundana Joint Venture Tenements.

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

|                              | <b>Consolidated</b> |             |
|------------------------------|---------------------|-------------|
|                              | <b>2011</b>         | <b>2010</b> |
|                              | <b>\$</b>           | <b>\$</b>   |
| Total facilities             |                     |             |
| Bank loans                   | <u>5,000,000</u>    | <u>-</u>    |
| Used at the reporting date   |                     |             |
| Bank loans                   | <u>1,275,000</u>    | <u>-</u>    |
| Unused at the reporting date |                     |             |
| Bank loans                   | <u>3,725,000</u>    | <u>-</u>    |

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**Note 25. Non-current liabilities - deferred tax**

|                                                                     | <b>Consolidated</b> |                  |
|---------------------------------------------------------------------|---------------------|------------------|
|                                                                     | <b>2011</b>         | <b>2010</b>      |
|                                                                     | <b>\$</b>           | <b>\$</b>        |
| <i>The balance comprises temporary differences attributable to:</i> |                     |                  |
| Amounts recognised in profit or loss:                               |                     |                  |
| Investment in associate                                             | 2,084,095           | 1,185,989        |
| Asset revaluation reserve                                           | -                   | 15,000           |
| Capitalised exploration                                             | 8,644               | 878              |
| Change in accounting policy                                         | -                   | (10,205)         |
| Other                                                               | 6,016               | -                |
|                                                                     | <u>2,098,755</u>    | <u>1,191,662</u> |
| Amounts recognised in equity:                                       |                     |                  |
| Asset revaluation reserve                                           | -                   | 114,000          |
|                                                                     | <u>-</u>            | <u>114,000</u>   |
| Deferred tax liability                                              | <u>2,098,755</u>    | <u>1,305,662</u> |
| <i>Movements:</i>                                                   |                     |                  |
| Opening balance                                                     | 1,305,662           | 245,712          |
| Charged to profit or loss (note 8)                                  | 793,093             | 945,950          |
| Charged to equity                                                   | -                   | 114,000          |
| Closing balance                                                     | <u>2,098,755</u>    | <u>1,305,662</u> |

**Note 26. Non-current liabilities - provisions**

|                | <b>Consolidated</b> |                |
|----------------|---------------------|----------------|
|                | <b>2011</b>         | <b>2010</b>    |
|                | <b>\$</b>           | <b>\$</b>      |
| Rehabilitation | <u>344,700</u>      | <u>326,573</u> |

**Rehabilitation**

The provision is in respect of consolidated entity's obligation to rehabilitate the Raleigh Underground mine site upon cessation of production in accordance with the state environmental regulatory requirements. The consolidated entity has been assured that the site would be restored using technology and materials that are available currently.

The provision for site restoration has been calculated using a discount rate of 0% as adjustments to present value are not material.



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**Note 26. Non-current liabilities - provisions (continued)**

|                                          |                       |
|------------------------------------------|-----------------------|
|                                          | Rehabilitation<br>\$  |
| <b>Consolidated - 2011</b>               |                       |
| Carrying amount at the start of the year | 326,573               |
| Additional provisions recognised         | <u>18,127</u>         |
| Carrying amount at the end of the year   | <u><u>344,700</u></u> |

**Note 27. Equity - contributed**

|                              | Consolidated<br>2011<br>Shares | 2010<br>Shares    | Consolidated<br>2011<br>\$ | 2010<br>\$        |
|------------------------------|--------------------------------|-------------------|----------------------------|-------------------|
| Ordinary shares - fully paid | <u>60,841,209</u>              | <u>60,841,209</u> | <u>17,573,427</u>          | <u>17,578,448</u> |

*Movements in ordinary share capital*

| Details                                  | Date            | No of shares      | Issue price | \$                |
|------------------------------------------|-----------------|-------------------|-------------|-------------------|
| Balance                                  | 1 July 2009     | 40,560,813        |             | 11,453,559        |
| Rights issue                             | 27 January 2010 | 20,280,396        | \$0.32      | 6,489,727         |
| Less: transaction costs on shares issued | 27 January 2010 |                   |             | <u>(364,838)</u>  |
| Balance                                  | 30 June 2010    | 60,841,209        |             | 17,578,448        |
| Less: transaction costs on share issue   |                 | <u>-</u>          |             | <u>(5,021)</u>    |
| Balance                                  | 30 June 2011    | <u>60,841,209</u> |             | <u>17,573,427</u> |

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Share options*

At 30 June 2011 there were 4,000,000 (2010: 4,000,000) options issued over ordinary shares.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

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**Note 27. Equity - contributed (continued)**

*Capital risk management*

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2010 Annual Report.

**Note 28. Equity - reserves**

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | <b>2011</b>         | <b>2010</b>      |
|                              | <b>\$</b>           | <b>\$</b>        |
| Revaluation surplus reserve  | -                   | 579,843          |
| Available-for-sale reserve   | 826,855             | 754,093          |
| Share-based payments reserve | 1,418,800           | 1,418,800        |
|                              | <u>2,245,655</u>    | <u>2,752,736</u> |

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**Note 28. Equity - reserves (continued)**

|                                                                 | Revaluation<br>surplus<br>\$ | Available-<br>for-sale<br>\$ | Share-based<br>payments<br>\$ | Total<br>\$ |
|-----------------------------------------------------------------|------------------------------|------------------------------|-------------------------------|-------------|
| <b>Consolidated</b>                                             |                              |                              |                               |             |
| Balance at 1 July 2009                                          | 226,282                      | 619,241                      | 1,418,800                     | 2,264,323   |
| Revaluation - gross                                             | 380,000                      | -                            | -                             | 380,000     |
| Deferred tax                                                    | (26,439)                     | -                            | -                             | (26,439)    |
| Revaluation - net of tax                                        | -                            | (88,209)                     | -                             | (88,209)    |
| Impairment to profit and loss                                   | -                            | 160,847                      | -                             | 160,847     |
| Share of revaluation<br>movement for investment in<br>associate | -                            | 62,214                       | -                             | 62,214      |
| Balance at 30 June 2010                                         | 579,843                      | 754,093                      | 1,418,800                     | 2,752,736   |
| Revaluation - net of tax                                        | -                            | (58,770)                     | -                             | (58,770)    |
| Impairment to profit and loss                                   | -                            | 79,015                       | -                             | 79,015      |
| Write-off revaluation on<br>disposal of land and buildings      | (579,843)                    | -                            | -                             | (579,843)   |
| Share of revaluation<br>movement for investment in<br>associate | -                            | 52,517                       | -                             | 52,517      |
| Balance at 30 June 2011                                         | -                            | 826,855                      | 1,418,800                     | 2,245,655   |

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

*Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**Note 29. Equity - retained profits**

|                                                         | <b>Consolidated</b> |             |
|---------------------------------------------------------|---------------------|-------------|
|                                                         | <b>2011</b>         | <b>2010</b> |
|                                                         | <b>\$</b>           | <b>\$</b>   |
| Retained profits at the beginning of the financial year | 6,088,301           | 1,939,334   |
| Profit after income tax expense for the year            | 5,388,317           | 4,148,967   |
| Gain on disposal of land and buildings                  | 707,537             | -           |
| Retained profits at the end of the financial year       | 12,184,155          | 6,088,301   |

**Note 30. Equity - dividends**

*Dividends*

There were no dividends paid or declared during the current or previous financial year.

**Note 30. Equity - dividends (continued)**

*Franking credits*

|                                                                                      | <b>Consolidated</b> |                  |
|--------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                      | <b>2011</b>         | <b>2010</b>      |
|                                                                                      | <b>\$</b>           | <b>\$</b>        |
| Franking credits available for subsequent financial years based on a tax rate of 30% | <u>6,190,044</u>    | <u>4,502,337</u> |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

**Note 31. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk) and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*

The consolidated entity is not exposed to any significant foreign currency risk.

*Price risk*

The consolidated entity is exposed to equity securities price risks and bullion price risk. This arises from investments held by the consolidated entity and classified on the statement of financial position as available-for-sale financial assets and bullion held as inventory.

The policy of the consolidated entity is to sell gold at spot price and has not entered into any hedging contracts. The consolidated entity's revenues were exposed to fluctuation in the price of gold. If the average selling price of gold of US\$1,370 (2010: US\$1,094) for the financial year had increased/decreased by 10% the change in the profit before income tax for the consolidated group would have been an increase /decrease of A\$1,215,852 (2010: A\$1,575,124).

If there was a 10% increase or decrease in market price of gold, the net realisable value of bullion on hand would increase/(decrease) by \$2,079,560 (2010: \$1,094,018) and the bullion in transit would increase/(decrease) by \$nil (2010: \$40,891). As gold on hand is held at cost there would be no impact on profit or loss.

*Interest rate risk*

The consolidated entity's main interest rate risk arises from cash equivalents and loans and other receivables with variable interest rates.

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**Note 31. Financial instruments (continued)**

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

|                                              | <b>2011</b>                                   |                         | <b>2010</b>                                   |                         |
|----------------------------------------------|-----------------------------------------------|-------------------------|-----------------------------------------------|-------------------------|
|                                              | <b>Weighted<br/>average<br/>interest rate</b> | <b>Balance</b>          | <b>Weighted<br/>average<br/>interest rate</b> | <b>Balance</b>          |
|                                              | <b>%</b>                                      | <b>\$</b>               | <b>%</b>                                      | <b>\$</b>               |
| <b>Consolidated</b>                          |                                               |                         |                                               |                         |
| Bank overdraft and bank loans                | 8.98                                          | (1,275,000)             | -                                             | -                       |
| Cash at bank                                 | 4.00                                          | 2,439,912               | 2.00                                          | 3,364,748               |
| Deposits at call                             | 4.88                                          | <u>185,220</u>          | -                                             | <u>142,668</u>          |
| Net exposure to cash flow interest rate risk |                                               | <u><u>1,350,132</u></u> |                                               | <u><u>3,507,416</u></u> |

An official increase/decrease in interest rates of one (2010: one) percentage point would have an adverse/favourable affect on profit before tax of \$13,501 (2010: \$35,074) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

For the consolidated entity the bank loans outstanding, totalling \$1,275,000 (2010: \$nil), are principal and interest payment loans. Monthly cash outlays of approximately \$38,000 (2010: \$nil) per month are required to service the interest payments.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has a credit risk exposure with the carrying amount of trade receivables. For some receivables the consolidated entity obtains agreements which can be called upon if the counterparty is in default under the terms of the agreement.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Financing arrangements**

Unused borrowing facilities at the reporting date:

|            | <b>Consolidated</b> |             |
|------------|---------------------|-------------|
|            | <b>2011</b>         | <b>2010</b> |
|            | <b>\$</b>           | <b>\$</b>   |
| Bank loans | <u>3,725,000</u>    | <u>-</u>    |

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**Note 31. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| <b>Consolidated - 2011</b>                  | Weighted<br>average<br>interest rate<br>% | 1 year or<br>less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|---------------------------------------------|-------------------------------------------|-------------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Non-derivatives</b>                      |                                           |                         |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>                 |                                           |                         |                                |                                |                    |                                              |
| Trade payables                              | -                                         | 2,130,952               | -                              | -                              | -                  | 2,130,952                                    |
| <i>Interest-bearing - variable</i>          |                                           |                         |                                |                                |                    |                                              |
| Bank loans                                  | 8.98                                      | 144,495                 | -                              | -                              | -                  | 144,495                                      |
| Total non-derivatives                       |                                           | <u>2,275,447</u>        | <u>-</u>                       | <u>-</u>                       | <u>-</u>           | <u>2,275,447</u>                             |
| <b>Consolidated - 2010</b>                  | Weighted<br>average<br>interest rate<br>% | 1 year or<br>less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
| <b>Non-derivatives</b>                      |                                           |                         |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>                 |                                           |                         |                                |                                |                    |                                              |
| Trade payables                              | -                                         | 2,479,286               | -                              | -                              | -                  | 2,479,286                                    |
| <i>Interest-bearing - variable</i>          |                                           |                         |                                |                                |                    |                                              |
| Cash loan from Tribune<br>Resources Limited | -                                         | 706,432                 | -                              | -                              | -                  | 706,432                                      |
| Total non-derivatives                       |                                           | <u>3,185,718</u>        | <u>-</u>                       | <u>-</u>                       | <u>-</u>           | <u>3,185,718</u>                             |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

***Fair value of financial instruments***

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| <b>Consolidated - 2011</b> | Level 1<br>\$  | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$    |
|----------------------------|----------------|---------------|---------------|----------------|
| <b>Assets</b>              |                |               |               |                |
| Listed securities - equity | 453,357        | -             | -             | 453,357        |
| Total assets               | <u>453,357</u> | <u>-</u>      | <u>-</u>      | <u>453,357</u> |

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**Note 31. Financial instruments (continued)**

| <b>Consolidated - 2010</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      |
| <i>Assets</i>              |                |                |                |                |
| Listed securities - equity | 438,322        | -              | -              | 438,322        |
| Total assets               | <u>438,322</u> | <u>-</u>       | <u>-</u>       | <u>438,322</u> |

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 32. Key management personnel disclosures**

*Directors*

The following persons were directors of Rand Mining Limited during the financial year:

|                |                                                |
|----------------|------------------------------------------------|
| Otakar Demis   | Executive Chairman and Joint Company Secretary |
| Anthony Billis | Executive Director and Managing Director       |
| Gordon Sklenka | Non-Executive Director                         |

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

|                |                                  |
|----------------|----------------------------------|
| Roland Berzins | Joint Company Secretary          |
| John Andrews   | Manager of Kalgoorlie Operations |

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

|                              | <b>Consolidated</b>   |                       |
|------------------------------|-----------------------|-----------------------|
|                              | <b>2011</b>           | <b>2010</b>           |
|                              | <b>\$</b>             | <b>\$</b>             |
| Short-term employee benefits | 281,672               | 300,685               |
| Post-employment benefits     | <u>51,800</u>         | <u>35,239</u>         |
|                              | <u><u>333,472</u></u> | <u><u>335,924</u></u> |

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**Note 32. Key management personnel disclosures (continued)**

*Shareholding*

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

|                        | Balance at<br>the start of<br>the year | Received<br>as part of<br>remuneration | Additions         | Disposals/<br>other | Balance at<br>the end of<br>the year |
|------------------------|----------------------------------------|----------------------------------------|-------------------|---------------------|--------------------------------------|
| <b>2011</b>            |                                        |                                        |                   |                     |                                      |
| <i>Ordinary shares</i> |                                        |                                        |                   |                     |                                      |
| O Demis                | 26,629,601                             | -                                      | -                 | -                   | 26,629,601                           |
| A Billis               | 41,282,848                             | -                                      | -                 | -                   | 41,282,848                           |
| G Sklenka              | 26,576,764                             | -                                      | -                 | -                   | 26,576,764                           |
|                        | <u>94,489,213</u>                      | <u>-</u>                               | <u>-</u>          | <u>-</u>            | <u>94,489,213</u>                    |
|                        |                                        |                                        |                   |                     |                                      |
|                        | Balance at<br>the start of<br>the year | Received<br>as part of<br>remuneration | Additions         | Disposals/<br>other | Balance at<br>the end of<br>the year |
| <b>2010</b>            |                                        |                                        |                   |                     |                                      |
| <i>Ordinary shares</i> |                                        |                                        |                   |                     |                                      |
| O Demis                | 8,352,589                              | -                                      | 18,277,012        | -                   | 26,629,601                           |
| A Billis               | 23,023,448                             | -                                      | 18,259,400        | -                   | 41,282,848                           |
| G Sklenka              | 8,317,364                              | -                                      | 18,259,400        | -                   | 26,576,764                           |
|                        | <u>39,693,401</u>                      | <u>-</u>                               | <u>54,795,812</u> | <u>-</u>            | <u>94,489,213</u>                    |

*Option holding*

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

|                                     | Balance at<br>the start of<br>the year | Granted  | Exercised                 | Expired/<br>forfeited/<br>other | Balance at<br>the end of<br>the year |
|-------------------------------------|----------------------------------------|----------|---------------------------|---------------------------------|--------------------------------------|
| <b>2011</b>                         |                                        |          |                           |                                 |                                      |
| <i>Options over ordinary shares</i> |                                        |          |                           |                                 |                                      |
| O Demis                             | 1,000,000                              | -        | -                         | -                               | 1,000,000                            |
| A Billis                            | 3,000,000                              | -        | -                         | -                               | 3,000,000                            |
| G Sklenka                           | 1,000,000                              | -        | -                         | -                               | 1,000,000                            |
|                                     | <u>5,000,000</u>                       | <u>-</u> | <u>-</u>                  | <u>-</u>                        | <u>5,000,000</u>                     |
|                                     |                                        |          |                           |                                 |                                      |
|                                     |                                        |          | Vested and<br>exercisable | Vested and<br>unexercisable     | Vested at<br>the end of<br>the year  |
| <b>2011</b>                         |                                        |          |                           |                                 |                                      |
| <i>Options over ordinary shares</i> |                                        |          |                           |                                 |                                      |
| O Demis                             |                                        |          | 1,000,000                 | -                               | 1,000,000                            |
| A Billis                            |                                        |          | 3,000,000                 | -                               | 3,000,000                            |
| G Sklenka                           |                                        |          | 1,000,000                 | -                               | 1,000,000                            |
|                                     |                                        |          | <u>5,000,000</u>          | <u>-</u>                        | <u>5,000,000</u>                     |
|                                     |                                        |          |                           |                                 |                                      |
|                                     | Balance at<br>the start of<br>the year | Granted  | Exercised                 | Expired/<br>forfeited/<br>other | Balance at<br>the end of<br>the year |
| <b>2010</b>                         |                                        |          |                           |                                 |                                      |
| <i>Options over ordinary shares</i> |                                        |          |                           |                                 |                                      |
| O Demis                             | 1,000,000                              | -        | -                         | -                               | 1,000,000                            |
| A Billis                            | 3,000,000                              | -        | -                         | -                               | 3,000,000                            |
| G Sklenka                           | 1,000,000                              | -        | -                         | -                               | 1,000,000                            |
|                                     | <u>5,000,000</u>                       | <u>-</u> | <u>-</u>                  | <u>-</u>                        | <u>5,000,000</u>                     |



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**Note 32. Key management personnel disclosures (continued)**

| <b>2010</b>                         | Vested and exercisable | Vested and unexercisable | Vested at the end of the year |
|-------------------------------------|------------------------|--------------------------|-------------------------------|
| <i>Options over ordinary shares</i> |                        |                          |                               |
| O Demis                             | 1,000,000              | -                        | 1,000,000                     |
| A Billis                            | 3,000,000              | -                        | 3,000,000                     |
| G Sklenka                           | 1,000,000              | -                        | 1,000,000                     |
|                                     | <u>5,000,000</u>       | <u>-</u>                 | <u>5,000,000</u>              |

*Related party transactions*

Related party transactions are set out in note 36.

**Note 33. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, and its related practices:

|                                                          | <b>Consolidated<br/>2011<br/>\$</b> | <b>2010<br/>\$</b> |
|----------------------------------------------------------|-------------------------------------|--------------------|
| <i>Audit services - Grant Thornton Audit Pty Ltd</i>     |                                     |                    |
| Audit or review of the financial report                  | <u>81,450</u>                       | <u>79,200</u>      |
| <i>Other services - Grant Thornton Audit Pty Ltd</i>     |                                     |                    |
| Tax compliance services                                  | <u>7,800</u>                        | <u>-</u>           |
|                                                          | <u>89,250</u>                       | <u>79,200</u>      |
| <i>Audit services - unrelated practices</i>              |                                     |                    |
| Audit or review of the financial report of subsidiary    | <u>-</u>                            | <u>10,000</u>      |
| <i>Other services - unrelated practices</i>              |                                     |                    |
| Taxation services for the parent and subsidiary entities | <u>-</u>                            | <u>94,277</u>      |
|                                                          | <u>-</u>                            | <u>104,277</u>     |

Unless otherwise stated, unrelated practices above relate to the auditors of the subsidiaries.

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**Note 34. 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:

|                                | <b>Consolidated</b> |                |
|--------------------------------|---------------------|----------------|
|                                | <b>2011</b>         | <b>2010</b>    |
|                                | <b>\$</b>           | <b>\$</b>      |
| <i>Performance guarantees:</i> |                     |                |
| ML15/993                       | 55,370              | 55,370         |
| ML16/309                       | 81,707              | 77,298         |
|                                | <u>137,077</u>      | <u>132,668</u> |

The calculation of the management fees as per the Joint Venture Agreement which was in dispute for the 30 month period ended 30 June 2010 was resolved by the Independent Expert in October 2010. The management fee of approximately \$740,000, which had previously been expensed, was paid in November 2010.

There is currently a dispute between the Joint Venture participants in regards to the management fee for the 2011 calendar year. The expense and liability amounts recorded in the financial statements have not been agreed and are subject to determination by an independent expert. The ultimate outcome of the matter cannot presently be determined, therefore, no adjustments to the management fees expense and liability that may result have been included in the financial statements.

**Note 35. Commitments for expenditure**

|                                                                             | <b>Consolidated</b> |                |
|-----------------------------------------------------------------------------|---------------------|----------------|
|                                                                             | <b>2011</b>         | <b>2010</b>    |
|                                                                             | <b>\$</b>           | <b>\$</b>      |
| <i>Capital commitments - Property, plant and equipment</i>                  |                     |                |
| Committed at the reporting date but not recognised as liabilities, payable: |                     |                |
| Within one year                                                             | 10,482,321          | 422,119        |
| One to five years                                                           | 11,707,130          | 403,072        |
|                                                                             | <u>22,189,451</u>   | <u>825,191</u> |
| <i>Lease commitments - operating</i>                                        |                     |                |
| Committed at the reporting date but not recognised as liabilities, payable: |                     |                |
| Within one year                                                             | 128,007             | 190,162        |
| One to five years                                                           | 640,036             | 663,114        |
|                                                                             | <u>768,043</u>      | <u>853,276</u> |

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**Note 35. Commitments for expenditure (continued)**

|                                                                             | <b>Consolidated</b> |             |
|-----------------------------------------------------------------------------|---------------------|-------------|
|                                                                             | <b>2011</b>         | <b>2010</b> |
|                                                                             | <b>\$</b>           | <b>\$</b>   |
| <i>Commitment for Liberia expenditure</i>                                   |                     |             |
| Committed at the reporting date but not recognised as liabilities, payable: |                     |             |
| Within one year                                                             | <u>2,500,000</u>    | <u>-</u>    |

Capital commitments relate to mining capital expenditure commitments relating to the East Kundana joint venture Raleigh underground mine.

Operating lease commitments includes contracted amounts for mining tenement leases. In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay the following funds in respect of tenement lease rentals and to meet minimum expenditure requirements of the Western Australian Mines Department. These obligations are expected to be fulfilled in the normal course of operations.

**Note 36. Related party transactions**

*Parent entity*

Rand Mining Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 39.

*Associates*

Interests in associates are set out in note 40.

*Joint ventures*

Interests in joint ventures are set out in note 41.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 32 and the remuneration report in the directors' report.

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**Note 36. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

|                                                                                                                               | <b>Consolidated</b> |             |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                               | <b>2011</b>         | <b>2010</b> |
|                                                                                                                               | <b>\$</b>           | <b>\$</b>   |
| Payment for other expenses:                                                                                                   |                     |             |
| Payment of royalties to Lake Grace Exploration NL, a company related to the director Anthony Billis.                          | 39,697              | 46,512      |
| Payment for executive accommodation fees to Lake Grace Exploration Pty Ltd, a company related to the director Anthony Billis. | 11,250              | 6,750       |
| Payment for administration fees to Lake Grace Exploration NL, a company related to the director Anthony Billis.               | 12,000              | 32,808      |
| Payment for consulting fees to Lake Grace Exploration Pty Ltd, a company related to the director Anthony Billis.              | 1,000               | 41,000      |
| Option fees paid to Resources Capital, a director related entity.                                                             | 30,000              | -           |

At 30 June 2011, the consolidated entity held 2,819,998 (2010: 2,819,998) ordinary shares in Regal Resources Ltd. Gordon Sklenka was a director of Regal Resources Ltd between September 2003 and June 2009.

At 30 June 2011, the consolidated entity held 3,360,857 (2010: 3,360,857) ordinary shares and nil (2010: 3,212,428) options in AXG Mining Ltd. Gordon Sklenka was a director of AXG Mining Ltd during the year.

At 30 June 2011, the consolidated entity held 1,000,000 (2010: 1,000,000) ordinary shares and 750,000 (2010: 750,000) options in Palace Resources Ltd, a company previously related to Gordon Sklenka. The shares were acquired in the year ended 30 June 2004 for \$100,000 and the options for \$7,500.

At 30 June 2011, the consolidated entity held 10,000 (2010: 10,000) shares in Vector Resources Limited, a company previously related to Gordon Sklenka.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the reporting date.

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**Note 36. Related party transactions (continued)**

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

|                                                                                                                     | <b>Consolidated</b> |             |
|---------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                     | <b>2011</b>         | <b>2010</b> |
|                                                                                                                     | <b>\$</b>           | <b>\$</b>   |
| Current receivables:                                                                                                |                     |             |
| Cash loan to Iron Resources (Liberia) Ltd, a director related entity. The loan is non-interest bearing.             | 472,766             | -           |
| Current borrowings:                                                                                                 |                     |             |
| Cash loan from Tribune Resources Limited. Interest is payable at 10% per annum and there is no fixed repayment date | -                   | 672,792     |

During the 2006 year, the consolidated entity was loaned 4,000 oz in gold bullion by related party, Tribune Resources Limited. On 27 January 2010, Rand Mining Limited repaid the bullion loan in full by the issue of 18,359,400 shares (at a value of \$5,875,008) and \$743,961 in cash. Also at 30 June 2010 the consolidated entity held 11,923,904 Tribune Resources Limited shares. Otakar Demis, Anthony Billis and Gordon Sklenka are all directors of Rand Mining Limited during the year. Roland Berzins is joint company secretary of Rand Mining Limited and Tribune Resources Limited.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 37. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of comprehensive income*

|                            | <b>Parent</b>   |                    |
|----------------------------|-----------------|--------------------|
|                            | <b>2011</b>     | <b>2010</b>        |
|                            | <b>\$</b>       | <b>\$</b>          |
| Loss after income tax      | <u>(13,928)</u> | <u>(2,298,477)</u> |
| Total comprehensive income | <u>(13,928)</u> | <u>(2,298,477)</u> |

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**Note 37. Parent entity information (continued)**

*Statement of financial position*

|                           | <b>Parent</b>      |                    |
|---------------------------|--------------------|--------------------|
|                           | <b>2011</b>        | <b>2010</b>        |
|                           | <b>\$</b>          | <b>\$</b>          |
| Total current assets      | <u>11,621,561</u>  | <u>11,796,594</u>  |
| Total assets              | <u>12,299,838</u>  | <u>13,249,176</u>  |
| Total current liabilities | <u>956,573</u>     | <u>976,666</u>     |
| Total liabilities         | <u>956,573</u>     | <u>991,670</u>     |
| Equity                    |                    |                    |
| Contributed equity        | 17,573,427         | 17,578,447         |
| Reserves                  | 1,418,800          | 2,025,082          |
| Accumulated losses        | <u>(7,648,962)</u> | <u>(7,346,023)</u> |
| Total equity              | <u>11,343,265</u>  | <u>12,257,506</u>  |

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010, except for those disclosed in note 33.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2011 and 30 June 2010.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.
- Investments in associates and joint ventures are accounted for at cost, less any impairment.

**Note 38. Business combinations**

*Onslow Resources Ltd (prior year acquisition)*

On 2 December 2009 Rand Mining Limited acquired 100% of the ordinary shares of Onslow Resources Ltd for the total consideration transferred of \$1. This is a mineral exploration business and operates in the mining division of the consolidated entity. It was acquired to expand the consolidated entity's mineral exploration operations. The acquired business contributed revenues of \$444 and loss after tax of \$629,862 to the consolidated entity for the period from 2 December 2009 to 30 June 2010. If the acquisition occurred on 1 July 2009, the full year contributions would have been revenues of \$444 and loss after tax of \$642,164. The values identified in relation to the acquisition of Onslow Resources Ltd were final as at 30 June 2010.

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**Note 38. Business combinations (continued)**

Details of the acquisition are as follows:

|                                                                     | <b>Acquiree's<br/>carrying<br/>amount<br/>\$</b> | <b>Fair value<br/>\$</b> |
|---------------------------------------------------------------------|--------------------------------------------------|--------------------------|
| Trade and other receivables                                         | 4,389                                            | 4,389                    |
| Exploration and evaluation                                          | 46,156                                           | 46,156                   |
| Provisions and contingent liabilities                               | <u>(62,847)</u>                                  | <u>(62,847)</u>          |
| Net liabilities acquired                                            | <u>(12,302)</u>                                  | <u>(12,302)</u>          |
| Goodwill                                                            |                                                  | <u>-</u>                 |
| Acquisition-date fair value of the total consideration transferred  |                                                  | <u><u>(12,302)</u></u>   |
| Representing:                                                       |                                                  |                          |
| Cash paid or payable to vendor                                      |                                                  | 1                        |
| Loss on acquisition to profit and loss                              |                                                  | <u>(12,303)</u>          |
|                                                                     |                                                  | <u><u>(12,302)</u></u>   |
| Acquisition costs expensed to the statement of comprehensive income |                                                  | <u><u>41,000</u></u>     |
|                                                                     | <b>Consolidated<br/>2011<br/>\$</b>              | <b>2010<br/>\$</b>       |
| Cash used to acquire business, net of cash acquired:                |                                                  |                          |
| Acquisition-date fair value of the total consideration transferred  | <u>-</u>                                         | <u>1</u>                 |
| Net cash used                                                       | <u><u>-</u></u>                                  | <u><u>1</u></u>          |

**Note 39. Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| <b>Name of entity</b>  | <b>Country of<br/>incorporation</b> | <b>Equity holding</b> |                   |
|------------------------|-------------------------------------|-----------------------|-------------------|
|                        |                                     | <b>2011<br/>%</b>     | <b>2010<br/>%</b> |
| Rand Exploration N.L.  | Australia                           | 100.00                | 100.00            |
| Pan African Mining Ltd | Angola                              | 100.00                | 100.00            |
| Onslow Resources Ltd * | Australia                           | -                     | 100.00            |

\* At 30 June 2011, Onslow Resources Ltd was an investment held-for-sale as the ownership changed.

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**Note 40. Investments in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

| <b>Associate</b>          | <b>Principal activities</b> | <b>Consolidated<br/>Percentage interest</b> |                  |
|---------------------------|-----------------------------|---------------------------------------------|------------------|
|                           |                             | <b>2011</b><br>%                            | <b>2010</b><br>% |
| Tribune Resources Limited |                             | 23.70                                       | 23.70            |

Information relating to the associates is set out below.

|                                               | <b>Consolidated<br/>2011</b><br>\$ | <b>2010</b><br>\$        |
|-----------------------------------------------|------------------------------------|--------------------------|
| <i>Share of assets and liabilities</i>        |                                    |                          |
| Assets                                        | <u>20,122,159</u>                  | <u>16,416,644</u>        |
| Total assets                                  | <u>20,122,159</u>                  | <u>16,416,644</u>        |
| Liabilities                                   | <u>3,286,490</u>                   | <u>2,715,906</u>         |
| Total liabilities                             | <u>3,286,490</u>                   | <u>2,715,906</u>         |
| Net assets                                    | <u><u>16,835,669</u></u>           | <u><u>13,700,738</u></u> |
| <i>Share of revenue, expenses and results</i> |                                    |                          |
| Revenue                                       | 11,838,468                         | 10,369,574               |
| Expenses                                      | <u>(8,897,299)</u>                 | <u>(7,092,004)</u>       |
| Profit before income tax                      | <u><u>2,941,169</u></u>            | <u><u>3,277,570</u></u>  |

The market value of listed investment in associates at 30 June 2011 is \$26,471,067 (2010: \$11,923,904).

**Note 41. Interests in joint ventures**

Interests in joint ventures are accounted for using the proportionate consolidation method of accounting. Information relating to joint ventures is set out below:

| <b>Joint venture</b>       | <b>Principal activities</b>    | <b>Consolidated<br/>Percentage interest</b> |                  |
|----------------------------|--------------------------------|---------------------------------------------|------------------|
|                            |                                | <b>2011</b><br>%                            | <b>2010</b><br>% |
| East Kundana Joint Venture | Exploration and mining of gold | 12.25                                       | 12.25            |



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**Note 41. Interests in joint ventures (continued)**

Information relating to the joint venture partnership is set out below.

|                                               | <b>Consolidated</b>       |                           |
|-----------------------------------------------|---------------------------|---------------------------|
|                                               | <b>2011</b>               | <b>2010</b>               |
|                                               | <b>\$</b>                 | <b>\$</b>                 |
| <i>Share of assets and liabilities</i>        |                           |                           |
| Current assets                                | 2,670,874                 | 3,411,978                 |
| Non-current assets                            | <u>17,682,562</u>         | <u>15,026,226</u>         |
| Total assets                                  | <u>20,353,436</u>         | <u>18,438,204</u>         |
| Current liabilities                           | 1,956,676                 | 1,833,112                 |
| Non-current liabilities                       | <u>144,700</u>            | <u>126,573</u>            |
| Total liabilities                             | <u>2,101,376</u>          | <u>1,959,685</u>          |
| Net assets                                    | <u><u>18,252,060</u></u>  | <u><u>16,478,519</u></u>  |
| <i>Share of revenue, expenses and results</i> |                           |                           |
| Revenue                                       | 102,603                   | 63,320                    |
| Expenses                                      | <u>(8,070,552)</u>        | <u>(7,038,412)</u>        |
| Loss before income tax                        | <u><u>(7,967,949)</u></u> | <u><u>(6,975,092)</u></u> |

**Note 42. Events occurring after the reporting date**

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

On 1 September 2011 the company announced the parties agreed to vary the Option and Share Purchase Agreement annexed in the Option Agreement by entering a Deed of Variation.

A summary of the material amendments to the Option and Share Purchase Agreement are set out below:

- Resource Capital Limited ('RCL') agreed to extend the term of the option by 12 months to 23 September 2012 ('Expiry Date') in exchange for the company paying a non-refundable option fee of \$100,000;
- the company may exercise the option at any time prior to the Expiry Date by providing written notice to RCL. On exercise of the option, the company is obliged to transfer 8 million fully paid ordinary shares in Tribune Resources Limited ('Tribune shares') to RCL;
- In the event that completion of the acquisition of RCL does not occur, RCL must retransfer the Tribune Shares back to the company forthwith;
- IRL has agreed to grant the company a licence to access the Project Area during the option period to conduct a drilling programme and all activities associated with the programme;
- the company is responsible for the costs of the drilling program up to \$2.5 million. 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; and
- the remaining terms of the share purchase agreement are otherwise unaltered, including the conditions precedent to completion of the acquisition and the consideration payable to RCL.

A summary of the terms of the Transaction are set out in ASX announcement dated 1 September 2011 on the company's website. Further details are contained in the 'Review of operations' report.

*Ore development*

Ore development commenced at Hornet and Rubicon on 1 August 2011.

*Securing a Clean Energy Future – the Australian Government's Climate Change Plan*

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the consolidated entity as legislation must be voted on and passed by both houses of Parliament. In addition, as the consolidated entity will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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**Note 43. Reconciliation of profit after income tax to net cash from operating activities**

|                                                            | <b>Consolidated</b> |                  |
|------------------------------------------------------------|---------------------|------------------|
|                                                            | <b>2011</b>         | <b>2010</b>      |
|                                                            | <b>\$</b>           | <b>\$</b>        |
| Profit after income tax expense for the year               | 5,388,317           | 4,148,967        |
| Adjustments for:                                           |                     |                  |
| Depreciation and amortisation                              | 1,625,194           | 3,279,374        |
| Net loss on disposal of property, plant and equipment      | 14,636              | 72,368           |
| Net fair value loss on available-for-sale financial assets | -                   | 5,006            |
| Share of profit - joint ventures                           | (1,405,107)         | -                |
| Income from equity accounted investments                   | (1,536,062)         | (3,277,570)      |
| Write off of exploration, evaluation and development costs | (14,109)            | 641,133          |
| Impairment of mine development costs                       | -                   | 160,847          |
| Impairment of available-for-sale financial assets          | 75,804              | 81,067           |
| Impairment of equity accounted investments                 | -                   | 1,754,240        |
| Non-cash interest                                          | (141,671)           | -                |
| Unrealised loss - Tribune Resources NL gold loan           | -                   | 223,347          |
| Interest - Tribune Resources gold loan                     | -                   | 220,313          |
| Change in operating assets and liabilities:                |                     |                  |
| Increase in trade and other receivables                    | (711,076)           | (107,471)        |
| Increase in inventories                                    | (4,699,960)         | (4,127,311)      |
| (Increase)/decrease in income tax refund due               | 624,514             | (600,650)        |
| (Increase)/decrease in deferred tax assets                 | (133,496)           | 933,242          |
| Increase/(decrease) in trade and other payables            | (237,460)           | 1,223,491        |
| Increase in provision for income tax                       | 781,377             | -                |
| Increase in deferred tax liabilities                       | 793,093             | -                |
| Increase in other provisions                               | 75,450              | 7,463            |
| Net cash from operating activities                         | <u>499,444</u>      | <u>4,637,856</u> |

**Note 44. Non-cash investing and financing activities**

|                                                    | <b>Consolidated</b> |                |
|----------------------------------------------------|---------------------|----------------|
|                                                    | <b>2011</b>         | <b>2010</b>    |
|                                                    | <b>\$</b>           | <b>\$</b>      |
| Unrealised loss - Tribune Resources NL gold loan * | -                   | 223,347        |
| Interest - Tribune Resources NL gold loan *        | -                   | 220,313        |
|                                                    | <u>-</u>            | <u>443,660</u> |

\* In January 2010, the consolidated entity repaid the gold bullion loan by way of 18,359,400 shares (valued at \$5,875,008) and \$743,961 in cash.

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Notes to the financial statements**  
**30 June 2011**

**Note 45. Earnings per share**

|                                                                                           | <b>Consolidated</b> |                   |
|-------------------------------------------------------------------------------------------|---------------------|-------------------|
|                                                                                           | <b>2011</b>         | <b>2010</b>       |
|                                                                                           | <b>\$</b>           | <b>\$</b>         |
| <i>Earnings per share from continuing operations</i>                                      |                     |                   |
| Profit after income tax attributable to the owners of Rand Mining Limited                 | <u>4,929,539</u>    | <u>4,589,843</u>  |
|                                                                                           | <b>Number</b>       | <b>Number</b>     |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>60,841,209</u>   | <u>49,140,981</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>60,841,209</u>   | <u>49,140,981</u> |
|                                                                                           | <b>Cents</b>        | <b>Cents</b>      |
| Basic earnings per share                                                                  | 8.10                | 9.34              |
| Diluted earnings per share                                                                | 8.10                | 9.34              |
| <i>Earnings per share from discontinued operations</i>                                    |                     |                   |
| Profit after income tax attributable to the owners of Rand Mining Limited                 | <u>458,778</u>      | <u>(440,876)</u>  |
|                                                                                           | <b>Number</b>       | <b>Number</b>     |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>60,841,209</u>   | <u>49,140,981</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>60,841,209</u>   | <u>49,140,981</u> |
|                                                                                           | <b>Cents</b>        | <b>Cents</b>      |
| Basic earnings per share                                                                  | 0.75                | (0.90)            |
| Diluted earnings per share                                                                | 0.75                | (0.90)            |

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Notes to the financial statements**  
**30 June 2011**

**Note 45. Earnings per share (continued)**

|                                                                                           | <b>Consolidated</b> |                   |
|-------------------------------------------------------------------------------------------|---------------------|-------------------|
|                                                                                           | <b>2011</b>         | <b>2010</b>       |
|                                                                                           | <b>\$</b>           | <b>\$</b>         |
| <i>Earnings per share for profit</i>                                                      |                     |                   |
| Profit after income tax attributable to the owners of Rand Mining Limited                 | <u>5,388,317</u>    | <u>4,148,967</u>  |
|                                                                                           | <b>Number</b>       | <b>Number</b>     |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>60,841,209</u>   | <u>49,140,981</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>60,841,209</u>   | <u>49,140,981</u> |
|                                                                                           | <b>Cents</b>        | <b>Cents</b>      |
| Basic earnings per share                                                                  | 8.86                | 8.44              |
| Diluted earnings per share                                                                | 8.86                | 8.44              |

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



---

Anthony Billis  
Director

30 September 2011  
Perth

Grant Thornton Audit Pty Ltd  
ABN 94 269 609 023

10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

**T** +61 8 9480 2000  
**F** +61 8 9322 7787  
**E** admin.wa@au.gt.com  
**W** www.grantthornton.com.au

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

### **Report on the financial report**

We have audited the accompanying financial report of Rand Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Rand Mining Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

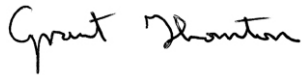
### **Report on the remuneration report**

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Rand Mining Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Director - Audit & Assurance

Perth, 30 September 2011



ABN 41 004 669 658

G1 49 Melville Parade  
South Perth WA 6151, Australia

PO Box 307  
West Perth WA 6872, Australia

T 61 8 9474 2113  
F 61 8 9367 9386

E info@randmining.com.au  
W randmining.com.au

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### **Competent Person's Consent Form**

Pursuant to the requirements of ASX Listing Rule 5.6 and clause 8 of the  
2004 JORC Code (Written Consent Statement)

---

#### **Report Description**

Rand Mining Ltd Annual Report 2011

.....  
("Report")

Rand Mining Ltd

.....  
Raleigh, Rubicon, Hornet and Pegasus Reserves and Resources Statement

Raleigh ore stockpiled at the Greenfields and other ROM pads

Wongan Hills Exploration Project

.....  
19 August 2011

#### **Statement**

I, ...Matthew Paul Sullivan..... confirm that:

- I have read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code").
- I am a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of *The Australasian Institute of Mining and Metallurgy* or the *Australian Institute of Geoscientists* or a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.

- I have reviewed the Report to which this Consent Statement applies.
- I am a consultant working for Rand Mining Ltd and have been engaged by Rand Mining Ltd to prepare the documentation for the Raleigh, Rubicon, Hornet and Pegasus deposits, ore stockpiled at the Greenfields and other ROM pads and the Wongan Hills Exploration Project on which the Report is based, for the period ended 30 June 2011.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Exploration Results, Mineral Resources and/or Ore Reserves.

### CONSENT

I consent to the release of the Report and this Consent Statement by the directors of:

Rand Mining Ltd

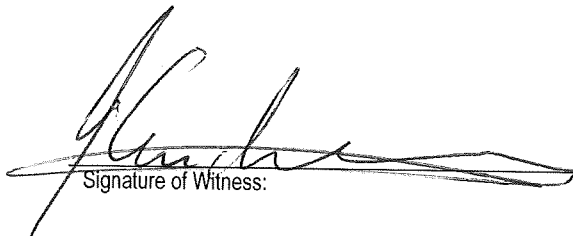
.....

  
Signature of Competent Person:

24.8.11  
Date:

AusIMM  
Professional Membership:

11187  
Membership Number:

  
Signature of Witness:

JOHN ANDREWS WILLETTON  
Print Witness Name and Residence (eg. Town/Suburb):

### Competent Person's Consent Form

Pursuant to the requirements of ASX Listing Rule 5.6 and clause 8 of the 2004 JORC Code (Written Consent Statement)

### Report Description

#### **EKJV Mineral Resources and Ore Reserves as at the 30th of June 2011**

EKJV Management Pty Ltd

specifically the Hornet and Rubicon Underground Reserve Statement contained there-in

12 August 2011

### Statement

I, .....Robert Smith..... confirm that:

- I have read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code").
- I am a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of *The Australasian Institute of Mining and Metallurgy* or the *Australian Institute of Geoscientists* or a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.
- I have reviewed the Report to which this Consent Statement applies.
- I am a full time employee of .....Barrick Kanowna Ltd.....

EKJV Management Pty Ltd  
ABN NUMBER 48 098 858 596 A member of Barrick Australia Pacific  
*A joint venture with Gilt-Edged Mining NL (A.C.N. 073 565 796), Rand Mining NL (A.C.N. 004 669 658), Rand Exploration NL (A.C.N. 008 879 687) and Tribune Resources NL (A.C.N. 009 341 539), operated by EKJV Management Pty Ltd, a member of Barrick Australia Pacific.*

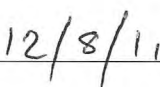
I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Mineral Resources and Ore Reserves.

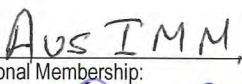
**CONSENT**

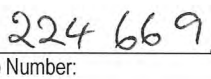
I consent to the release of the Report and this Consent Statement by the directors of:

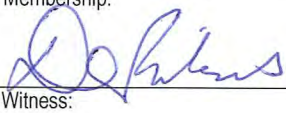
.....Rand Mining Ltd.....

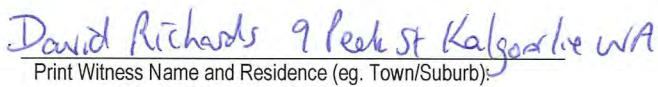
  
\_\_\_\_\_  
Signature of Competent Person:

  
\_\_\_\_\_  
Date:

  
\_\_\_\_\_  
Professional Membership:

  
\_\_\_\_\_  
Membership Number:

  
\_\_\_\_\_  
Signature of Witness:

  
\_\_\_\_\_  
Print Witness Name and Residence (eg. Town/Suburb):



### Competent Person's Consent Form

Pursuant to the requirements of ASX Listing Rule 5.6 and clause 8 of the 2004 JORC Code (Written Consent Statement)

### Report Description

#### **EKJV Mineral Resources and Ore Reserves as at the 30th of June 2011**

.....  
("Report")

EKJV Management Pty Ltd  
.....

specifically the Raleigh Underground Mine Resource Statement contained therein  
.....

12 August 2011

.....  
(Date of Report)

### Statement

I, .....David Antony Richards..... confirm that:

- I have read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code").
- I am a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of *The Australasian Institute of Mining and Metallurgy* or the *Australian Institute of Geoscientists* or a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.
- I have reviewed the Report to which this Consent Statement applies.
- I am a full time employee of .....Barrick Kanowna Ltd.....

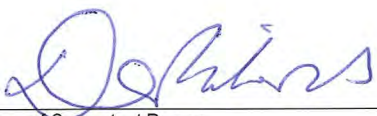
EKJV Management Pty Ltd  
ABN NUMBER 48 098 858 596 A member of Barrick Australia Pacific  
*A joint venture with Gilt-Edged Mining NL (A.C.N. 073 565 796), Rand Mining NL (A.C.N. 004 669 658), Rand Exploration NL (A.C.N. 008 879 687) and Tribune Resources NL (A.C.N. 009 341 539), operated by EKJV Management Pty Ltd, a member of Barrick Australia Pacific.*

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Mineral Resources and Ore Reserves.

**CONSENT**

I consent to the release of the Report and this Consent Statement by the directors of:

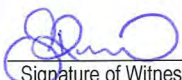
Rand Mining Ltd

  
Signature of Competent Person:

12/8/11  
Date:

AUSIMM  
Professional Membership:

203408  
Membership Number:

  
Signature of Witness:

Shannon Ryan: 6 Butler Street, Kalgoorlie  
Print Witness Name and Residence (eg. Town/Suburb):

Additional Deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

Hornet Open Pit and Hornet Underground (Resource)

Rubicon Underground (Resource)

Pegasus Underground (Resource)

Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

.....NIL.....

**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Shareholder information**  
**30 June 2011**

The shareholder information set out below was applicable as at 8 September 2011.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

|                                       | <b>Number<br/>of holders<br/>of ordinary<br/>shares</b> |
|---------------------------------------|---------------------------------------------------------|
| 1 to 1,000                            | 238                                                     |
| 1,001 to 5,000                        | 168                                                     |
| 5,001 to 10,000                       | 52                                                      |
| 10,001 to 100,000                     | 77                                                      |
| 100,001 and over                      | 29                                                      |
|                                       | <hr/>                                                   |
|                                       | 564                                                     |
|                                       | <hr/> <hr/>                                             |
| Holding less than a marketable parcel | -                                                       |
|                                       | <hr/> <hr/>                                             |

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                  | <b>Ordinary shares<br/>% of total<br/>shares<br/>issued</b> |
|----------------------------------|-------------------------------------------------------------|
|                                  | <b>Number held</b>                                          |
| Tribune Resources Ltd            | 26,576,764                                                  |
| Trans Global Capital Ltd         | 7,899,584                                                   |
| Auriongold Limited               | 2,925,360                                                   |
| Lake Grace Exploration Pty Ltd   | 2,917,000                                                   |
| JP Morgan Nominees Australia Ltd | 2,383,843                                                   |
| McNeil Nominees Pty Ltd          | 2,339,615                                                   |
| Sierra Gold Ltd                  | 2,100,000                                                   |
| HKT Au Pty Ltd                   | 1,854,100                                                   |
| Resource Capital Limited         | 1,604,500                                                   |
| Halkin Pty Ltd                   | 1,263,810                                                   |
| Raypoint Pty Ltd                 | 530,000                                                     |
| Mrs P Wichaikul                  | 510,000                                                     |
| Mr S Ilkiw                       | 490,000                                                     |
| Mr A Sage                        | 478,660                                                     |
| Teklink Pty Ltd                  | 372,500                                                     |
| DOM Fond PIF DD/C                | 324,500                                                     |
| West Coast Brick Co Pty Ltd      | 293,700                                                     |
| Mr H Kai Tong Au                 | 290,000                                                     |
| Southam Investments 2003 Pty Ltd | 286,800                                                     |
| Mr M Siegel                      | 255,000                                                     |
|                                  | <hr/>                                                       |
|                                  | 55,695,736                                                  |
|                                  | <hr/> <hr/>                                                 |
|                                  | 91.55                                                       |
|                                  | <hr/> <hr/>                                                 |



**Rand Mining Limited**  
**(Formerly known as Rand Mining NL)**  
**Shareholder information**  
**30 June 2011**

*Unquoted equity securities*

There are no unquoted equity securities.

**Substantial holders**

Substantial holders in the company are set out below:

|                          | <b>Ordinary shares</b> |                      |
|--------------------------|------------------------|----------------------|
|                          | <b>% of total</b>      |                      |
|                          | <b>Number held</b>     | <b>shares issued</b> |
| Tribune Resources Ltd    | 26,576,764             | 43.68                |
| Trans Global Capital Ltd | 7,899,584              | 12.98                |

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**Tenements**

| <b>Description</b>          | <b>Tenement number</b> | <b>Interest owned</b> |
|-----------------------------|------------------------|-----------------------|
| Kundana - Kundana           | M15/1413               | 12.25%                |
| Kundana - Kundana           | M15/993                | 12.25%                |
| Kundana - Kundana           | M16/181                | 12.25%                |
| Kundana - Kundana           | M16/182                | 12.25%                |
| Kundana - Kundana           | M16/218                | 12.25%                |
| Kundana - Kundana           | M16/308                | 12.25%                |
| Kundana - Kundana           | M16/309                | 12.25%                |
| Kundana - Kundana           | M16/310                | 12.25%                |
| Kundana - Kundana           | M16/325                | 12.25%                |
| Kundana - Kundana           | M16/326                | 12.25%                |
| Kundana - Kundana           | M16/421                | 12.25%                |
| Kundana - Kundana           | M16/428                | 12.25%                |
| Seven Mile Hill - Kurrawang | P15/5184               | 50.00%                |
| Seven Mile Hill - Kurrawang | P26/3617               | 50.00%                |
| Seven Mile Hill - Kurrawang | P15/4495               | 50.00%                |
| Kalguddering - Kalguddering | E70/3646               | 100.00%               |
| Larkinvile - Larkinvile     | M15/1290               | 100.00%               |