

RIVERSDALE MINING LIMITED



31 DECEMBER 2008 HALF YEAR FINANCIAL REPORT





**APPENDIX 4D
HALF YEAR REPORT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

RIVERSDALE MINING LIMITED
ABN 53 006 031 161
(ASX CODE: RIV)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$'000

Revenue	Up	5.1%	To	35,288
Net profit for the period attributable to members	Down	99.9%	To	80
Dividends/distributions		Amount per security		Franked amount per security
Final dividend		Nil		Nil
Interim dividend		Nil		Nil

Record date for determining entitlements to the final dividend

Not Applicable

Further explanation of the figures reported above is included in the attached financial statements and review of operations.

Current Reporting Period: 6 months ended 31 December 2008
Previous Corresponding Reporting Period: 6 months ended 31 December 2007

The Directors present their report on Riversdale Mining Limited and its controlled entities for the half year ended 31 December 2008.

DIRECTORS

The names of the Company's directors in office during the half year and up until the date of this report are set out below.

William Michael O'Keeffe
(Executive Chairman)

Niall Lenahan
(Finance Director and Company Secretary)

Andrew Love
(Deputy Chairman and Non Executive Director)

Steve Mallyon joined the Company as Managing Director on the 1 August 2008.

Gary Lawler was appointed as a Non-Executive Director on the 28 January 2009.

Richard Potts
It is with regret that we note that Mr Dick Potts passed away in September 2008, following a short illness. Dick had been a director of Riversdale since early 2006 and made a significant contribution in these early formative years of the Company. His extensive industry experience and wise counsel is appreciated by the Board and management of Riversdale.

REVIEW AND RESULTS OF OPERATIONS

Financial results for the half year

Net profit after tax and minority interest for the half year to 31 December 2008 amounted to \$80,000. (2007: \$83.3 million). In the previous half year consideration of \$100 million for the disposal of 35% of the entities holding the Benga and Tete exploration tenements to Tata Steel Limited (Tata) resulted in a net gain on sale of investment of \$83.3 million. These tenements are located in the Moatize region of Mozambique and cover an area of 25,000 hectares.

Zululand Anthracite Colliery (ZAC) operating profit before interest, income tax and minority interests in the current half year was \$10.6 million, compared with \$4.1 million in 2007. However, net profit was affected by increased share option costs of \$8.3 million and a higher tax charge.

The Company has a strong cash position, with cash on hand of \$326.1 million at the end of December 2008, compared to \$347.8 million at 30 June 2008. Funds are placed on deposit in accordance with the Board-approved policy with AA-rated Australian and

international banks. Operating cash flow was strong during the half year at \$18.4 million. (2007: \$3.3 million).

Zululand Anthracite Colliery (ZAC)

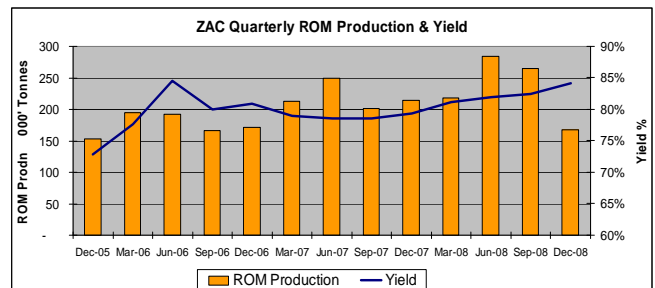
Health and Safety Performance

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 and this is reflected in the improved safety performance.

Production

Mining for the half year was conducted in the Kwa-Sheleza, Outcrop and Deep E Blocks using conventional and continuous mining methods.

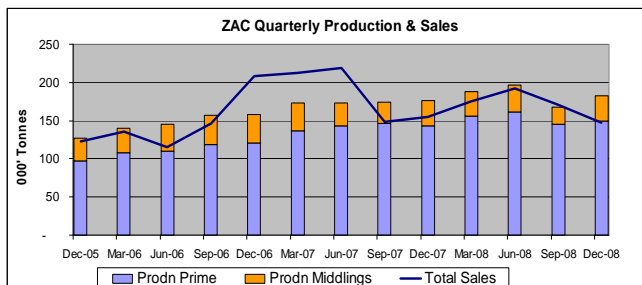
Run of Mine (ROM) increased 16,406 tonnes and saleable production was consistent with the last half year. The Deep E shaft has proven to be geologically challenging with various faults, dykes and other geological disturbances being encountered.



ZAC Sales & Production		
100% (Riversdale Share 74%) Half Year to 31 December	31 Dec 2008	31 Dec 2007
	<i>Tonnes</i>	<i>Tonnes</i>
ROM	432,528	416,122
Plant Feed	419,848	444,023
Yield	83.4%	78.9%
Saleable Coal Production		
Prime Low Ash	293,973	289,866
Middlings	55,982	60,586
Total	349,955	350,452
Coal Sales		
Prime Low Ash	273,577	261,446
Middlings	44,506	41,801
Total	318,083	303,247

Sales

Overall sales increased by 14,836 tonnes compared to the previous half year. Market demand for anthracite is encountering similar trading conditions as elsewhere in the coal sector. Domestic customers deferred receipt of shipments during the December 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 closely monitoring 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 indicate 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 IN MOZAMBIQUE



Coal Resources, Benga Coal Tenement (881L) (Riversdale share 65%)

Riversdale Mining announced on 10 September 2008 a significant upgrade and expansion of the Coal Resources within the Benga tenement, located near Tete in Mozambique. The Benga tenement is held in joint venture with Tata Steel Ltd and covers an area of 4,560 hectares.

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

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

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 which is expected to be completed by the March quarter 2009. The Benga exploration effort is to now shifting 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. Ongoing large diameter (150 mm diameter) coring within the proposed Benga Mine footprint area continued in the December half year with 20 bulk sample core holes completed. Laboratory results from the large diameter program are being used to further define coal processing parameters and the large diameter cores will also be used for specialty bulk coking and thermal.

Exploration of Other Riversdale Tenements (100% held by Riversdale)

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

Riversdale commenced reconnaissance exploration drilling in the large Muarazi West tenement (946L) during the December quarter with promising results. The same seams found in Benga were seen to continue

in Muarazi 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.

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 tenement by tenement.

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 calendar year 2009 across all the Riversdale tenements. This will enable coal quality and key mining parameters to be assessed.

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 Run Of Mine (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.

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

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 August 2008 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.

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 EIA are all due to be completed in the first quarter 2009.

DIVIDENDS

The Directors of Riversdale Mining Limited have resolved not to recommend a dividend for the half year ended 31 December 2008.

AUDITORS INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Riversdale Mining Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is attached and forms part of the Directors' Report.



ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of Directors:



WM O'Keeffe
Chairman
Sydney, 24 February 2009

**INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**



	Note	Consolidated Half year	
		2008 \$'000	2007 \$'000
Revenue	3	35,288	33,583
Cost of sales		(24,428)	(27,669)
Gross profit		10,860	5,914
Other income	3	14,316	86,985
Administration expenses		(4,567)	(3,466)
Other expenses		(13,499)	(4,951)
Profit before tax and finance costs		7,110	84,482
Finance costs		-	(260)
Profit before income tax		7,110	84,222
Income tax expense		(5,267)	(404)
Profit after income tax		1,843	83,818
Profit attributable to minority interest		(1,763)	(530)
Profit attributable to members of the parent		80	83,288
Basic earnings per share (Cents)	12	0.04	53.30
Diluted earnings per share (Cents)	12	0.04	48.13

The above income statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET
AS AT 31 DECEMBER 2008**



		Consolidated	
	Note	31 December 2008 \$'000	30 June 2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents		326,121	347,828
Trade and other receivables		12,652	11,530
Inventories		19,200	11,256
TOTAL CURRENT ASSETS		357,973	370,614
NON-CURRENT ASSETS			
Trade and other receivables		1,272	1,123
Other financial assets	4	2,956	2,419
Deferred tax assets		7,742	6,649
Property, plant and equipment		68,619	37,126
Exploration and evaluation expenditure		131,032	101,026
TOTAL NON-CURRENT ASSETS		211,621	148,343
TOTAL ASSETS		569,594	518,957
CURRENT LIABILITIES			
Trade and other payables		19,567	13,063
Income tax payable		5,052	1,686
Borrowings		100	85
Provisions		2,203	1,311
TOTAL CURRENT LIABILITIES		26,922	16,145
NON-CURRENT LIABILITIES			
Borrowings	4	-	-
Provisions		11,520	8,351
Deferred tax liabilities		13,172	10,281
TOTAL NON-CURRENT LIABILITIES		24,692	18,632
TOTAL LIABILITIES		51,614	34,777
NET ASSETS		517,980	484,180
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	5	385,412	383,495
Retained earnings		102,619	102,539
Reserves		14,534	(15,506)
		502,565	470,528
Minority interest		15,415	13,652
TOTAL EQUITY		517,980	484,180

The above balance sheet should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**



	Consolidated Half year	
	2008	2007
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	43,447	33,257
Payments to suppliers and employees	(36,040)	(32,868)
Interest received	12,446	3,164
Interest paid	-	(262)
Income tax paid	(1,460)	-
	<hr/>	<hr/>
Net cash from operating activities	18,393	3,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for subsidiary, net of cash acquired	-	(26,000)
Proceeds on disposal of investment, net of cash sold	-	99,834
Payment for exploration expenditure	(12,675)	(11,101)
Payment for property, plant and equipment	(28,324)	(2,759)
	<hr/>	<hr/>
Net cash (used in) / from investing activities	(40,999)	59,974
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	-	3,312
Repayment of borrowing	-	(4,630)
Proceeds from share issues	1,444	215,723
Payments for share issue costs	-	(12,613)
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Net cash from financing activities	1,444	201,792
	<hr/>	<hr/>
NET (DECREASE) / INCREASE IN CASH HELD	(21,162)	265,057
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Cash at the beginning of the period	347,828	49,049
Effects of exchange rate movements on cash	(545)	(291)
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CASH AT THE END OF THE PERIOD	326,121	313,815
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The above statement of cash flows should be read in conjunction with the accompanying notes.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**



	Note	Consolidated Half year	
		2008 \$'000	2007 \$'000
Amounts recognised directly in equity			
Exchange differences on translation of foreign operations	6	(22,176)	644
Total expense for the period recognised directly in equity		(22,176)	644
Profit for the year		80	83,288
Total recognised income and expenses for the year		(22,096)	83,932
Attributable to:			
Members of the Parent		(23,859)	83,402
Minority interests		1,763	530
		(22,096)	83,932

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Riversdale Mining Limited (the Company) for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 24 February 2009.

Riversdale Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange using the ASX code RIV.

2. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Riversdale Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation

The half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis, except for certain property, plant and equipment and exploration expenditure that were measured at fair value at the time of acquisition.

The financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$' 000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

(b) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	Consolidated Half year	
	2008 \$' 000	2007 \$' 000
Revenue		
Sale of goods	<u>35,288</u>	<u>33,583</u>
Cost of goods sold includes		
Depreciation and amortisation	<u>3,044</u>	<u>2,673</u>
Royalties	<u>726</u>	<u>832</u>
Other income		
Net gain on part disposal of investment (Note 9)	-	83,266
Interest received	12,446	3,164
Foreign exchange gain	1,481	-
Sundry income	389	555
	<u>14,316</u>	<u>86,985</u>
Other expenses includes		
Share based payment expense	<u>8,337</u>	<u>936</u>
ZAC business improvement process costs	<u>179</u>	<u>2,016</u>
Administration expenses includes		
Salaries, wages and fees	<u>3,892</u>	<u>3,194</u>

4. REHABILITATION DEPOSIT & BORROWING

During December 2007 Zululand Anthracite Colliery (ZAC) entered into a 3 year policy of insurance with Guardrisk Insurance Company Limited to provide a guarantee in favour of the South African Director of Mineral Development in respects of ZAC's rehabilitation obligations. This then allowed ZAC to draw ZAR 20 million from the rehabilitation fund, for an annual fee of 1.013% of the guarantee value plus an annual insurance fee. This was disclosed as a ZAR 20 million (A\$2.64 million) long term borrowing in the 30 June 2008 annual report.

At the 31 December 2008 this was reclassified and offset against the rehabilitation deposit as this better reflects the nature of the rehabilitation obligation and deposit. The 30 June 2008 balances have also been reclassified.

5. ISSUED CAPITAL

	Consolidated	
	31 December 2008 \$' 000	30 June 2008 \$' 000
Ordinary shares		
Issued and fully paid up	<u>385,412</u>	<u>383,495</u>

Ordinary fully paid shares entitle their holder to the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**



Movements in Ordinary Share Capital

	Number of Shares	\$'000
Opening Balance 1 July 2007	143,852,204	104,538
Shares issued at \$3.32 per share for acquisition of Aquila Coal (Africa) (Note 9)	10,000,000	33,200
Shares placement at \$9.30 per share	25,268,820	235,000
Shares issued on exercise of September 2007 options at 20 cents per share	250,000	
Proceeds received		50
Transfer from share-based payment reserve		69
Shares issued on exercise of November 2009 options at \$1.50 per share	3,165,000	
Proceeds received		4,748
Transfer from option issue reserve		2,405
Shares issued on exercise of November 2010 options at \$2.50 per share	1,082,500	
Proceeds received		2,706
Transfer from option issue reserve		617
Shares issued on exercise of July 2008 options at \$0.48 per share	600,000	
Proceeds received		288
Transfer from option issue reserve		195
Shares issued on exercise of January 2010 options at \$1.50 per share	2,750,000	
Proceeds received		4,125
Transfer from option issue reserve		2,887
Shares issued on exercise of January 2011 options at \$2.50 per share	250,000	
Proceeds received		625
Transfer from option issue reserve		203
Less: Share placement costs		(11,659)
Deferred tax credit recognised directly in equity		3,498
Closing Balance 30 June 2008	187,218,524	383,495
Shares issued on exercise of November 2009 options at \$1.50 per share	60,000	
Proceeds received		90
Transfer from option issue reserve		46
Shares issued on exercise of November 2010 options at \$2.50 per share	5,000	
Proceeds received		12
Transfer from option issue reserve		3
Shares issued on exercise of April 2011 options at \$1.00 per share	725,000	
Proceeds received		725
Transfer from option issue reserve		255
Shares issued on exercise of May 2011 options at \$1.00 per share	125,000	
Proceeds received		125
Transfer from option issue reserve		36
Shares issued on exercise of May 2011 options at \$1.50 per share	125,000	
Proceeds received		188
Transfer from option issue reserve		10
Shares issued on exercise of January 2011 options at \$2.03 per share	150,000	
Proceeds received		304
Transfer from option issue reserve		123
Closing Balance 31 December 2008	188,408,524	385,412

6. RESERVES AND RETAINED PROFITS

	Consolidated Half year	
	2008 \$'000	2007 \$'000
Retained profits		
Balance at 1 July	102,539	10,184
Net profit for the half year	80	83,288
Balance at 31 December	<u>102,619</u>	<u>93,472</u>
Share-based payment reserve		
	(i)	
Balance at 1 July	2,026	1,632
Share-based payment expense	8,337	936
Transfer to share capital (Options exercised)	(424)	(69)
Balance at 31 December	<u>9,939</u>	<u>2,499</u>
Foreign currency translation reserve		
	(ii)	
Balance at 1 July	(23,920)	(11,306)
Currency translation differences during the half year	22,176	644
Balance at 31 December	<u>(1,744)</u>	<u>(10,662)</u>
Option issue reserve		
	(iii)	
Balance at 1 July	6,388	12,500
Transfer to share capital (Options exercised)	(49)	(285)
Balance at 31 December	<u>6,339</u>	<u>12,215</u>

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised as part of the director and employee Share Option Plan.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve.

(ii) Option issue reserve

The option issue reserve is used to recognise the fair value of options issued in consideration of the purchase of Riversdale Mozambique Limitada.

7. DETAILS OF JOINTLY CONTROLLED ENTITIES

Name of Jointly Controlled Entities	Ownership Interest		Net Loss	
	2008 %	2007 %	2008 \$'000	2007 \$'000
Riversdale Energy Mauritius Limited	65	65	(13)	(9)
Riversdale Mozambique Limitada	65	65	(1,047)	(73)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

8. SEGMENT INFORMATION

Business segments

The Consolidated Entity operates in one business segment – coal mining and exploration.

Geographic segments

The Consolidated Entity operated in two geographical segments being Australia and Africa.

	Australia		Africa		Eliminations		Consolidated Entity	
	Half year		Half year		Half year		Half year	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Segment revenue								
Sale of goods	-	-	35,288	33,583	-	-	35,288	33,583
Management fees	424	99	-	-	(424)	(99)	-	-
Interest received	12,154	2,595	638	948	(346)	(379)	12,446	3,164
Net gain on part disposal of investment (Note 9)	-	83,266	-	-	-	-	-	83,266
Other	-	6	1,870	549	-	-	1,870	555
Segment revenue	12,578	85,966	37,796	35,080	(770)	(478)	49,604	120,568
Segment result								
Net profit / (loss) before tax	(579)	81,573	8,459	2,369	(770)	280	7,110	84,222
Minority interest	-	-	(1,763)	(530)	-	-	(1,763)	(530)
Income (tax) / credit	(2,604)	437	(2,663)	(841)	-	-	(5,267)	(404)
Net profit / (loss)	(3,183)	82,010	4,033	998	(770)	280	80	83,288

9. BUSINESS COMBINATIONS (Prior Period)

Acquisition of Aquila Coal (Africa) Pty Limited

On 8 August 2007, 100% of Aquila Coal (Africa) Pty Ltd was purchased from Aquila Resources Limited. Aquila Coal (Africa) is a company incorporated in Australia which owns tenements located in the Tete province of Mozambique. Consideration for the acquisition comprised \$26.0 million in cash and 10 million ordinary shares in Riversdale. The closing share price on the date of issue was \$3.32 per share, valuing the acquisition at \$59.2 million which has been recorded as exploration expenditure. The carrying value of assets at the date of purchase was zero.

Part Disposal of Riversdale Energy Mauritius Limited and Riversdale Mozambique Limitada

On 30 November 2007 the Company sold 35% of Riversdale Energy Mauritius Limited (REML) to Tata Steel Limited (Tata). REML owns Riversdale Mozambique Limitada (RivMoz) which in turn owns the Benga and Tete exploration tenements. These tenements are located in the Moatize region of Mozambique and cover an area of 25,000 hectares. Consideration paid by Tata for REML amounted to \$100 million. Tata also secured a 40% share of the coking coal off-take at commercial terms. Riversdale's 65% share of REML and RivMoz has been recorded using the proportional consolidation method.

10. CONTROLLED ENTITIES ACQUIRED

The Consolidated Entity acquired the following entity during the half year:

Entity	Group Ownership	Country of Incorporation	
Carrier Holdings Limited	100%	Mauritius	Incorporated 18 November 2008

11. CONTINGENT ASSETS AND LIABILITIES

Under the shareholders' agreement between Tata and Riversdale, under certain circumstances, Tata can elect to transfer its 35% legal interest in REML, back to Riversdale in return for \$100 million plus an additional payment equal to its capital contributions made up to the date of transfer. The key circumstance in which Tata can elect to transfer its shares back is where agreement cannot be reached by both parties surrounding the initial Mine Development Plan or subsequent Mine Development Plans that result in an increase to production capacity. Riversdale believe the likelihood of such transfer is remote.

12. EARNINGS PER SHARE

The following reflects the profit and share data used in the calculations of basic and diluted earnings per share:

	Half year	
	2008 \$'000	2007 \$'000
Net profit used in calculating basic and diluted earnings per share	80	83,288
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	187,746,676	156,249,874
Effect of dilutive securities – Share Options	9,390,822	16,787,243
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	197,137,498	173,037,117
	Cents per share	Cents per share
Basic earnings per share (Cents)	0.04	53.30
Diluted earnings per share (Cents)	0.04	48.13

13. NET ASSET BACKING PER SECURITY

	31 December 2008	31 December 2007
Net tangible asset backing per ordinary share: \$/Share	2.05	2.02

14. DIVIDENDS

No dividend has been paid and the Directors have not declared a dividend. The Company does not have a dividend reinvestment plan.

15. EVENTS AFTER BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent periods.

16. COMMITMENTS FOR EXPENDITURE

	31 December 2008 \$'000	30 June 2008 \$'000
Capital expenditure commitments (Within one year)	<u>3,509</u>	<u>710</u>

17. SHARE OPTIONS AWARDED

The following share options were awarded to directors and executives of the Consolidated Entity during the half year:

	Exercise price	Expiry date	Number
Directors			
M. O'Keeffe	\$11.57	1 July 2013	1,750,000
N. Lenahan	\$11.57	1 July 2013	525,000
S. Mallyon	\$9.80	22 Oct 2013	1,500,000
Executives	\$11.57	1 July 2013	1,000,000
Executives	\$2.24	19 Dec 2013	1,050,000
			<u>5,825,000</u>

The option entitles the holder to one ordinary share per option.

The options will vest on satisfaction of the following performance conditions:

- 26.7% of the options on the completion of the Bankable Feasibility Study for the Benga project by 31 March 2009
- 26.7% of the options on commencement of commercial production within 30 months of receipt of major government approvals for the Benga project
- 26.6% of the options on achievement of an annualised production rate of 2 million tonnes per annum of export sales within one year of first commercial production from the Benga project
- If one of the above milestones are not achieved by the target date, retesting will occur to permit 75% of the relevant number of options to vest if the milestone is achieved no later than 3 months after the target date, or on a second retest, to permit 50% of the relevant number of options to vest if the milestone is achieved no later than 6 months after the target date. If the milestone is not achieved 6 months after the target date, the options will lapse.
- 20% of the options will vest if the Company's Total Shareholder Return over the period of 3 years from the date of grant of the options exceeds the ASX 200 Energy Index over that period

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Riversdale Mining Limited, I state that:

In the opinion of the directors:

The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

- give a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date of the Consolidated Entity; and
- comply with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

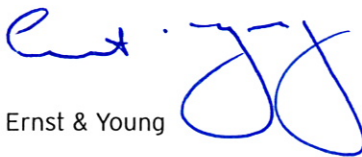


W M O'Keeffe
Chairman

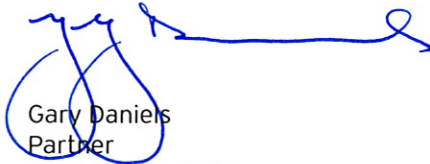
Sydney, 24 February 2009

Auditor's Independence Declaration to the Directors of Riversdale Mining Limited

In relation to our review of the financial report of Riversdale Mining Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in blue ink, appearing to be 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Gary Daniels'.

Gary Daniels
Partner

24 February 2009

To the members of Riversdale Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Riversdale Mining Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Riversdale Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

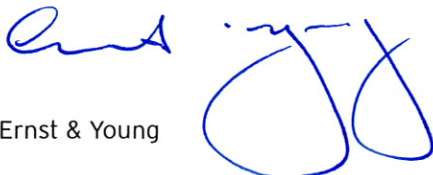
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Riversdale Mining Limited is not in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the six months ended on that date; and
- ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten signature in blue ink, appearing to be 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Gary Daniels'.

Gary Daniels
Partner
Sydney

24 February 2009

CORPORATE DIRECTORY

REGISTERED OFFICE AND PLACE OF BUSINESS

Level 1,
50 Margaret Street
SYDNEY NSW 2000

Telephone: +61 2 8299 7900

Facsimile: +61 2 8299 7999

AUDITORS

Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

BANKERS

Westpac Banking Corporation
60 Martin Place
SYDNEY NSW 2000

SHARE REGISTRY

Computershare
GPO Box 2975
Melbourne VIC 8060
Telephone Aust: 1300 855 080
Telephone Outside Aust: +61 3 9415 5000

STOCK EXCHANGE LISTING

Riversdale Mining Limited's shares are listed on the
Australian Stock Exchange, ASX code: RIV.

BOARD OF DIRECTORS

William Michael O'Keeffe

Executive Chairman

Steve Mallyon

Managing Director

Niall Lenahan

Finance Director & Company Secretary

Andrew Love

Non-Executive Deputy Chairman

Gary Lawler

Non-Executive Director

SENIOR EXECUTIVES

Peet Snyders

Managing Director - South African Operations

Steve Thomas

Chief Financial Officer - South African Operations

Sydney Parkhouse

Project Manager - Mozambique

Jim Coleman

Project Development Manager

COMPANY SECRETARY

Niall Lenahan

COMPANY WEBSITE

www.riversdalemining.com.au