

16 August 2011

Dear Shareholder

**Invitation to Participate in a Share Purchase Plan**

Following the announcement on 1 August 2011, Richmond Mining Limited (**RHM** or **Company**) has now completed a placement of 14,139,850 fully paid ordinary shares in the capital of the Company (**Shares**) at \$0.32 per Share to raise \$4.52 million (**Placement**). As noted in the announcement of 2 August 2011, the Placement was oversubscribed and it is RHM's pleasure to offer Eligible Shareholders Shares pursuant to this Share Purchase Plan (**SPP**) at the same issue price of \$0.32 per Share as that paid by investors under the Placement.

We have pleasure in enclosing an abridged version of your Company's June 2011 quarterly activities report. This report sets out the very significant progress that RHM has made in the development of the Buena Vista Iron Project.

**Eligibility to participate in the SPP**

The right to participate in the offer under the SPP is optional and is available exclusively to Shareholders who are registered as holders of Shares at 5pm (WST) on 29 July 2011 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

**Share Purchase Plan**

The SPP entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 (please refer to the SPP Application Form) of shares at a price of \$0.32 per Share (**Offer**).

The issue price of Shares under the Offer represents a discount of 17% to the volume weighted average trading price of the Company's Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement of the Offer (being 1 August 2011).

The amount any Eligible Shareholder can subscribe for will be restricted to a total cumulative share value of \$15,000.

Details of this Offer are set out in this letter and the enclosed Terms and Conditions together with a personalised SPP Application Form.

**Current Projects**

Details of the Company's current activities are set out in the announcements by RHM to the ASX and are available from the ASX or from RHM's website at [www.richmondmining.com.au](http://www.richmondmining.com.au).

The funds raised under the SPP will be used in conjunction with the funds raised from the recent Placement for the following activities conducted by the Company:

- a) Payment of the outstanding balance of US\$2,062,500 for the acquisition of three rod mills which are to be used in the proposed production circuit at the Buena Vista Iron Ore Project (**Project**); and
- b) Working capital that will be directed towards finalisation of environmental and mining permits and the undertaking of detailed engineering design work as part of the Project's EPC contract.

### **How much can you invest?**

Under the SPP, Eligible Shareholders may only acquire a maximum of \$15,000 worth of Shares under a share purchase plan in any 12 month period.

### **Subscription and Application Procedure**

To participate in the Offer pursuant to this SPP please complete the enclosed SPP Application Form and send it together with your payment by cheque made payable to "Richmond Mining Limited", drawn in Australian currency for the correct amount, to the Company's share registry at PO Box 1156, Nedlands, Western Australia 6909, on or before the **Closing Date of 5pm (WST) on 16 September 2011**. Alternatively, you may pay by B Pay as per the instructions on the SPP Application Form on or before **4pm (WST) on 16 September 2011** (or such earlier cut off time that your own financial institution may implement with regard to electronic payments). Applicants should not forward cash and direct bank transfers (other than by B Pay) are not permitted. Late application will only be accepted at the Company's discretion.

Eligible Shareholders may participate by selecting only one of the following options to purchase Shares under the SPP.

Offer A	Total Subscription amount of \$1,000 ( <b>minimum amount</b> )
Offer B	Total Subscription amount of \$3,000
Offer C	Total Subscription amount of \$5,000
Offer D	Total Subscription amount of \$7,500
Offer E	Total Subscription amount of \$10,000
Offer F	Total Subscription amount of \$12,500
Offer G	Total Subscription amount of \$15,000 ( <b>maximum amount</b> )

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date of 5.00pm (WST) on **16 September 2011**. In the event of a fractional entitlement to Shares, the number of Shares issued will be rounded down. If the exact amount of money is not tendered with your application RHM reserves the right to either:

- a) return your SPP Application Form and/or payment and not allot any Shares to you; or
- b) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain \$15,000, even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

### **Additional Information and Important Dates**

The Offer is non-renounceable in nature and cannot be transferred and the Directors of the Company reserve the right to reject, or scale back on an equitable basis, any application. Shares allotted under the SPP will be issued no later than 10 business days after the Closing

Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$6,200,000, being a total maximum of 19,375,000 Shares. In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale back applications on an equitable basis.

If the Company rejects or scales back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.38. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for your Shares may exceed the market price of the Shares at the date of allotment of the Shares under this Offer. The Board recommends that you obtain independent financial advice in relation to the Offer and consider price movements of Share in the Company prior to accepting this Offer.

### **Shortfall Offer**

In the event that less than the maximum number of Shares that are available for subscription pursuant to this Offer are applied for, the shortfall may be placed at the discretion of the Directors.

### **Indicative Timetable**

Record Date (5.00pm WST)	29 July 2011
Announcement Date of SPP	1 August 2011
Opening Date of SPP Offer	16 August 2011
Closing Date of SPP Offer (5.00pm WST)	16 September 2011
Allotment of Shares	21 September 2011
Despatch Date for Holding Statements under the SPP Offer	21 September 2011

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their SPP Application Forms as early as possible.

Should you wish to discuss any information contained in this letter further, please do not hesitate to contact RHM's Company Secretary, Mr Michael Higginson on +61 (08) 9277 9801.

Yours faithfully

Max Nind  
Managing Director

### **No offer in the US or to US persons**

*These materials do not constitute an offer of securities for sale in the United States or to "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) and may not be sent or disseminated in, directly or indirectly, the United States or to any "U.S. person" in any place. The Company's shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or otherwise transferred in the United States or to any "U.S. person" except in compliance with the registration requirements of the U.S. Securities Act and any other applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.*

**Richmond Mining Limited**  
**ACN 123 423 987**  
**Shareholder Share Purchase Plan – Terms and Conditions**

**Purpose**

The Purpose of the Shareholder Share Purchase Plan (**SPP**) is to offer shareholders of Richmond Mining Limited (**RHM** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**RHM Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the SPP) at \$0.32 per share, being a 17% discount to the volume weighted average trading price of RHM Shares during the period 5 trading days prior to the announcement of the Offer on the Australian Securities Exchange (**ASX**) without the need to pay brokerage costs and without the need for RHM to issue a prospectus, upon such terms and conditions as the Board of Directors of the Company, in its absolute discretion sees fit.

**Shareholders Eligible to Participate**

Eligible Shareholders of RHM that are registered within Australia or New Zealand at the relevant Record Date may participate in the SPP. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the SPP.

Participation in the SPP is optional and is subject to these terms and conditions. Offers made under the SPP are non-renounceable (ie eligible shareholders may not transfer their rights to any RHM Shares offered under this SPP).

An offer may, at the discretion of the Directors or the Company, be made under the SPP once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000. The Directors of the Company may also determine in their discretion the minimum amount for participation, the multiple of RHM Shares to be offered under the SPP and the period the Offer is available to Eligible Shareholders.

**Custodians, Trustees and Nominees**

If you are an eligible shareholder and hold the RHM Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the SPP), you may apply for up to the maximum of new shares for each beneficiary for whom you act as custodian provided you annexe to your SPP Application Form a certificate to the Company (**Custodian Certificate**) with the following information:

- that you held shares in the Company on behalf of one or more persons (each a **Participating Beneficiary**) at 5:00pm (WST) on 29 July 2011 who have subsequently instructed you to apply for Shares under the SPP on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of the Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied for under the Offer for each Participating Beneficiary for whom you act plus the application price for any other RHM Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the SPP in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian Financial Services Licence that allows you to perform custodian or depository services or operate IDPS accounts;
- is exempt from holding an Australian Financial Services Licence by virtue of Class Order [CO 03/184] or by relying on the Australian Financial Services Licence of your master custodian under regulation 7.1.06(k) of the Corporations Regulations 2001;
- is a trustee of a self managed superannuation fund;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold RHM Shares as a trustee or nominee for another person or persons, but not a custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Mr Michael Higginson during business hours and during the Offer period.

The Company reserves the right to reject any application for Shares under the SPP to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with the above requirements. The Company reserves the right to reject any application in accordance with these Terms and Conditions.

### **Price of RHM Shares**

The price of the RHM Shares to be issued under the SPP will be \$0.32 per Share.

### **Applications and Notices**

At the discretion of the Directors of the Company, the Company will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for RHM Shares under the SPP, accompanied by these Terms and Conditions of the SPP and an SPP Application Form. Applications will not be accepted after the closing date of the offer, unless the Directors, in their discretion decide otherwise. Over subscriptions to an offer may be refunded without interest.

### **Placement of Shortfall**

Any Shortfall from the Offer may be placed at the discretion of the Directors.

### **Issue of RHM Shares**

RHM Shares to be issued under the SPP will be issued as soon as reasonably practicable after the Closing Date specified by the Directors of the Company.

RHM Shares issued under the SPP will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all RHM Shares issued under the SPP. The Company will, promptly after the issue of RHM Shares under the SPP, make application for those RHM Shares to be listed for quotation on the official list of the ASX.

## **Modification and Termination of the SPP**

The Company may modify or terminate the SPP at any time. The Company will notify ASX of any modification to, or termination of, the SPP. The omission to give notice of any modifications to or termination of the SPP, or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer RHM Shares than the person applied for under the SPP if the issue of the RHM Shares applied for would contravene any applicable law or the Listing Rules of the ASX.

## **Dispute Resolution**

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant, application or RHM Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the Directors of the Company or any delegate of the Directors of the Company.

## **Questions and Contact Details**

If you have any questions regarding the SPP or how to deal with this Offer, please contact your stock broker or professional adviser or our Company Secretary Mr Michael Higginson on +61 (08) 9277 9801.