

ASX ANNOUNCEMENT

30 July 2014



Quarterly Activities Report for the Period Ended 30 June 2014

Riedel Resources Limited (**ASX: RIE**, "**Riedel**" or "**the Company**") is pleased to present its 2014 June Quarter Activities Report:

HIGHLIGHTS

Marymia Project

Australian Mines Limited ("Australian Mines") Earning Up to 80%

- During the Quarter Riedel Resources (Riedel) signed a Heads of Agreement which outlines the key terms and conditions governing a farm-in and joint venture arrangement with Australian Mines over exploration licences 52/2394 and 52/2395.
- If the farm-in and joint venture arrangement proceeds to its full conclusion, **the earn-in will be worth up to \$3.3M.**
- AUZ has commenced a Moving Loop Electromagnetic Survey (MLEM) over numerous target areas with the aim of detecting conductive bodies associated with copper and nickel mineralisation.

Charteris Creek Project

FMG Resources Pty Ltd ("FMGR") Earning Up to 80%

- Geological mapping and sampling by FMGR during the Quarter has confirmed copper – molybdenum porphyry-style mineralisation at the Lightning Ridge Prospect.
- Other larger and more distal areas prospective for porphyry-type mineralisation have also been identified.
- Assay results are pending for 53 rock chip samples and 16 stream sediment samples which were collected as part of the mapping project.

Corporate

- Subsequent to the end of the Quarter, the Company raised \$0.298M by completing a partially underwritten Share Purchase Plan.
- Cash at 30 June 2014 - **\$0.073M.**

COMPANY DIRECTORS

Mr Ian Tchacos
Non-Executive Chairman

Mr Jeffrey Moore
Managing Director

Mr Ed Turner
Technical Director

Mr Andrew Childs
Non-Executive Director

COMPANY SECRETARY

Ms Sue Symmons

CONTACT DETAILS

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ASX CODE: RIE



Riedel's assets include a portfolio of gold, copper and nickel projects and significant land holdings in prospective Archaean- and Proterozoic-age terranes of Western Australia (see *Figure 1 for location of projects*).

The Company has a mixture of advanced and early stage prospects, including:

- Marymia – Australian Mines earning up to 80% (copper, gold, nickel and base metals);
- Charteris Creek – FMGR earning up to 80% (copper, molybdenum, gold and iron-ore);
- Cheritons Find (gold - ¹Inferred Resources of 1.4Mt @ 2.4g/t Au for 108,000 oz);
- Millrose (gold - ²Inferred Resources of 4.0Mt @ 2.4g/t Au for 309,000 oz).

Furthermore, the Western Australian Projects are augmented with a number of additional prospects, including existing joint ventures, royalty agreements and free carried interests.



Figure 1: Western Australia Project locations

¹ Sons of Gwalia – 29 November 2000. This information was previously prepared and disclosed on the basis of compliance with the JORC Code – 2004 Edition. The Inferred Mineral Resources have not been subsequently updated to satisfy compliance with the JORC Code - 2012 Edition as the information has not materially changed since it was last reported.

² Phil Jones (Al Maynard & Assoc) – 2010. This information was previously prepared and disclosed on the basis of compliance with the JORC Code – 2004 Edition. The Inferred Mineral Resources have not been subsequently updated to satisfy compliance with the JORC Code - 2012 Edition as the information has not materially changed since it was last reported.

MARYMIA PROJECT JOINT VENTURE

Heads of Agreement signed with Australian Mines Limited to explore and earn interests up to 80%

On 30 April 2014 Riedel announced the key terms and conditions of a farm-in and joint venture arrangement over exploration licences 52/2394 and 52/2395 ("the Marymia Project") with Australian Mines Limited (ASX: AUZ, "Australian Mines"). A Heads of Agreement was signed by the parties and if the farm-in and joint venture arrangement proceeds to its full conclusion, **the earn-in will be worth up to \$3.3M.**

Key Terms of Heads of Agreement

- ✓ **\$50,000** paid to Riedel upon signing the Heads of Agreement;
- ✓ Australian Mines has the right to withdraw from the arrangement subject to spending a minimum of \$150,000 in exploration on the Marymia Project within six months from commencement ("Minimum Expenditure");
- ✓ If Australian Mines exercises its option to continue with the farm-in arrangement after satisfying the Minimum Expenditure, Australian Mines must make a **cash payment to Riedel of \$250,000**;
- ✓ By spending **\$1,000,000 (including the Minimum Expenditure) on exploration** within an initial two year period from commencement Australian Mines can earn a 51% interest in the Marymia Project ("Stage 1 Earn-in");
- ✓ By spending a further **\$2,000,000 on exploration** within a further 3 year period following the Stage 1 Earn-in, Australian Mines can earn an additional 29% interest (taking the total interest to 80%) in the Marymia Project ("Stage 2 Earn-in");
- ✓ If all milestones are met by Australian Mines within the Stage 1 and Stage 2 Earn-in periods, **Australian Mines will have earned an interest of 80%** in the Marymia Project **by the expenditure of \$3,000,000 on exploration** within the Joint Venture Area and by **cash payments of \$300,000** to Riedel;
- ✓ Once Australian Mines has satisfied either its Stage 1 or Stage 1 plus Stage 2 Earn-in obligations and notified Riedel of its election to form a joint venture, with a resulting joint venture interest of either 51% or 80%, Riedel may elect to contribute on a pro-rata basis or dilute its interest according to standard dilution formulae;
- ✓ If a Joint Venturer's Joint Venture interest reduces to 10% or less, the interest is converted to a 2% Net Smelter Royalty;
- ✓ Australian Mines will be the operator and manager of the Project.

Marymia Project tenement location and geology

The Marymia Project is located approximately 30 kilometres east of the 4.7M oz Plutonic gold mine, 55 kilometres north-east of Sandfire Resources NL's DeGrussa copper-gold mine (550,000 tonnes contained copper metal), and 12 kilometres east-north-east of Ventnor Resources Limited's Green Dragon and Thaduna copper deposits (100,000 tonnes contained copper metal) in Western Australia's Mid-West region (see Figure 2).

Significant regional structures identified in the project area include the Jenkin Fault and prospective, mineralised geology including the Archaean-aged Baumgarten Greenstone Belt and Proterozoic-aged sediments belonging to the Yerrida and Earahedy Groups. The project is prospective for copper, gold and nickel mineralisation.

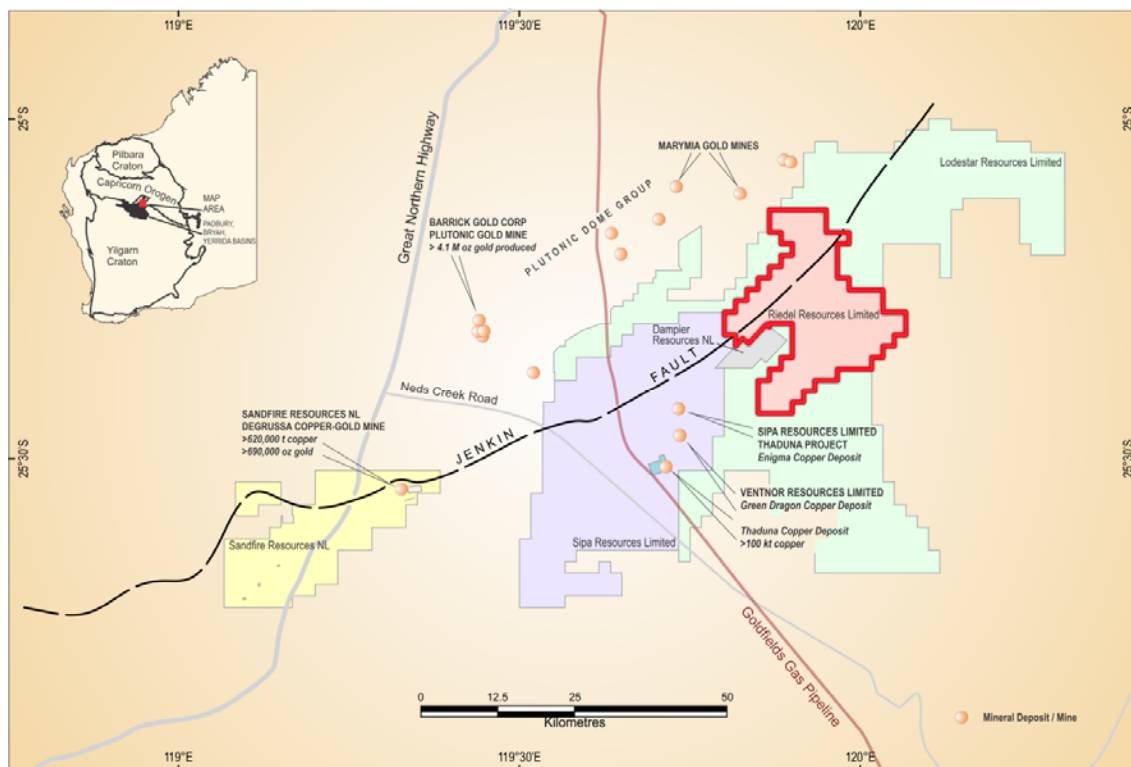


Figure 2: Marymia Project - Location Map

Activities for the Quarterly period ended 30 June 2014

During the quarter Australian Mines commenced a ground based moving-loop electromagnetic survey (MLEM) over numerous targets identified within the project area. The specifications of the MLEM survey are 200 metre spaced lines with 100 metres spaced stations along each line. Infill surveys based on 50 metre spaced stations may then be considered over any resulting conductive bodies which may be prospective for nickel and/or copper mineralisation.

Australian Mines anticipates receiving the final processed and modelled data by the end of August and will seek to **commence drill-testing any resultant EM anomalies during the September Quarter.**

To be included in future drilling by Australian Mines are four recently identified Plutonic-style gold targets. Independent geologists have previously recognised significant geological similarities between the Marymia project area and the rocks hosting the nearby 5 million ounce Plutonic Gold Mine. Historic drill intersections including 3 metres @ 9.53g/t Au from 51 metres in BRC23 and 2 metres @ 7.15g/tAu from 4 metres in RB620 lend support to Australian Mines' position that the Marymia Project has strong potential to host repetitions of Plutonic-style gold mineralisation and DeGrussa-type copper-gold mineralisation.

CHARTERIS CREEK JOINT VENTURE

FMG Resources Pty Ltd earning interests up to 80%

In January 2014, Riedel announced that FMG Resources Pty Ltd ("FMGR"), a wholly-owned subsidiary of Fortescue Metals Group Ltd, has entered into a Farm In and Joint Venture Agreement **worth up to \$1M over Exploration Licence 45/2763.**

The Company's 100%-owned tenement is 131km² in area and is located approximately 45km north of Nullagine and 50km south-east of Marble Bar in the Pilbara Region of Western Australia (*see Figure 1 for project location*).

Charteris Creek Project tenement location and geology

E45/2763 is located within the East Pilbara Granite Greenstone Terrain. Tectonically, it is encompassed by Marble Bar and Kelly Greenstone Belts and Mount Edgar Granitoid Complex in the west and northwest and McPhee Dome and Hamersley Basin to the east and southeast.

The Charteris Creek Project focuses on Archaean intrusive rocks, which are intruding the greenstones overlying the McPhee Dome structure. These are described as Gobbos Granodiorite, a locally porphyritic biotite granodiorite and monzogranite. Various copper and copper-molybdenum occurrences are reported in association with these intrusive rocks. Indications for a porphyritic source of the minerals have been given in previous exploration reports (*see Figure 3*).

Activities for the Quarterly period ended 30 June 2014

During May and June 2014, FMGR geologists visited the historic Lightning Ridge prospect. Two field trips focussed on exploring the Lightning Ridge prospect regionally and in detail to investigate the nature of mineralisation and associated alteration. FMGR geologists were assisted by a copper porphyry expert during their first field trip.

Historic exploration reported porphyry style mineralization at the Lightning Ridge prospect, hosted in Archean intrusive rocks. Archean porphyry systems are rarely reported worldwide; the closest occurrence to Lightning Ridge is Spinifex Ridge (formerly called 'Coppins Gap'),

located only 70km NNE of Lightning Ridge. The work undertaken in conjunction with the copper porphyry expert confirmed the porphyry-style nature of the known copper-molybdenum mineralisation at Lightning Ridge.

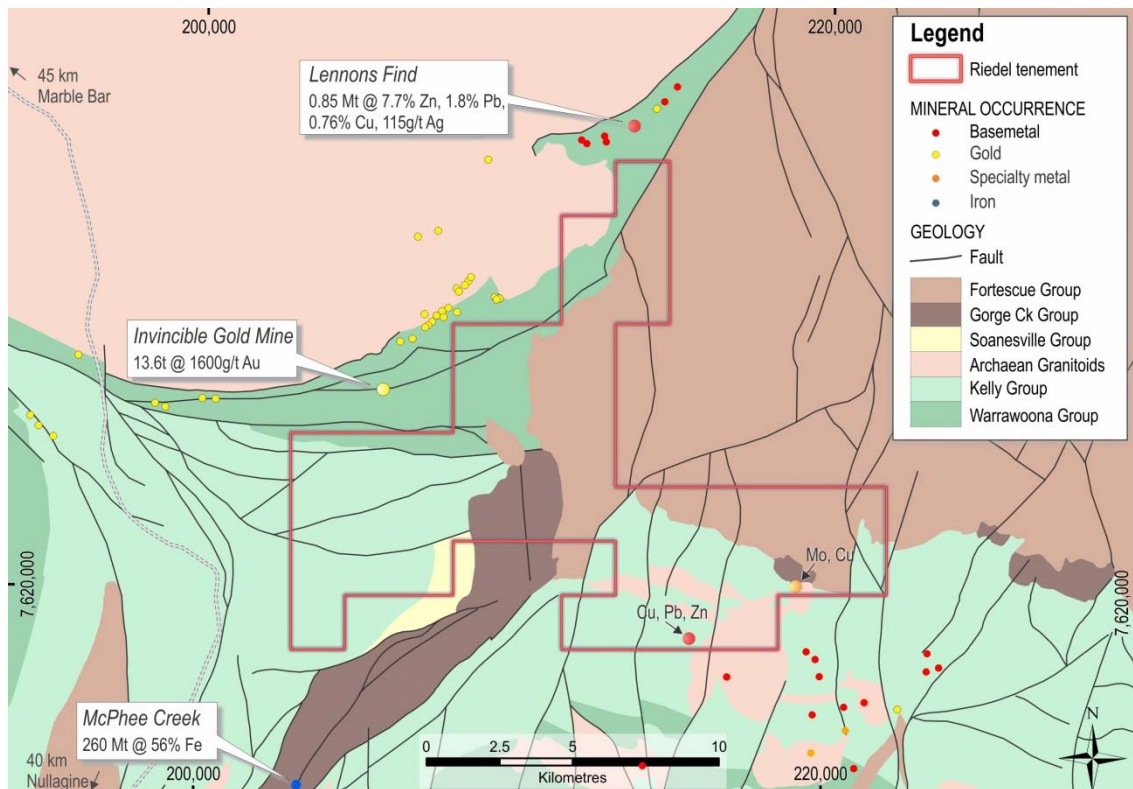


Figure 3: Charteris Creek Project – Geological Map highlighting known mineral occurrences and deposits

The prospect and the greater project area around Lightning Ridge was mapped using the paper-based Anaconda mapping method, which was developed in the 1990s for mapping copper porphyries in the USA and Chile. FMGR geologists were trained using this method during the first field visit and continued its application during the second visit. The method combines lithology, structure, alteration and sulphide/oxide mineral observations into a comprehensive map, which allows for rapid and accurate interpretation of the recorded data. Mapping scales of 1:10,000, 1:5,000 and 1:2,000 were used on several individual map sheets, focusing on the major areas of interest (see Figure 4).

The most prominent signs of a porphyry system have been observed away from the mineralized Lightning Ridge prospect itself, approximately 600m northeast. Even though the primary (and strongest) mineralisation has been recognised at the historic prospect, the typical style of quartz veining commonly associated with a porphyry system is significantly better developed and more intense there.

53 Rock chip samples have been collected and will be analysed either for geochemistry or petrology. Results are pending but they will be used to assist the interpretation and help to better understand the alteration system observed in the field.

Stream Sediment Sampling

A stream sediment sampling programme has been planned and subsequently commenced within tenement E45/2763, comprising a total of 169 planned samples. To date 16 stream sediment samples have been collected and assays are pending.

See Figure 4 for the exploration index map of FMGR's field activities during the first half of 2014, using the GSWA 100k geology map as background.

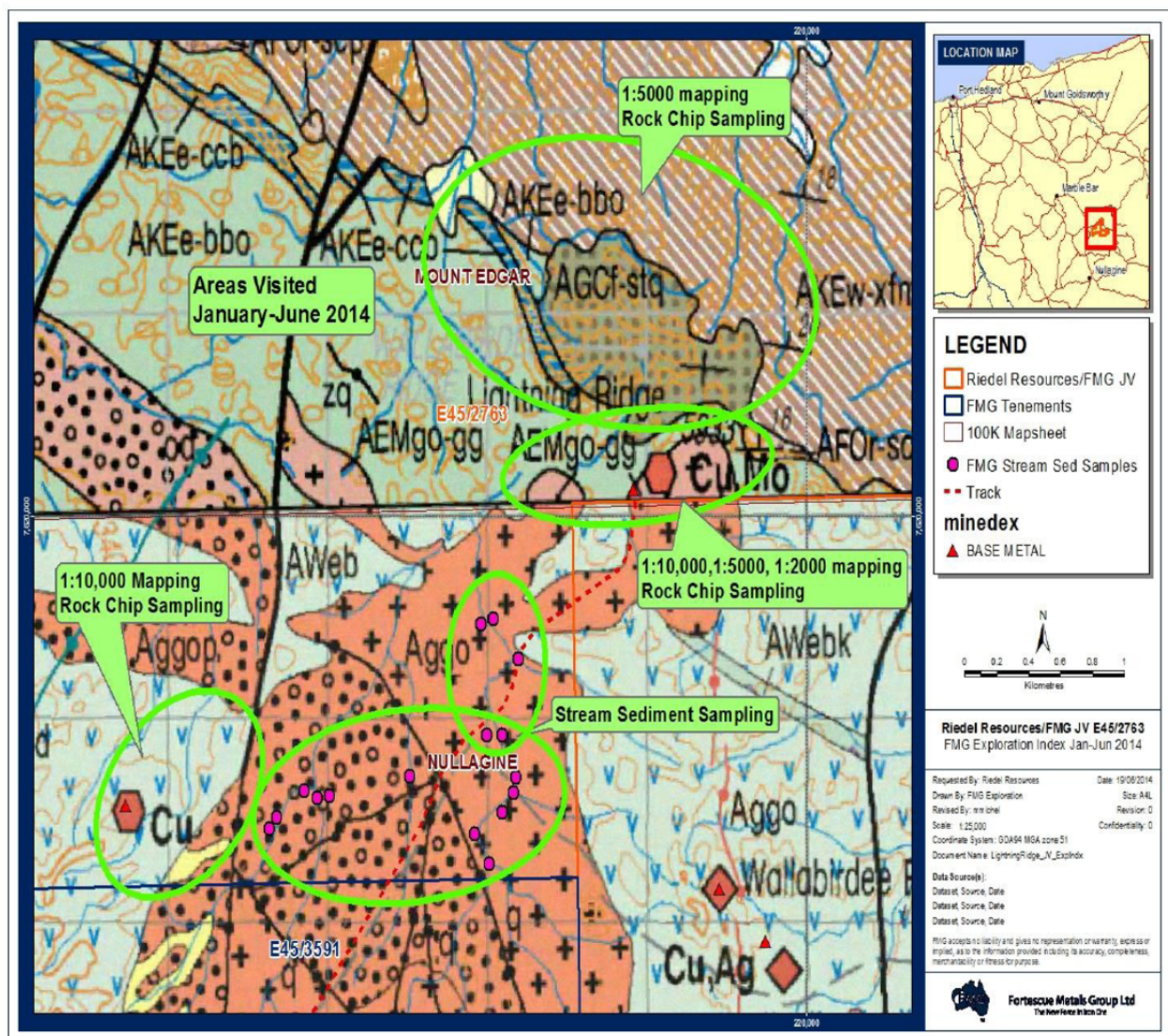


Figure 4 – Charteris Creek Project - FMGR exploration index map E45/2763, January-June 2014

OTHER PROJECTS

Riedel continues to investigate options to commercialise the Millrose and Cheritons Find Gold Projects, including project development by way of toll treatment and/or other treatment opportunities or by project divestment.

With respect to the Millrose Gold Project, Riedel advises that during the Quarter it received an initial notification from the Department of Mines & Petroleum (DMP) notifying the Company of the intention to refuse the application for extension of term for exploration licences 53/1304 and 53/1305. Although the Company believes that it is likely that further consideration by DMP will ultimately result in an extension of term being granted, there is no guarantee that the DMP will do so.

The Company will continue to keep the market informed on this matter.

CORPORATE

The Company held Cash Reserves at 30 June 2014 of **\$0.073M**.

TENEMENT SCHEDULE

Following is the schedule of Riedel Resources Limited minerals tenements as at 30 June 2014.

Area of Interest	Tenement reference	Nature of interest	Interest
WESTERN AUSTRALIA			
Charteris Creek	E45/2763	Direct	100%
Bronzewing South	E36/623	Indirect	80%
Bronzewing South	M36/670	Indirect	80%
Delaney Well	E36/734	Direct	100%
West Yandal	M36/615	Royalty	0%
Marymia	E52/2394	Direct	100%
Marymia	E52/2395	Direct	100%
Millrose	E53/1304	Direct	100%
Millrose	E53/1305	Direct	100%
Porphyry	M31/157	Royalty	0%
Dulcie	P77/3727	Direct	20%
Dulcie	P77/3728	Direct	20%
Dulcie	P77/3729	Direct	20%
Cheritons Find	E77/1793	Direct	100%



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About Riedel Resources Limited

Riedel Resources Limited listed on ASX on 31 January 2011 and is an Australian-based exploration company established to explore for and develop mineral deposits.

Further information can be found at the Company's website www.riedelresources.com.au

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a full time employee of Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Riedel Resources Limited

ABN

91 143 042 022

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(31)	(208)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(46)	(369)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) GST to be recouped	-	1
Net Operating Cash Flows		(76)	(570)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from: (a) sale of prospects	-	-
	(b) sale of equity investments	-	-
	(c) sale of other fixed assets	-	-
	(d) Farm-in and JV contribution	50	50
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		50	50
1.13	Total operating and investing cash flows (carried forward)	(26)	(520)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(26)	(520)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	Capital raising costs	(3)	(6)
	Convertible Note (see note 1)	-	240
	Net financing cash flows	(3)	234
	Net increase (decrease) in cash held	(29)	(286)
1.20	Cash at beginning of quarter/year to date	104	350
1.21	Exchange rate adjustments to item 1.20	(2)	9
1.22	Cash at end of quarter	73	73

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	32
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions Directors wages, Directors fees.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NA

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	400	377
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	32
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	44
Total	76

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	23	54
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – term deposits	50	50
Total: cash at end of quarter (item 1.22)	73	104

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Nil			
7.2	Nil			
7.3	109,662,979	109,662,979		Fully Paid
7.4	375,734 250,489	375,734 250,489		Fully Paid Fully Paid

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)	400,000 See Note 1 (below)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	Options (description and conversion factor)	9,333,329	Nil	<i>Exercise price</i> 15c	<i>Expiry date</i> 31 January 2016
		1,250,000	Nil	15c	31 January 2018
		1,712,333	Nil	10c	30 April 2015
		10,000,000	Nil	5.2c	31 December 2016
		2,666,667 vesting when the Company's share price is equal to or greater than Au27 cents for 20 consecutive trading days	Nil	Nil	25 July 2014
		2,666,667 vesting when the Company's share price is equal to or greater than Au36 cents for 20 consecutive trading days	Nil	Nil	25 July 2014
		2,666,666 vesting when the Company's share price is equal to or greater than Au45 cents for 20 consecutive trading days	Nil	Nil	25 July 2014
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.11	Debentures (totals only)	Nil	
7.12	Unsecured notes (totals only)	Nil	

Note 1 –

Under the terms of the Secured Convertible Note, issued to Convertible Noteholders, the Convertible Note (and any accrued interest) can be converted in full or any part thereof into Shares in the Company at the lender's sole discretion at any time after 30 June 2013.

Shares issued in lieu of accrued interest will be issued at the lower of \$0.036 or 90% of the 10 day VWAP preceding the due date for payment of that accrued interest.

Shares issued on conversion are currently issued at the lower of 90% of the 10 day VWAP preceding the date of execution of the Convertible Note Deeds or 90% of the 10 day VWAP preceding the date of the Conversion Notice. However on 13 June 2014 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 30 June 2014 to 30 June 2015. As part of that agreement the conversion price is to be amended to the lower of 80% of the 10 day VWAP preceding the date of execution of the Convertible Note Amendment Deeds or 80% of the 10 day VWAP preceding the date of the Conversion Notice.

Shareholders are meeting on 7 August 2014 to consider the amendments to the terms of the Convertible Notes.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: SUE SYMMONS
(Company secretary)

Date: 30 July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage

+ See chapter 19 for defined terms.

interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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