ASX ANNOUNCEMENT

RICHMOND MINING LIMITED ACN 123 423 987

RICHMOND MINING LIMITED

31 October 2011

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

HIGHLIGHTS

- **36% Resource upgrade at Buena Vista;**
- **Appointment of former BHP Billiton executive Lou Jelenich as a Director;**
- **Very positive feedback from international banks for Buena Vista financing;**
- **Acquisition of Rod Mills completed;**
- **SAG Mill option being investigated, which is expected to reduce capital costs by in excess of US$10 million; and**
- **Highly anomalous gold and nickel values intersected at Narracoota.**

Overview

Richmond Mining Limited (ASX Code: RHM) is an Australian based resource company focused on the development of the Buena Vista iron project.

The Buena Vista iron project is located in Nevada in the United States. Based on a positive feasibility study completed in late May 2011, the project has established JORC magnetite resources and reserves for which an average of 1.75 million wet tonnes per year of high grade magnetite concentrate will be produced for an initial mine life of 10 years.

Issued Shares: 79.2 million	**Market Capitalisation: A$20.2 million**

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Summary of September 2011 Quarter Activities

The focus of work undertaken during the quarter included:

- continued detailed discussions with financial institutions for funding the development of the Buena Vista project;
- feasibility study optimisation work was undertaken that resulted in the significant upgrade of the ore resources available within the West Deposit;
- investigations to quantify potential capital and operating cost savings for Buena Vista to further enhance the feasibility study results;
- Board expertise further enhanced by the appointment of former BHP Billiton executive, Lou Jelenich.

Buena Vista (100%)

Buena Vista is a magnetite iron deposit that was discovered in 1898, intermittently mined in the 1950s and 1960s and most recently explored by US Steel in the period 1961-1979 as a potential feed for a US based pelletising plant. At least 320 diamond holes have been completed over the whole property, together with extensive metallurgical test work and mining studies.

As part of a their studies, US Steel outlined substantial pre-JORC reserves and resources within the West, South Central, East, Iron Point, Southwest and Section 5 deposits. These deposits within the historic pit designs had a combined waste to ore ratio of less than one.

All of the current JORC Resources and Reserves at the Buena Vista project are on private land under patented mining claims. This is an important consideration within the United States and allows Richmond to fast track development through accelerated approvals.

In addition, Buena Vista is located approximately 40 kilometres from the Union Pacific rail line that connects to port facilities at Sacramento, Stockton, Richmond and San Francisco.

West Deposit Resource Upgrade

As a consequence of the continuing assessment of the proposed West Pit resources, the Company announced early in October that the JORC Resource for this deposit had been re-estimated to 88.7 million tonnes grading 20.4% total iron.

This new Resource is classified as Indicated and represents a 36% increase in tonnage over the April 2011 Resource of 65 million tonnes, with only a small reduction in overall grade. This new Resource for the West Deposit resulted from incorporating a lower 10% total iron wire framing cut-off grade.

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The revised Indicated Mineral Resource is tabulated below.

DOMAIN	VOLUME (m^3)	TONNES	TOTAL FE%	AVERAGE DENSITY
High Grade	1,000,000	3,600,000	48.2	3.78
Medium Grade	11,900,000	36,800,000	25.7	3.09
Low Grade	17,700,000	48,300,000	14.3	2.74
GRAND TOTAL	**30,600,000**	**88,700,000**	**20.4**	**2.93**

The next stage in the resource upgrade is to undertake further mining engineering work to reassess the beneficial effects of this increase on the overall mining and production.

Financing of Buena Vista

During the September quarter, Richmond Mining distributed the Buena Vista Feasibility Study to a number of invited financial institutions. The response from these institutions has been very positive, with a number of international banks already providing the Company with both expressions of interest and indicative term sheets for the debt financing of the Project.

In addition, Richmond has also received offers of supplementary financing from off take counterparties.

Based on those responses seven lending institutions and off take counterparties were invited to visit the Project site and ports during September.
These visits were a very important first step in the due diligence process of these parties.

Firstly, the proposed mine site and railroad load out siding at Colado were visited. All parties were very supportive of the project and highly complementary of the team of consultants that Richmond assembled to work on the project.

The second part of the visit focussed on the ports. This was designed to provide a better understanding of the port facilities available that Richmond could potentially utilise for the export of iron concentrate.

After the tours, all the parties indicated a strong interest to be involved in the project.

Richmond is very pleased with the result of the discussions to date and expects to appoint an international bank (or banks) to act as Lead Arranger(s) for the debt financing of the Project in the forthcoming quarter.

Acquisition of Rod Mills

Subsequent to the end of the quarter, Nevada Iron LLC completed the acquisition of three Nordberg 13.0 foot diameter x 18.6 foot length, fixed speed 1,500 HP (1,125 kW) overflow rod mills for Buena Vista. The total consideration paid was US$3.75 million with the final instalment of US$2.1 million being paid on 10 October 2011.

These rod mills form part of the proposed primary grinding circuit at Buena Vista as envisaged under the feasibility study. Their acquisition allows the Company to avoid potential lengthy delays associated with the delivery timelines for new mills.

Comparison of the Comminution Method for the Beneficiation Plant

A preliminary report was completed during the quarter that compares the three stage crushing, rod and ball mill circuit adopted for the feasibility report against an alternate single stage crushing plus SAG - Ball milling route option.

The comminution circuit adopted for the feasibility study was typical for processing magnetite ores up until the introduction of autogenous (AG) or semi autogenous (SAG) grinding in the late 1960s. Since then the majority of plants have been designed with a single crushing stage followed by AG or SAG milling for the primary stage and either ball or pebble grinding for the secondary stage.

At the time of the feasibility study suitably sized SAG mills could not be located, however, suitable rod and ball mills were available along with numerous cone crushers. As a consequence, the rod mill circuit was chosen for the feasibility study.

Since the completion of the study, however, two suitably sized used AG mills have become available and which could be used for the Project together with a third AG mill that could modified and used as a ball mill.

During the quarter the AG mills, two of which ceased operation in June 2011, were given a general inspection and were considered to be in good condition. A more detailed mechanical inspection of the drives and gearing was subsequently completed and it was determined that they are in very good condition.

The mill heads and shells have been manufactured in sections and this method of construction together with the availability of overhead cranes in the plant simplifies their removal, packing and transportation.

There are a number of potential advantages in adopting an autogenous form of grinding viz;

- the process flow sheet is simpler and has less equipment;
- the process eliminates two stages of fine crushing and associated screening and conveyors;
- the buffer storage of ore between crushing and grinding is at a much coarser size and presents less of a dusting problem. A conical or A frame windrow stockpile can be used in place of silos;
- grinding media requirements are reduced; and
- maintenance in the fine crushing circuit, which can be expensive, is eliminated.

The major disadvantage of autogenous grinding is that it uses more power than fine crushing. However, power costs in Nevada are comparatively low by industry standards.

The SAG - ball milling approach, treating all the ore more-or-less as mined, results in a lower feed grade to the mill as no low grade ore is put to a stockpile for later treatment. Metal losses, however, associated with coarse or fine dry cobbing do not occur with the result that all the ore is subjected to wet LIMS at a finer size and this yields a higher metal recovery of 89% with respect to mined ore. In addition, in comparison with the feasibility schedule rod - ball mill circuit no ore remains on the low grade stockpile.

The SAG – ball milling circuit has more in built capacity and can treat the required throughput to achieve the necessary production of some 1.75 M wmtpa of concentrate without the need to resort to pre-concentration by dry cobbing.

Based on the available equipment and allowing for removal, transportation and refurbishing a preliminary estimate of the capital cost has been prepared. The SAG - ball mill approach indicates a potential saving in capital in excess of US$10 million, the main saving being on the elimination of the fine crushing plant and fine ore storage.

Operating costs have also been developed for the SAG - ball milling case and compared with costs used for the rod – ball case in the feasibility study. The comparison is based on the same tonnage mined with the feasibility case using a rod - ball grinding circuit being limited in throughput to suit the three rod mills.

The comparison illustrates the difference in the crushing and grinding power requirements and to a lesser degree the difference in the cost of consumables in these two areas of the plant. The costs in the remainder of the plant are more or less similar and no additional allowance has been made for mechanical spares.

Based on the preliminary estimates and operating parameters used from the feasibility study, the difference in operating costs between the two options is negligible and considering the availability of the used comminution equipment the difference in initial capital favours the SAG –ball option.

The initial capital and operating cost comparison will be fully quantified in detail during the December quarter by Samuel Engineering from Denver, USA, who, subsequent to quarter's end was engaged to carry out this appraisal. Upon receipt of their report, Richmond will make a final decision on the process route to be used at the Buena Vista project.

Agreement with Hebei Iron & Steel Group

On 23 May 2011, Richmond Mining announced that it and Nevada Iron LLC had signed a Framework Agreement with Hebei Iron & Steel Group Co., Ltd. ("HBIS") to create a strategic alliance to fast track the development of the Buena Vista Iron Project.

Negotiations with HBIS continued during the quarter and into October. Richmond informs the market that subsequent to the end of the quarter, it has now terminated all discussions with HBIS as the Company considered the likelihood of achieving an agreement with HBIS in the time frame required was highly improbable.

This is a disappointing outcome given Richmond had been negotiating with HBIS for over a year.

Narracoota (100% Richmond – Latin Gold Limited earning 50%)

The Narracoota project is located about 80 kilometres north of Meekatharra, Western Australia.

The project covers part of the southern section of the Palaeoproterozic Bryah Basin (a sub-basin of the Glengarry Basin) and has been explored for epigenetic gold and VHMS-style base and precious metals by previous explorers.

The project area lies some 75 kilometres southwest of the DeGrussa discovery which is hosted by rock units of the Narracoota Volcanics. The Narracoota project contains extensive widths of Narracoota Volcanics which are interpreted to occur in at least three structural repetitions, providing a target zone of approximately 20 kilometres in length.

A drilling programme in 2010 intersected highly anomalous gold values in an alluvial covered area described as lying over a bullseye magnetic feature which is bounded by a number of prominent magnetic breaks and lineaments.

Hole	Interval	Description	Au	Cu	Ni	Zn
NRC5	10-20m	Mafic dyke?, highly magnetic	0.33	105	74	107
NRC5	20-30m	Mafic dyke?, variably magnetic	0.12	127	96	111
NRC5	40-50m	Mafic dyke?, variably magnetic, minor pyrite	0.35	147	108	80

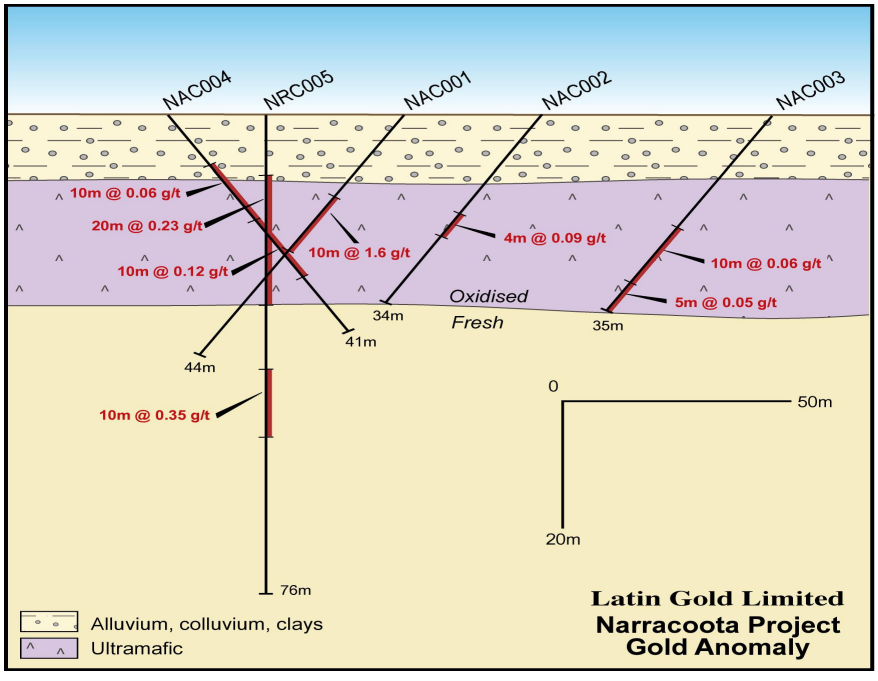
Au results in g/t, all other results in ppm, Au assayed by FA30, Cu, Ni and Zn assayed by AAS.

As this anomaly is covered by transported sediments it is not possible to carry out any reliable surface sampling. Consequently, an aircore drilling programme to provide a first pass test of this anomaly was carried out during the September quarter. The drilling was designed to test across the gold anomaly to a depth of around 50 metres or drill refusal.

In addition, holes were also drilled to refusal in the general area to provide information on the bedrock situated below the transported alluvial cover. The drilling across the gold anomaly confirmed the previous anomalous results with a best intersection of 6 metres grading 2.35g/t. Initial petrological work suggests the host rock to this gold anomaly could be a high magnesium ultramafic rather than a mafic intrusive as originally identified.

Hole	Co-ordinates	Azimuth/Inclination	Interval	Au assay (g/t)
NRC 5	66100mE 7133990mN	Vertical	10-20m	0.33
			20-30m	0.12
			40-50m	0.35
NAC 001	661605mE 7134004mN	60/180	15-17m	0.41
			17-23m	2.35
			23-25	0.52
NAC 002	661604mE 7134019mN	60/180	18-22m	0.09
NAC 003	661605mE 7134044mN	60/180	20-30m	0.06
			30-35m	0.05
NAC 004	661616mE 7133979mN	60/360	12-20m	0.06
			20-30m	0.12

These drill results are very encouraging as the intersection in NAC 001 which bulks out at 10 metres grading 1.6 g/t is open along strike and down dip. It also appears to be surrounded by a wide but low grade halo which could indicate a larger mineralised zone is present.



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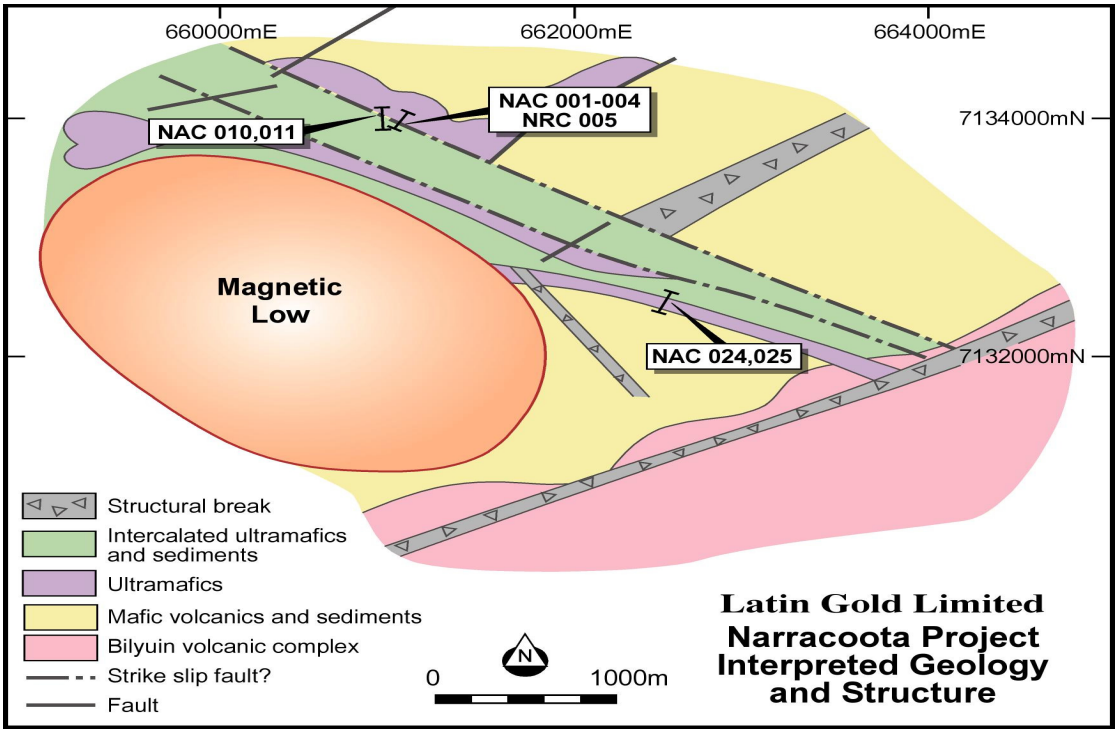
As discussed, a large part of the 25 hole aircore programme was directed towards providing stratigraphic information in areas of transported alluvial cover. In the central part of the Narracoota project area there is zero outcrop over the interpreted and prospective Narracoota Volcanics.

As a first pass regional test of this area and prospective lithologies, vertical aircore holes to blade refusal were drilled across 2.5 kms of strike focusing on areas where the magnetic suggested significant structural dislocation and/or possible magnetite destruction.

Subject to final petrological examination the large majority of these regional holes bottomed in ultramafic rocks with a number of intersections returning highly anomalous nickel values. These values ranged as high as 3113 ppm Ni (0.31%) and were all in the saprolite zone or weathered basement rocks where there were no obvious signs of any secondary enrichment.

Hole	Interval	Description	Nickel assay (ppm)
NAC 006	23-33m	Saprolite clay, minor ultramafic chips	1003
	33-43m	as above	1026
NAC 010	40-47m	as above	3009
NAC 011	37-54.5m	as above	1313
NAC 024	40-50m	as above	1091
	50-60m	as above	1965
	60-63m	as above	1346
NAC 025	20-30m	as above	1369
	30-35m	as above	3113

From the assay data the background nickel values for the ultramafics in this part of the project area are in the range 250-300 ppm.



Under the terms of the Narracoota joint venture, Latin Gold Limited has the right to earn a 50% interest in Narracoota by expending $500,000 by no later than 31 December 2012.

Latin Gold Limited was required to expend a minimum of $75,000 by 30 September 2011. This condition has been met.

Loongana (Richmond 100%)

The Loongana project is located on the Nullarbor Plain within Western Australia and covers over 40 kilometres of a buried mafic and ultramafic intrusive. The intrusive had been interpreted from geophysical surveys and two historic drill holes, and six drill holes completed to date by Richmond have confirmed the geology.

As a result of unseasonal rain and ground conditions not permitting field access during the required exploration period, the Loongana Joint Venture (with the consent of Latin Gold Limited) was terminated. Latin Gold Limited had the right to earn up to 50% interest in the project by spending $500,000.

Corporate

At the completion of the September 2011 quarter, Richmond had cash reserves of approximately $4.45 million.

As at 30 September 2011, the Company has expended approximately $10.25 million on the acquisition and evaluation of the Buena Vista project. This cost includes the purchase of mine equipment.

On 25 October 2011, the Company announced the appointment of former BHP Billiton executive Mr Lou Jelenich as a Director.

Mr Jelenich is a qualified Chemical Engineer and Chemist with over 35 years of experience in iron making operations and technologies at BHP Steel and iron ore marketing with BHP Billiton Iron Ore.

His unique blend of experience, enhanced by quality professional associates and strong global customer relationships will provide additional strength to the Company's Board as it advances the Buena Vista project to production status.

Max Nind
Managing Director

For further information on the Company visit www.richmondmining.com.au

Competent Persons Statements

The information in this presentation that relates to, resources and resource potential is based on information compiled by Dr Vernon Stocklmayer who is a Member of the Australian Institute of Geoscientists. Dr Stocklmayer is an independent consultant to Richmond Mining Limited. All other discussion is based on information compiled by Mr Howard Dawson, Mr Max Nind; who are Members of the Australian Institute of Geoscientists; and Mr Thomas Duckworth; who is a Fellow of both the Australasian Institute of Mining and Metallurgy and Institute of Materials, Minerals and Mining, London. Mr Duckworth is an independent consultant to Richmond Mining Limited. Mr Dawson, Chairman, and Mr Nind, Managing Director, are representatives of Richmond Mining Limited. Mr Dawson, Dr Stocklmayer, Mr Nind and Mr Duckworth have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which they are undertaking to qualify as Competent persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dawson, Dr Stocklmayer, Mr Nind and Mr Duckworth consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.