

RIVERSDALE MINING LIMITED

30 SEPTEMBER 2009

QUARTERLY ACTIVITIES REPORT

KEY QUARTER HIGHLIGHTS

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Benga Coal Project (Riversdale 65%)

- Riversdale and Tata Steel have approved development of Stage 1 at a cost of US\$270 million.
- Development is based on a Feasibility Study which has been completed by the joint venture parties.
- The EIA study is currently being reviewed by Government and approval is expected in this quarter.
- Access to Rail and Port is being negotiated and the feasibility of barging on the Zambezi is being evaluated.

Benga Power Plant

- A Framework Agreement for the development of a power plant near Benga Coal Project has been signed with Government.
- Riversdale has received confirmation of access to the existing Mozambique power transmission network.
- The Benga Coal Project will supply thermal coal to the power plant.
- Completion is expected during 2013.

Zambeze Project Coal Resource EPL946L (Riversdale 100%)

- Drilling on EPL946L delivers an Indicated Coal Resource of 1.70 billion tonnes.
- This represents a second project for Riversdale and adds to the existing 4.0 billion tonne Coal Resource on the 65% owned Benga Coal Project.
- Products comprise hard coking coal and thermal coal.

Exploration in Mozambique

- Reconnaissance drilling is under way on licences in Tete and Chinde areas.
- Infill drilling will be undertaken on prospective areas in 2010.

Zululand Anthracite Colliery (ZAC)

- ROM production for the September quarter was 212,246 tonnes, an increase of 12,916 tonnes on the June quarter.
- Saleable production totalled 167,947 tonnes for the September quarter and product sales were 184,000 tonnes as markets improved.
- The Ngwabe Project development is on schedule and production has commenced from the new Western Extension shaft.

Corporate

- Cash on hand was A\$268 million at 30 September 2009.

28 October 2009

BENGA COAL PROJECT (RIV 65%) MINING CONCESSION 3365C

Benga Coal Project Approved

The joint venture participants in the Benga Coal Project (Riversdale 65%, Tata Steel 35%) have approved development for Stage 1 at a capital cost of US\$270 million, excluding working capital. The initial funding for Stage 1 will be provided by the participants in their respective proportions from their existing corporate facilities.

The development decision is based on the Benga Feasibility Study completed during the quarter and, recently approved by the joint venture participants. The study contemplates three principal stages of development to align with the completion and subsequent expansion of rail and port infrastructure in Mozambique and the commencement of river barging.

The initial Stage 1 development at 5.3 million ROM tonnes per year will produce approximately 1.7Mtpa of high quality hard coking coal and 0.3Mtpa of export thermal coal. Initial coal exports are anticipated in mid-2011.

A Stage 2 expansion by 2014 will include the installation of a second module of the coal preparation plant ("CHPP") and is anticipated to increase ROM production to 10.6 million ROM tonnes per year to produce 3.3Mtpa high quality hard coking coal and 2Mtpa export thermal coal.

The final stage is anticipated to increase coal production to approximately 20 million ROM tonnes per annum through installation of two additional coal preparation plant modules. The decision on the timing of the Stage 3 expansion will depend, amongst other things, on future coal market conditions and the availability of port, rail and barging capacity at that time.

The Feasibility Study has confirmed that the project exceeds Riversdale's required rate of return with capital costs of US\$270 million for Stage 1 (excluding working capital) and an additional US\$150 million for Stage 2.



Benga Mine Training Centre

Infrastructure access

Discussions are continuing with the rail concessionaire on access to the Sena Railway line. A rail access contract has been drafted and indicative freight rates are being discussed. Access through Berth 8 at Beira port is also being negotiated.

The Government announced recently that a second rail link will be built from Moatize to a deep-water port at Nacala. Funding of US\$500M is being provided by the Dutch and Danish Governments and the European Union, with the line expected to be operational from 2015.

Riversdale has reached agreement with Vale in relation to mutual access for infrastructure for the companies' contiguous tenements in the Tete area. This access extends to rail, power and water.

Barging

As announced previously, Riversdale is investigating the feasibility of transporting coal by barge down the Zambezi River from Benga to a floating transloader to be moored offshore from the river mouth at Chinde.

Riversdale has completed a series of studies on the Zambezi River to confirm the viability of large scale barging of coal to an offshore floating trans-loading vessel. To date high definition bathymetric surveying, wave analysis, hydrology, water quality, water modelling and sediment sampling studies have been undertaken as well as design engineering for loading, barge and push tugs.

The studies confirm the importance of the Cahora Bassa dam, located upstream from the Benga Project, as a regulator of river levels. The dam which houses five hydroelectric generators releases water on a reasonably consistent basis during the drier months which typically span the period from April to late November. As a result of the dam's regulating releases, the river maintains a healthy flow even during the driest months. Riversdale is currently evaluating the prospect of opening up a channel that will sustain a 12 month a year barging operation.

It is anticipated that a barging feasibility study will be submitted to the government of Mozambique along with a river Environmental Impact Study (EIS) during the second half of 2010. Riversdale has found no physical impediments to coal barging on the Zambezi River, although some dredging may be required on certain sections of the river. Implementation of large scale barging will depend upon, amongst other issues:

- Completion and approval of an EIS and Environmental Management Plan;
- Licensing by Mozambique statutory authorities for barging and trans-loading operations over the 560 kilometres from Tete to Chinde at the river mouth; and
- Stakeholder and community consultation in the Zambezi River Valley.

Mine development drilling

Mine development drilling operations continued unabated during the September quarter with activities concentrated mainly on HQ coal quality infill drilling, large diameter partial coring and sub-crop definition (loxline) drilling. Drilling meterage for the period totalled 6,440 metres with 102 holes completed. Drilling was dominated by loxline and large diameter bulk sample drilling.

All planned test pit site investigation and geotechnical drilling work, in the vicinity of proposed key mine infrastructure, was completed during the quarter including the CHPP and water management structures. The main Construction Camp and the CHPP water supply bores installed in the nearby alluvium of the Rovubue River were commissioned and yield tested with promising results.

Sub-crop delineation drilling continued on C Seam in Benga's South Pit during the quarter with 1,500m over 45 holes completed to date. Hole spacing adopted has been 25m on 50m spaced drill lines along the sub-crop line. Chip samples for CSN testing have been on 0.5m depth intervals with occasional partial core holes utilized (along the subsequently predicted sub-crop line) with sampling again, on 0.5m depth intervals, for more thorough float sink testing, proximate analysis, total sulphur and CSN.

Large diameter core drilling continues to be an important focus providing bulk coal samples for use in the continuing ash liberation studies and particularly for the preparation of marketing samples to prospective customers. Two drilling rigs were solely deployed on large diameter coal core sampling for much of the period, mainly targeting C seam (basal seam).

Environmental

Preparation of an environmental management plan was completed for EPL1319 and submitted to the Ministry of Mineral Resources for approval. Planning for an open hole drilling program to basement was completed and drilling will commence in the December quarter following discussions with the Tete Municipality, road access construction and drill site preparation.

The Benga Mine and Power Plant Environmental Impact Assessment ('EIA') was submitted to Government in September for review and a barge transport EIA has been commissioned. Stakeholder meetings for the barging study were conducted in Beira, Tete, Chimoio and Maputo.

Approval to clear vegetation before the Benga Environmental Management Plan (EMP) approval has been obtained from the Department of Forestry and Wildlife.

Exploration Camp, Project Office & Core Storage Facilities

The Riversdale Residential Camp located on the eastern outskirts of Tete was increased to 40 rooms

during the September quarter in preparation for the Benga construction program as well as the Zambeze Project Feasibility Study. Extensions to the kitchen, cafeteria and games area were also completed.



Benga Exploration Camp

Resettlement Action Plan

The Resettlement Action Plan ('RAP') has been finalised and submitted to the Ministry of Mineral Resources for intermediate approval. The final approval of the plan will be by the Council of Ministers.

Consultation with affected communities was aimed at ensuring that these communities form an integral part of the development of the RAP and to negotiate agreement on the Entitlement Framework and the host resettlement sites. Three main consultation channels were adopted to interact with the affected communities:

- general meetings and focus group discussions with affected communities;
- meetings with Community Committees; and
- meetings with a Technical Working Group (government and community representatives) and a Provincial Resettlement Commission (government representatives).

It is anticipated that the approval process will be completed in November 2009 with implementation to start immediately after the approval.

According to the RAP a new village with infrastructure such as roads, clinic, primary school, bus stops, water supplying system, electricity (in public institutions), community hall, recreational facilities, and commercial area, will be built in Muarazi, 45 km from Benga.



Social development projects

Medium term social development projects for the Benga Coal Project include setting up a mobile clinic, establishing a community-run brick-making factory, designing a malaria control program and providing an enclosure to protect local communities from the danger of crocodile attacks when interacting directly with the Zambezi River.

BENGA POWER PLANT

Power Plant Evaluation

The proposed Benga Power Plant ('BPP') will be located in the Tete province of Mozambique in close proximity to the Benga Coal Project which will supply thermal coal to the plant. Under the plan the BPP will be developed in 2 stages, a 500MW coal-fired, mine-mouth power station (Stage 1) expected to be completed during 2013 using existing transmission assets and an upgrade to a capacity of 2,000MW (Stage 2) depending upon the proposed transmission backbone and other transmission capacity.

The BPP will help meet regional demand in Mozambique (EDM) and South Africa (Eskom) as well as supplying the Benga mine. The BPP is strategically located and has competitive cost advantages due to its proximity to the Benga mine location and the Zambezi River. Expressions of Interest have been received from internationally recognised power producers interested in taking equity in the project.

A key precondition to this project progressing is concluding satisfactory Power Purchase Agreements with various off-take parties. These discussions are progressing well.

Thermal Coal quality

Pilot scale combustion testing of the Benga thermal coal indicated that it would provide reasonable performance in typical base load power stations. The Benga coal had excellent ignitability and moderate to good flame stability and turn down performance over a typical operating range. The Benga thermal coals had lower burn out than competitor coals, but performance is in line with expectations.

Ash deposition testing was favourable showing slagging and fouling deposits will be able to be managed through normal soot blowing practices.

Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) emissions were higher than average for competitor coals but well within the range of coals sold in international markets. Modern power stations utilise flue gas de-sulfurization and low NOx burners to significantly reduce emissions levels.

Trace elements that have been identified as being of major concern to power station operators were all below world coal averages.

ZAMBEZE COAL PROJECT (RIV 100%) EPL946L

Indicated Coal Resource

The Company has announced the first Coal Resource estimate for its 100% owned EPL946L, the "Zambeze Project", near Tete in Mozambique. The Zambeze Project is the company's second major coal project in the Moatize Basin and is adjacent to the Benga Coal Project.

The Zambeze Project is similar in structure to Benga with 22 coal seams outcropping over a strike length of 14 kilometres across the northern portion of the tenement. Based on the drilling undertaken, the total Coal Resource is estimated to be 1.70 billion tonnes (bt), categorised as Indicated Resources in accordance with the JORC Code (2004).

The estimate is based on 120 boreholes comprising 40,000 metres of drilling conducted over the past 12 months. EPL946L has a total area of 24,740 hectares and exploration to date has been concentrated on the northern portion of the Licence.

The tenement EPL946L is characterised by relatively flat topography and is adjacent to excellent infrastructure including the city of Tete, power, water, sealed roads, rail, an international airport and direct access to the Zambezi River.

Depth increment (m)	Indicated Coal Resource (bt)
0-300	1.10
300-500	0.41
>500	0.19
Total	1.70

Notes:

1. Coal Resources are current as at 12th October 2009.
2. A minimum coal ply thickness of 0.3m was used to estimate Coal Resources.
3. Coal Resources adjacent to normal faults have been excluded as barren zones as determined from geotechnical advice.
4. The estimates of Coal Resources presented in this table have been carried out in accordance with The JORC Code (2004).
5. Coal Resources has been rounded to appropriate levels of accuracy in accordance with The JORC Code (2004).

The Coal Resources quoted in this announcement are based on the Competent Person Report, Coal Resources, Zambeze Project as at 12th October 2009, compiled by Mr Tri Yoso, who is a Member of the Australasian Institute of Mining and Metallurgy and the Resource Geologist for Riversdale Mining Limited. Tri Yoso has more than 12 years experience as a coal geologist in the resources industry involving exploration and evaluation assignments at operating coal mines and coal exploration areas in a number of 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 Zambeze licence, (EPL946L) 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" (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.

Mine development drilling

The HQ infill coring program across the open cut resource area in the central northern portion of EPL946L which was commenced during the March quarter was completed in mid September. The total drilling meterage to date is now in excess of 23,000 metres with 44 fully and partially cored holes completed.

Coal quality analyses have been received from the Australian laboratories. Results are similar with respect to coking and thermal properties at comparable float sink yields to the adjoining Benga Coal Project. The seam by seam results received thus far confirm a high CSN and in particular extremely high Gieseler fluidity of up to 45,000 ddpm. Volatile matter is in the range of 25 to 28% (adb) at prepared ash contents of 10.5% (adb).

As with the Benga Coal Project, the Productive Series (Seams B to F) of the Lower Karoo represent approximately 70% of the estimated mineable tonnes within the EPL946L open cut resource area as determined from recent geological modelling.

Planning is well under way for an extensive infill drilling program over the 25 square kilometre open cut target resource area for an initial 2 year period. Environmental Assessment Surveys (EAS) are also currently underway on the Muarazi resettlement action plan and ferry barge areas.

The new Riversdale Capital Project Office complex constructed to accommodate exploration and planning personnel working on the EPL946 Zambeze Coal Project is now being utilized.

One remote camp is operating in EPL945 and a new camp site is being established in EPL1111 for accommodating exploration personnel working on the Changara tenement group.

OTHER RIVERSDALE EXPLORATION LICENCES (RIV 100%)

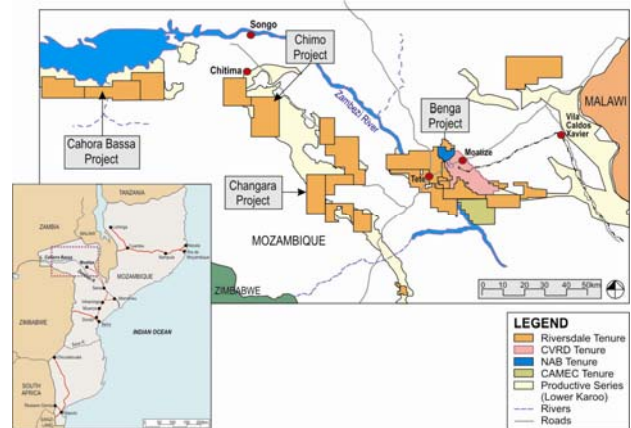
Exploration drilling

Initial reconnaissance open hole drilling programs embarked upon in the June quarter are well advanced. Between 4 and 10 holes per tenement are now drilled on EPL's 945, 948, 935, 937, 1242 in the Tete Area and EPL's 1110 and 1112 in the Chitima area. During the September quarter, Riversdale mobilised up to 4 drilling rigs across these tenements. One remote exploration camp was established on EPL 945L to service exploration, road and drill site preparation activities for the adjoining or nearby tenements. A second remote camp site has been chosen to service the Changara group of tenements and should be operational during October.

Preliminary results have revealed several promising prospective open cut areas worthy of further infill drilling during 2010. Interpretation of combined airborne high

resolution magnetic surveys, geological field (outcrop) mapping and down hole geophysical logging results is underway for evaluation of outcomes during the December quarter.

Road access and drill site preparation in EPL's 1279, 1347 and 1111 in the Changara project area commenced late in the quarter. Drilling in these leases will commence in mid October followed up by EPL's 924, 1107 and 1109 once geological filed mapping is complete.



Exploration planning and initial field work of the three Cahora Basa tenements EPL's 1201, 1200 and 1108, Riversdale's most westerly tenements, was completed during the quarter. Discussions with the Game Reserve concessionaires that hold coincident leases over the same areas have been concluded and the development of a Wildlife Management Plan is now incorporated into the Environmental Management Planning process.

Demining surveys across all tenements were successfully completed during the September quarter. All subsequent reports and clearance certificates have been submitted to the Mozambican Demining Institute for registration.

Provincial Government, local Government and local community consultation and debriefing undertaken by staff and consultants is ongoing across the 8 regional local districts for which Riversdale exploration activities will be carried out. Positive relationships have been developed between community and local administration officials in all exploration areas with the assistance of Riversdale's Community Liaison Team based in Tete.

Environmental

The preparation and submission of environmental management plans for the remaining 12 tenements was completed during the September Quarter together with an extensive community consultation program involving Riversdale, consultants, local and national Government personnel.

OPERATIONS OVERVIEW AT ZULULAND ANTHRACITE COLLIERY

ZAC Production & Sales Report (100%) (Riversdale 74%)			
	Sep-09 Quarter Tonnes	Jun-09 Quarter Tonnes	Sep-08 Quarter Tonnes
ROM Coal Production*	212,246	199,330	265,411
Average Yield	82.54%	84.90%	82.50%
Plant Feed	203,467	214,721	203,344
Saleable Coal Production			
Prime low ash	132,364	135,436	144,915
Middlings	35,583	46,874	22,849
Total	167,947	182,310	167,764
Coal Sales			
Prime low ash	162,710	101,958	155,405
Middlings	21,290	5,781	15,358
Total	184,000	107,739	170,763

*ROM = Run Of Mine/Raw Coal Production

Run of Mine Production

ROM production for the September quarter was 212,246 tonnes, which represents an increase of 12,916 tonnes compared with the June quarter and 53,165 tonnes less than the same quarter last year.

The Deep E shaft has proven to be geologically challenging, with various faults, dykes and other geological disturbances being encountered. A possibility of an extension of the Deep-E reserve will be determined by additional exploration.

In the Outcrop area, the new ABM10 Voest is continually improving. Conventional mining in Section 4 is establishing pitroom for the Fairchild Low Seam Miner in the VB10 area.

Health and Safety Performance

There has been a fatality at the ZAC mining operation with two other miners injured. The accident was caused by an underground methane deflagration accident and access to the affected area at the mine has been restricted due to safety precautions. Executives of ZAC are working with local authorities to determine the exact cause of the ignition. The families involved have been informed and the injured employees remain under medical supervision.

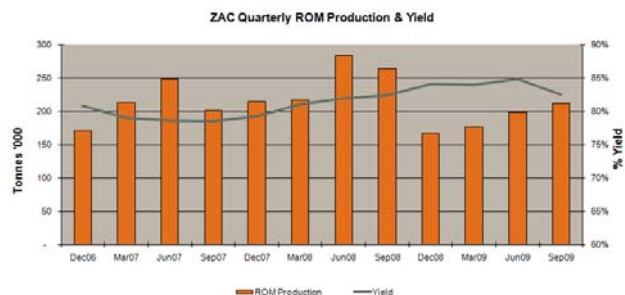
The FY2009/2010 Health and Safety drive is to facilitate sustained improvement through weekly mini Fatal Risk audits during the management visibility visits. During these visits Fatal Risks are allocated to line Supervision in order to:

- Assess the effectiveness of Fatal Risk Control Protocols;
- Address unsafe acts, at risk behaviour and unsafe conditions;
- Address safety rule violations;
- Give On The Job training;

- Do Planned Task Observation;
- Test knowledge and application of HIRA;
- Test knowledge and understanding of Fatal Risks;
- Address issues raised by Employees where they need assistance; and
- Arrange a follow-up visit to give feedback to Employees.

Plant Production

Saleable production for the September quarter was 167,947 tonnes. This is a decrease of 14,363 tonnes compared with the June quarter and a 183 tonnes increase against the same quarter last year, as average yields reduced from the high levels encountered in the previous quarter.



Sales

Product sales for the September quarter were 184,000 tonnes which is 76,261 tonnes up on the June quarter and reflects a recovery in the anthracite market. Market conditions are improving as customers expand their production levels from previous lows.



Ngwabe Block

The Ngwabe development project is on schedule. The portal has been established in competent ground and shaft sinking is continuing.

Western Extension

Development is currently done by means of a drill and blast section and should be at the upcast shaft position by mid-November 2009.

Exploration and Development Expenditure

During the September quarter, A\$18.8 million was spent on exploration activities and A\$10.8 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\$268 million on hand at the end of September 2009. Cash on hand at 30 June 2009 was A\$290 million.

Senior appointments

The Company has made several new appointments to its senior executive team in South Africa and Mozambique during the quarter.

OUTLOOK

Commitments will be made for procurement of long-lead items for the Benga Coal Project. Construction will commence upon receipt of final regulatory approvals.

The evaluation of the Benga Power Project will continue with a view to receiving necessary regulatory approvals. Negotiations with potential developers, financiers and off-take parties will be progressed as the feasibility study is advanced.

In South Africa, development of the Ngwabe Block will be accelerated in conjunction with a market development program for offshore markets. ROM production from the Western Extension will be increased following completion of the development shaft.

CORPORATE INFORMATION

Directors

William Michael O'Keeffe	Executive Chairman
Steve Mallyon	Managing Director
Andrew Love	Non-Executive Deputy Chairman
Gary Lawler	Non-Executive Director
Tony Redman	Non-Executive Director

Company Secretary

Niall Lenahan

Issued Capital

As at 28 October 2009, the issued capital of the company was 191,368,524 fully paid ordinary shares, all of which are quoted on the ASX.

Substantial Shareholders (as advised*)

Tata Steel Global Minerals Holdings	19.38%
Talbot Group	16.48%
Passport Capital	14.60%

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

Options over Ordinary Shares as at 28 October 2009

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
430,000	exercisable at \$1.50 expiring on 21.11.2009
1,412,500	exercisable at \$2.50 expiring on 21.11.2010
260,000	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
1,666,667	exercisable at \$11.39 expiring on 30.06.2013
2,578,333	exercisable at \$11.57 expiring on 01.07.2013
1,300,000	exercisable at \$9.80 expiring on 22.10.2013
780,000	exercisable at \$2.24 expiring on 19.12.2013
<u>15,727,500</u>	

Full Company Name & Registered Office

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Stock Exchange Listing

Australian Stock Exchange
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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 and follow the instructions. Shareholders will need their Security Reference Number (SRN) or Holder Identification Number (HIN) to enable them to register.