



## MEDIA RELEASE

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For further information:

**Michael O’Keeffe**  
*Executive Chairman*  
Ph: +612 8299 7900

**Steve Mallyon**  
*Managing Director*  
Ph: +612 8299 7900

**Niall Lenahan**  
*CFO*  
Ph: +612 8299 7900

or

**Media: Fortbridge**  
**Bill Kemmery**  
Ph: +612 9331 0655  
Mob: +61 400 122 449

### **Riversdale Mining signs agreements with Chinese venture partners for the development of the Zambeze Coal Project**

- **MoU signed with Wuhan Iron and Steel Corporation (WISCO)**
- **Logistics partnership agreement signed with China Communications Construction Company (CCCC)**
- **Contribution of US\$800 million for 40% participation, values Zambeze Coal Project at US\$2.0 billion**
- **WISCO to subscribe for an 8% equity stake in Riversdale**
- **Secures investment as well as logistics and infrastructure expertise**

Riversdale Mining Limited (ASX: RIV) is pleased to advise that the company has signed a non-binding Memorandum of Understanding (“MoU”) with Wuhan Iron and Steel (Group) Corporation (“WISCO”) and a logistics partnership agreement with the China Communications Construction Company (“CCCC”) for the development of the Zambeze Coal Project (“Zambeze”) in Mozambique.

The MoU provides for the acquisition by WISCO of 40% of the Zambeze Coal Project (EPL 946L) in the Tete Province of Mozambique for a total consideration of US\$800 million to be paid in three tranches and subject to achievement of certain milestones. When completed, the transaction values Zambeze at US\$2.0 billion.

In addition, at the date of signing of the definitive agreements, WISCO will be issued 8.0% of the ordinary shares in ASX-listed Riversdale Mining at an agreed price of A\$10.00.

The Zambeze Coal Project is Riversdale’s second Tier 1 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. On 31 May 2010, the Coal Resource estimate for Zambeze was upgraded to 9.0 billion tonnes.

WISCO will earn the right to purchase at least 40% of the coking coal produced from Zambeze, and the right to purchase at least 10% of the coking coal produced from the Benga Project, in each case on market terms.

#### **Riversdale Mining Limited**

ABN 53 006 031 161  
ASX Symbol: **RIV**

**Office** Level 1, 50 Margaret Street  
Sydney NSW 2000

**Mail** GPO Box 5371  
Sydney NSW 2001

**Phone** +61 2 8299 7900  
**Fax** +61 2 8299 7999

**Email** [info@rivmining.com.au](mailto:info@rivmining.com.au)  
**Web** [riversdalemining.com.au](http://riversdalemining.com.au)



The MoU also covers the facilitation by WISCO, along with CCCC and other Chinese companies, of a comprehensive study of mine-to-ship logistics to enable the export of large tonnages of coal products from the Zambeze Coal Project to ports for export markets. WISCO will also facilitate the participation of a number of Chinese financial institutions in arranging the necessary project finance.

The MoU is non-binding, pending completion of definitive agreements within 120 days of signing the MoU. WISCO will subscribe for 8% of the ordinary shares in Riversdale Mining Limited upon signing of the definitive agreements. The US\$800 million consideration for the 40% interest in Zambeze is subject to achievement of certain milestones and the consideration will take the form of three tranches:

1. US\$200 million will be paid on completion and signing of the definitive agreements covering the joint venture for the Zambeze Coal Project;
2. US\$150 million will be paid on the successful completion of the feasibility study for Zambeze, subject to meeting agreed milestones including establishing the commercial viability of developing and operating the Zambeze Coal Project to produce not less than 30,000,000 ROM tonnes of coal per annum and evaluation of Zambeze using all the coal resources and reserves; and
3. US\$450 million will be paid on the granting of the mining contract, mining licence, final environmental approval and other necessary regulatory approvals required to proceed with development of the Zambeze Coal Project.

In the event that the milestones are not achieved, the consideration paid to date will be refunded to WISCO, less their share of feasibility study and project costs incurred and WISCO's interest in the Zambeze project will be returned to Riversdale.

Riversdale Mining Executive Chairman Michael O'Keeffe said: "This is an outstanding result for Riversdale Mining and the company's shareholders. We have secured the participation of partners that are able to bring investment, logistics experience and proven infrastructure capabilities to develop Zambeze and to deliver its hard coking coal to world markets

"Through our Chinese venture partners, we gain funding to develop the mine and a buyer for part of Zambeze's off-take. We also gain access to world-class mine-to-ship logistics and infrastructure expertise to facilitate the export of the mine's coal products," Mr O'Keeffe said.

Strategically WISCO see considerable value in developing a large hard coking coal resource in Mozambique to supply its new plant in Southern China as well as a proposed steelworks in Brazil. WISCO are also developing an iron ore mine in Madagascar.

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Mr Kuang Zhong Xiang, the General Manager of WISCO International Resources Development and Investment Corporation said that the group's investment in the Zambeze Coal Project represented a major strategic move to a coal basin of increasing relevance to Chinese steel mills.

"We are pleased to be able to work with Riversdale Mining to build a major hard coking coal mine at Zambeze. The project has the potential to become an important source of coking coal for China and it is based in a region that we recognise to be strategically significant for our future goals. Mozambique is an attractive investment location and has potential to be a significant source of coking coal," Mr Kuang said.

Mr O'Keeffe said: "WISCO is a steel producer of global significance, servicing export markets and a domestic market that continues to show strong and sustainable long-term demand for steel products. Our coal will be an important part of their ongoing business, and for this reason we are well suited as partners to bring the Zambeze Coal Project and one of the world's major coal basins into profitable production."

Mr O'Keeffe said that the key to unlocking the potential of the Zambeze Coal Project was the ability to deliver efficient coal handling logistics and infrastructure: "We are extremely pleased to have both the Chinese steel business WISCO and the infrastructure group CCCC as part of the consortia working with us to develop, build and deliver coal from Zambeze."

CCCC has considerable experience in port, rail and airport development having recently completed the Macau international airport. The infrastructure group also has a long association with WISCO on barge operations on the Yangtze River in Wuhan where WISCO has its main blast furnace.

The logistics infrastructure required for the Zambeze Coal Project will involve the development of barging capacity using the Zambezi River and rail capacity to the ports of Beira and Nacala as well as port facilities including loading and rehandling.

"At Zambeze, Riversdale Mining has a Tier 1 hard coking coal project. Importantly, through our agreement with the CCCC we will have access to the largest port construction company in China, a leading company in road and bridge construction and design, a leading railway construction company and the second largest dredging company in the world," Mr O'Keeffe said.

**W M O'Keeffe**  
**Executive Chairman**  
**Riversdale Mining Limited**

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**武汉钢铁(集团)公司**  
WUHAN IRON AND STEEL(GROUP) CORP.



**RIVERSDALE**  
MINING

#### About WISCO

WISCO is a major Chinese steel and iron producer, located in Wuhan, Hubei, with an annual production capacity of some 40 million tonnes. In its steel business, the Group produces all types of products for domestic and international markets.

#### About CCCC:

CCCC and its subsidiaries are principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business, including ports, terminals, roads, bridges, railways, tunnels, as well as civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services.

The Coal Resources quoted in this announcement are based on the Competent Person Report, Coal Resources, Zambeze Project as at 31 May 2010, 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. Mr Yoso consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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