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Company Announcements Office
Australian Securities Exchange
PO Box 11224
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PROPOSED ACQUISITION OF CABRAL RESOURCES PTY LTD AND EQUITY PLACEMENT

RIMCapital Limited (ASX Code: RMC) ("the Company") is pleased to advise that it has today entered into a Share Subscription and Purchase Agreement ("SSPA") proposing to acquire 100% of Cabral Resources Pty Limited ("Cabral") as outlined below.

Cabral and Cabral Tenements

Cabral is an unlisted resource focused company based in Perth. Cabral's business currently consists of Australian and South American mining, legal and finance professionals focused on the acquisition and development of resource assets in South America with a primary focus in Brazil.

Cabral's main asset is an option agreement it has secured over an exciting portfolio of magnetite iron ore tenements located in the Brazilian state of Bahia ("the Cabral Tenements") from a Brazilian based vendor. The option can be exercised by Cabral for a cash consideration of R\$12.0 million (approx. A\$7.2 million) on or before 28 February 2011 (unless extended by Cabral) to obtain 100% interest in the Cabral Tenements.



A summary of the key features of the Cabral Tenements are as follows:

- (a) Nine (9) prospective iron ore exploration tenements located around the Lagoa Real region in the state of Bahia, Brazil;
- (b) The aggregate tenement area is approximately 140 square kms;
- (c) The Cabral Tenements have exploration targets for iron ore ⁽¹⁾ within the range of 331 million to 644 million tonnes of high grade, medium to coarse grained magnetite ore amenable to beneficiation by a simple crushing, grinding and magnetic separation process;
- (d) In all areas the banded iron-formations are highly metamorphosed and recrystallised. Recrystallisation, and hence coarsening, of the magnetite is significant. The implications for ore processing are that the magnetite should liberate at grind sizes in the vicinity of 75 microns which compares favourably to many of the new magnetite projects in Western Australia;
- (e) The planned initial tenement exploration phase comprises:
 - (i) Regional low-level aeromagnetics to map the structure and banded iron-formation distribution within the Cabral area of interest;
 - (ii) In parallel the geological team will undertake reconnaissance geological mapping of key targets at Morro do Gergelim and others;
 - (iii) First pass drilling to be undertaken on key targets determined from geology and geophysical work;
 - (iv) Follow-up and resource definition drilling as required;
 - (v) Continuing evaluation of remaining and new tenure; and
 - (vi) Engagement of consultant, ProMet Engineers, to undertake an initial magnetite deposit evaluation study to establish economic project limits including resources.
- (f) The Cabral Tenements are directly situated on the proposed rail and port infrastructure corridor to be funded by the Brazilian Federal Government. Construction of the East-West Rail Line has commenced and is due for completion in July 2012. VALEC Engenharia, Construções e Ferrovias S.A. is co-ordinating the construction process;
- (g) Distance of approx. 380kms from Cabral Tenements to proposed port north of Ilheus; and
- (h) A new dedicated, open access deep water port is proposed to be built approximately 20kms north of Ilheus in the state of Bahia.

A Company presentation providing a more detailed overview of Cabral, the Cabral Transaction and the Company will be released to ASX and should be read in conjunction with this announcement.

Transaction

The Company currently holds approximately 19.89% of the shares issued in Cabral through an associate company. These Cabral shares will be transferred to the

Company prior to the completion of the Transaction for a cash consideration of A\$200,000.

The Company is proposing to enter into the following transactions in relation to Cabral (together, the "Transaction"):

- (a) the acquisition of the remaining approximately 80.11% of Cabral Shares on issue pursuant to the terms of the SSPA. The purchase consideration under the SSPA is \$5,550,000 and will be satisfied by the issue of equity securities to the Sellers as follows:
 - (i) Shares: 30.0 million fully paid ordinary shares on completion of the Transaction, at an agreed value of \$0.035 per share; and
 - (ii) Future Performance Rights: 15.0 million Future Performance Rights on completion of the Transaction. These Future Performance Rights will be convertible into fully paid ordinary shares (on a one for one basis) upon the satisfaction of a condition under the SSPA, at an agreed value of \$0.30 per share.

That condition relates to the Cabral Tenements having a JORC compliant iron ore resource (of any category) of the greater of 350 million tonnes and the tonnage determined by consultants appointed by the Company⁽²⁾. If that condition is not satisfied the Future Performance Rights will lapse and no additional shares will be issued to the Cabral vendors; and
- (b) the subscription for new shares in Cabral pursuant to the terms of the SSPA. The consideration payable by the Company under the subscription will be a cash amount of R\$12.0 million (or approximately A\$7.2 million). This amount must be used by Cabral to exercise its option to acquire the Cabral Tenements described above.

The Transaction is subject to a number of conditions precedent being satisfied or waived by the parties, including the Company receiving all required regulatory and shareholders approvals. It is also a condition precedent to the Transaction that ASX does not apply Listing Rule 11.1.3 to the Company in relation to the Transaction. Investors should note that there is no guarantee or certainty that this condition precedent (or any other condition precedent) to the Transaction will be satisfied or waived by the parties.

On completion of the Transaction, Cabral will be a wholly owned subsidiary of the Company.

Proposed Equity Placement

In addition to the Transaction, the Company is also seeking to undertake an inter-conditional equity placement to raise up to A\$40.0 million (subject to market conditions) in new funding to be used for the following purposes:

- (a) as to approx. A\$7.2 million, to pay the cash consideration under the SSPA;
- (b) as to A\$30.6 million, to fund the development and exploration of the Cabral Tenements, to acquire further tenements in Brazil and for general working capital;
- (c) as to A\$200,000, to pay the consideration for the approximate 18.89% Cabral shareholding the Company is to acquire; and

- (d) as to the remaining A\$2.0 million, to meet the expenses of the equity placement.

Under the proposed equity placement, the Company's shares will be placed with certain unassociated sophisticated/wholesale investors whose investment objectives are aligned with the Company's growth strategy. The proposed equity placement will be structured to ensure that no single investor, together with its associates, acquires voting power in excess of 20% in the Company.

The acquisition of Cabral by the Company combined with the proposed equity placement:

- Creates a focused ASX listed global resources vehicle with a strong Board and management team which has a clear and aligned vision for the future of the Cabral Tenements in Brazil;
- Allows the Company to have sufficient funding to immediately commence an exploration program, including drilling, to advance the Cabral Tenements;
- Enables the Company to assess and undertake additional acquisitions where necessary in the region where they are complementary to the Cabral Tenements or add significant value to the Company;
- Unites Cabral's Tenements with the Company's unparalleled Chinese contact network to potentially accelerate the development of a future mining operation;
- Is likely to improve trading depth and liquidity levels in the Company's shares; and
- Allows the Company to conduct an initial uranium exploration program on the Northern Yeerlirrie Tenement Area.

Change of Name

As part of these transactions the Company is proposing to change its name to "**Cabral Resources Limited**" which is a name considered more aligned with its corporate strategy and future presence in Brazil.

Next Steps

The Company has commenced discussions with the ASX to determine whether the Transaction has the effect of requiring the Company to comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3. The Company will update the market of the outcome of those discussions in due course.

Each of the Transaction, the proposed equity placement and the proposed name change require the approval of the Company's shareholders under the Corporations Act, ASX Listing Rules or under the Company's constitution.

With the acquisition of Cabral and the funding from the proposed capital raising, the Company is well placed to meet its corporate objective of becoming a significant mining and investment company focused on the global natural resources and related sectors.

For further information please contact:

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Note (1):**Competent Person's Statement**

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Chris Robinson of Hematite Consultants Pty Ltd who is a member of the Australasian Institute of Mining and Metallurgy. Mr Chris Robinson is a director of Cabral Resources Pty Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Chris Robinson consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this announcement relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this announcement. The potential quantity and grade of resource targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

Note (2):

Being the JORC compliant magnetite iron ore resource tonnage required to justify an economic magnetite operation at an annual production rate of 4.0 million tonnes of concentrate per annum from Cabral's project location in Brazil.