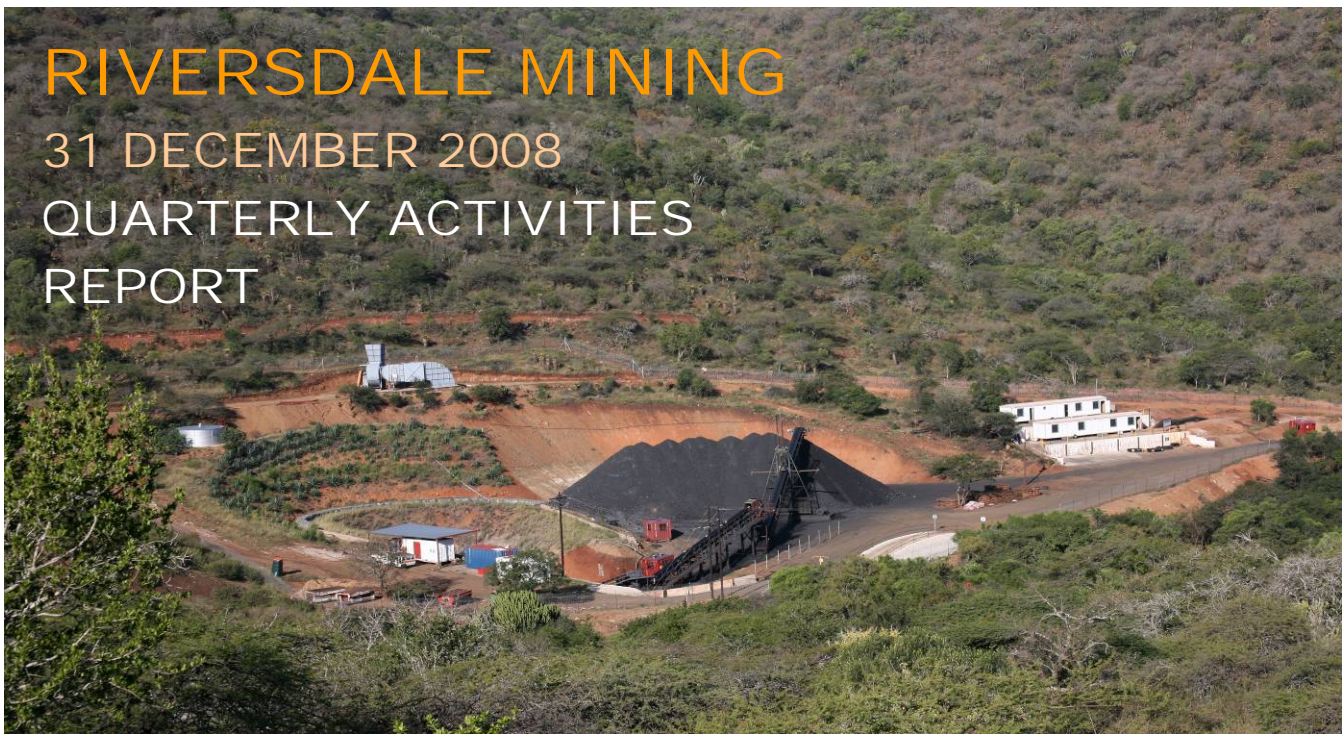


# RIVERSDALE MINING

31 DECEMBER 2008

## QUARTERLY ACTIVITIES REPORT



### KEY QUARTER HIGHLIGHTS

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30 January 2009

#### Exploration in Mozambique

- An updated JORC compliant coal resource in the Benga tenement supports the development of the Benga Open Cut Coal Project.
- As at the end of the December quarter, the total coal resource at Benga of 2.1 billion tonnes comprises 1,023 Mt of Measured and Indicated Resources and 1,087 Mt of Inferred Resources.
- Drilling at Benga continues to delineate the resource to facilitate mine planning and development
- The aeromagnetic and radiometric survey was completed over all Riversdale tenements in Mozambique and analysis of data has commenced.
- Final structural and basinal interpretation reports were provided to Riversdale during December to assist with the planning of 2009 exploration programs across all the leases.
- Approximately 80,000 metres of open-hole and diamond core drilling is planned for CY2009.
- Combined tenement area exceeds 250,000 hectares and positions the Company as one of the largest tenement holders in the Tete - Moatize coal basin.
- Reconnaissance exploration drilling commenced in September 2008 on EL 946L - Muarazi West with a total of 12,450m open-hole drilling completed during the quarter.
- Initial findings in EL946 are extremely positive, confirming the presence of the same seams encountered in Benga.

#### Benga Mine Development

- In October 2008 Riversdale lodged an application to the Mozambique

Government for a Mining Concession over its Benga tenement.

- Subsequently Riversdale met with the Mozambique Government committee evaluating the above application.
- Environmental data collection was completed in December to form the basis of the environmental impact study.
- Laboratory analyses to finalise coal quality and CHPP operating criteria are now 90% complete and will be finalised in the first quarter 2009.
- The final feasibility study will be completed in the first quarter 2009.

#### Zululand Anthracite Colliery (ZAC)

- Excellent safety performance continues.
- ROM production for the December quarter was 167,117 tonnes and 432,528 tonnes for the half year.
- Saleable production for the December quarter of 182,191 tonnes is an increase of 5,543 tonnes for the same quarter last year.
- Product sales for the December quarter were 147,320 tonnes, of which export sales contributed 37%.
- Domestic demand for anthracite is expected to be soft into 2009 and export opportunities are being evaluated.
- Development of the Ngwabe Block commenced during December.

#### Corporate

- Cash on hand was A\$326.1 million at 31 December 2008.
- Gary Lawler appointed as non executive director 28 January 2009.



## EXPLORATION IN MOZAMBIQUE



### Coal Resources, Benga Coal Licence (EL 881L) Mozambique (Riversdale share 65%)

#### JORC Statement announced September 2008

Coal Resources	(Mt)
Measured	42
Indicated	981
Inferred	1,087
<b>Total</b>	<b>2,110</b>

*Notes to accompany Coal Resources Statement:*

- o A minimum coal ply thickness of 0.3m was used to estimate Coal Resources.
- o The Coal Resources were cut on a base of weathering 15m below the surface. Additional Coal Resources totalling approximately 25Mt may be present if further exploration demonstrates that the base of weathering is shallower than 15m in parts of the lease.
- o To date, no boreholes are deeper than 700m. Coal Resources do not extend beyond the depth of the borehole data.

The Coal Resources quoted in this announcement are based on Report No 269/01/02, Coal Resources, Benga Project as at 15th August 2008, compiled under the supervision of Mr. Kerry Whitby, who is a Fellow of the Australasian Institute of Mining and Metallurgy and Managing Director of McElroy Bryan Geological Services Pty Ltd (MBGS). Kerry Whitby has more than 30 years experience as a geologist in the resources industry and more than 20 years experience in the estimation of coal resources for coal projects and coal mines both in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating coal mines and coal exploration areas in Australia's major coal basins and in other coal basins throughout the world. With this level of experience, he is adequately qualified as a Competent Person as defined in the 2004 edition of the JORC Code. The Coal Resource estimate for the Benga Licence, (881L) Mozambique presented in this report has been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (September 2004) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

This significant upgrade of JORC compliant coal resources in the Benga tenement supports the development of the Benga Open Cut Coal Project. The total coal resource at Benga of 2.1 billion tonnes comprises 1,023 Mt of Measured and Indicated Resources and 1,087 Mt of Inferred Resources. Of this, 1,760 Mt is less than 500 m deep and likely to be amenable to open cut mining.

## Ongoing Drilling in Benga

Extensive mine delineation drilling was completed in the December Quarter. A total of 10,674 metres was drilled including infill HQ diamond drilling, large diameter bulk sample core drilling, hydrogeological and geotechnical investigation drilling. Site investigations were commenced for the CHPP area and the tailings pond facility.

At the end of December 2008 97,556 metres of drilling had been completed in Benga (881L). The main focus of exploration on the Benga tenement continues to be gathering data for the bankable feasibility study to be completed by the March quarter 2009. The Benga exploration effort is to now shift from resource assessment to mine development drilling specifically oriented to providing detailed data for mine design, scheduling and ultimately for the production of JORC proven and probable recoverable mine reserves.

Drilling will continue at Benga to provide improved geotechnical, structural and coal quality definition in preparation for mining. Detailed loxline (subcrop) drilling is planned for early 2009. To this end, a reverse circulation drilling rig is being sourced to assist with the shallow coal interval sampling program.

Ongoing large diameter (150 mm diameter) coring within the proposed Benga Mine foot-print area was ongoing in the December quarter with 20 bulk sample core holes completed. Preliminary laboratory results from this program confirm results from the slim core analyses previously obtained. Coal samples are immediately refrigerated after brightness logging and selective ply sampling before air freight dispatch to coal laboratories in New South Wales and Queensland.

Laboratory results from the large diameter program are being used to further define coal processing parameters. The large diameter cores will also be used for specialty bulk coking and thermal testing to commence in the 1st quarter of 2009.

The geotechnical drilling program in Benga will continue into 2009. It includes the drilling of holes angled to intersect selected structural features to determine their dip, nature and precise location and to assess their impact on the open pit mine plan. Shallow drilling to define the edge of alluvial sediments in the western area of the proposed open cut was also commenced in the December quarter.

The Benga licence is held in joint venture with Tata Steel Ltd and covers an area of 4,560 hectares. No drilling was undertaken in the Tete licence EL1319, also held 65% by Riversdale and 35% by Tata Steel.

## Exploration of Other Riversdale Licences (100% held by Riversdale)

In September 2008 Riversdale Mining commenced exploration of its licences other than Benga and Tete.

Riversdale commenced reconnaissance exploration drilling in Muarazi West EL 946L tenement during the December quarter with promising results. The same seams found in Benga were seen to continue in Murazi West as had been expected. A total of 12,450 metres of open hole drilling was completed and geophysically logged. This will be followed up by core drilling in the first quarter of 2009 to obtain coal quality information. A JORC compliant report on this area is planned for the second quarter in 2009.

The exploration at EL 946L and other tenements comprised:

- Surface mapping
- Aeromagnetic and radiometric survey
- Reconnaissance drilling.

Local consultants have so far completed geological surface mapping and geological reports have been submitted to Riversdale for the following tenements:

- 881L - Benga
- 946L - Muarazi West
- 935L - Muarazi East
- 948L - Muarazi South
- 945L - Moatize South
- 937L - Muarazi North
- 1242L - Moatize West
- 1108L - South Cahora Basa
- 1200L - South Cahora Basa
- 1201L - South Cahora Basa
- 1319L - Tete

Airborne geophysical surveys using aeromagnetic and radiometric sensors have been completed over all 22 Riversdale tenements in the Tete, Changara and Cahora Basa regions. Surveys over six of these tenements were undertaken by the previous owner before Riversdale purchased them. The remaining 16 were completed by Riversdale in the December quarter. All data has been combined into a single model which was used to provide regional interpretation as well as detailed interpretation licence by licence.

This interpretation, combined with surface mapping, provided the basis for the detailed planning of exploration drilling. In excess of 80,000 metres of reconnaissance open hole structure definition drilling and diamond HQ core drilling has been budgeted for CY2009 across all the Riversdale tenements. This will enable coal quality and key mining parameters to be assessed.

## Exploration Team

The Riversdale coal resource assessment team has been enhanced by the addition of six experienced coal geologists. This includes the Principal Geologist, Dave West, who has over 30 years experience in coal geology specialising in coal exploration and mining, coal technology and coal marketing. A further five coal geologists have been trained in conducting coal field procedures in accordance with JORC Code requirements.

Two supervising geologists provided by Australian consultants continue to work on site to ensure that the quality control and data validation for each borehole meets best practice standards. They also have assisted with the training of Riversdale’s Mozambique graduate geological team which now totals 17 geologists.



## Exploration Camp

Exploration camp facilities in Tete continue to be expanded to support the extensive exploration programme. This includes additional core sheds and offices as well as accommodation and dining facilities. Remote area camps will need to be established to support Riversdale’s three key exploration regions of Tete, Changara and Cahora Basa.

An additional experienced drilling company has been engaged to assist with the exploration drilling effort across the Riversdale leases during CY 2009.

## BENGA COAL QUALITY

The laboratory analysis to support the bankable feasibility study for the Benga licence 881L is nearing completion. It appears that the laboratories in Australia are now through the worst of the congestion they experienced throughout 2008.

The laboratory analysis for the coal handling preparation plant design is complete and the washability analysis is 90% complete. The coal quality analysis is currently being processed by the laboratories and will be completed in the 1st quarter of 2009. The samples for the pilot scale coking and thermal tests are currently being treated in order to enable testing to commence.

## BENGA MINE DEVELOPMENT

A Mine Feasibility Study was submitted to the Mozambique Government in August 2008 providing the basis for development of an open cut mine at Benga to produce 20 Mt per year ROM coal, with annual saleable products of 6 Mt prime hard coking coal and 6 Mt thermal coal, some to be exported and some to be consumed in a domestic power station.

In October 2008 Riversdale Mining lodged an application to the Mozambique Government for a Mining Concession over the Benga Tenement. This was based on the above mine feasibility study.

In November 2008 Riversdale presented its case to be awarded the Mining Concession to a Mozambique Government committee appointed for the purpose of evaluating Riversdale's application.

The September 2008 JORC Coal Resource Assessment confirmed that there is sufficient coal in situ to sustain a significant open cut mining operation of 20mtpa ROM for a period of more than 25 years.

Ongoing coal technological assessments from large diameter bulk samples continue to confirm that the Benga open cut coal project will represent a significant new high quality supplier into the international hard coking coal market.

## Environment

During the last quarter of 2008 all field work was completed for the specialist studies to support the Environmental Impact Assessment (EIA) of mine development at Benga. The project was registered with the Mozambique environmental agency (MICOA) in the first quarter 2008, and the process approved by MICOA has been followed since then. The Interested and Affected Parties census was conducted during the December quarter.

The specialist studies and EIS are all due to be completed in the first quarter 2009.

## SOCIAL PROJECTS

Riversdale is interacting with its local communities increasingly as the Benga project moves forward. Information is being gathered to assess the needs of these communities and to involve them in decisions relating to their relocation where relocation is found to be necessary.

Concurrently Riversdale is conducting an HIV-AIDS awareness programme and assisting the local orphanage at Capanga.



## TRANSPORT INFRASTRUCTURE

Riversdale has assessed the issues pertaining to the inbound transportation of goods and construction materials to site for the Benga project, and also the outbound transportation of coal once the project has been constructed.

The base case for coal transportation to market remains the Sena railway line and the port at Beira. Riversdale's consultants reviewed progress on the refurbishment of the Sena line and concluded that it should be completed by September 2009 and in any case should be not later than March 2010. This suits Riversdale's plans to ship first coal in fourth quarter 2010.

Riversdale expects to sign a MOU with the Mozambique Government in first quarter 2009 for the refurbishment of the existing Beira coal terminal to be used as an interim measure until a multi user port can be developed at Beira.

Discussions are continuing in respect of formalising an access agreement to use the Sena rail line to transport coal to the Port of Beira.

In the December 2008 quarter Riversdale conducted a bathymetric survey of the Zambezi River from Benga to Chinde at the river mouth. This information will be used in the first quarter 2009 to complete an evaluation of the feasibility of barging coal down the Zambezi River.

## OPERATIONS OVERVIEW AT ZULULAND ANTHRACITE COLLIERY (ZAC)

<b>ZAC Production &amp; Sales Report 100% Basis</b> (Riversdale share 74%)					
	<b>Dec-08</b> <b>Quarter</b> <i>Tonnes</i>	<b>Sep-08</b> <b>Quarter</b> <i>Tonnes</i>	<b>Dec-08</b> <b>Half Year</b> <i>Tonnes</i>	<b>Dec-07</b> <b>Half Year</b> <i>Tonnes</i>	<b>Dec-07</b> <b>Quarter</b> <i>Tonnes</i>
<b>*ROM Coal Production</b>	<b>167,117</b>	<b>265,411</b>	<b>432,528</b>	<b>416,122</b>	<b>214,484</b>
<b>Average Yield</b>	84.2%	82.5%	83.4%	78.9%	79.3%
<b>Plant Feed</b>	216,504	203,344	419,848	444,023	222,687
<b>Saleable Coal Production</b>					
Prime low ash	149,058	144,915	293,973	289,866	143,221
Middlings	33,133	22,849	55,982	60,586	33,427
<b>Total</b>	<b>182,191</b>	<b>167,764</b>	<b>349,955</b>	<b>350,452</b>	<b>176,648</b>
<b>Coal Sales</b>					
Prime low ash	118,172	155,405	273,577	261,446	124,415
Middlings	29,148	15,358	44,506	41,801	29,994
<b>Total</b>	<b>147,320</b>	<b>170,763</b>	<b>318,083</b>	<b>303,247</b>	<b>154,409</b>

\*ROM = Run Of Mine / Raw Coal Production

### Run of Mine Production

ROM production for the December quarter was 167,117 tonnes, resulting in a reduction of 98,294 tonnes compared with the September quarter and 47,367 tonnes less than the same quarter last year. ROM for the half year ended 31 December 2008 was 432,528, 16,406 tonnes more than the same period last year.

### Deep E

The Deep E shaft has proven to be geologically challenging with various faults, dykes and other geological disturbances being encountered. In addition severe water problems were experienced. This resulted in lower production levels at times during the quarter. Equipment availability at the Deep E has increased significantly and is being maintained at acceptable levels.

### Kwa-Sheleza

Section 7, the continuous miner section, remains at the Kwa-Sheleza main shaft and is currently undertaking development in the shaft bottom area. This section continues to perform to expectation. It is envisaged that mining at the Kwa-Sheleza main shaft will cease during 2009 and the shaft infrastructure will be maintained to enable underground ventilation standards.

### Outcrop

The Outcrop Shaft, previously the northern area of the Kwa-Sheleza Shaft, was commissioned during the March 2008 quarter. There are currently 3 production Sections deployed in this area namely; Sections 4, 5

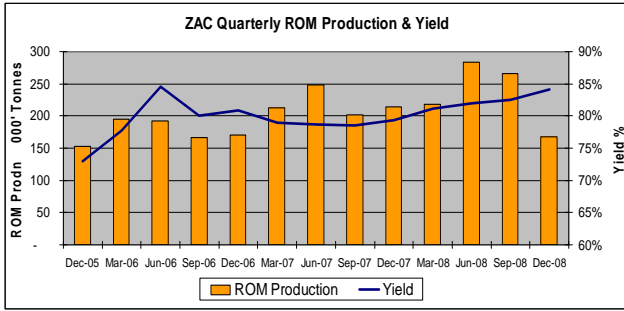
and 6. All of these sections are conventional drill and blast sections with an average seam height of approximately 1.2m. Lowering seam thicknesses as well as exceptionally hard coal does affect production levels at times, however, the three sections in this area are performing to expectation.

### Health and Safety Performance

ZAC completed its Baseline Risk Assessment and embarked on a HIRAC (Hazard Identification, Risk Awareness and Control) training program for the entire workforce during the September 2008 Quarter. The continued emphasis on the Health and Safety of employees and other stakeholders continues to be a focus area at ZAC. All Injury Frequency Rates continued to improve during the quarter.

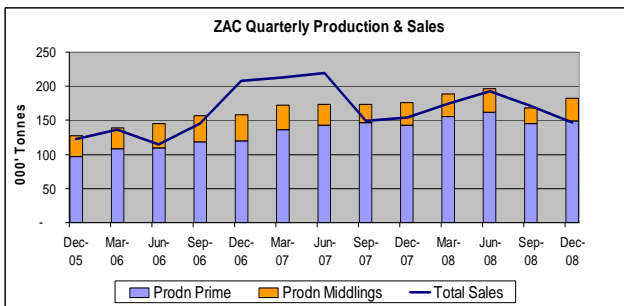
### Plant Production

Saleable production for the December quarter was 182,191 tonnes, an increase of 14,427 tonnes compared with the September quarter and an increase of 5,543 tonnes on the same quarter last year.



**Sales**

Product sales for the December quarter were 147,320 tonnes which is 23,443 tonnes down on the September quarter and 7,089 tonnes down on the same quarter last year. Market demand for anthracite is encountering similar trading conditions as elsewhere in the coal sector. Domestic customers deferred receipt of shipments during the quarter and exports were affected by poor rail performance. The domestic coal market in South Africa is expected to be soft for most of 2009. The ZAC operation is monitoring closely the market demand for product and developing opportunities for supply into export markets.



**Ngwabe Block**

Exploration drilling continues to be undertaken in the Ngwabe Block and the main seam has been broadly delineated at depths ranging from 200m to 600m. The exploration drilling results so far indicated some large scale faulting and dolerite and other structural activities along the boundary zones of the block, but are generally encouraging in confirming the presence of the Main Seam over an extended area.

A feasibility study on the development of the Ngwabe Block as part of the ZAC long term strategy was completed in the March 2008 quarter. The Ngwabe BFS (Bankable Feasibility Study) has indicated a viable project with good returns over the Life of Mine. The Project officially started in the first week of December 2008 with good progress made prior to the year end break.

**Western Extension**

A feasibility study on the development of the Kwa-Sheleza Western Extension Block as part of the ZAC medium term strategy was completed in the September 2008 quarter. Approval for the construction phase was obtained and construction commenced early in the December 2008 quarter. The Western Extension project entails the establishment of all surface infrastructure as well as a 115m decline at 10 degrees at a width of 7m. Construction is well underway utilising ZAC resources exclusively. First coal is expected during the latter part of the March 2009 quarter.

**Exploration and Development Expenditure**

During the December quarter A\$7.7 million was spent on exploration activities and A\$20.0 million was spent on property, plant, equipment and development activities by the Company.



**CORPORATE**

**Cash Balance**

Riversdale Mining is in a sound cash position, with a net cash balance of A\$323.0 million. As at the end of December 2008, Riversdale had A\$326.1 million in cash and A\$3.1 million in bank borrowings. Net cash at 30 September 2008 was \$342.4 million. Funds are placed on deposit in accordance with Board-approved policy with AA-rated Australian and international banks.

**OUTLOOK**

An extremely full 1Q 2009 is planned for Riversdale Mining. In Mozambique, work will continue in completing the Feasibility Study to facilitate a development decision at Benga Project in the first half of 2009. Discussions will continue with Government of Mozambique on grant of a Mining Concession and access to infrastructure. Exploration activities will be extended to nearby tenements in the Tete region.

In South Africa, development of the Ngwabe Block will be accelerated.

# CORPORATE INFORMATION

## Directors

William Michael O'Keeffe  
Steve Mallyon  
Niall Lenahan  
Andrew Love  
Gary Lawler

Executive Chairman  
Managing Director (From 1 August 2008)  
Finance Director and Company Secretary  
Non-Executive Deputy Chairman  
Non-Executive Director (From 28 January 2009)

## Issued Capital

As at 30 January 2009, the issued capital of the company was 188,408,524 fully paid ordinary shares, all of which are quoted on the ASX. [ASX: RIV]

## Substantial Shareholders (as advised\*)

Talbot Group	18.87%
Passport Capital	15.62%
TS Global Minerals Holdings	10.00%

\*Note: does not necessarily take account of recent changes in the Company's share capital

## Options over Ordinary Shares as at 30 January 2009

1,000,000	exercisable at \$1.00 expiring on 09.05.2011
1,000,000	exercisable at \$1.50 expiring on 09.05.2011
400,000	exercisable at \$1.00 expiring on 01.04.2011
1,000,000	exercisable at \$1.50 expiring on 01.04.2011
125,000	exercisable at \$1.50 expiring on 24.04.2011
1,775,000	exercisable at \$1.50 expiring on 21.11.2009
1,412,500	exercisable at \$2.50 expiring on 21.11.2010
750,000	exercisable at \$1.86 expiring on 04.12.2010
2,250,000	exercisable at \$1.50 expiring on 16.01.2010
2,250,000	exercisable at \$2.50 expiring on 16.01.2011
150,000	exercisable at \$2.03 expiring on 25.01.2011
250,000	exercisable at \$2.15 expiring on 22.05.2012
2,000,000	exercisable at \$11.39 expiring on 30.06.2013
3,275,000	exercisable at \$11.57 expiring on 01.07.2013
1,500,000	exercisable at \$9.80 expiring on 22.10.2013
1,050,000	exercisable at \$2.24 expiring on 19.12.2013
<u>20,187,500</u>	

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## Stock Exchange Listing

Australian Stock Exchange  
The Company's ASX code is "RIV"

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Phone Outside Aust: +61 3 9415 5000

## Electronic Communications

Shareholders may also register to receive shareholder information and the Annual Report via the web. To register for this facility go to [www.computershare.com](http://www.computershare.com) and follow the instructions. Shareholders will need their Security Reference Number (SRN) or Holder Identification Number (HIN) to enable them to register.



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