

RIVERSDALE MINING LIMITED

31 MARCH 2010
QUARTERLY ACTIVITIES REPORT

KEY QUARTER HIGHLIGHTS

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27 April 2010

Benga Coal Project (Riversdale 65%)

- Approval for the Environmental Impact Study ('EIS') on the project has been granted by the Ministério para a Coordenação da Acção Ambiental ('MICOA'), the regulatory authority for environment within the Government of Mozambique and is in respect of Riversdale's long term plan for a 20 million tonne per year coking and thermal coal project.
- Orders have been placed for long-lead equipment.
- Mining contract signed with MCC Contracts Pty Limited for the provision of open pit mining on the Project.
- Benga Coal Project officially opened by the President of the Republic of Mozambique.

Benga Power Plant

- Approval for the Benga Power Plant ('BPP') EIS granted by MICOA.
- 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.
- Discussions are well advanced with offtake and development partners.

Zambeze Project EPL946L (Riversdale 100%)

- Conceptual mine plans developed for the Zambeze Project to cover the initial Indicated Coal Resource of 1.70 billion tonnes (bt).
- Options are being assessed to determine the optimal approach to develop the mine including processing and logistics.
- Products comprise hard coking coal and thermal coal.

- The government has granted an exploration lease extension for a further 3 years.

Exploration in Mozambique

- Reconnaissance drilling is under way on licences in the Tete, Changara and Cahora Bassa areas.
- A number of promising prospects have been identified by drilling on the Changara leases west of Tete with indications of coking and thermal coal.

Zululand Anthracite Colliery (ZAC)

- ROM production for the March quarter was 179,700 tonnes, a decrease of 4,824 tonnes on the December quarter.
- Saleable production totalled 163,334 tonnes for the March quarter, up 1% on the December quarter
- Product sales were 273,217 tonnes, a significant increase of 68,698 tonnes on the December quarter indicating the improvement in market conditions.
- The Ngwabe Project is progressing well with ground conditions to date being consistent with expectations.

Corporate

- Cash on hand was A\$255 million at 31 March 2010.

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

Mine development

Subsequent to the quarter, the Benga Coal Project was officially opened by the President of the Republic of Mozambique, His Excellency Armando Emilio Guebuza. The official ceremony follows a series of milestones already achieved by the Company in Mozambique. These include the signing of the Mining Contract and approval of the Environmental Licenses for the Benga Coal Project and the Benga Power Plant. Other key contracts and agreements include the Coal Handling and Processing Plant (CHPP) Supply Contract for long lead items, a Resettlement Action Plan, and the Project Labour Agreement ('PLA') which was signed with the Mozambican National Construction and Mineworkers Union.



His Excellency Armando Emilio Guebuza

Another notable development subsequent to quarter end was the signing of the mining contract with MCC Contracts Pty Limited ('MCC') for the provision of open pit mining. MCC is one of Africa's leading mining contractors with an extensive track record in surface contract mining and experience in a range of markets and operating conditions for coal and hard rock mining. The contract to mine covers the open pit mining and associated services required for the initial Stage 1 development of the project. This entails initial production of 5.3 million ROM tonnes per year to produce approximately 1.7Mtpa of high quality hard coking coal and 0.3Mtpa of export thermal coal.

The Benga Project execution plan has been finalised and is currently in the process of being implemented. Several key activities have been completed in anticipation for the CHPP construction due to commence during the month of June 2010.

Most major construction and supply contractors and vendors have been identified and selected and in many cases contracts are already in place.

During the quarter, the Project Labour Agreement ('PLA') was finalised and signed by Riversdale and the Construction, Wood and Mineworkers Union of

Mozambique ('SINTICIM'). The agreement is a comprehensive policy document which describes the terms and conditions for staff employed during the construction phase of the project. The document further supports the principles of giving employment preference to local labour and for the basis for training and developing locally recruited employees.



Signing of the PLA by General Manager of the Benga Project, Mr Leon Fanoé

Infrastructure

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 Sena rail line was connected to Moatize in late January enabling freight to be railed from Moatize to the Port of Beria.

The main power supply to Benga is currently under construction and is due to be commissioned prior to first coal delivery to the CHPP.

Earthworks and terracing for the CHPP, as well as the concrete batch plant, will commence during the June quarter.

Barging

In early March, MICOA approved Riversdale's application to undertake the Environmental and Social Impact Assessment ('ESIA'). As part of the ESIA process, public meetings were held at four locations and an ESIA risk assessment register collated based on the feedback received. The Committees consulted during this process were supportive of the ESIA process.

A draft Barging Framework Agreement was also submitted to the Mozambique government at the end of March. The Framework Agreement seeks to secure Riversdale's rights to undertake barging in an unfettered manner. Feedback is awaited and it is anticipated that discussions and negotiations should commence during the June quarter.

Riversdale's environmental consultant, Environmental Resource Management ('ERM') completed the first of its specialist river water sampling studies during the high

water period. Further studies will be undertaken sequentially through to the end of July.

Detailed re-surveying of the river commenced in late March with further on-river work scheduled for late May.

Mine development drilling

Drilling operations concentrated solely on large diameter coring during the March quarter with 16 partially cored holes, totalling 758 metres, completed. These will provide ongoing bulk samples representative of Benga's South and North Pit areas for preparation of market evaluation bulk samples. Seams C and D coal sample mass which were retrieved and dispatched to Australian laboratories amounted to 7,672 kg.

Extremely heavy rains hampered operations during most of February resulting in subcrop delineation drilling being deferred to the June quarter.

A 2,000 tonne bulk sample pit within the foot print of Benga's South Pit area was completed to enable ongoing coal testing and materials handling evaluation. The overburden removed amounted to 40,000 cubic metres from an excavation with a total pit bottom area of 8m x 235m.



Benga trial pit

Groundwater investigations continued at the Muarazi Resettlement Area involving the establishment initially of 2 long term pump test bores and associated piezometer drawdown monitoring holes.

Environmental

Final environmental approval was granted on the project by MICOA for a 20 Mtpa ROM coal mine to be developed in three stages:

- (i) 5.3 Mtpa ROM coal production commencing 2011;
- (ii) Expansion by 2014 to 10.6 Mtpa ROM coal production;
- (iii) Final stage expansion to 20 Mtpa to be developed once market conditions allow.

Exploration camp facilities

The 400 man Benga construction camp has been commissioned and is ready for occupation by construction personnel. The facility was utilised during

the Presidential ground breaking ceremony which took place subsequent to quarter end.

Resettlement Action Plan

The Resettlement Action Plan ('RAP') has been officially approved by the Ministry of Coordination of Environmental Affairs marking the beginning of RAP implementation.

Demonstration houses have been finalised and have been visited by members of the Provincial Resettlement Committee and affected communities. General feedback received so far via community liaison officers has been positive and constructive.



Demonstration house



Visit by the Provincial Resettlement Committee to the demo house

RAP infrastructure construction designs (village layout, roads, houses, schools, clinic, etc) have been approved by Riversdale management while urban planning, replacement housing designs and internal access roads have been submitted to the government for approval.

It is expected to have a contractor appointed for resettlement housing construction during the forthcoming quarter with a view to moving the first group of families to the new site by calendar year end.

The entitlement confirmation process for affected villages has been started with the aim of confirming the information collected during the socio economic and asset survey in April 2009. Compensation agreements will be signed as soon as this exercise is concluded.

Land mine demining activities have been concluded and clearance certificate issued by the competent authorities.

Social development projects

Riversdale has rehabilitated a garden, a children's park, and the symbol of the Tete Municipality (a pump house) as part of our social responsibility. All these facilities were officially handed over to the municipality during the quarter.

A total of 377 lapdesks were handed over to Capanga Primary School which is located inside the Benga concession area. Riversdale plans to erect 3 classrooms to provide the learners with a safe and clean place to study. This initiative has previously been developed in our Zululand Anthracite Colliery community programs.



Capanga Primary School learners with their new lapdesks

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.

During the quarter, Riversdale received the approval of the Ministério para a Coordenação da Acção Ambiental ('MICOA') for the BPP to proceed based on the Environmental Impact Study ('EIS') submitted in mid 2009. MICOA is the regulatory authority for environment within the Government of Mozambique and the approval

of the EIS demonstrates the continued support the BPP is receiving from the Government.

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.

Discussions with both internationally recognized power producers interested in taking equity in the project, and several off-take parties interested in entering a Power Purchase Agreement with the BPP advanced during the quarter.

ZAMBEZE COAL PROJECT (RIV 100%) EPL946L

Mine planning

A number of conceptual mine plans have been developed for the Zambeze Project to cover the initial Indicated Coal Resource of 1.70 billion tonnes (bt) and beyond. These options are being assessed to determine the optimal approach to develop the mine including processing and logistics. The deposit will be able to support a high volume mining operation in which significant economies of scale can be realised and the use of cost efficient mining techniques including electric shovels and in pit crushing and conveying systems will be possible.

Stakeholder and technical workshops have continued to be held to determine the best approach to be taken for the most effective development of the deposit. The workshops have addressed issues involved in large scale mining in the Moatize Basin, raw coal handling and liberation, and the appropriate coal beneficiation technology. As part of the continued pre-feasibility, detailed mine planning will progress in the second quarter of 2010.

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 laboratory analysis results from the HQ infill coring program across the open cut resource area in the central northern portion of EPL946L are being received. The results are being modelled on a ply by ply basis within a geological data base as the key input into the mine planning effort.

An extensive infill drilling program has been planned over the 25 square kilometre open cut target resource area for initial mining, and includes large diameter core sampling, hydrological test work, and detailed fault and LOX delineation.

Coal quality

To date 50 cored holes have been used to analyse the coal quality across the Zambeze resource. Laboratory analyses indicate that the Zambeze resource consists of a hard coking coal and a secondary thermal coal fraction. The relative split between coking coal and thermal coal fractions is similar to the Benga resource.

A large diameter core drilling programme that is now underway will be used to undertake pilot coke tests and combustion tests. These tests will be used to further characterise the quality and performance of the coking and thermal coal products.

The infill drilling programme will enable a more detailed assessment of coal quality. This programme will also support the conversion of a substantive proportion of the Resource into a Reserve, which is expected to occur as part of the Zambeze pre-feasibility study.

The coal quality information in this announcement has been compiled under the supervision and reviewed by Mr. Andrew Meyers, who is a Member of the Australasian Institute of Mining and Metallurgy and Director of A&B Mylec Pty Ltd - Metallurgical Consultants.

Andrew Meyers has more than 20 years experience in coal processing for coal projects and coal mines both in Australia and overseas. With this level of experience, he is adequately qualified as a Competent Person as defined in the 2004 edition of the JORC Code. Andrew Meyers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

OTHER RIVERSDALE EXPLORATION LICENCES (RIV 100%)

Exploration drilling

Reconnaissance open hole drilling re-commenced during February concentrating across the Tete, Changara and Cahora Basa Project area leases. A total of 7 leases were drilled totalling 9,950 metres with 20 holes completed.

Ongoing challenging geological conditions together with late season heavy rains, flooding, washout of river crossings and very poor access to drill sites severely hampered drilling operations in all areas.

Interpretation of the drilling results continues with positive results being confirmed. Subject to completion of seam correlations and structural interpretation, multi lease coverage geological models will be completed during the forthcoming quarter to aid in resource assessment of the Changara, Chitima and Cahora Basa leases.

A geological model for the entire spread of the contiguous Riversdale Capital leases east of the Benga mining concession is nearing completion and will enable

a detailed exploration infill drill plan and budget to be completed and submitted to the Board for consideration early during the June quarter.

Tenement renewal applications were submitted for EPL's 935, 937, 945 and 948 during the quarter requesting lease extensions.

OPERATIONS OVERVIEW AT ZULULAND ANTHRACITE COLLIERY

ZAC Production & Sales Report (100%) (Riversdale 74%)			
	Mar-10 Quarter Tonnes	Dec-09 Quarter Tonnes	Mar-09 Quarter Tonnes
ROM Coal Production*	179,700	184,524	177,401
Average Yield	81.47%	81.81%	84.00%
Plant Feed	200,489	198,119	207,182
Saleable Coal Production			
Prime low ash	124,156	124,889	135,968
Middlings	39,178	37,185	38,116
Total	163,334	162,074	174,084
Coal Sales			
Prime low ash	189,418	172,026	130,296
Middlings	83,799	32,493	6,678
Total	273,217	204,519	136,974

*ROM = Run Of Mine/Raw Coal Production

Run of mine production

ROM production for the March quarter was 179,700 tonnes which represents a decrease of 4,824 tonnes when compared to the December quarter and 2,299 tonnes less than the same quarter last year.

Difficulties relating to insufficient pit room caused by excessive water and periodical gas in the main development at the Deep E shaft resulted in reduced output from this shaft. During the ensuing quarter, the focus will remain on establishing pit room and returning to the main development.

The Western Extension shaft has encountered geological disturbances which affected ROM production from this low seam area. Mining is continuing parallel to the mining right boundary with applications to extend this boundary underway.

The production split during the quarter amounted to 65% of ROM from the low seam areas with the remainder contributed by the high seam area at the Deep E. The focus for the coming 12 months is to complete the Ngwabe project ahead of schedule in order to assist in increasing ROM production.

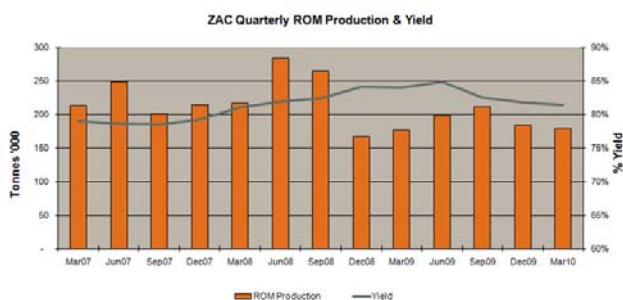
Health and safety performance

The health and safety performance of ZAC has shown a commendable improvement during the quarter with all injury frequency rates decreasing significantly.

A safety culture and safety systems audit, conducted by external experts, was completed during the latter part of the quarter. The final report is expected during the June quarter and all findings and recommendations will be evaluated by management. Where appropriate systems, procedures and practices will be amended with the view of improving the overall safety performance of ZAC.

Plant production

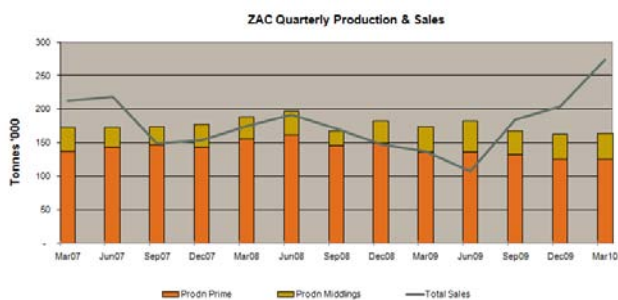
Saleable production for the March quarter was 163,334 tonnes. This is an increase of 1,260 tonnes compared with the December quarter. The overall plant yield was negatively affected due to the plant feed mix brought about by the reduction in the high seam contribution.



Sales

Total product sales for the March quarter were 273,217 tonnes which is 68,698 tonnes up on the December quarter.

The demand for high quality anthracite on both the domestic and export markets has been favourable. Pricing has started moving upwards with this improved demand resulting in the current sales levels being achieved.



Ngwabe block

The Ngwabe project is progressing well with the advance currently totalling 487m from the brow. Ground conditions to date have been consistent with expectations which have resulted in the project being accelerated. First anthracite is expected well ahead of schedule and within the approved budget.



Aerial photograph of the Ngwabe block

Exploration and development expenditure

During the March quarter, A\$5.1 million was spent on exploration activities and A\$9.4 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\$255 million on hand at the end of March 2010. Cash on hand at 31 December 2009 was A\$258 million.

OUTLOOK

Further commitments will be made for procurement of long-lead items for the Benga Coal Project. Construction will commence following receipt of final regulatory approvals and transport alternatives will be progressed.

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 final Feasibility Study is advanced.

Development alternatives for the Zambeze Project will be progressed and infill drilling will commence.

In South Africa, the development of the Ngwabe Project will be closely monitored to ensure that this project is delivered ahead of schedule and within the approved budget. A scout drilling program will be compiled and additional opportunities in the ZAC resource area have been identified for delineation in the current calendar year. Additional geologists, trained at the Riversdale Mozambique project, are being prepared to assist the exploration program at ZAC. The establishment of additional pit room in the current workings will remain a priority.

CORPORATE INFORMATION

Directors

William Michael O'Keeffe
Steve Mallyon
Andrew Love
Gary Lawler
Tony Redman

Executive Chairman
Managing Director
Non-Executive Deputy Chairman
Non-Executive Director
Non-Executive Director

Company Secretary

Niall Lenahan

Issued Capital

As at 27 April 2010, the issued capital of the company was 198,982,524 fully paid ordinary shares, all of which are quoted on the ASX.

Substantial Shareholders (as advised*)

Tata Steel Global Minerals Holdings	21.70%
CSN Europe Limitada	16.29%
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 April 2010

383,500	exercisable at \$2.50 expiring on 21.11.2010
140,000	exercisable at \$1.86 expiring on 04.12.2010
1,125,000	exercisable at \$2.50 expiring on 16.01.2011
150,000	exercisable at \$2.03 expiring on 25.01.2011
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
770,000	exercisable at \$2.24 expiring on 19.12.2013
150,000	exercisable at \$5.30 expiring on 05.03.2015
<u>8,263,500</u>	

Share Rights & Share Appreciation Rights over Ordinary Shares as at 28 April 2010

555,000	share rights expiring on 21.12.2012
375,000	share appreciation rights expiring on 21.12.2011
375,000	share appreciation rights expiring on 21.12.2012
375,000	share appreciation rights expiring on 21.12.2013
<u>1,680,000</u>	

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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.



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