
RICHMOND MINING LIMITED

ABN 98 123 423 987

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 10:00 am (WST)

DATE: 26 March 2012

PLACE: 103 Abernethy Road
Belmont, WA, 6104

This Notice of General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Richmond Mining Limited which this Notice of General Meeting relates to will be held at 10:00 am (WST) on 26 March 2012 at:

103 Abernethy Road
Belmont, WA, 6104

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) deliver the proxy form by hand to the Company's registered office at 103 Abernethy Road, Belmont, Western Australia;
- (b) mail the proxy form to the Company's registered office at PO Box 566, Belmont, Western Australia, 6984; or
- (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9277 6818,

so that it is received not later than 10:00 am (WST) on 24 March 2012.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Richmond Mining Limited will be held at 103 Abernethy Road, Belmont, Western Australia at 10:00 am (WST) on 26 March 2012.

The Explanatory Statement to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on 24 March 2012.

Terms and abbreviations used in this Notice of General Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the General Meeting.

BUSINESS

RESOLUTION 1 – CHANGE OF COMPANY NAME TO NEVADA IRON LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That for the purposes of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to Nevada Iron Limited."

RESOLUTION 2 – APPROVAL TO ISSUE 12,000,000 SHARES AT \$0.25 PER SHARE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, and subject to resolution 3 being passed by Shareholders, approval is given for the Directors to issue and allot 12,000,000 Shares, at an issue price \$0.25 per Share raising a total of \$3,000,000 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons.

RESOLUTION 3 – APPROVAL TO GRANT 12,000,000 OPTIONS AT \$0.30 PER SHARE WITH A TERM OF THREE YEARS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, and subject to resolution 2 being passed by Shareholders, approval is given for the Directors to

grant 12,000,000 Options each exercisable at \$0.30 and expiring 31 March 2015 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons.

RESOLUTION 4 – APPROVAL TO GRANT 1,250,000 OPTIONS TO MR M NIND

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and Section 208 of the Corporations Act 2001 and for all other purposes and subject to Resolutions 5, 6 7 and 8 being passed by Shareholders, approval is given to the grant of 1,250,000 Options to Mr M Nind or nominee to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr M Nind or any associate of Mr Nind. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL TO GRANT 750,000 OPTIONS TO MR L JELENICH

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.11 and Section 208 of the Corporations Act 2001 and for all other purposes and subject to Resolutions 4, 6 7 and 8 being passed by Shareholders, approval is given to the grant of 750,000 Options to Mr L Jelenich or nominee to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr L Jelenich or any associate of Mr Jelenich. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – APPROVAL TO GRANT 1,250,000 OPTIONS TO MR M MCMULLEN

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11 of the Listing Rules of ASX Limited and Section 208 of the Corporations Act 2001 and for all other purposes and subject to Resolutions 2, 3, 4, 5, 7 and 8 being passed by Shareholders, approval is given to the grant of 1,250,000 Options to Mr M McMullen or nominee to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr M McMullen or any associate of Mr McMullen. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – APPROVAL TO GRANT 1,000,000 OPTIONS TO MR T DUCKWORTH

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and Section 208 of the Corporations Act 2001 and for all other purposes and subject to Resolutions 4, 5, 6 and 8 being passed by Shareholders, approval is given to the grant of 1,000,000 Options to Mr T Duckworth or nominee to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr T Duckworth or any associate of Mr Duckworth. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8 – APPROVAL TO GRANT 750,000 OPTIONS TO MR A BRICE

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and Section 208 of the Corporations Act 2001 and for all other purposes and subject to Resolutions 4, 5, 6 and 7 being passed by Shareholders, approval is given to the grant of 750,000 Options to Mr A Brice or nominee to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr A Brice or any associate of Mr Brice. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

**MICHAEL HIGGINSON
COMPANY SECRETARY
RICHMOND MINING LIMITED**

Dated this 16th day of February 2012

Voting Exclusion

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting.

1. RESOLUTION 1 – CHANGE OF COMPANY NAME TO NEVADA IRON LIMITED

Resolution 1 is special resolution and seeks Shareholder approval to effect a change in the Company's name from Richmond Mining Limited to Nevada Iron Limited.

The Directors consider that the Company's existing name does not reflect either the Company's activities or future direction and focus. As such, the Directors consider that the name Nevada Iron Limited is a more relevant, marketable and appropriate name for the Company.

2. RESOLUTION 2 – ISSUE 12,000,000 SHARES AT \$0.25 PER SHARE

Background

On 14 February 2012, the Company announced to the ASX its intention to:

- place 12,000,000 Shares, at an issue price of \$0.25 per Share, with clients of MRI Advisory AG (MRI); and
- appoint Mr M McMullen as Non-Executive Chairman of the Company.

Mr Ashwath Mehra is the principal of MRI and Mr M McMullen is an advisor to MRI.

Messrs Mehra and McMullen, or their nominee(s), have each committed to each subscribe for between 4,000,000 (\$1 million) to 6,000,000 (\$1.5 million) Shares. Any balance not subscribed for by Messrs Mehra and McMullen will be allotted to sophisticated investor clients of MRI.

General

Resolution 2 seeks Shareholder approval for the allotment and issue of 12,000,000 Shares at an issue price of \$0.25 per Share to raise a total of \$3,000,000.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of resolution 2 will be to allow the Directors to issue and allot the 12,000,000 Shares without using the Company's annual 15% placement capacity.

Resolution 2 is subject to resolution 3 being passed by Shareholders. If resolution 3 is not passed by Shareholders, then resolution 2 will automatically fail.

Technical Information Required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares:

- (a) the maximum number of Shares to be issued is 12,000,000 Shares;

- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price of the Shares is \$0.25 per Share;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.;
- (e) the Shares will be issued as follows:
 - (i) up to 6,000,000 to Mr M McMullen or his nominee;
 - (ii) up to 6,000,000 to Mr A Mehra or his nominee; and
 - (iii) any balance to sophisticated investor clients of MRI; and
- (f) the Company intends to use the funds raised for the continued development of the Buena Vista Iron Project in Nevada and for general working capital purposes.

Appointment of Mr McMullen as Non-Executive Chairman

As announced to the ASX on 14 February 2012, the Board intends to appoint Mr Mick McMullen as Non-Executive Chairman of the Company. Mr McMullen is a related party of the Company by reason only of the proposed transaction and the application of section 228(6) of the Corporations Act.

Resume of Mr McMullen

Mr McMullen is a geologist with a BSc (Geology) from the University of Newcastle, Australia and has in excess of 19 years' experience in exploration, financing, development and operation of mining projects. He was the Managing Director and a co-founder of Northern Iron Limited (ASX: NFE), an ASX listed iron ore mining company with assets in Norway. He is on the advisory board and shareholder of Champion Minerals Inc (TSX: CHM), a TSX listed iron ore development company with assets in Quebec. He is also the Executive Chairman of Lachlan Star Limited (ASX: LSA), an ASX and TSX listed company with an operating gold mine in Chile.

Director's Recommendation

The Directors unanimously support and recommend the proposed issue of Shares the subject of resolution 2.

3. RESOLUTION 3 – GRANT OF 12,000,000 OPTIONS AT AN EXERCISE PRICE OF \$0.30 PER SHARE AND TERM OF THREE YEARS

Background

On 14 February 2012, the Company announced to the ASX its intention to:

- place 12,000,000 Options each exercisable at \$0.30 and expiring 31 March 2015 with clients of MRI for the provision of ongoing advisory services; and
- appoint Mr M McMullen as Non-Executive Chairman of the Company.

Mr Ashwath Mehra is the principal of MRI and Mr M McMullen is an advisor to MRI.

Messrs Mehra and McMullen, or their nominee(s), may each be granted up to 6,000,000 Options. Any balance not granted to Messrs Mehra and McMullen will be granted to sophisticated investor clients of MRI.

General

Resolution 3 seeks Shareholder approval for the grant of 12,000,000 Options at an exercise price of \$0.30 per Option.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of resolution 3 will be to allow the Directors to issue and allot the 12,000,000 Options without using the Company's annual 15% placement capacity.

Resolution 3 is subject to resolution 2 being passed by Shareholders. If resolution 2 is not passed by Shareholders, then resolution 3 will automatically fail.

Technical Information Required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Options:

- (a) the maximum number of Options to be issued is 12,000,000;
- (b) the Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) The Options will be granted as consideration for the advisory services provided by MRI in arranging the Share placement the subject of resolution 2 and ongoing advisory work. No cash consideration will be received from the grant of the Options;
- (d) The terms and conditions of the Options are as set out in Annexure A;
- (e) the Options will be issued as follows:
 - (i) up to 6,000,000 to Mr M McMullen or his nominee;
 - (ii) up to 6,000,000 to Mr A Mehra or his nominee; and

- (iii) any balance to sophisticated investor clients of MRI; and
- (f) no funds will be raised by the issue of the Options.

Appointment of Mr McMullen as Non-Executive Chairman

Please refer to the disclosure under this heading in relation to resolution 2 for further information.

Director's Recommendation

The Directors unanimously support and recommend the proposed issue of Options the subject of resolution 3.

4. RESOLUTION 4 – GRANT OF 1,250,000 OPTIONS TO MR M NIND

Resolution 4 seeks Shareholder approval for the grant of 1,250,000 Options to Mr M Nind, or his nominee.

Resolution 4 is subject to resolutions 5, 6, 7 and 8 being passed by Shareholders. If resolutions 5, 6, 7 and 8 are not passed by Shareholders, then resolution 4 will automatically fail.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless either one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr Nind is a related party of the Company due to the fact that he is a Director.

The grant of the Options to Mr Nind constitutes a "financial benefit" as defined in the Corporations Act. Accordingly, the proposed issue of Options to Mr Nind will constitute the provision of a financial benefit to a related party of the Company.

The Company seeks Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr Nind.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr Nind:

- (a) the related party to whom the financial benefit will be given is Mr M Nind or his nominee;
- (b) the maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr Nind is 1,250,000 Options;
- (c) the Options will be issued on the terms set out in Annexure B;
- (d) Mr Nind is precluded from considering the resolution. Mr Nind has an interest in the outcome of the resolution because he is the proposed recipient of the financial benefit;

- (e) the Options will be issued as incentive for Mr Nind's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome; and
- (f) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in this Explanatory Statement.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company may not issue securities to a related party without obtaining prior shareholder approval. Directors are related parties for the purposes of the ASX Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Nind as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Nind will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in relation to the proposed issue of Options in accordance with ASX Listing Rule 10.13:

- (a) the related party that will be issued the Options is Mr Nind or his nominee and the maximum number of Options to be issued to Mr Nind is 1,250,000 Options;
- (b) the Company will issue the Options within 1 month of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of the Options will be issued on one date;
- (c) the Options will be issued for nil consideration. The Options are to be issued as an incentive for Mr Nind's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome;
- (d) the Options will be issued on the terms and conditions set out in Annexure B; and
- (e) no funds will be raised by the issue of the Options to Mr Nind.

Valuation of Options

The Options have been valued using the Black & Scholes pricing model.

The assumptions used to value the Options are as follows:

- (a) the expiry date of the Options is 30 March 2015;
- (b) the Options are exercisable at \$0.50 per Share;
- (c) the market price of a Share is \$0.305 (this being the market price of a Share);
- (d) a common volatility factor of 93%. This is based on the history of share trading in the Shares for the last year;
- (e) a risk-free interest rate of 4.25%;
- (f) the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation;

- (g) the valuation date for the Options is 13 February 2012; and
- (h) based on the above, the Options are valued at \$0.153 each.

Additional Information

- (a) The fully paid ordinary shares of the Company have traded over the last twelve months at a high of \$0.68 on 19 April 2011 and a low of \$0.16 on 9 January 2012. The latest trading price was \$0.305 on 21 February 2012;
- (b) The total number of fully paid ordinary shares on issue at the date of this Notice is 79,173,228. If the Shares proposed in resolution 2 of this Notice of General Meeting are issued, this number will increase to 91,173,228. The number of Options on issue at the date of this notice is 3,350,000. If the Options proposed in resolutions 3, 4, 5, 6, 7 and 8 are issued this number will increase to 20,350,000;
- (c) The shareholding of Mr Nind before the issue of the Options proposed in resolution 4 is as follows:

Mr Nind holds 1,075,000 Shares and zero Options;
- (d) If all of the Options proposed in resolution 4 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 80,423,228, resulting in the receipt by the Company of \$625,000 and a dilution to existing shareholders of 1.55%. If all the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 84,173,228, resulting in the receipt by the Company of \$2,500,000 and a dilution to existing shareholders of 5.94%. If the Shares proposed in resolution 2 are issued and all of the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 96,173,228. The dilution to existing shareholders arising only from the exercise of the Options proposed in 4, 5, 6, 7 and 8 would reduce from 5.94% to 5.2%;
- (e) The current remuneration package for Mr Nind is \$150,000 per annum (inclusive of superannuation);
- (f) Each of the Directors, namely Messrs Malone, Barns, Jelenich and Dawson, recommend the approval of resolution 4 as it provides an effective incentive to Mr Nind enabling the Company to preserve working capital; and
- (g) As Mr Nind has an interest in the outcome of resolution 4 he is unable to make a recommendation on the outcome of that resolution.

5. RESOLUTION 5 – GRANT OF 750,000 OPTIONS TO MR L JELENICH

Resolution 5 seeks Shareholder approval for the grant of 750,000 Options to Mr L Jelenich, or his nominee.

Resolution 5 is subject to resolutions 4, 6, 7 and 8 being passed by Shareholders. If resolutions 4, 6, 7 and 8 are not passed by Shareholders, then resolution 5 will automatically fail.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless either one of the exceptions to the section

apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr Jelenich is a related party of the Company due to the fact that he is a Director.

The grant of the Options to Mr Jelenich constitutes a "financial benefit" as defined in the Corporations Act. Accordingly, the proposed issue of Options to Mr Jelenich will constitute the provision of a financial benefit to a related party of the Company.

The Company seeks Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr Jelenich.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr Jelenich:

- (a) the related party to whom the financial benefit will be given is Mr L Jelenich or his nominee;
- (b) the maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr Jelenich is 750,000 Options;
- (c) the Options will be issued on the terms set out in Annexure B;
- (d) Mr Jelenich is precluded from considering the resolution. Mr Jelenich has an interest in the outcome of the resolution because he is the proposed recipient of the financial benefit;
- (e) the Options will be issued as incentive for Mr Jelenich's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome; and
- (f) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in this Explanatory Statement.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company may not issue securities to a related party without obtaining prior shareholder approval. Directors are related parties for the purposes of the ASX Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Jelenich as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Jelenich will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in relation to the proposed issue of Options in accordance with ASX Listing Rule 10.13:

- (a) the related party that will be issued the Options is Mr Jelenich or his nominee and the maximum number of Options to be issued to Mr Jelenich is 750,000 Options;

- (b) the Company will issue the Options within 1 month of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of the Options will be issued on one date;
- (c) the Options will be issued for nil consideration. The Options are to be issued as an incentive for Mr Jelenich's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome;
- (d) the Options will be issued on the terms and conditions set out in Annexure B; and
- (e) no funds will be raised by the issue of the Options to Mr Jelenich.

Valuation of Options

The Options have been valued using the Black & Scholes pricing model.

The assumptions used to value the Options are as follows:

- (a) the expiry date of the Options is 30 March 2015;
- (b) the Options are exercisable at \$0.50 per Share;
- (c) the market price of a Share is \$0.305 (this being the market price of a Share);
- (d) a common volatility factor of 93%. This is based on the history of share trading in the Shares for the last year;
- (e) a risk-free interest rate of 4.25%;
- (f) the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
- (g) the valuation date for the Options is 13 February 2012.
- (h) Based on the above, the Options are valued at \$0.153 each.

Additional Information

- (a) The fully paid ordinary shares of the Company have traded over the last twelve months at a high of \$0.68 on 19 April 2011 and a low of \$0.16 on 9 January 2012. The latest trading price was \$0.305 on 21 February 2012;
- (b) The total number of fully paid ordinary shares on issue at the date of this Notice is 79,173,228. If the Shares proposed in resolution 2 of this Notice of General Meeting are issued, this number will increase to 91,173,228. The number of Options on issue at the date of this notice is 3,350,000. If the Options proposed in resolutions 3, 4, 5, 6, 7 and 8 are issued this number will increase to 20,350,000;
- (c) The shareholding of Mr Jelenich before the issue of the Options proposed in resolution 5 is as follows:

Mr Jelenich holds zero Shares and zero Options;
- (d) If all of the Options proposed in resolution 5 were to be exercised, the effect on fully paid ordinary shares would be to increase the number from 79,173,228 to 79,923,228 resulting in the receipt by the Company of \$375,000 and a dilution

to existing shareholders of 0.94%. If all the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 84,173,228, resulting in the receipt by the Company of \$2,500,000 and a dilution to existing shareholders of 5.94%. If the Shares proposed in resolution 2 are issued and all of the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 96,173,228. The dilution to existing shareholders arising only from the exercise of the Options proposed in 4, 5, 6, 7 and 8 would reduce from 5.94% to 5.2%;

- (e) The current remuneration package for Mr Jelenich is \$35,000 per annum;
- (f) Each of the Directors, namely Messrs Malone, Barns, Nind and Dawson, recommend the approval of resolution 5 as it provides an effective incentive to Mr Jelenich enabling the Company to preserve working capital; and
- (g) As Mr Jelenich has an interest in the outcome of resolution 5 he is unable to make a recommendation on the outcome of that resolution.

6. RESOLUTION 6 – GRANT OF 1,250,000 OPTIONS TO MR M MCMULLEN

Resolution 6 seeks Shareholder approval for the grant of 1,250,000 Options to Mr M McMullen, or his nominee.

Resolution 6 is subject to resolutions 2, 3, 4, 5, 7 and 8 being passed by Shareholders. If resolutions 2, 3, 4, 5, 7 and 8 are not passed by Shareholders, then resolution 6 will automatically fail.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless either one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr McMullen is a related party of the Company due to the fact that it is intended that he will be appointed as a Director.

The grant of the Options to Mr McMullen constitutes a “financial benefit” as defined in the Corporations Act. Accordingly, the proposed issue of Options to Mr McMullen will constitute the provision of a financial benefit to a related party of the Company.

The Company seeks Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr McMullen.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr McMullen:

- (a) the related party to whom the financial benefit will be given is Mr M McMullen or his nominee;
- (b) the maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr McMullen is 1,250,000 Options;
- (c) the Options will be issued on the terms set out in Annexure B;

- (d) Mr McMullen is precluded from considering the resolution. Mr McMullen has an interest in the outcome of the resolution because he is the proposed recipient of the financial benefit;
- (e) the Options will be issued as incentive for Mr McMullen's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome; and
- (f) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in this Explanatory Statement.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company may not issue securities to a related party without obtaining prior shareholder approval. Directors are related parties for the purposes of the ASX Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr McMullen as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr McMullen will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in relation to the proposed issue of Options in accordance with ASX Listing Rule 10.13:

- (a) the related party that will be issued the Options is Mr McMullen or his nominee and the maximum number of Options to be issued to Mr McMullen is 1,250,000 Options;
- (b) the Company will issue the Options within 1 month of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of the Options will be issued on one date;
- (c) the Options will be issued for nil consideration. The Options are to be issued as an incentive for Mr McMullen's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome;
- (d) the Options will be issued on the terms and conditions set out in Annexure B; and
- (e) no funds will be raised by the issue of the Options to Mr McMullen.

Valuation of Options

The Options have been valued using the Black & Scholes pricing model.

The assumptions used to value the Options are as follows:

- (a) the expiry date of the Options is 30 March 2015;
- (b) the Options are exercisable at \$0.50 per Share;
- (c) the market price of a Share is \$0.305 (this being the market price of a Share);

- (d) a common volatility factor of 93%. This is based on the history of share trading in the Shares for the last year;
- (e) a risk-free interest rate of 4.25%;
- (f) the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation;
- (g) the valuation date for the Options is 13 February 2012; and
- (h) Based on the above, the Options are valued at \$0.153 each.

Additional Information

- (a) The fully paid ordinary shares of the Company have traded over the last twelve months at a high of \$0.68 on 19 April 2011 and a low of \$0.16 on 9 January 2012. The latest trading price was \$0.305 on 21 February 2012;
- (b) The total number of fully paid ordinary shares on issue at the date of this Notice is 79,173,228. If the Shares proposed in resolution 2 of this Notice of General Meeting are issued, this number will increase to 91,173,228. The number of Options on issue at the date of this notice is 3,350,000. If the Options proposed in resolutions 3, 4, 5, 6, 7 and 8 are issued this number will increase to 20,350,000;
- (c) The shareholding of Mr McMullen before the issue of the Options proposed in resolution 6 is as follows:

Mr McMullen currently holds zero Shares and zero Options. It is, however, intended that Mr McMullen will subscribe for between 4 and 6 million of the Shares pursuant to the passing of resolution 2 and be granted between 4 and 6 million Options pursuant to the passing of resolution 3;
- (d) If all of the Options proposed in resolution 6 were to be exercised, the effect on fully paid ordinary shares would be to increase the number from 79,173,228 to 80,423,228 resulting in the receipt by the Company of \$625,000 and a dilution to existing shareholders of 1.55%. If all the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 84,173,228, resulting in the receipt by the Company of \$2,500,000 and a dilution to existing shareholders of 5.94%. If the Shares proposed in resolution 2 are issued and all of the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 96,173,228. The dilution to existing shareholders arising only from the exercise of the Options proposed in 4, 5, 6, 7 and 8 would reduce from 5.94% to 5.2%;
- (e) The remuneration package for Mr McMullen is intended to be \$50,000 per annum;
- (f) Each of the Directors, namely Messrs Malone, Barns, Nind, Jelenich and Dawson, recommend the approval of resolution 6 as it provides an effective incentive to Mr McMullen enabling the Company to preserve working capital; and
- (g) As Mr McMullen has an interest in the outcome of resolution 6 he is unable to make a recommendation on the outcome of that resolution.

7. RESOLUTION 7 – GRANT OF 1,000,000 OPTIONS TO MR T DUCKWORTH

Resolution 7 seeks Shareholder approval for the grant of 1,000,000 Options to Mr T Duckworth, or his nominee.

Resolution 7 is subject to resolutions 4, 5, 6 and 8 being passed by Shareholders. If resolutions 4, 5, 6 and 8 are not passed by Shareholders, then resolution 7 will automatically fail.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless either one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr Duckworth is a related party of the Company due to the fact that it is intended that he will be appointed as a Director.

The grant of the Options to Mr Duckworth constitutes a "financial benefit" as defined in the Corporations Act. Accordingly, the proposed issue of Options to Mr Duckworth will constitute the provision of a financial benefit to a related party of the Company.

The Company seeks Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr Duckworth.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr Duckworth:

- (a) the related party to whom the financial benefit will be given is Mr T Duckworth or his nominee;
- (b) the maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr Duckworth is 1,000,000 Options;
- (c) the Options will be issued on the terms set out in Annexure B;
- (d) Mr Duckworth is precluded from considering the resolution. Mr Duckworth has an interest in the outcome of the resolution because he is the proposed recipient of the financial benefit;
- (e) the Options will be issued as incentive for Mr Duckworth's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome; and
- (f) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in this Explanatory Statement.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company may not issue securities to a related party without obtaining prior shareholder approval. Directors are related parties for the purposes of the ASX Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Duckworth as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Duckworth will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in relation to the proposed issue of Options in accordance with ASX Listing Rule 10.13:

- (a) the related party that will be issued the Options is Mr Duckworth or his nominee and the maximum number of Options to be issued to Mr Duckworth is 1,000,000 Options;
- (b) the Company will issue the Options within 1 month of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of the Options will be issued on one date;
- (c) the Options will be issued for nil consideration. The Options are to be issued as an incentive for Mr Duckworth's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome;
- (d) the Options will be issued on the terms and conditions set out in Annexure B; and
- (e) no funds will be raised by the issue of the Options to Mr Duckworth.

Valuation of Options

The Options have been valued using the Black & Scholes pricing model.

The assumptions used to value the Options are as follows:

- (a) the expiry date of the Options is 30 March 2015;
- (b) the Options are exercisable at \$0.50 per Share;
- (c) the market price of a Share is \$0.305 (this being the market price of a Share);
- (d) a common volatility factor of 93%. This is based on the history of share trading in the Shares for the last year;
- (e) a risk-free interest rate of 4.25%;
- (f) the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation;
- (g) the valuation date for the Options is 13 February 2012; and
- (h) Based on the above, the Options are valued at \$0.153 each.

Additional Information

- (a) The fully paid ordinary shares of the Company have traded over the last twelve months at a high of \$0.68 on 19 April 2011 and a low of \$0.16 on 9 January 2012. The latest trading price was \$0.305 on 21 February 2012;
- (b) The total number of fully paid ordinary shares on issue at the date of this Notice is 79,173,228. If the Shares proposed in resolution 2 of this Notice of General Meeting are issued, this number will increase to 91,173,228. The number of

Options on issue at the date of this notice is 3,350,000. If the Options proposed in resolutions 3, 4, 5, 6, 7 and 8 are issued this number will increase to 20,350,000;

- (c) The shareholding of Mr Duckworth before the issue of the Options proposed in resolution 7 is as follows:

Mr Duckworth holds zero Shares and zero Options;

- (d) If all of the Options proposed in resolution 7 were to be exercised, the effect on fully paid ordinary shares would be to increase the number from 79,173,228 to 80,173,228 resulting in the receipt by the Company of \$500,000 and a dilution to existing shareholders of 1.25%. If all the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 84,173,228, resulting in the receipt by the Company of \$2,500,000 and a dilution to existing shareholders of 5.94%. If the Shares proposed in resolution 2 are issued and all of the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 96,173,228. The dilution to existing shareholders arising only from the exercise of the Options proposed in 4, 5, 6, 7 and 8 would reduce from 5.94% to 5.2%;
- (e) The remuneration package for Mr Duckworth is intended to be \$35,000 per annum;
- (f) Each of the Directors, namely Messrs Malone, Barns, Nind, Jelenich and Dawson, recommend the approval of resolution 7 as it provides an effective incentive to Mr Duckworth enabling the Company to preserve working capital; and
- (g) As Mr Duckworth has an interest in the outcome of resolution 7 he is unable to make a recommendation on the outcome of that resolution.

8. RESOLUTION 8 – GRANT OF 750,000 OPTIONS TO MR A BRICE

Resolution 8 seeks Shareholder approval for the grant of 750,000 Options to Mr A Brice, or his nominee.

Resolution 8 is subject to resolutions 4, 5, 6 and 7 being passed by Shareholders. If resolutions 4, 5, 6 and 7 are not passed by Shareholders, then resolution 8 will automatically fail.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless either one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr Brice is a related party of the Company due to the fact that it is intended that he will be appointed as a Director.

The grant of the Options to Mr Brice constitutes a “financial benefit” as defined in the Corporations Act. Accordingly, the proposed issue of Options to Mr Brice will constitute the provision of a financial benefit to a related party of the Company.

The Company seeks Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr Brice.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr Brice:

- (a) the related party to whom the financial benefit will be given is Mr A Brice or his nominee;
- (b) the maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr Brice is 750,000 Options;
- (c) the Options will be issued on the terms set out in Annexure B;
- (d) Mr Brice is precluded from considering the resolution. Mr Brice has an interest in the outcome of the resolution because he is the proposed recipient of the financial benefit;
- (e) the Options will be issued as incentive for Mr Brice's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome; and
- (f) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in this Explanatory Statement.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company may not issue securities to a related party without obtaining prior shareholder approval. Directors are related parties for the purposes of the ASX Listing Rules.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Brice as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Brice will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in relation to the proposed issue of Options in accordance with ASX Listing Rule 10.13:

- (a) the related party that will be issued the Options is Mr Brice or his nominee and the maximum number of Options to be issued to Mr Brice is 750,000 Options;
- (b) the Company will issue the Options within 1 month of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of the Options will be issued on one date;
- (c) the Options will be issued for nil consideration. The Options are to be issued as an incentive for Mr Brice's involvement in the development of the Buena Vista iron project and the exercise of these Options is linked to the success of this outcome;
- (d) the Options will be issued on the terms and conditions set out in Annexure B; and
- (e) no funds will be raised by the issue of the Options to Mr Brice.

Valuation of Options

The Options have been valued using the Black & Scholes pricing model.

The assumptions used to value the Options are as follows:

- (a) the expiry date of the Options is 30 March 2015;
- (b) the Options are exercisable at \$0.50 per Share;
- (c) the market price of a Share is \$0.305 (this being the market price of a Share);
- (d) a common volatility factor of 93%. This is based on the history of share trading in the Shares for the last year;
- (e) a risk-free interest rate of 4.25%;
- (f) the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation;
- (g) the valuation date for the Options is 13 February 2012; and
- (h) Based on the above, the Options are valued at \$0.153 each.

Additional Information

- (a) The fully paid ordinary shares of the Company have traded over the last twelve months at a high of \$0.68 on 19 April 2011 and a low of \$0.16 on 9 January 2012. The latest trading price was \$0.305 on 21 February 2012;
- (b) The total number of fully paid ordinary shares on issue at the date of this Notice is 79,173,228. If the Shares proposed in resolution 2 of this Notice of General Meeting are issued, this number will increase to 91,173,228. The number of Options on issue at the date of this notice is 3,350,000. If the Options proposed in resolutions 3, 4, 5, 6, 7 and 8 are issued this number will increase to 20,350,000;
- (c) The shareholding of Mr Brice before the issue of the Options proposed in resolution 8 is as follows:

Mr Brice holds zero Shares and zero Options;
- (d) If all of the Options proposed in resolution 8 were to be exercised, the effect on fully paid ordinary shares would be to increase the number from 79,173,228 to 79,923,228 resulting in the receipt by the Company of \$375,000 and a dilution to existing shareholders of 0.94%. If all the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 84,173,228, resulting in the receipt by the Company of \$2,500,000 and a dilution to existing shareholders of 5.94%. If the Shares proposed in resolution 2 are issued and all of the Options proposed in resolutions 4, 5, 6, 7 and 8 were to be exercised, the effect on the fully paid ordinary shares would be to increase the number from 79,173,228 to 96,173,228. The dilution to existing shareholders arising only from the exercise of the Options proposed in 4, 5, 6, 7 and 8 would reduce from 5.94% to 5.2%;
- (e) The remuneration package for Mr Brice is intended to be \$35,000 per annum;

- (f) Each of the Directors, namely Messrs Malone, Barns, Nind, Jelenich and Dawson, recommend the approval of resolution 8 as it provides an effective incentive to Mr Brice enabling the Company to preserve working capital; and
- (g) As Mr Brice has an interest in the outcome of resolution 8 he is unable to make a recommendation on the outcome of that resolution.

9. ENQUIRIES

Shareholders should contact the Company Secretary on +61 8 9277 9801 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of Directors of the Company.

Company means Richmond Mining Limited (ABN 98 123 423 987).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

Meeting or **General Meeting** means the General Meeting convened by the Notice.

MRI means Switzerland-based corporate advisory firm, MRI Advisory AG.

Notice means the notice of General Meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share.

Share means a fully paid ordinary share in the Company.

Shareholder means a shareholder in the Company.

WST means western standard time, Perth, Western Australia.

ANNEXURE A

TERMS AND CONDITIONS OF 12,000,000 OPTIONS (RESOLUTION 3)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) The exercise price of each Option is \$0.30 ("Exercise Price").
- b) The Options expire at 5.00pm Western Standard Time on 31 March 2015 ("Expiry Date").
- c) The Options can be exercised at any time and each Option shall entitle the holder to subscribe for and be allotted one ordinary fully paid share in the capital of Richmond Mining Limited ("Share") upon exercise of the Option and payment to the Company of the Exercise Price.
- d) Shares issued as a result of the exercise of any of the Options will rank equally in all respects with all Shares in Richmond Mining Limited.
- e) The Option holder is not entitled to participate in new issues of securities offered to Shareholders unless the Option is exercised before the relevant record date for that new issue.
- f) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on Australian Securities Exchange ("ASX") it will, pursuant to the exercise of an Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act 2001 and the ASX Listing Rules.
- g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

ANNEXURE B

TERMS AND CONDITIONS OF OPTIONS (RESOLUTIONS 4, 5, 6, 7 & 8)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) The exercise price of each Option is \$0.50 ("Exercise Price").
- b) The Options expire at 5.00pm Western Standard Time on 30 March 2015 ("Expiry Date").
- c) Unless otherwise determined by the Board, the Options can only be exercised by the holder on or after 1 April 2014 and prior to the Expiry Date.
- d) Each Option shall entitle the holder to subscribe for and be allotted one ordinary fully paid share in the capital of Richmond Mining Limited ("Share") upon exercise of the Option and payment to the Company of the Exercise Price.
- e) Shares issued as a result of the exercise of any of the Options will rank equally in all respects with all Shares in Richmond Mining Limited.
- f) The Option holder is not entitled to participate in new issues of securities offered to Shareholders unless the Option is exercised before the relevant record date for that new issue.
- g) The Options are non-transferable and if the Option holder ceases to be a Director of the Company prior to 31 March 2014, then the Options will be cancelled.
- h) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on Australian Securities Exchange ("ASX") it will, pursuant to the exercise of an Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act 2001 and the ASX Listing Rules.
- i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

RICHMOND MINING LIMITED
ABN 98 123 423 987

Instructions for Completing Proxy Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - deliver the proxy form by hand to the Company's registered office at 103 Abernethy Road, Belmont, Western Australia;
 - mail the proxy form to the Company's registered office at PO Box 566, Belmont, Western Australia, 6984; or
 - send the proxy form by facsimile to the Company on facsimile number +61 8 9277 6818,

so that it is received not later than 10:00 am (WST) on 24 March 2012.

Proxy forms received later than this time will be invalid.