RADAR IRON LTD

ACN 146 455 576

ASX Release

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Suite 2, 12 Parliament Place
West Perth WA 6005
PO BOX 902
West Perth WA 6872

P + 61 8 9482 0580
F + 61 8 9482 0505
E info@radariron.com.au
W www.radariron.com.au

Contact:
Jonathan Lea
Managing Director
E jlea@radariron.com.au

Phillip Wingate
Company Secretary
E pwingate@radariron.com.au

Directors:
Alan Tough - Chairman
Jonathan Lea - Managing Director
Ananda Kathiravelu - Non-Executive

Issued Capital:
71,162,129 Ordinary Shares
23,050,000 Unlisted Options

ASX Code:
RAD (Fully Paid Ordinary Shares)

Media Enquiries:
Fortbridge +612 9331 0655
Bill Kemmery 0400 122 449

Placement at Premium to China based Strategic Investor

- **Placement raises $3.3M**
- **Placement at 33 cents per share made at 22% premium to current price**
- **Radar now funded to rapidly pursue strategy for hematite resource definition**
- **Future arrangements provide for development capital of up to $50M in exchange for off-take for the Central Yilgarn hematite projects**
- **Potential to market Die Hardy Magnetite Project in North Asia**

Radar Iron Ltd (ASX: RAD) is pleased to announce it has successfully agreed a placement of 10 million new shares. The placement at 33 cents, approximately 22% above the last traded price for Radar Iron's shares, raised $3.3 million before costs.

The funds provide sufficient working capital to allow Radar to aggressively pursue its objective of rapidly defining additional hematite resources at its Central Yilgarn project and to commence the mine development process.

The placement is made to Shinewarm Resources (HK) Group Limited ("Shinewarm"), the Hong Kong based investment vehicle of the privately owned Xiamen Meize Xinyuan Trading Co. Ltd. The trading company supplies iron ore, coal and base metals to industrial partners located throughout China.

Significantly, as part of the investment commitment, Radar Iron and Shinewarm will negotiate the commitment of up to $50 million capital to facilitate project development in exchange for the hematite off-take.

Managing Director Jonathan Lea said: "The immediate investment at a premium and the potential future capital development funding represents a major benefit for all shareholders. Radar is now positioned to invest in additional exploration and drilling to enable the rapid identification and development of hematite mineralisation at our Central Yilgarn Projects".

Radar Iron expects to develop a close and mutually beneficial working relationship with Shinewarm as one of the Company's largest shareholders following the transaction.

"Shinewarm and its Chinese parent entity recognise the potential of Radar's Yilgarn projects and the realistic infrastructure options in the region as being superior to that currently available elsewhere in Western Australia," Mr Lea said.

Details of the arrangement are:

- Shinewarm accepts a placement of 10 million shares in Radar at a price of 33 cents per share, approximately 22% above the previous closing price, with completion to occur by 15 June 2012.
- The parties will negotiate the terms of a future investment arrangement whereby Shinewarm will have the right to invest up to $50 million to fund the Company's hematite project development and to purchase 100% of all hematite produced from the Company's Central Yilgarn hematite projects on commercial terms consistent with existing market rates.
- Whilst the party's intent is for Shinewarm to fund development of the Company's Central Yilgarn hematite projects, Radar remains at liberty to seek additional and alternative investment partners for all its projects, including the Die Hardy magnetite project.
- In the event that the parties do not agree the future investment arrangement, Shinewarm still has the right to purchase 15% of all hematite produced from the Central Yilgarn hematite projects on commercial terms at market rates.

The placement is made using Radar's 15% annual placement capacity and shareholder approval is not required. An appendix 3B will be announced following the issue of the shares.

Yours faithfully,

For or on behalf of Radar Iron Ltd

Jonathan Lea
Managing Director

About Shinewarm Resources and Xiamen Meize Xinyuan Trading Co. Ltd

Shinewarm Resources (HK) Group Limited (Shinewarm) is the Hong Kong based investment vehicle the privately owned Xiamen Meize Xinyuan Trading Co. Ltd which has been trading iron ore, coal and base metals to industrial partners such as steel mills, power generators, cement and tile producers and printing factories located throughout China. The company holds long term commodity supply commitment contracts, through joint venture agreements, with their industrial partners. They currently import coal from Australia, Indonesia, Vietnam, Philippines, United States, Colombia and Russia.