

# RIVERSDALE MINING LIMITED



30 JUNE 2010

## QUARTERLY ACTIVITIES REPORT

### KEY QUARTER HIGHLIGHTS

For further information:

**Michael O'Keeffe**  
*Executive Chairman*

**Steve Mallyon**  
*Managing Director*

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*Company Secretary*

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28 July 2010

#### Benga Coal Project (Riversdale 65%)

- Benga Coal Project officially opened by the President of the Republic of Mozambique.
- Award of the mining contract to MCC Contracts Pty Limited and Coal Handling and Processing Plant contract to Sedgman Limited.
- 84% increase in the Coal Reserve base at Benga was announced during the quarter translating into total Coal Reserves to date of 502 Mt.

#### Benga Power Plant ('BPP')

- Discussions with potential off-takers have progressed
- Non binding Memorandum of Understanding ('MoU') agreed with industrial group operating in the region expected to be a purchaser of power from the BPP.
- MoU signed with Electricidade da Mozambique ('EDM') governing the process for the development of a transmission agreement between the parties.

#### Zambeze Project EPL946L (Riversdale 100%)

- Non binding MoU signed with Wuhan Iron and Steel (Group) Corporation and a logistics partnership agreement with China Communications Construction Company for the development of the Zambeze Project.
- Upgrade of Coal Resource estimate to 9.0 billion tonnes.

#### 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 June quarter was 177,130 tonnes, a decrease of 2,570 tonnes on the March quarter.
- Saleable production totalled 151,614 tonnes for the June quarter, down 7% on the March quarter.
- Product sales were 191,353 tonnes for the quarter (March quarter: 273,217 tonnes). Improving market conditions resulted in year to date product sales of 853,089 tonnes, a significant increase of 51% up on the previous year's product sales of 562,796 tonnes.
- The Ngwabe Project is progressing well with ground conditions to date being consistent with expectations.

#### Corporate

- Subsequent to the quarter end, the Company undertook a fully underwritten Capital Raising comprising an Entitlement Offer and Placement to raise A\$337 million to facilitate accelerated development of the Benga Coal Project.
- Mr NK Misra was appointed as a Non-Executive director during the quarter.
- Cash on hand was A\$247 million at 30 June 2010

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

### Presidential inauguration

The Benga Coal Project was officially opened during a Presidential Ground Breaking Ceremony attended by the President of the Republic of Mozambique, His Excellency Armando Emilio Guebuza. The occasion commenced with a traditional ceremony, followed by a visit to the trial pit where the official Presidential unveiling of the ground breaking plaque took place. Official procedures were then concluded at the Benga construction tented camp. The day was attended by Mozambican government and international officials and dignitaries and the event received commensurate media coverage worldwide.



President Guebuza and RIV Executive Chairman Michael O'Keeffe visit the trial pit.

### Major contracts awarded

The mining contract for Benga Stage I was awarded to 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.

During the quarter, the Coal Handling and Processing Plant ('CHPP') Design, Supply and Construction contracts were finalised and awarded to Sedgman Limited ('Sedgman'). Sedgman is a leading provider of mineral processing and associated infrastructure solutions to the global resources industry.

Both major contractors have mobilised to site and construction operations are currently underway.

### Construction activities

Mining facilities required to assemble the mining fleet, which is due to arrive within the next few months are currently being prepared for the earth and civil works to commence.

The Batchplant terrace adjacent to the CHPP area has been prepared to cater for the supply of concrete to the CHPP construction contractor. Work has commenced on the CHPP priority lay-down areas and terraces and are on schedule with civil construction due to start at the end of July 2010.



Batchplant terrace ready for occupancy by the Batchplant operator



CHPP hardstand final stabilisation in progress

The Matambo 66kV power supply project is being undertaken under a joint venture agreement with Vale and is on schedule for commissioning towards the end of March 2011. The on-mine 22kV distribution power system has been submitted to tender and final contract award is expected during the September quarter.

In accordance with the signed Project Labour Agreement ('PLA'), contractors who have been awarded various construction tenders have utilised the abundance of basic skills imparted through the Riversdale training system.

### Infrastructure

Outbound logistic efforts have progressed with headline agreements relating to the Moatize rail siding as well as the Beira port being reached with the principal shareholder, Portos e Caminhos de Ferro de Mozambique E.P ('CFM'). The Riversdale Moatize rail siding option has been agreed to and approved by CFM and Vale as well as by local government administration.

Engineering designs, procurement and related activities for the refurbishment and upgrading of the port of Beira are progressing well with completion and commissioning expected in the second half of 2011.



CFM visitors are addressed by the Benga GM during a recent site visit

### Barging

Work on the Environmental and Social Impact Assessment ('ESIA') is progressing in accordance with the project schedule. During the quarter, meetings were held with local communities and local administrators at twelve locations along the Zambezi River. The objectives of the consultation are to provide riverine communities with information on the project as well as an opportunity to comment and express views on how Riversdale's proposed barging operations may affect their lives and livelihoods. These meetings have been well received and well attended. Feedback from these meetings is being taken into account in the ESIA preparation.

Field work for various environmental specialist baseline studies was undertaken during the quarter and has now been largely completed. In mid June, the ESIA Scoping Study Report was submitted for review and comment to the Ministério para a Coordenação da Acção Ambiental ('MICOA'), the regulatory authority for environment within the Government of Mozambique. The Scoping Study is a significant milestone in the ESIA approval process. The report contains a description of the project and the receiving environment and outlines the studies and consultative work that is proposed to be undertaken. The Scoping Study is used by MICOA to establish the Terms of Reference for the Impact Assessment Phase of the ESIA. MICOA's response is expected in the September quarter.

River surveying and channel design studies continued during the quarter. An 18 meter long work barge with accommodation for work crews is under construction and is expected to enter service in August when it will be used as a floating platform to support vibro-core sampling of the river bottom.

### Benga Coal Resources and Reserves

An 84% increase in the Coal Reserve base at Benga was announced during the quarter translating into total Coal Reserves to date of 502 Mt. The increase in the Reserve base supports the Riversdale (65%) and Tata Steel Limited (35%) strategy to fast track the development of a 20 Mtpa coal mine at Benga.

COAL RESOURCES				
	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Mt	710	362	2,960	4,032

COAL RESERVES			
	Proved Mt	Probable Mt	Total Mt
Mt	346	156	502
Ash (%) at 1% air dried moisture	43.9	44.5	44.1

#### Notes

- Coal Resources and Coal Reserves are current as at 17 May 2010.
- A minimum coal ply thickness of 0.3m was used to estimate Coal Resources.
- Coal Resources adjacent to normal faults have been excluded as barren zones as determined from geotechnical advice.
- The total Inferred Coal Resource of 2,960 Mt includes coal projected 1 km beyond the outmost boreholes. This 1 km extrapolated zone, which includes 1,170 Mt of coal, is supported by the results from the high resolution airborne geophysics flown over the entire tenement. The results provide added confidence in the geology of MC3365C beyond the boreholes indicating the absence of transgressive igneous intrusives (dykes) and complex features within the tenement boundary.
- The estimate of Open Cut Coal Reserves was based on mine planning by Minarco MineConsult and reflects current market conditions.
- The products to be marketed have not been finalised at this stage.
- The estimates of Coal Resources and Coal Reserves presented in this table have been carried out in accordance with The JORC Code.
- The Proved and Probable Coal Reserves are estimated to support an initial 20 Mtpa ROM production plan.
- Coal Resources and Coal Reserves have been rounded to appropriate levels of accuracy in accordance with The JORC Code.
- Coal Resources are inclusive of Coal Reserves i.e. Coal Reserves are not additional to Coal Resources.

The Coal Resources quoted in this announcement are based on the Competent Person Report, Coal Resources, Benga Coal Project as a 17 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 Benga Licence, (MC3365C) 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 report of the matters based on his information in the form and context in which it appears.

The Coal Reserves quoted in this announcement are based on Report No ADV-SY-03672 Benga Coal Project as at 17th May 2010, compiled under the supervision of Mr. Rob Mackenzie, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Minarco MineConsult. Rob is a mining engineer with extensive experience, working for over 30 years with major mining companies. 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 Reserve estimate for the Benga Licence, (MC3365C) 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 Mackenzie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Mine development drilling

Drilling operations saw the completion of the latest stage of large diameter coring during the June quarter with a partially cored hole totaling 82 meters completed. This will provide ongoing bulk samples representative of Benga's North Pit area for preparation of market evaluation bulk samples. Seam C coal sample mass which was retrieved and dispatched to Australian laboratories amounted to 1,212 kg.

Subcrop delineation drilling, deferred to the June quarter due to heavy rains, is nearly completed with 30 open holes drilled for a total of 812 meters. During this programme, 12 partially cored holes were also completed in the quarter for a total of 326 meters. All samples have been dispatched to a laboratory in Tete, Mozambique with results pending.

Groundwater investigations that commenced during late 2009 within the Muarazi Resettlement Area has continued, with 17 holes completed for a total of 482 meters. This work is close to completion with pump testing and monitoring of the associated piezometer drawdown holes to be finalised early in the next quarter. This work will result in the establishment of a permanent water supply to the relocated residents from the Benga mining concession.

### Coal quality

Benga coking coal samples are undergoing evaluation at a number of steel mills. Results to date have been very encouraging with steel mill analyses confirming test work undertaken by Riversdale at independent laboratories.

### Resettlement Action Plan

As part of phase 1 of the Benga mine development project, approximately 59 households need to be relocated to an area called Mwaladzi situated approximately 50km from the Benga mine site. Preparations for the relocation of the affected families are progressing well with construction of the host town at Mwaladzi on schedule. This follows official Government approval of the Riversdale Resettlement Action Plan ('RAP') and the subsequent construction license approval by the Provincial Resettlement Committee.

The Mwaladzi village will eventually accommodate in excess of 500 families relocated from the Benga concession area. The village will be self sufficient with schooling, agricultural activities and the like. The structured interactive approach with the community leaders in the affected area is improving steadily as many community activities are taking place. In addition, a social development committee has been established to manage several mutually agreed-to development projects. These projects have been supplemented with a good deed day initiative where many community incentives were celebrated with the involvement of all the senior Benga project team members.

### Social development projects

In May, a group of Riversdale Moçambique Limitada employees spent a day with children of a local

orphanage. In addition to painting the walls, the employees donated mattresses, mosquito nets and foodstuffs as part of a matched-contribution program by Riversdale Moçambique.



*The Benga project team spends a day of celebrations and goodwill contributions at the Centro Acoma orphanage in Moatize.*



Riversdale has provided a group of families directly affected by the RAP with agricultural inputs and expertise through its RAP team members. The project purpose is to assist the families being relocated to Mwaladzi to meet basic needs through purchasing vegetables locally while the hosting community benefits by having a market for its produce. The nursery will be used for replacement of fruit trees to the resettled families. To date, approximately 2 hectares of tomatoes, cabbages, onions, carrots and other vegetables have been developed by the community.



*Vegetable garden growing here*

## 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, initially involving a 500MW coal-fired, mine-mouth power station (Stage 1) expected to be completed during 2013 using existing transmission assets. Stage 2 involves an upgrade to a capacity of 2,000MW depending upon installation of 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 supply the Benga Mine. As a power project, it is expected to have a competitive cost structure given its proximity to the mine and Zambezi River.

During the June quarter, Riversdale advanced a number of important milestones in relation to the project. Discussions with potential off-takers have progressed and a non-binding MOU was agreed with a regional industrial group which is expected to be a purchaser of power from the BPP. Furthermore, the BPP and EDM signed an MOU that governs the process for the development of a transmission agreement between the parties. The process leading to definitive agreements outlined in these memoranda is expected to be advanced in the September quarter. BPP also anticipates commencing the tender process for the EPC contract during the quarter.

## ZAMBEZE COAL PROJECT (RIV 100%) EPL946L

### WISCO Memorandum of Understanding

The Company announced in June that it had 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 the Company at an agreed price of A\$10.00.

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.

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.

### Zambeze Coal Resources

During the quarter, the Company announced an upgrade of its Coal Resource estimate for EPL946L to 9.0 billion tonnes (bt).

COAL RESOURCES			
Depth increment m	Indicated Mt	Inferred Mt	Total Mt
0-500	2,116	4,015	6,131
500-750	234	2,280	2,514
>750	15	385	400
<b>Total</b>	<b>2,365</b>	<b>6,680</b>	<b>9,045</b>

#### Notes

1. Coal Resources are current as at 31 May 2010.
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 have 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 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.

### Mine planning

The Zambeze Project study team have reviewed a number of conceptual mine plans covering the revised Indicated and Inferred Coal Resource of 9.0 billion tonnes (bt). These options are being finetuned 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.

Detailed mine planning has progressed including a range of technical workshops held to determine the best approach for the most effective development of the deposit. The workshops have addressed issues in large scale mining in the Moatize Basin, raw coal handling and liberation and the appropriate coal beneficiation technology, coupled with achievable ramp up and market acceptance scenarios. As part of the continued pre-feasibility study, the detailed evaluation of the project options will progress in the third quarter of 2010.

#### **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 have been 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, reviewed, and has commenced over the 25 square kilometer open cut target resource area for initial mining. The program also includes large diameter core sampling, hydrological test work, and detailed fault and LOX delineation.

The first of the HQ infill coal quality holes have commenced however no holes were completed during the June quarter. Safety standards, drilling meterage, and core recoveries are being monitored closely and a new reporting system is in place to ensure drill production results are improved.

The large diameter drilling programme saw 3 boreholes completed for a total of 270 metres drilled. Coal sample mass retrieved from seams C, D, and E and dispatched to Australian laboratories amounted to 4,511 kg.

Fault delineation drilling also commenced, with 4 open holes drilled for a total of 2,672 meters. This facet of the drilling program will prove up suspected faults identified during normal grid drilling and contribute to the further understanding of the structural framework in the license area. This work will be vital to the geological model and to the mine planning.

Drilling will continue in EPL946L throughout 2010 to enhance the resource status and further define the structural framework in the license area.

#### **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 to continue into the December quarter 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 HQ infill drilling programme has commenced and will enable a more detailed assessment of coal quality.

## **OTHER RIVERSDALE EXPLORATION LICENCES (RIV 100%)**

#### **Exploration drilling**

Reconnaissance open hole drilling, and minor partial core drilling continued during this quarter across the Changara, Chitima and Cahora Basa Project area leases. A total of 6 leases saw drilling activities continue with production totaling 12,268 meters. A total of 20 open holes and 1 partial core hole were completed. Coal sample from the partial core hole weighing 423 kg was dispatched to an Australian laboratory and coal quality results are pending.

Ongoing challenging geological conditions in remote locations posed drilling issues and at times slowed drilling production, but the end of the wet season in the March quarter simplified access and made work sites much safer.

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

Tenement renewal applications were submitted for EPL's 1110L and 1111L during the June quarter, requesting lease extensions. The decision from the Government on whether to grant an extension to exploration license over EPL 924L is awaited.

## OPERATIONS OVERVIEW AT ZULULAND ANTHRACITE COLLIERY

ZAC Production & Sales Report (100%)					
(Riversdale 74%)					
	Jun-10 Quarter Tonnes	Mar-10 Quarter Tonnes	Jun-09 Quarter Tonnes	2009/10 Year Tonnes	2008/09 Year Tonnes
<b>ROM Coal Production*</b>	<b>177,130</b>	<b>179,700</b>	<b>199,330</b>	<b>753,600</b>	<b>809,259</b>
Average Yield	83.64%	81.47%	84.90%	82.34%	83.90%
<b>Plant Feed</b>	<b>181,262</b>	<b>200,489</b>	<b>214,721</b>	<b>783,337</b>	<b>841,751</b>
<b>Saleable Coal Production</b>					
Prime low ash	112,024	124,156	135,436	493,433	565,377
Middlings	39,590	39,178	46,874	151,536	140,971
<b>Total</b>	<b>151,614</b>	<b>163,334</b>	<b>182,310</b>	<b>644,969</b>	<b>706,348</b>
<b>Coal Sales</b>					
Prime low ash	110,921	189,418	101,958	635,075	505,831
Middlings	80,432	83,799	5,781	218,014	56,965
<b>Total</b>	<b>191,353</b>	<b>273,217</b>	<b>107,739</b>	<b>853,089</b>	<b>562,796</b>

\*ROM = Run Of Mine/Raw Coal Production

### Run of mine production

ROM production for the June quarter was 177,130 tonnes, a decrease of 2,570 tonnes compared with the March quarter and 22,200 tonnes on the same quarter last year.

Continued difficulties relating to insufficient pit room brought about by excessive water and periodical gas in the main development at the Deep E shaft resulted in the section being moved into an alternate development area. Various other geological disturbances were encountered and successfully traversed during the quarter. The water encountered in the main development is being brought under control. The development effort will continue in the affected area into the new financial year. These efforts are expected to result in an improvement in the ROM tonnage in the second quarter of 2010/11 financial year.

Production from the Western Extension shaft was temporarily suspended in order to allow the team to traverse some difficult geological conditions encountered in the main development. The section deployed in this shaft has been accommodated at the outcrop shaft whilst work at the western extension is being completed. In addition to the geological disturbances encountered at the Western Extension shaft, the absence of a valid mining right has affected available pit room in this area. An application for a mining right is being considered by the DMR and includes the eastern portion of the reserve.

The production split during the quarter amounted to 66% of the ROM being from the low seam areas with the remainder being contributed by the high seam area, namely the Deep E shaft.

The focus for the coming quarter is to open additional pit room in the Deep E to correct the imbalance between the low and high seam contribution.

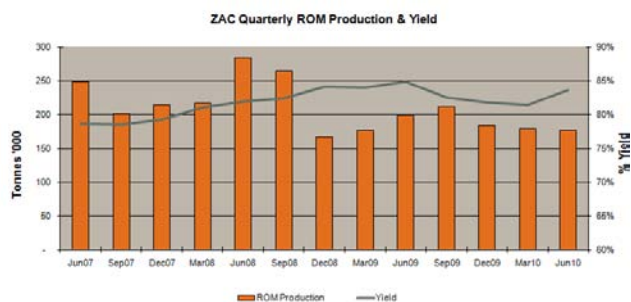
### Health and safety performance

ZAC has made significant progress in terms of its health and safety performance over the last 6 months. Various programs and focus areas have been introduced in order to improve the safety performance. A number of peer reviews were conducted during the year involving expertise from various external specialists as well as Riversdale's resources in Mozambique.

A total of 3 lost time injuries were reported for FY10 of which 2 were as a result of incidents involving ZAC's own employees and 1 involved a contractor employee. Compared to the previous financial year, ZAC reduced the number of Lost Time Injuries by four.

### Plant production

Saleable production for the June quarter was 151,614 tonnes, a decrease of 11,720 tonnes compared with the March quarter and 30,697 tonnes on the same quarter last year. The reduction in high seam ROM affected the overall plant yield.



### Sales

Total product sales for the June quarter were 191,353 tonnes which is 81,864 tonnes down on the record set in the March quarter but 83,614 tonnes up on the same quarter last year.



### Ngwabe block

The Ngwabe project is progressing well with no health or safety incidents to report for the quarter. The project is on schedule and well within the approved budget. A number of enhancements have been implemented in the shaft design in order to improve the long term functionality of the shaft system.

### Exploration and development expenditure

During the June quarter, A\$10.1 million was spent on exploration activities and A\$17.4 million was spent on property, plant, equipment and development activities by the Company.

## CORPORATE

### Capital raising

Subsequent to the quarter end, the Company announced a fully underwritten capital raising to raise A\$337 million at a fixed offer price of A\$9.40 per share to facilitate accelerated development of the Benga Coal Project and exploration on Mozambique tenements.

The capital raising comprises a A\$102 million fully-underwritten institutional placement and a 1 for 8 fully-underwritten accelerated non-renounceable pro-rata entitlement offer ('Entitlement Offer') to all eligible shareholders. The Entitlement Offer comprises an institutional component of approximately A\$174 million and a retail component of approximately A\$61 million.

The funds raised will (in part) provide Riversdale's equity component for the expedited development of the premium coking and thermal coal Benga project in Mozambique, with a production target of 20 Mtpa ROM by 2013. The funds will also be used to fund scope upgrades for Benga Stage 1, accelerated logistics development for the Benga Coal Project, working capital for Benga Stage 1, and exploration of Riversdale's other Mozambique tenements.

### Directorate

NK Misra was appointed as a Non-Executive director during the quarter.

### Cash balance

Riversdale Mining is in a sound cash position with A\$247 million on hand at the end of June 2010. Cash on hand at 31 March 2010 was A\$255 million.

## OUTLOOK

Further commitments will be made for procurement of equipment for the Benga Coal Project. Construction will commence on the CHPP 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 continue. An exploration program to evaluate additional opportunities in the ZAC resource area is being considered and the establishment of additional pit room in the current workings remain a priority. The mining right application submitted to the DMR is in the process of being assessed and is expected to be granted during the 2010/11 financial year.

# 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
NK Misra	Non-Executive Director

## Company Secretary

Niall Lenahan

## Issued Capital

As at 28 July 2010, the issued capital of the company was 200,118,524 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	15.69%

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

## Options over Ordinary Shares as at 28 July 2010

372,500	exercisable at \$2.50 expiring on 21.11.2010
140,000	exercisable at \$1.86 expiring on 04.12.2010
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>7,127,500</u>	

## Share Rights & Share Appreciation Rights over Ordinary Shares as at 28 July 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>	

## Full Company Name & Registered Office

Riversdale Mining Limited  
ABN 53 006 031 161

Level 1, 50 Margaret Street  
Sydney, NSW, 2000, Australia  
P: +61 2 8299 7900  
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## Stock Exchange Listing

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

## Shareholder Enquiries

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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](http://www.computershare.com) and follow the instructions. Shareholders will need their Security Reference Number (SRN) or Holder Identification Number (HIN) to enable them to register.