



RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

ANNUAL REPORT

30 JUNE 2014

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

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RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

CORPORATE DIRECTORY

DIRECTORS

Andrew Childs
Ian Tchacos
Jeffrey Moore
Ed Turner

COMPANY SECRETARY

Sue Symmons

REGISTERED & PRINCIPAL OFFICE

Suite 1
45 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9226 0866

Facsimile: (08) 9486 7375

AUDITORS

PKF Mack and Co
Level 4
35 Havelock Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 4, Reserve Bank Building
45 St George Terrace
PERTH WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: RIE

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

DIRECTORS' REPORT

Your directors present the following report on Riedel Resources Limited (the Company) and the entities it controlled during or at the end of the financial year (the Group) for the financial year ended 30 June 2014.

DIRECTORS

The Directors of the Company at any time during or since the end of financial year are:

Ian Tchacos
Qualifications

Non-executive Chairman (Appointed on 9 April 2010)
B.Eng (Mech.)

Experience

Mr Tchacos is a mechanical engineer with over 25 years international experience in corporate development and strategy, mergers and acquisitions, exploration, development and production operations, marketing and finance. He has a proven management track record in a range of international Company environments. In his last appointment as Managing Director of Nexus Energy he was responsible for this Company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator. He is currently non-executive Chairman of ADX Energy Limited.

Directorships of other
listed companies

ADX Energy Limited

Interest in Shares

2,230,205

Jeffrey Moore
Qualifications

Executive Director (Appointed on 30 September 2010)
B.Sc, MAusIMM, MGSA

Experience

Mr Moore is a geologist with extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies. During his career, he has generated and managed projects for commodities including precious metals, base metals, diamonds, nickel and industrial minerals throughout Australia, Central and South America, Africa and Asia.

Mr Moore has held previous directorships with Allied Gold Limited from 2004 to 2008, Great Australian Resources Limited from 2005 to 2007, Abra Mining Limited from 2006 to 2011, Alchemy Resources Limited from 2010 to 2011 and Cougar Metals NL from 2008 to 2012.

Mr Moore is also a Corporate Member of the Australasian Institute of Mining and Metallurgy and a Member of the Geological Society of Australia. He was appointed as a non-executive Director of Wild Acre Metals Limited on 8 September 2014.

Directorships of other
listed companies

Nil

Interest in Shares

2,661,305

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DIRECTORS' REPORT (con't)

Andrew Childs

Non-executive Director (Appointed on 9 April 2010)

Experience

Mr Childs is currently Chairman of Australian Oil Company Limited and non-executive Director of ADX Energy Limited. He also sits on the Boards of a number of unlisted private and public companies including AIM listed Stratic Energy Corporation. Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology.

Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Andrew moved to petroleum geology and geophysics with Perth-based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Andrew is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Directorships of other listed companies

ADX Energy Limited
Australian Oil Company Limited

Interest in Shares

2,987,305

Ed Turner

Qualifications

Executive Director (appointed 5 December 2012)
BAppSc (Geology), MAIG

Experience

Mr Turner joined the company as Exploration Manager in July 2011. He was appointed to the Board as Technical Director in December 2012. Prior to this he accumulated 25 years of experience as a geologist in Australia and overseas, with primary focus on gold, nickel, uranium and base metals exploration and underground gold mining. He has extensive experience in project review, due diligence and acquisition.

Mr Turner has established exploration teams and managed exploration programmes in Romania, the Ukraine, Brazil, Burkina Faso and the Democratic Republic of Congo for companies including RSG Global (now Coffey Mining), Anvil Mining and Cougar Metals. In Romania Ed led the exploration team that added five million ounces of gold to the Rosia Montana gold resource in a twelve month period.

Directorships of other listed companies

Nil

Interest in Shares

1,588,234

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DIRECTORS' REPORT (con't)

Sue Symmons

Company Secretary (appointed 1 October 2013)

Experience

Ms Symmons is a corporate services executive with GDA Corporate.

Prior to joining GDA Corporate, Ms Symmons was Company Secretary of Jetset Travelworld Limited, Automotive Holdings Group Limited and Evans & Tate Limited.

Ms Symmons was also Company Secretary to Heytesbury Pty Ltd, a private company with interests in property, construction and agribusiness.

Ms Symmons is a member of the Governance Institute of Australia and Australian Institute of Company Directors, holds a Bachelor of Commerce majoring in Accounting and Corporate Administration and is nearing completion of a Master of Business Law.

Bruce Franzen

Company Secretary (resigned 1 October 2013)

Experience

Mr Franzen is a certified practicing accountant with over twenty year's local and international experience in the resources industry. Bruce has substantial experience in commercial administration and financial control related to offshore oil & gas drilling, exploration, and development of large scale capital resource projects.

The directors and Company Secretary have been in office to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration.

OPERATING RESULTS

The net loss of the Group for the financial period after provision for income tax was \$7,715,487 (2013: \$4,412,238)

REVIEW OF OPERATIONS

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. In January 2014, Riedel elected to not complete the acquisition of five Permits in Burkina Faso and the Company has withdrawn from West Africa (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 – Fortescue Metals Group earning up to 80% (*copper, molybdenum, gold and iron-ore*);

DIRECTORS' REPORT (con't)

- 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.

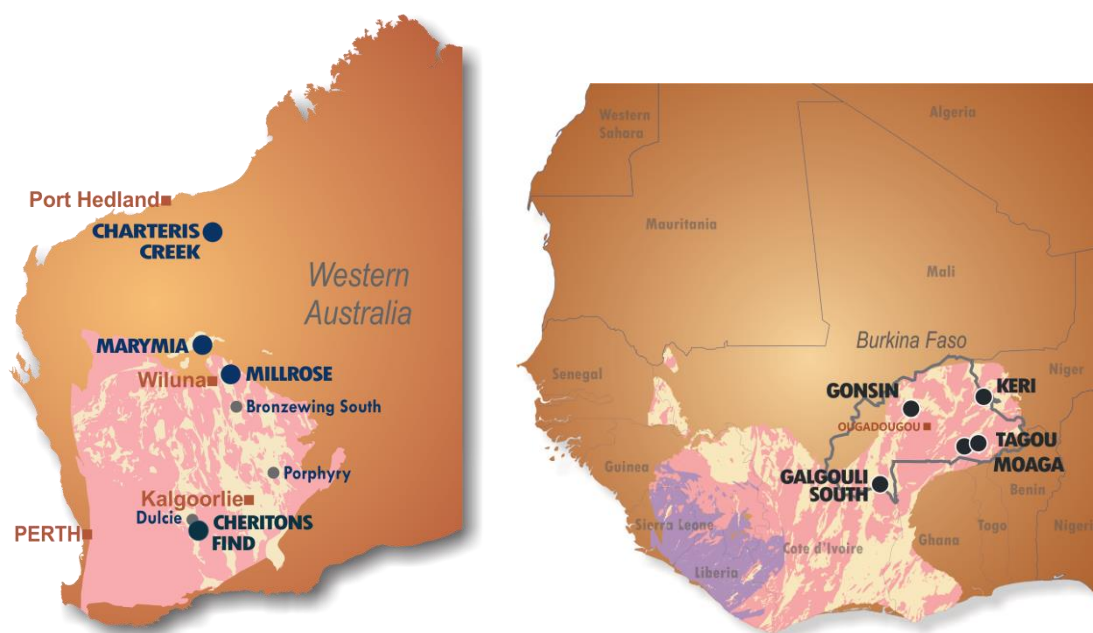


Figure 1: Western Australia and Burkina Faso (West Africa) Project locations

WESTERN AUSTRALIA

MARYMIA PROJECT JOINT VENTURE

Australian Mines (ASX: AUZ) earning interests up to 80%

On April 30 2014 Riedel Resources (Riedel) agreed to a farm-in and joint venture with AUZ over exploration licences 52/2394 and 52/2395. If the farm-in and joint venture arrangement proceed to its full conclusion, the earn-in will be worth up to \$3.3M.

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 (AI 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.

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DIRECTORS' REPORT (con't)

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.

Geological Setting

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.

DIRECTORS' REPORT (con't)

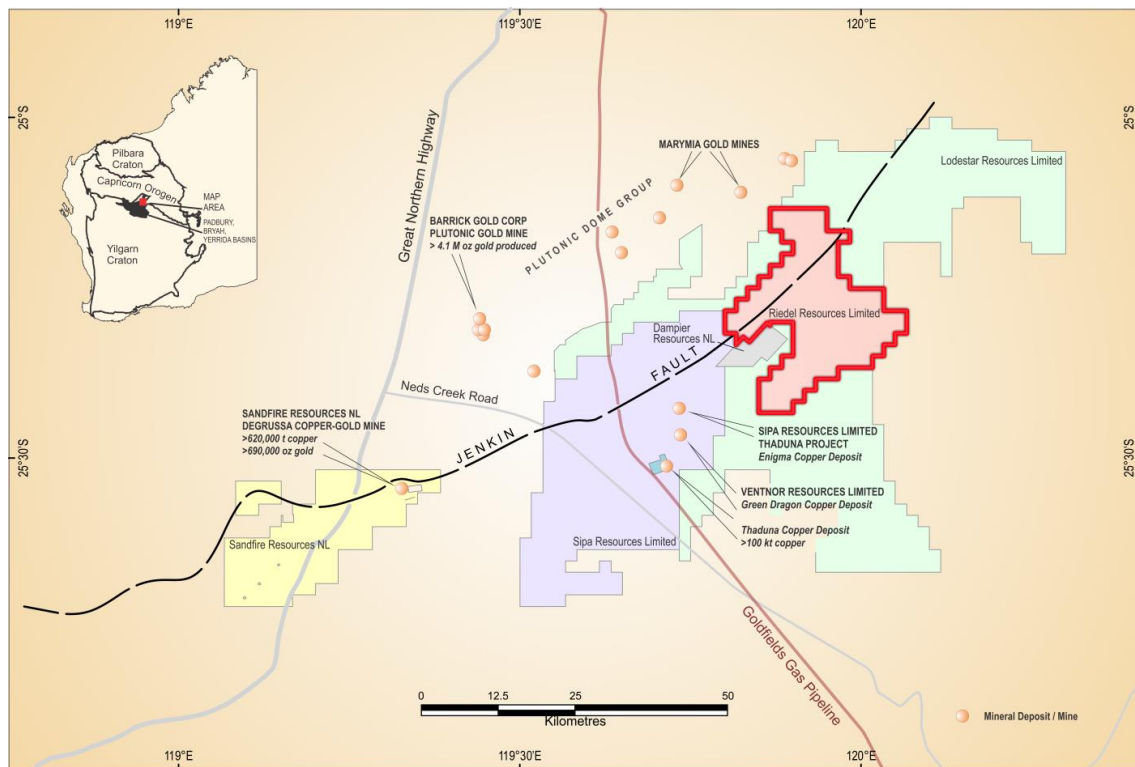


Figure 2: Marymia Project - Location Map

Work Activities

AUZ commenced a ground based moving loop electromagnetic survey (MLEM) during June over numerous targets identified by AUZ. The specifications of the first-pass electromagnetic survey were 200 metre spaced lines with 100 metres spaced stations along each line. Infill survey lines based on 50 metre spaced stations would then be considered over any resulting anomaly of interest.

AUZ anticipates receiving the final processed and modelled data by the end of August. AUZ will seek to commence drill testing of any resulting EM anomalies in the September quarter. Included in any future drill program by AUZ are four Plutonic-style gold targets recently identified by the Company. Independent geologists have previously recognised significant similarities between the geology of the Marymia project and the rocks hosting the nearby 5 million ounce Plutonic Gold Mine, and historic drill intersections of 3 metres @ 9.53 g/t gold from 51 metres (BRC23), and 2 metres @ 7.15 g/t gold from 4 metres (RB620) lend support to the Company's position that this project has the potential to host repetitions of Plutonic-style gold mineralisation in addition to DeGrussa-style copper-gold mineralisation.

On August 1 2014 AUZ reported that the MLEM survey that is still in progress has detected a strongly conductive body beneath an historic nickel-in-soil anomaly.

DIRECTORS' REPORT (con't)

Modelling of this geophysical anomaly by Southern Geoscience Consultants indicates that the source of this late time EM conductor (MM-01) is a 400-metre long body (see *Figures 3 and 4*), which is strongly conductive and appears to parallel a previously reported 1,200 x 600 metre nickel and copper soil anomaly³.

The top of this conductive body is estimated to be 250 metres below the surface and continues to a depth of at least 700 metres below the surface (being the depth limitation of the geophysical equipment).

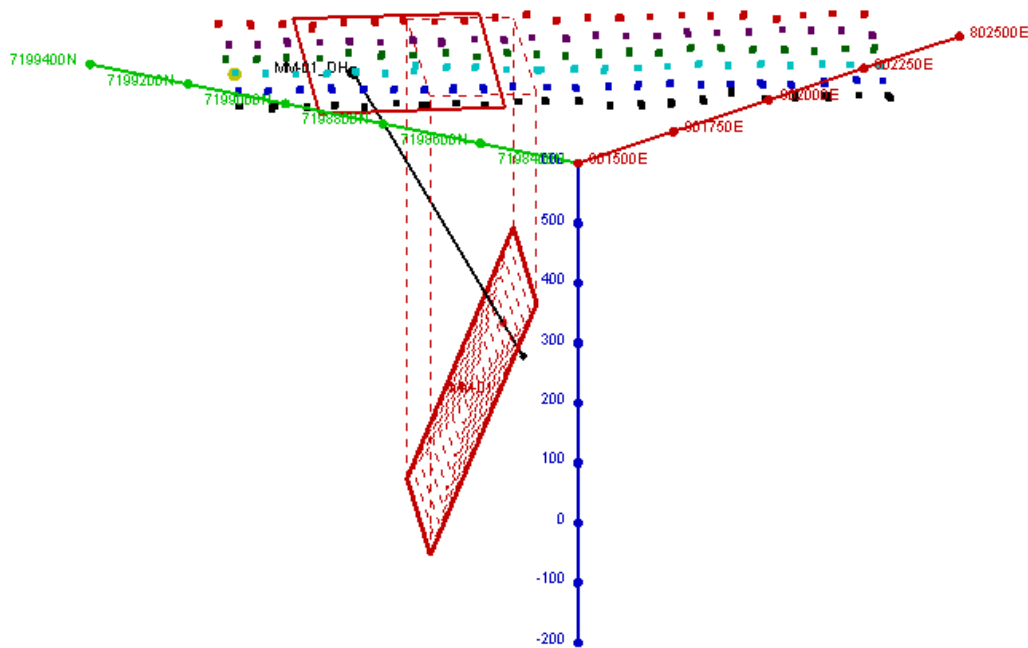


Figure 3: Perspective view looking NNE with the best fit model of the conductive source (red) and proposed target drill hole (black).

Significantly, the modelled conductor sits between two magnetic highs, which is the interpreted basal contact of an ultramafic unit.

Based on the geophysical characteristics of this conductive body, Southern Geoscience Consultants concluded that MM-01 anomaly represents a high priority target for massive sulphide mineralisation that could be related to nickel (-copper) or possibly DeGrussa-style VMS copper-gold mineralisation.

The attractiveness of the MM-01 conductor as a possible Kambalda-style nickel sulphide target is further enhanced by recent independent research, which indicated that the ultramafic rocks within the Company's Marymia project area may be the same ultramafic sequence that hosts the Kambalda, Mt Keith, Perseverance and Cosmos nickel deposits⁴.

³ Falcon Minerals Limited, AGM Presentation , released 9 November 2006

⁴ Geoscience Australia, Australian Archaean mafic-ultramafic magmatic events: Yilgarn Craton, GA Record 2009/41

DIRECTORS' REPORT (con't)

Having detected a strong late-time conductor within a favourable geological setting and adjacent to a significant nickel and copper soil anomaly (peak reported assay values of 959 ppm nickel and 313 ppm copper⁵), Australian Mines has designed an initial drill program to test the source of this bedrock conductor.

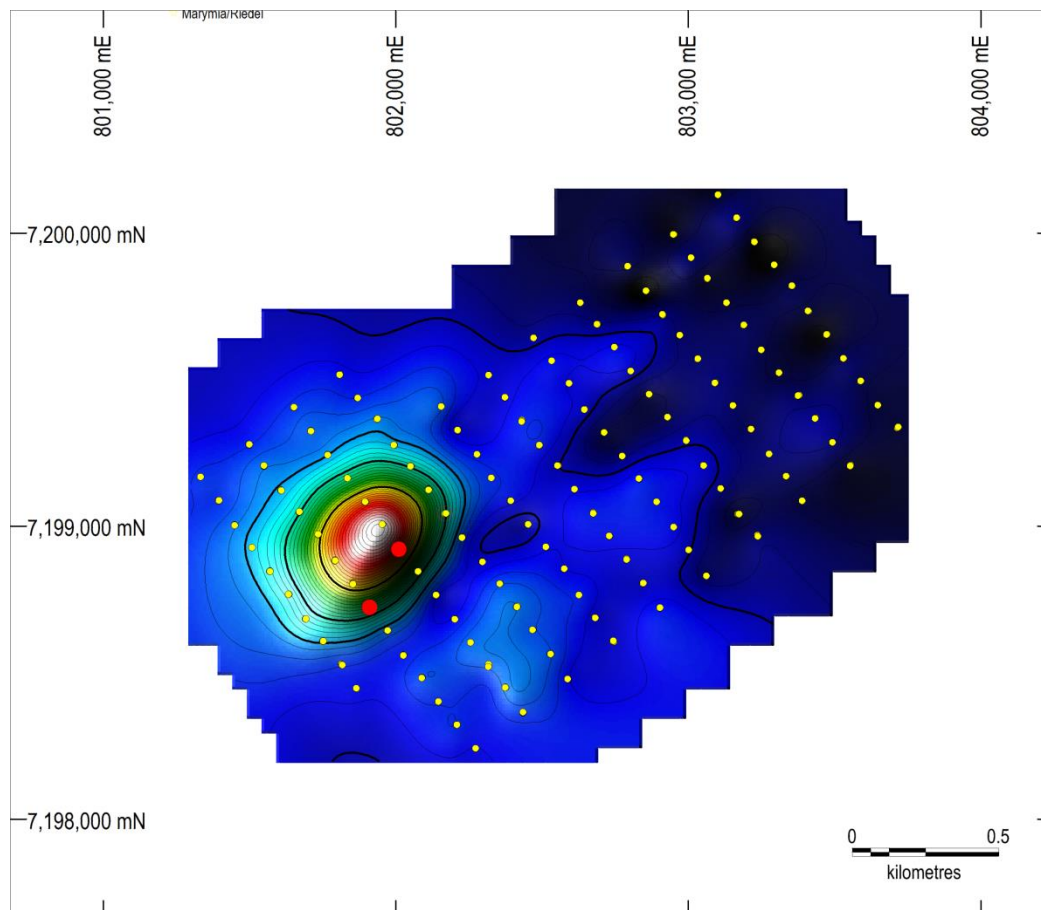


Figure 4: Plan view - The conductive body appears as a distinct 'bull's-eye' in the late-time channels of the moving loop electromagnetic survey. (Image is channel 25 – 18.37ms). Positions of the EM stations are marked in yellow.

The drilling of MM-01, now known as the Simmons prospect, is scheduled to commence in early September and AUZ anticipates receiving the final assays from this program in October.

With more than 20 kilometres of prospective ultramafic rocks present within the Marymia project area, in addition to a number of promising DeGrussa-style copper-gold targets adjacent to the Jenkin Fault structure, AUZ will continue to expand the coverage of the ground-based EM survey across the 425 square kilometre project area.

⁵ Falcon Minerals Limited, Annual Technical Report – Marymia Project, submitted to the Western Australian Department of Mines and Petroleum in November 2006

DIRECTORS' REPORT (con't)

CHARTERIS CREEK PROJECT

Fortescue Metals Group (ASX: FMG, "Fortescue") earning interests up to 80%

On 16 January 2014 Riedel announced that Fortescue through its wholly-owned subsidiary FMG Resources Pty Ltd has entered into a Farm In and Joint Venture Agreement worth up to \$1M over Exploration Licence 45/2763 (*see Figure 1 for location of project*).

Key Terms of Farm In And Joint Venture Agreement

Fortescue can earn a 51% interest in the Tenement by spending **\$200,000 on exploration** within the Exploration Area within 3 years of the date of signing the Agreement ("Initial Earning Period").

If Fortescue satisfies the expenditure conditions during the Initial Earning Period a Joint Venture with Riedel will be formed.

Fortescue can earn an additional 14% interest (*for total interest of 65%*) in the Tenement by spending a further **\$400,000 on exploration** (*for total expenditure of \$600,000*) within the Joint Venture Area within 3 years of forming the Joint Venture ("Additional Earning Period").

At any time during the Additional Earning Period, after Fortescue has spent no less than \$100,000 on exploration within the Joint Venture Area, Fortescue can elect not to earn any further interest in the Tenement.

Fortescue can earn an additional 15% interest (*for total interest of 80%*) in the Tenement by spending a further **\$400,000 on exploration** (*for total expenditure of \$1,000,000*) within the Joint Venture Area within the Additional Earning Period.

If all milestones are met by Fortescue within the Initial and Additional Earning Periods, **Fortescue will have earned an interest of 80% in the Tenement by the expenditure of \$1,000,000 on exploration** within the Joint Venture Area.

After Fortescue has satisfied its earning obligations, Fortescue and Riedel will contribute to Joint Venture expenditure in proportion to their interest in the Joint Venture, alternatively standard dilution conditions will apply to non-contributing parties.

If a Joint Venturer's Joint Venture interest reduces to less than 10%, the interest is converted to a 2% Net Smelter Royalty ("NSR") for a period of 5 years from the Royalty Commencement Date and a 0.6% NSR thereafter.

Geological Setting

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.

The Charteris Creek Project has very favourable geology for the discovery of mineral deposits, as highlighted by the presence of numerous gold, copper, base metals, iron ore and specialty metals discoveries and deposits proximal to the exploration licence (*see Figure 5*).

DIRECTORS' REPORT (con't)

Despite the strong similarities between the geological/structural setting at Charteris Creek to that which hosts nearby mineral deposits, only limited exploration has been previously carried out within the tenement.

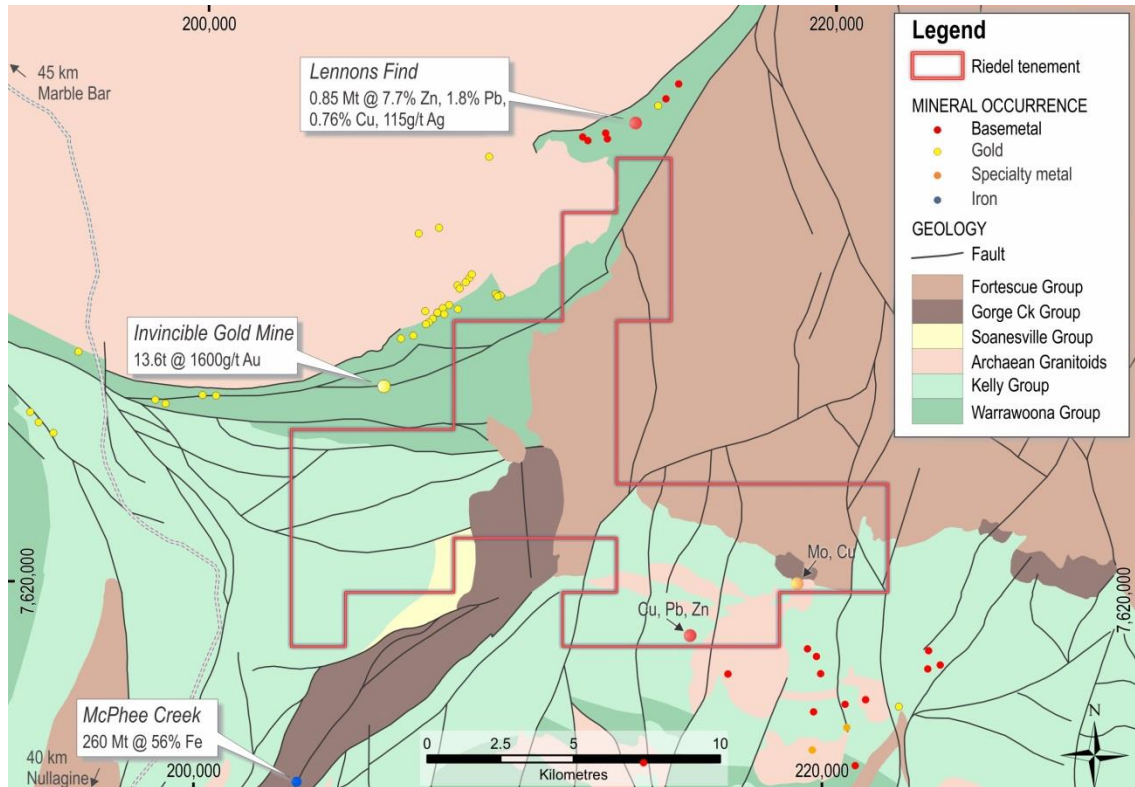


Figure 5: Charteris Creek Project – Geological Map highlighting known mineral occurrences and deposits

Mineral deposit and mineralisation types that the Company has identified as exploration targets in the tenement include:

- Copper-lead-zinc and copper-molybdenum mineralisation associated with a granodiorite intrusion has been identified in the south-east part of the exploration licence. This mineralisation forms part of a larger cluster of base metal and specialty-metal occurrences related to stockwork mineralisation in the Gobbos Granodiorite.
- Laconia Resources' Lennons Find VHMS deposit (⁶ *Indicated and Inferred Mineral Resources of 1.85M tonnes @ 5.1% Zn, 1.4% Pb, 0.2% Cu and 82g/t Ag*) is located approximately one kilometre to the north of E45/2763. Reconnaissance work by Riedel confirms that the prospective Warrawoona Group host rocks extend into E45/2763.

⁶ Laconia Resources Limited website - January 2014

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- The McPhee Creek Iron Ore deposit (⁷*Indicated and Inferred Mineral Resources of **251 million tonnes @ 56.1% Fe***) is located approximately 8km along strike to the south of E45/2763 in rocks belonging to the Gorge Creek Group. Regional mapping indicates that the prospective Gorge Creek Group extends further north into E45/2763.
- In 1968 ⁸Conwest Australia reported significant copper intercepts from drilling in porphyry rocks, including **50 feet @ 1.34% Cu** from 40 feet in drillhole OS4 and **20 feet @ 1.38% Cu** from 130 feet in drillhole OS3. The drilling was carried out several kilometres to the south of E45/2763 in geology analogous to the granitic porphyry within Riedel's exploration licence.
- In 1987 ⁹Concord Mining NL completed exploration within the Bridget, Otways and Gobbos Prospects, located several kilometres to the south and south east of E45/2763. Concord collected 130 stream sediment samples with 20 samples being considered anomalous. Assay results up to **1.5g/t Au** at the Otways prospect, **6.92g/t Au** east of Gobbos, and **1150 ppm Cu** at Gobbos were reported. Encouraging sample results from costean 1 at Otways included **21m @ 3.89% Cu** and **2.22g/t Au**.
- Numerous small but very high grade gold deposits are located adjacent to the north-western boundary of the tenement in Warrawoona Group rocks and several structures that control, or are associated with these gold deposits, extend into E45/2763.

Work Activities

Exploration activities carried out by FMGR commenced with desktop-based studies of the area. This included the compilation and reviewing of historic exploration reports, as well as collection and digitizing of relevant data such as historic drill hole locations and assays, geochemical data (stream- soil- and rock chip data) as well as geological maps.

During May and June 2014, Fortescue geologists visited the historic Lightning Ridge prospect. The two field trips focussed on investigating the Lightning Ridge prospect regionally and in detail regarding the nature of mineralization and associated alteration in the vicinity. Fortescue 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 mineralization at Lightning Ridge.

⁷ Atlas Iron Limited website – DSO Resources and Reserves – January 2014

⁸ Western Australian Mineral Exploration Index (WAMEX) Report No. a1696

⁹ Western Australian Mineral Exploration Index (WAMEX) Report No. a24511

DIRECTORS' REPORT (con't)

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. Fortescue 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, focussing on the major areas of interest (See Figure 6).

The most prominent signs of a porphyry system have been observed away from the mineralized Lightning Ridge prospect itself, but approximately 600m northeast. Even though the primary (and strongest) mineralization has been recognised at the historic prospect, the typical style of quartz veining commonly associated with a porphyry systems 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 and 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 program 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. Assays are pending.

See Figure 6 for the exploration index map of Fortescue's field activities during the first half of 2014, using the GSWA 100k geology map as background.

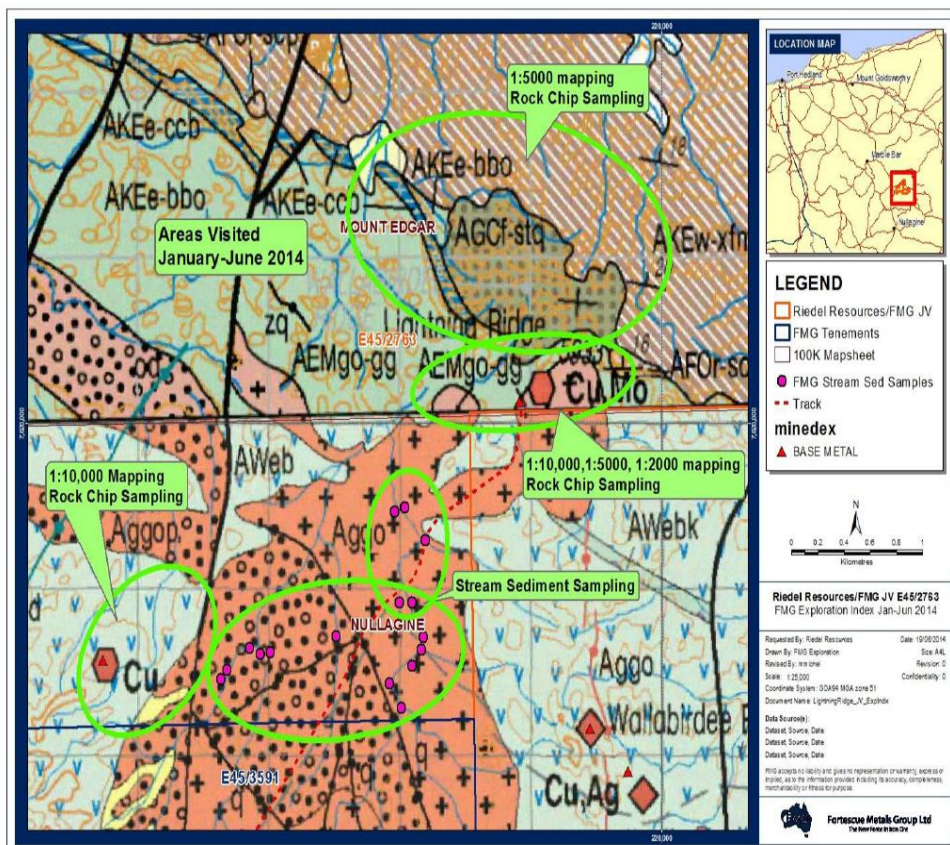


Figure 6 – Fortescue exploration index map E45/2763, January-June 2014

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DIRECTORS' REPORT (con't)

OTHER WESTERN AUSTRALIAN PROJECTS

Riedel has continued to look at mechanisms to commercialise the Millrose and Cheritons Find Projects, either via divestment or by exploiting the resources using toll treatment and/or other treatment options.

The Millrose Project tenements E53/1304 and E53/1305 are currently under extension of term applications after their initial five year term expired on 24 April 2014. The Department and Mines and Petroleum (DMP) has requested additional information from Riedel to support the applications for extension of term and this has been provided to them. A decision from the DMP is expected in the September quarter of 2014.

WEST AFRICA

BURKINA FASO PROJECTS

In January 2014 Riedel elected to not complete the acquisition of five Permits in Burkina Faso and commenced proceedings to withdraw from West Africa.

To complete the acquisition of the five Burkina Faso projects the Company had the right (but not the obligation) to make project vendor payments of US\$370,000 by 31 December 2013. The decision to not proceed further with the purchase of the West African projects is consistent with the Company's policy of identifying and adopting prudent cash management measures to most-efficiently constrain near-term expenditure.

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.

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DIRECTORS' REPORT (con't)

TENEMENT SCHEDULE

Following is the schedule of Riedel Resources mining 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%

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 17 June 2014, the Company announced a partially underwritten Share Purchase Plan ("SPP") for eligible shareholders. The Company issued 35,096,493 shares at \$0.0085 in July 2014 and raised \$298,320 before costs.

On 1 July 2014, the Company issued 1,025,461 shares to Convertible Note holders in consideration of interest payable for the June 2014 quarter.

On 1 July 2014, the Company issued a Notice of General Meeting of Shareholders to be held on 7 August 2014 at which shareholders must consider resolutions to approve changes to the terms of the Convertible Notes and the Issue of Options to Convertible Noteholders.

On 24 July 2014, the Company issued 2,105,788 shares to consultants in lieu of fees in regard to the placement of shares under the SPP mentioned above.

The General Meeting was subsequently held on 7 August 2014, all resolutions put to the meeting were passed unanimously on a show of hands.

The Company subsequently issued 23,728,195 unlisted options to Convertible Note holders in part consideration of amending the terms of the Convertible Notes as detailed above.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future years.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid or declared since the start of the financial year.

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LIKELY DEVELOPMENT AND RESULTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNITIES

The Group has not, during or since the financial year, in respect of any person who is or has been an officer of the Company:

- Indemnified or made any relevant agreement for the indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

During the financial year the Company paid a premium of \$6,200 (excluding GST) in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings that may be brought against the directors and secretary of the Company.

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of directors were held. The number of meetings attended by each director during the period is stated below:-

	Number of eligible to attend	Number attended
Ian Tchacos	14	12
Jeff Moore	14	14
Andrew Childs	14	13
Ed Turner	14	14

OPTIONS

Unissued shares under options

At the date of this report, the unissued ordinary shares of Riedel Resources Limited under option are as follows:

Expiry date	Exercise price (cents)	Quantity
30/04/2015	10	1,712,333
31/01/2016	15	9,333,329
31/12/2016	5.2	10,000,000
31/01/2018	15	1,250,000
		<hr/>
		22,295,662
		<hr/>

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OPTIONS (con't)

Each option entitles the holder to one fully paid ordinary share in the Company at any time up to expiry date. To the date of this report no shares had been issued as a result of the exercise of options.

CONVERTIBLE NOTES

Redemption date	Quantity
30/06/2015	400,000

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and is included in the financial report on page 25.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the key management personnel of Riedel Resources Limited (the "Company") for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the two executives in the Company and the Group receiving the highest remuneration.

Key Management Personnel

Directors

Ian Tchacos (Chairman)
Jeffrey Moore (Managing Director)
Andrew Childs
Ed Turner
Bruce Franzen*

**Resigned as a Director on 31 January 2013 and Company Secretary on 1 October 2013*

RIEDEL RESOURCES LIMITED
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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

Remuneration Committee

The Remuneration Committee, the role and duties of which are undertaken by the Board, establishes human resources and compensation policies and practices for the Directors (executive and non-executive) and senior executives, including retirement termination policies and practices, Company share schemes and other incentive schemes, Company superannuation arrangements and remuneration arrangements.

Remuneration Policy

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the Board. All executives are to receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Directors and executives are also entitled to participate in the Employee Incentive Option Scheme and Performance Rights Plan. The executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.25% for the year ended 30 June 2014, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes or Binomial Option Pricing models.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate fees that can be paid to non-executive directors is \$250,000 per

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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

annum as detailed in the Company's prospectus dated 12 November 2010. Amendments to this amount are subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors will not be linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Employee Incentive Option Scheme.

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Non-executive Directors are not currently paid any fee.

Bonuses

No bonuses were given to key management personnel during the 2013 and 2014 years.

Performance based remuneration

The Company currently offers eligible Directors and Key Executives participation in the Company Performance Rights Plan and/or Incentive Option Scheme. This is in addition to cash remuneration.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options or Performance Rights to eligible directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options and performance rights at year end, refer below for details.

In order to preserve cash in the Company, the non-executive Directors have not received Directors fees since 1 May 2013 and the executive Directors receive Directors' fees only in the form of cash. All directors are entitled to participate in the Performance Rights Plan and/or Incentive Option Scheme.

RIEDEL RESOURCES LIMITED
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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

Remuneration of directors and key management personnel

For the year ended 30 June 2014

	Short-Term Benefits		Post-Employment Benefits	Equity-Settled Share-Based Payments	Value of equity as proportion of remuneration	
	Directors Fees	Salary and Consulting Fees	Superannuation		Total	%
	\$	\$	\$	\$	\$	
Directors						
Ian Tchacos	-	-	-	-	-	-
Jeffrey Moore	69,194	-	6,400	77,333	152,927	51
Andrew Childs	-	-	-	-	-	-
Ed Turner	50,000	-	4,625	-	54,625	-
Bruce Franzen ¹	-	20,000	-	25,778	45,778	56
Total	119,194	20,000	11,025	103,111	253,330	

For the year ended 30 June 2013

	Short-Term Benefits		Post-Employment Benefits	Equity-Settled Share-Based Payments	Value of equity as proportion of remuneration	
	Directors Fees	Salary and Consulting Fees	Superannuation		Total	%
	\$	\$	\$	\$	\$	
Directors						
Ian Tchacos	41,667	-	3,750	-	45,417	-
Jeffrey Moore	10,000	274,990	25,649	77,333	387,972	20
Bruce Franzen ¹	46,472	117,862	-	25,778	190,112	14
Andrew Childs	25,000	-	2,250	-	27,250	-
Ed Turner	10,000	198,852	18,797	-	227,649	-
Total	133,139	591,704	50,446	103,111	878,400	

¹ Resigned as a Director on 31 January 2013 and Company Secretary on 1 October 2013.

The overall level of key management personnel remuneration takes into account the performance of the Company since the Company's incorporation on 9 April 2010.

RIEDEL RESOURCES LIMITED
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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

Options and rights over equity instruments granted as compensation

No options were granted to key management personnel as compensation during the period or since the end of the financial year.

Performance rights

On 14 July 2011, 8,000,000 performance rights were issued under the Company Performance Rights Plan to Jeffrey Moore (Managing Director) and Bruce Franzen (Director until 31 January 2013 and Company Secretary until 1 October 2013) as incentive to align the directors' interests with Company objectives. The following issues of securities to related parties were approved by shareholders as follows:

Holder	Number of Performance Rights	Exercise Price
Jeffrey Moore	2,000,000	27 cents
	2,000,000	36 cents
	2,000,000	45 cents
Bruce Franzen ¹	666,667	27 cents
	666,667	36 cents
	666,666	45 cents

¹ Resigned as a Director on 31 January 2013 and Company Secretary on 1 October 2013. This was the balance on resignation.

The performance rights are exercisable at the conversion price determined at the grant date. The terms and conditions relating to these performance rights including the parameters used to value them are as follows:

	Performance Rights
Underlying security spot price	\$0.135
Exercise price	\$0.27-\$0.45
Volatility	75%
Risk free rate	5.05%
Grant date	26/07/2011
Expiration date	25/07/2014
Expiration period (years)	3 yrs
Number of options	8,000,000
Valuation per option/performance rights	\$0.031-\$0.047
Total performance rights valuation	\$309,333

The total value of the performance rights of \$309,333 are expensed proportionately until 25 July 2014, being the vesting date. The total amount being expensed for the year ended 30 June 2014 is \$103,111 (30 June 2013: \$103,111).

Shares issued as compensation during the year.

No shares were issued as compensation during the year.

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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:-

Name: Jeffrey Moore
Title: Managing Director
Agreement commenced: 4 April 2011*
Term of agreement: 3 years (Subject to re - election every 3 years from 1 May 2013)
Details: Directors Fees of \$60,000 plus super. Directors Fees are reviewed annually by the Board. The Executive is entitled to Performance Rights.

Name: Ian Tchacos
Title: Non-executive Chairman
Agreement commenced: 22 October 2010
Term of agreement: Subject to re - election every 3 years.
Details: Base salary for the year ended 30 June 2013 of \$50,000 plus superannuation, to be reviewed annually by the Board.
Note: Salary foregone from 1 May 2013.

Name: Andrew Childs
Title: Non-executive Director
Agreement commenced: 22 October 2010
Term of agreement: Subject to re - election every 3 years.
Details: Base salary for the year ended 30 June 2013 of \$30,000 plus superannuation, to be reviewed annually by the Board.
Note: Salary foregone from 1 May 2013.

Name: Ed Turner
Title: Executive Director and Exploration Manager
Agreement commenced: 11 July 2011* (appointed as Director 5 December 2012)
Term of agreement: Subject to re - election every 3 years.
Details: Directors Fees of \$60,000 plus super. Directors Fees are reviewed annually by the Board. The Executive is entitled to Company options.

* Agreements terminated effective 30 April 2013. Currently receiving Directors fees only on an ongoing basis with no specified termination period.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

RIEDEL RESOURCES LIMITED
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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

Ordinary shares held in Riedel Resources Limited (number)

	Balance at beginning of period	Granted as remuneration	Exercise of options	Net change other*	Balance at end of period
2014					
Ian Tchacos	465,500	-	-	-	465,500
Jeffrey Moore	250,000	-	-	646,600	896,600
Andrew Childs	1,225,000	-	-	1,762,305	2,987,305
Ed Turner	-	-	-	1,000,000	1,000,000
Bruce Franzen ¹	686,760	-	-	(686,760)	-
Total	2,627,260	-	-	2,722,145	5,349,405

* Acquired on market.

¹ Resigned as a Director on 31 January 2013 and Company Secretary on 1 October 2013. This was the balance on resignation.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at beginning of period	Granted as remuneration	Exercised	Net change other*	Balance at end of period
2014					
Ian Tchacos	2,000,000	-	-	(2,000,000)	-
Jeffrey Moore	-	-	-	-	-
Andrew Childs	2,000,000	-	-	(2,000,000)	-
Ed Turner	1,500,000	-	-	(1,500,000)	-
Bruce Franzen ¹	2,000,000	-	-	(2,000,000)	-
Total	7,500,000	-	-	(7,500,000)	-

* Options expired on 30 June 2014.

Performance Rights of Key Management Personnel

The number of performance rights in the Company held during the financial year by each director and other key management personnel of the Group, including their personally related parties, is set out below:

	Balance at beginning of period	Granted as remuneration	Exercised	Net change other	Balance at end of period
2014					
Jeffrey Moore	6,000,000	-	-	-	6,000,000
Bruce Franzen ¹	2,000,000	-	-	(2,000,000)	-
Total	8,000,000	-	-	(2,000,000)	6,000,000

¹ Resigned as a director on 31 January 2013 and as Company Secretary on 1 October 2013. This was the balance on resignation.

RIEDEL RESOURCES LIMITED
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DIRECTORS' REPORT (con't)

REMUNERATION REPORT – AUDITED (con't)

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes or Binomial Option Pricing Models taking into account the terms and conditions upon which the options were granted.

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the Board of Directors.



Jeffrey Moore
Director

Date: 23 September 2014

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF RIEDEL RESOURCES LIMITED

In relation to our audit of the financial report of Riedel Resources Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK & Co



SHANE CROSS
PARTNER

23 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Company's and Group's financial position as at 30 June 2014 and of their performance for the year ended on that date.
 - (c) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The director's have been given the declaration required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Jeffrey Moore
Director

Date: 23 September 2014

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTES	2014 \$	2013 \$
Interest revenue		5,520	21,555
Other revenue		73,200	-
Total revenue	2(a)	78,720	21,555
Administration expenses		(493,658)	(782,044)
Depreciation		(15,197)	(39,629)
Loss on sale of fixed assets		-	(19,574)
Employee benefits expense		(123,203)	(592,546)
Impairment of exploration expenditure		(2,626,294)	(3,000,000)
Write-off of exploration expenditure		(4,535,855)	-
Loss before income tax expense	2(b)	(7,715,487)	(4,412,238)
Income tax expense	3	-	-
Loss for the year		(7,715,487)	(4,412,238)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operation		194,304	662,316
Total comprehensive loss for the year		(7,521,183)	(3,749,922)
Basic and diluted (loss) per share (cents)	18	(7.11)	(4.42)

The accompanying notes form part of these financial statements.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	22,947	300,281
Trade and other receivables	6	66,273	66,100
TOTAL CURRENT ASSETS		89,220	366,381
NON CURRENT ASSETS			
Plant and equipment	7	30,696	45,893
Financial assets	8	-	-
Exploration and evaluation expenditure	9	1,966,415	8,770,570
TOTAL NON CURRENT ASSETS		1,997,111	8,816,463
TOTAL ASSETS		2,086,331	9,182,844
CURRENT LIABILITIES			
Trade and other payables	10	58,993	82,324
Provisions	11	-	6,914
Convertible note	12	407,999	106,585
TOTAL CURRENT LIABILITIES		466,992	195,823
TOTAL LIABILITIES		466,992	195,823
NET ASSETS		1,619,339	8,987,021
EQUITY			
Issued capital	13	15,110,833	15,083,730
Option reserve	14	290,941	290,941
Share based payment reserve	14	509,458	383,060
Foreign currency translation reserve	15	652,361	458,057
Accumulated losses	16	(14,944,254)	(7,228,767)
TOTAL EQUITY		1,619,339	8,987,021

The accompanying notes form part of these financial statements.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	15,083,730	290,941	458,057	383,060	(7,228,767)	8,987,021
Loss for the period	-	-	-	-	(7,715,487)	(7,715,487)
Other comprehensive loss	-	-	194,304	-	-	194,304
Total comprehensive loss for the period	-	-	194,304	-	(7,715,487)	(7,521,183)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	33,213	-	-	-	-	33,213
Issue of options	-	-	-	126,398	-	126,398
Less: share issue costs	(6,110)	-	-	-	-	(6,110)
	27,103	-	-	126,398	-	153,501
Balance at 30 June 2014	15,110,833	290,941	652,361	509,458	(14,944,254)	1,619,339
Balance at 1 July 2012	13,193,436	290,941	(204,259)	164,549	(2,816,529)	10,628,138
Loss for the period	-	-	-	-	(4,412,238)	(4,412,238)
Other comprehensive loss	-	-	662,316	-	-	662,316
Total comprehensive loss for the period	-	-	662,316	-	(4,412,238)	(3,749,922)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	2,032,088	-	-	-	-	2,032,088
Issue of options	-	-	-	218,511	-	218,511
Less: share issue costs	(141,794)	-	-	-	-	(141,794)
	1,890,294	-	-	218,511	-	2,108,805
Balance at 30 June 2013	15,083,730	290,941	458,057	383,060	(7,228,767)	8,987,021

The accompanying notes form part of their financial statements.

RIEDEL RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 \$	2013 \$
Cash Flows from Operating Activities			
Interest received		5,520	21,555
Other revenue		66,000	-
Payments to suppliers and employees		(423,242)	(1,348,374)
Net cash used in operating activities	17	(351,722)	(1,326,819)
Cash Flows from Investing Activities			
Payment for exploration and evaluation		(159,502)	(1,404,822)
Proceeds from sale of equity investments		-	73,993
Proceeds from sale of other fixed assets		-	69,714
Net cash used in investing activities		(159,502)	(1,261,115)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	2,022,487
Payments for share issue costs		(6,110)	(141,792)
Proceeds from issue of convertible note		240,000	160,000
Net cash provided in financing activities		233,890	2,040,695
Net decrease in cash and cash equivalents held		(277,334)	(547,239)
Cash and cash equivalents at 1 July		300,281	847,520
Cash and cash equivalents at 30 June	5	22,947	300,281

The accompanying notes form part of these financial statements

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Riedel Resources Limited (the "Company") is a listed public company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group primarily is involved in mining and exploration activity.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 10 Consolidated Financial Statements

The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The Group has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The Group has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Group has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2014. The Directors have the power to amend and revise the financial statements.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 35.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Riedel Resources Limited ('Company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Riedel Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Riedel Resources Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an independent external valuation using Black-Scholes and Binomial Option Pricing models, using the assumptions detailed in Note 14.

Exploration and Evaluation Costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Impairment of Exploration and Evaluation Assets and Investments in and Loans to Subsidiaries

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

RIEDEL RESOURCES LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of \$7,715,487 for the year ended 30 June 2014 (2013: \$4,412,238).

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration and evaluation projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

The accounts have been prepared on the basis that the Company and the Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business. In the event that the Group is not successful in raising funds from the issue of new equity there exists a significant uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Income Tax

The charge for current income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at reporting date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against loss in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The recoverability of the carrying amount of the exploration and development assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Financial Instruments

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. All impairment losses are recognised either in the income statement or revaluation reserves in the period in which the impairment arises.

(ii) Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

(iii) Non-Financial Assets Other Than Exploration and Evaluation Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss in the statement of profit or loss and other comprehensive income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss in the statement of profit or loss and other comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an independent external valuation using a Black-Scholes and Binomial Option Pricing models that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives services that entitle the employees to receive payment.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash

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NOTES TO AND FORMING PART OF THE ACCOUNTS
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	2 years
Exploration equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to the owners of Riedel Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

A Term deposit used as guarantee on the amount of \$50,000 was reclassified from cash and cash equivalents to trade and other receivables as these are used as security for the credit card facility and office premises and are not readily available for use (see Note 26).

New standards and interpretations not yet mandatory or early adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB NO.	TITLE	APPLICATION DATE	OPERATIVE DATE (ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER)
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-5	Amendments to Australian Accounting Standards – Investment entities	1 January 2014	August 2013

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

AASB NO.	TITLE	APPLICATION DATE	OPERATIVE DATE (ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER)
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Interpretation 21	Levies	1 January 2014	May 2013
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15	Revenues from Contracts with Customers	1 January 2017	May 2014

NOTE 2: LOSS FROM ORDINARY ACTIVITIES	2014 \$	2013 \$
(a) Other Revenue		
Bank interest	5,520	21,555
Other revenue – office subleasing	73,200	-
	<u>78,720</u>	<u>21,555</u>

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: LOSS FROM ORDINARY ACTIVITIES (con't)	2014	2013
	\$	\$
(b) Expenses		
Depreciation	15,197	39,629
Convertible note – cost (<i>see note 17</i>)	80,756	6,585
Exploration expenditure written off	4,535,855	-
Equity-settled share based payments expense	140,798	168,111
Superannuation - defined contribution	12,792	77,289
Loss on investments	-	11,007
Loss on sale of fixed assets	-	19,574
Impairment of exploration expenditure	2,626,294	3,000,000
Rental expense – operating lease	112,194	106,839

NOTE 3: INCOME TAX EXPENSE

Income tax expense/(benefit):

Current tax	-	-
Prior year under provision	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-

The prima facie income tax expense/(benefit) on pre-tax accounting loss from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:

Prima facie income tax benefit on loss at 30% (2013: 30%)	(2,314,646)	(1,323,671)
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Add:

Tax effect of:		
Other non-allowable items	284	719
Share based payment	42,239	50,433
Impairment of exploration expenditure	787,888	900,000
Write off exploration expenditure	1,360,757	-
Revenue losses not recognised	285,822	953,993
Accrued income	-	1,574
Website costs	-	2,682
	<hr/>	<hr/>
	2,476,990	1,909,402

Less:

Tax effect of:

Exploration and evaluation expenditure	107,399	525,134
Capital raising costs	45,070	44,704
Website costs	1,788	-
Provisions and accruals	8,087	15,892
	<hr/>	<hr/>
	162,344	585,730

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: INCOME TAX EXPENSE (con't)

	2014	2013
	\$	\$
Income tax expense/(benefit)	-	-
The applicable average weighted tax rates are as follows:	0%	0%
The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
At 30%:		
Carry forward revenue losses	1,017,792	3,601,973
Capital raising cost	66,915	110,152
Website costs	894	2,682
Provisions and accruals	3,900	11,837
	<hr/> 1,089,501	<hr/> 3,728,110

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

Deferred Tax Liabilities:

At 30%:

Exploration and evaluation expenditure	589,925	1,335,102
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The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

NOTE 4: AUDITORS' REMUNERATION

	2014	2013
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	21,375	50,000
- Tax compliance and accounting advice	-	3,900
	<hr/> 21,375	<hr/> 53,900
Remuneration of firms other than the auditor		
- Tax compliance	1,550	-
- Other non-audit services	55,800	34,565
	<hr/> 57,350	<hr/> 34,565

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Cash on hand	1,204	8,272
Cash at bank	21,743	292,009
	<u>22,947</u>	<u>300,281</u>

Refer to note 20 for further information on financial instruments.

NOTE 6: TRADE AND OTHER RECEIVABLES

Current

Sublease income	7,920	-
Term deposit	50,000	50,000
GST refundable	-	4,428
Prepayments	8,353	11,672
	<u>66,273</u>	<u>66,100</u>

Refer to note 20 for further information on financial instruments.

NOTE 7: PLANT & EQUIPMENT

Office Equipment

At cost	31,068	31,068
Accumulated amortisation	(26,903)	(22,737)
Total office equipment	<u>4,165</u>	<u>8,331</u>

Exploration Equipment

At cost	55,304	55,304
Accumulated amortisation	(28,773)	(17,742)
Total exploration equipment	<u>26,531</u>	<u>37,562</u>

Total property, plant and equipment	<u>30,696</u>	<u>45,893</u>
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Reconciliations

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

Office Equipment

Carrying amount at beginning of period	8,331	16,662
Additions/(disposals)	-	-
Depreciation	(4,166)	(8,331)
Carrying amount at end of period	<u>4,165</u>	<u>8,331</u>

Motor Vehicles

Carrying amount at beginning of period	-	109,552
Additions/(disposals)	-	(89,288)
Depreciation	-	(20,264)
Carrying amount at end of period	<u>-</u>	<u>-</u>

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NOTE 7: PLANT & EQUIPMENT (con't)

	2014	2013
	\$	\$
<i>Exploration Equipment</i>		
Carrying amount at beginning of period	37,562	48,596
Additions/(disposals)	-	-
Depreciation	(11,031)	(11,034)
Carrying amount at end of period	<u>26,531</u>	<u>37,562</u>

NOTE 8: FINANCIAL ASSETS

Available for sale financial assets carried at fair value

Listed shares	-	-
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Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	85,000
Additions	-	-
Disposals	-	(85,000)
Impairment	-	-
Closing fair value	<u>-</u>	<u>-</u>

NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure

Gross capitalised exploration and evaluation expenditure	7,592,709	11,770,570
Less provision for impairment	(5,626,294)	(3,000,000)
Net amount	<u>1,966,415</u>	<u>8,770,570</u>

Exploration and evaluation expenditure reconciliation

Opening balance	8,770,570	10,020,122
Exploration written off	(4,535,855)	-
Impairment	(2,626,294)	(3,000,000)
Monies spent on exploration and evaluation during financial year	357,994	1,750,448
Closing balance	<u>1,966,415</u>	<u>8,770,570</u>

NOTE 10: TRADE AND OTHER PAYABLES

Trade creditors	35,359	42,521
Accruals	13,000	15,328
Payroll liabilities	2,847	22,426
GST payable	5,687	-
Other	2,100	2,049
	<u>58,993</u>	<u>82,324</u>

Refer to note 20 for further information on financial instruments.

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NOTE 11: PROVISIONS	2014 \$	2013 \$
Employee benefits	-	6,914

NOTE 12: CONVERTIBLE NOTE

Convertible note payable	400,000	160,000
Convertible note – cost	-	(9,600)
Convertible note – cost of options	-	(50,400)
Amortised costs	-	6,585
Interest payable	7,999	-
Carrying amount	407,999	106,585

On 27 June 2013 the Company issued a Secured Convertible Note to Oracle Securities Pty Ltd (or its nominees). 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 2014. During the period ended 30 June 2014, \$240,000 (2013: \$160,000) cash was received under Tranche 2.

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.

The original agreement between the parties stated that 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. The redemption date was 30 June 2014, 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 voted at the General Meeting held on 7 August 2014 to approve the amendments to the terms of the Convertible Notes.

NOTE 13: ISSUED CAPITAL	2013 Shares	2013 \$
(a) Share capital		
Ordinary shares		
Issued and paid up capital – consisting of ordinary shares	107,489,109	15,828,787
Less: cost of issue	-	(745,057)
Closing balance at 30 June 2013	107,489,109	15,083,730
	2014 Shares	2014 \$
Issued and paid up capital – consisting of ordinary shares	109,662,979	15,862,000
Less: cost of issue	-	(751,167)
Closing balance at 30 June 2014	109,662,979	15,110,833

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NOTES TO AND FORMING PART OF THE ACCOUNTS
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NOTE 13: ISSUED CAPITAL (con't)

(b) Movement in ordinary shares capital

Date	Details	No of Shares	\$
1 July 2012	Opening balance	79,913,464	13,193,436
10 August 2012	Share placement	8,131,658	935,140
10 August 2012	Share placement	8,131,658	284,608
4 December 2012	Share placement	7,111,107	533,333
7 January 2013	Share placement	2,222,222	166,667
7 May 2013	Share placement	1,712,333	102,740
27 June 2013	Issue of shares as broker fee	266,667	9,600
	Costs of issue	-	(141,794)
30 June 2013	Closing balance	107,489,109	15,083,730
1 July 2013	Opening balance	107,489,109	15,083,730
17 October 2013	Convertible note interest	600,137	4,024
17 October 2013	Issue of shares as broker fee	275,000	9,900
10 January 2014	Convertible note interest	547,510	6,899
10 January 2014	Issue of shares as broker fee	125,000	4,500
1 April 2014	Convertible note interest	375,734	4,734
1 April 2014	Convertible note interest	250,489	3,156
	Costs of issue	-	(6,110)
30 June 2014	Closing balance	109,662,979	15,110,833

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The fully paid ordinary shares have no par value.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Capital management

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's liabilities and capital includes ordinary share capital, options and financial liabilities, supported by financial assets.

The Company issued 400,000 Convertible Notes. 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 2015.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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NOTE 13: ISSUED CAPITAL (con't)

There have been no changes in the strategy by management to control the capital of the Group since the prior year.

NOTE 14: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE

	2014	2013
	\$	\$
Options reserve (a)	290,941	290,941
Share based payments reserve (b)	509,458	383,060
	<u>800,399</u>	<u>674,001</u>

(a) Refers to money received in consideration for issued 29,094,050 options.

(b) Refers to fair value of options and performance rights issued in accordance with AASB 2 Share Based Payment.

Options reserve

Movements in options reserve:

	2013	2013
	Options	\$
Opening balance at 1 July 2012	29,094,050	290,941
Options expired 30 Nov 2012	(29,094,050)	-
Closing balance at 30 June 2013	<u>-</u>	<u>290,941</u>

	2014	2014
	Options	\$
Opening balance at 1 July 2013	-	290,941
-	-	-
Closing balance at 30 June 2014	<u>-</u>	<u>290,941</u>

Share based payment reserve

	2013	2013
	Quantity	\$
Options	26,295,662	183,900
Performance rights	8,000,000	199,160
Total share based payments reserve	<u>34,295,662</u>	<u>383,060</u>

	2014	2014
	Quantity	\$
Options	22,295,662	207,187
Performance rights	8,000,000	302,271
Total share based payments reserve	<u>30,295,662</u>	<u>509,458</u>

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NOTE 14: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE (con't)

Movements in options (share based payments reserve):

	Weighted Average Exercise Price	2013 Options	2013 \$
Opening balance at 1 July 2012	0.300	10,000,000	68,500
Investor options (15c exercise, 31 Jan 2016)	0.150	9,333,329	-
Corporate advisor options (10c exercise, 31 Jan 2018)	0.100	1,250,000	65,000
Investor options (10c exercise, 30 April 2015 expiry)	0.100	1,712,333	-
Convertible note options (5.2c exercise, 31 Dec 2016 expiry)	0.052	4,000,000	50,400
Closing balance at 30 June 2013	0.186	26,295,662	183,900
		2014 Options	2014 \$
Opening balance at 1 July 2013	0.186	26,295,662	183,900
Free attached options for convertible note holders (5.2c exercise, 31 Dec 2016) (i)	0.052	6,000,000	23,287
Options lapsed on 30 June 2014	0.300	(10,000,000)	-
Closing balance at 30 June 2014	0.099	22,295,662	207,187

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.74 years (2013: 2.49 years).

- (i) The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model and totalled \$23,287. The values and inputs are as follows;

	Convertible Note Options
Options issued	4,125,000
Underlying share value	\$0.009
Exercise price	\$0.052
Risk free interest rate	2.50%
Share price volatility	104%
Expiration period	31/12/2016
Valuation per option	\$0.0031

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NOTE 14: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE (con't)

	Convertible Note Options
Options issued	1,875,000
Underlying share value	\$0.014
Exercise price	\$0.052
Risk free interest rate	2.50%
Share price volatility	104%
Expiration period	31/12/2016
Valuation per option	\$0.0056

Movements in performance rights:

	2013 Options	2013 \$
Opening balance at 1 July 2012	8,000,000	96,049
Vesting expense charge for the year	-	103,111
Closing balance at 30 June 2013	8,000,000	199,160
	2014 Options	2014 \$
Opening balance at 1 July 2013	8,000,000	199,160
Vesting expense charge for the year	-	103,111
Closing balance at 30 June 2014	8,000,000	302,271

NOTE 15: FOREIGN CURRENCY TRANSLATION RESERVE

	2014 \$	2013 \$
Opening balance	458,057	(204,259)
Foreign currency translation of foreign subsidiaries	194,304	662,316
	652,361	458,057

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	2014 \$	2013 \$
NOTE 16: ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	7,228,767	2,816,529
Net loss for the year	7,715,487	4,412,238
Accumulated losses at the end of the year	14,944,254	7,228,767

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NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS

	2014	2013
	\$	\$
Reconciliation of cash flow from operating activities to loss		
Loss from ordinary activities after income tax	(7,715,487)	(4,412,238)
Add: non cash items:		
Share based payments	140,798	168,111
Depreciation	15,197	39,629
Impairment of exploration expenditure	2,626,294	3,000,000
Loss on sale of PPE	-	19,574
Exploration and evaluation expenditure written off	4,535,855	-
Exploration and evaluation costs amortised	-	(443)
Convertible note costs amortised	80,756	6,585
Loss on disposal of investment	-	11,007
Changes in assets and liabilities:		
Decrease/(increase) in receivables	5,513	79,965
Increase/(decrease) in payables	(33,734)	(198,639)
Increase/(decrease) in provisions	(6,914)	(40,370)
	<u>(351,722)</u>	<u>(1,326,819)</u>

(a) Non-cash investing and financing activities.

There were no other non-cash investing and financing activities, except the shares and options issued detailed in notes 13 and 14.

NOTE 18: EARNINGS PER SHARE

	2014	2013
	\$	\$
Loss from operations attributable to ordinary equity holders of Riedel Resources Limited used to calculate basic loss per share	<u>7,715,487</u>	<u>4,412,238</u>
	2014	2013
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>108,572,381</u>	<u>99,717,182</u>

The Company has not disclosed diluted earnings per share as the effect of potential ordinary shares is to decrease the loss per share.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Burkina Faso. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity

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NOTE 18: EARNINGS PER SHARE (con't)

of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

NOTE 19: SEGMENT REPORTING

Operating segments are identified by management based on exploration activities in Australia and Burkina Faso.

2014	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	-	-	78,720	78,720
Net loss before tax	113,638	4,572,951	3,028,898	7,715,487
Reportable segment assets	1,961,806	237	124,288	2,086,331
Reportable segment liabilities	602	7,441	458,949	466,992
2013	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	-	-	21,555	21,555
Net loss before tax	3,001,907	51,089	1,359,242	4,412,238
Reportable segment assets	4,452,386	4,324,480	405,978	9,182,844
Reportable segment liabilities	1,359	2,048	192,416	195,823

NOTE 20: FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors, creditors and convertible notes which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group has issued 400,000 Convertible Notes. The Convertible Notes (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 2015. The Group does not have any other short or long term debt, and therefore this risk is minimal.

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NOTE 20: FINANCIAL INSTRUMENTS (con't)

(b) Foreign exchange risk

The Group undertakes certain transactions in foreign currencies, hence exposure to exchange rate fluctuations arise. Payments made by the Group are made at the prevailing exchange rate at the time of payment. Loans advanced from the ultimate holding Company to subsidiary companies are denominated in Australian dollars. The Group does not utilise derivative instruments to hedge the exchange rate risk.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(a) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount 2014	Carrying Amount 2013
Financial assets	\$	\$
Cash and cash equivalents	22,947	300,281
Other receivables	66,273	66,100
	<u>89,220</u>	<u>366,381</u>

(b) Impairment losses

None of the Group's other receivables are past due hence no impairment were provided for.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company does anticipate a need to raise additional capital in the next 12 months to meet forecasted operational and exploration activities.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements are shown at (f) below.

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NOTE 20: FINANCIAL INSTRUMENTS (con't)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(e) Currency risk

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies in other than the Group measurement currency. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US Dollar and the Burkina Faso CFA. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2014	2013	2014	2013
	\$	\$	\$	\$
Burkina Faso CFA	1,967	2,048	237	4,250

Sensitivity analysis

The Group's main foreign currency risk arises from cash and cash equivalents held in foreign currency bank accounts and trade and other payable amounts denominated in currencies other than the functional currency. At 30 June 2014 and 30 June 2013 the Group's exposure to foreign currency risk is not considered material.

(f) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30-180 day rolling periods.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
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NOTE 20: FINANCIAL INSTRUMENTS (con't)

Interest Rate Risk Exposure Analysis

	Weighted Average	Floating Interest Rate	Fixed Interest Rate Maturing		Non Interest Bearing	Total
	Effective Interest Rate		Within 1 year	Over 1 year		
2014						
FINANCIAL ASSETS	%	\$	\$	\$	\$	\$
Cash and cash equivalents	2.25	16,084	-	-	6,863	22,947
Trade and other receivables	2.76	-	50,000	-	16,273	66,273
Total Financial Assets		16,084	50,000	-	23,136	89,220
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	58,993	58,993
Convertible note	8.00	-	400,000	-	7,999	407,999
Total Financial Liabilities		-	400,000	-	66,992	466,992
2013						
FINANCIAL ASSETS						
Cash and cash equivalents	2.50	287,452	-	-	12,829	300,281
Trade and other receivables	4.09	-	50,000	-	16,100	66,100
Total Financial Assets		287,452	50,000	-	28,929	366,381
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	82,324	82,324
Convertible note	8.00	-	106,585	-	-	106,585
Total financial liabilities		-	106,585	-	82,324	188,909

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NOTES TO AND FORMING PART OF THE ACCOUNTS
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NOTE 20: FINANCIAL INSTRUMENTS (con't)

(h) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2014.

	2014	2013
	\$	\$
Change in profit		
Increase in interest rate by 1% (100 basis points)	661	3,375
Decrease in interest rate by 1% (100 basis points)	(661)	(3,375)
Change in equity		
Increase in interest rate by 1% (100 basis points)	661	3,375
Decrease in interest rate by 1% (100 basis points)	(661)	(3,375)

NOTE 21: COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2014	2013
	\$	\$
Within one year	52,800	105,020
After one year but not more than five years	-	-
More than five years	-	-
	<u>52,800</u>	<u>105,020</u>

Lease of Company offices at Suite 1, 45 Ord Street West Perth.

Sublease commitments

Committed at the reporting date but not recognised as receivable:

	2014	2013
	\$	\$
Within one year	64,800	-
After one year but not more than five years	-	-
More than five years	-	-
	<u>64,800</u>	<u>-</u>

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NOTE 21: COMMITMENTS AND CONTINGENCIES (con't)

Exploration commitments

Future minimum commitments in relation to exploration and mining tenements as at 30 June are as follows:

	2014	2013
	\$	\$
Within one year	348,641	1,450,012
After one year but not more than five years	292,954	749,591
More than five years	152,334	-
	<u>793,929</u>	<u>2,199,603</u>

NOTE 22: INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Riedel Resources Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	Equity Interest %	
		2014	2013
AuDAX Minerals Pty Ltd	Australia	100	100
Riedel (Burkina Faso) Limited	Mauritius	100	100
BF Exploration SARL	Burkina Faso	100	100

Riedel Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

NOTE 23: RELATED PARTY DISCLOSURE

Entity with significant influence over the Group

ADX Energy Limited owns 23% of the ordinary shares in Riedel Resources Limited (2013: 23%).

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. The following balances were outstanding at the reporting date in relation to transactions with related parties:

	2014	2013
	\$	\$
<i>Loans to related parties:</i>		
Audax Minerals Pty Ltd	2,737,133	2,597,928
Riedel (Burkina Faso) Limited	4,285,035	4,369,842
	<u>7,022,168</u>	<u>6,967,369</u>

Key management personnel compensation

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 to 24.

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NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2014	2013
	\$	\$
Short term employee benefits	119,194	724,843
Post-employment benefits	11,025	50,446
Share-based payments	103,111	103,111
	<hr/>	<hr/>
Total	207,552	878,400

NOTE 25: EVENTS AFTER THE REPORTING DATE

On 17 June 2014, the Company announced a partially underwritten Share Purchase Plan ("SPP") for eligible shareholders. The Company issued 35,096,493 shares at \$0.0085 in July 2014 and raised \$298,320 before costs.

On 1 July 2014, the Company issued 1,025,461 shares to Convertible Note holders in consideration of interest payable for the June 2014 quarter.

On 1 July 2014, the Company issued a Notice of General Meeting of Shareholders to be held on 7 August 2014 at which shareholders must consider resolutions to approve changes to the terms of the Convertible Notes and the Issue of Options to Convertible Noteholders.

On 24 July 2014, the Company issued 2,105,788 shares to consultants in regards to the placement of shares under the SPP mentioned above.

The General Meeting was subsequently held on 7 August 2014, all resolutions put to the meeting were passed unanimously on a show of hands.

The Company subsequently issued 23,728,195 unlisted options to Convertible Note holders in part consideration of amending the terms of the Convertible Notes as detailed above.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future years.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

The Company is not aware of any contingent assets or liabilities, other than the indemnity guarantee related to lease of office accommodation of \$30,000 (2013: \$30,000) that it has with the ANZ bank that expires 5 February 2015.

The Company also has a \$20,000 (2013: \$20,000) term deposit against a credit card facility that expires 7 December 2014.

NOTE 27: DIVIDENDS

No dividends were paid or declared during the year.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 28: COMPANY DETAILS

The registered office and principal place of business of the Company is Suite 1, 45 Ord Street, West Perth, WA 6005.

NOTE 29: PARENT ENTITY DISCLOSURES

Financial Position

	2014	2013
	\$	\$
Assets		
Current Assets	87,906	360,087
Non Current Assets	30,697	2,045,894
Total Assets	<u>118,603</u>	<u>2,405,981</u>
Liabilities		
Current Liabilities	<u>453,263</u>	<u>192,416</u>
Total Liabilities	<u>453,263</u>	<u>192,416</u>
Equity		
Issued Capital	15,110,833	15,083,733
Reserves	800,399	674,001
Accumulated Losses	<u>(16,245,892)</u>	<u>(13,544,171)</u>
	<u>(334,660)</u>	<u>2,213,563</u>

Financial Performance

	2014	2013
	\$	\$
Loss for the year	<u>2,701,721</u>	<u>5,777,198</u>
Total comprehensive loss	<u>2,701,721</u>	<u>5,777,198</u>

Commitments

For details see note 21.

Contingent Liabilities/Guarantees

For details see note 26.

NOTE 30: FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables and convertible notes are assumed to be approximately the fair value due to their short term nature.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIEDEL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Riedel Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Riedel Resources Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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Opinion

In our opinion:

- (a) the financial report of Riedel Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matters

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicated that the consolidated entity incurred a net loss after tax of \$7,715,488 during the year ended 30 June 2014 (2013: \$4,412,238). These conditions, along with other matters as set for in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity maybe unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Riedel Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



PKF MACK & CO



SHANE CROSS
PARTNER

23 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance.

This Statement reports on the Company's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate by the Company to ensure they comply with changes in the law and reflect developments in Corporate Governance.

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). In August 2007 the ASXCGC issued a second edition of its *Corporate Governance Principles and Recommendations* which were amended in 2010 ("ASX Recommendations").

The Company acknowledges that the ASX Recommendations have been revised under Edition 3, dated 27 March 2014, which becomes effective from 1 July 2014. This Company is in the process of reviewing its corporate governance practices in light of Edition 3. This Statement outlines the corporate governance practices in place for the year ended 30 June 2014.

The Company is pleased to advise that the Company's practices are largely consistent with the revised ASX Recommendations. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASXCGC in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the ASXCGC, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

1. Board of Directors of the Company

1.1. Role of the Board

The Board's role is to govern the Company rather than to manage it. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed and approved a Board Charter which details the Board's role, powers, duties and functions to guide the Directors and its senior executives in the performance of their roles.

Other than as reserved to the Board in the Charter, responsibility for the management of the Company's business activities is delegated to the Company's executive Directors (and other key executives (if any)) who are accountable to the Board. The Charter and the delegation of Board authority are reviewed regularly.

1.2. Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgement skills.

CORPORATE GOVERNANCE (con't)

As at the date of this report, the Board is comprised of four (4) Directors, two (2) non-executive Directors and two (2) executive Directors.

The Company recognises the importance of non-executive Directors and the external perspective and advice that non-executive Directors can offer. The Board criteria adopted by the Company when assessing the independence of a director is in line with ASX Recommendations.

The Board currently consists of no independent directors. Each of the directors are not independent for the following reasons:-

Jeffrey Moore – Executive Director

Ed Turner – Executive Director

Ian Tchacos – Director of a substantial shareholder

Andrew Childs – Director of a substantial shareholder

Consequently, the Company does not satisfy ASX Recommendations 2.1 and 2.2. Notwithstanding the Directors' lack of independence and non-executive status, the Board believes that the interests of shareholders are best served by the current composition of the Board. All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgements to bear on their decisions.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgements:-

- The role of the Chair and the CEO are not exercised by the same individual.
- A standard item on each Board meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- All Directors must act all times in the interest of the Company; and
Directors meet as required independently of executive management

1.3. The Chairman

The Chairman is responsible for leadership and effective performance of the Board. Mr Ian Tchacos is non-executive Chairman of the Company. The Chairman's responsibilities are set out in more detail in the Board Charter which is available in the corporate governance section of the Company's website.

1.4. The Managing Director/CEO

Mr Jeffrey Moore currently undertakes the duties of the Managing Director and is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. The Managing Director is also responsible for overall shareholder communication in conjunction with the Chairman.

CORPORATE GOVERNANCE (con't)

1.5. Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. On appointment to the Board, all new Directors are required to sign a formal letter of appointment setting out the key terms and conditions relevant to their position.

The principal functions and responsibilities of the Board together with full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available in the corporate governance section of the Company's website.

1.6. Code of Conduct and Other Board Policies

1.6.1. Code of Conduct

The Board has adopted a Code of Conduct which details the Company's commitment to ethical and responsible decision making and corporate practices.

The Code of Conduct sets out the Company's principles, practices and standards of personal and corporate behaviour. The Company expects everyone who works for or with the Company to adopt in their daily business activities. The code covers matters such as compliance with laws regulations, responsibility to shareholders and the community, confidentiality, privacy, conflicts of interest and the protection and proper use of the Company's assets.

1.6.2. Conflicts of Interest

Directors must:

- (a) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- (b) if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.6.3. Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.6.4. Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

CORPORATE GOVERNANCE (con't)

1.6.5. *Continuous Disclosure*

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company's Continuous Disclosure Policy reinforces the Company's commitment to continuous disclosure and outlines individual responsibilities, accountabilities and the processes to be followed for ensuring compliance.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website.

1.6.6. *Education and Induction*

It is the policy of the Company that all new Directors and senior executives undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors and senior executives include:

- (a) details of the respective rights, duties, roles and responsibilities of a Director and senior executives of the Company;
- (b) formal policies on director appointment as well as conduct and contribution expectations;
- (c) formal policies on director interaction with each other, senior executives and other stakeholders;
- (d) access to a copy of the Board Charter and all corporate governance documents;
- (e) guidelines on how the Board processes function;
- (f) details of past, recent and likely future developments relating to the Board;
- (g) background information on and contact information for key people in the organisation;
- (h) an analysis of the Company (including the Company's financial position, operations and risk management policies);
- (i) a synopsis of the current strategic direction of the Company;
- (j) a copy of the Constitution of the Company;
- (k) meeting arrangements; and
- (l) details on the culture and values of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. These are paid for by the Company where appropriate. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.6.7. *Independent Professional Advice*

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.6.8. *Related Party Transactions*

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

CORPORATE GOVERNANCE (con't)

1.6.9. Shareholder Communication

The Board recognizes that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant, high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in the Company.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- (a) communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, information posted on the Company's website or sent directly to shareholders and stakeholders via email alerts, and the general meetings of the Company;
- (b) giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- (c) making it easy for shareholders to participate in general meetings of the Company; and
- (d) requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

The Board is committed to monitoring ongoing developments that may enhance communications with shareholders, including technological developments, regulatory changes and the continuing development of "best practice" in the market, and to implementing changes to the Company's communication strategies whenever reasonable practicable to reflect any such development.

A copy of the Shareholder Communication Policy is available in the corporate governance section of the Company's website.

1.6.10. Trading in Company Shares

The Company's share trading policy applies to all Directors and employees of the Company and their associates (including spouses, children, family trusts and family companies), contractors, consultants, advisers and auditors of the Company.

This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market. As a general rule, any Director, employee, or contractor is not permitted to deal in Company securities in the two (2) week period prior to and forty eight (48) hours after the:

- a) date of the Company's Annual General Meeting;
- b) release of the quarterly results announcement to the Australian Securities Exchange (ASX);
- c) release of the half yearly results announcement to the ASX;
- d) release of the preliminary final results announcement to the ASX; or
- e) release of a disclosure document offering securities in the Company.

CORPORATE GOVERNANCE (con't)

The Company may at its discretion vary this rule in relation to a particular period by general announcement to all employees either before or during the period. The Company may also impose any other restriction periods that the Board declares from time to time when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A.

Any dealing in Company securities by Directors is notified to the ASX within five business days of the dealing.

The Company does not condone short term or speculative trading in its securities by Directors or employees, nor does it permit Directors or employees to enter into any price protection arrangements with third parties to pledge such securities.

This policy is separate from and additional to the legal constraints imposed by common law, the Corporations Act, and the ASX Listing Rules.

A copy of the Company's Securities Trading Policy is available in the corporate governance section of the Company's website.

1.6.11. Performance Review/Evaluation

It is the policy of the Board to conduct an annual evaluation of its performance and that of its senior executives. The objective of this evaluation will be to provide best practice corporate governance to the Company.

The evaluation is undertaken by a series of questionnaires. The 2014 evaluation is currently being undertaken.

1.6.12. Attestations by MD/CEO and CFO

The Board receives regular reports on the Company's financial position and business operations from the Company's senior executives.

It is the Board's policy, that the MD/CEO and the CFO (or their equivalents) make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

The Board also requires the MD/CEO and CFO to attest to the implementation and compliance to the Company's internal control and risk management policies and to ensure that these policies are being managed effectively.

Other specific policies have been developed to support the Code. These policies include:

- (a) Criminal Convictions;
- (b) Indigenous Affairs;
- (c) Environment;and
- (d) Diversity.

CORPORATE GOVERNANCE (con't)

1.6.13. Diversity

The Board has adopted a Diversity Policy to encourage employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

This Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, this Diversity Policy forms a direction of the Company with which an employee is expected to comply.

The Company's measureable objectives for achieving gender diversity are:

- (a) recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- (b) identifying specific factors to take account of in recruitment and selection processes to encourage gender diversity;
- (c) developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- (d) developing a culture which takes account of domestic responsibilities of employees.

The Company currently has 2 employees, neither of whom are female. Further, there are no females on the Company's Board. If and when an opportunity to recruit at Board or Company level arises, the Company will consider such recruitment in accordance with its measurable objectives.

2. Board Committees

2.1. Audit Committee

Due to the size and scale of its operations (the Board only consists of four (4) members) the Company does not have a separate audit committee. It is the Board's view that an Audit Committee would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and it cannot be justified based on a cost benefit analysis. As a consequence, the Company does not satisfy ASX Recommendation 4.2 that requires the Committee to consist of non-executive directors, a majority of whom are independent. The Company will consider a separate committee as the need arises.

The functions and responsibilities of the Audit Committee undertaken by the Board are set out in the Audit Committee Charter and include:

- (a) overseeing the Company's system of financial reporting and safeguarding its integrity;
- (b) overseeing risk management and compliance systems and the internal control framework;
- (c) monitoring the activities and effectiveness of the internal audit function and the activities and performance of the external auditor and coordinating both operations; and
- (d) providing reports to the Board on all matters relevant to the Committees responsibilities

CORPORATE GOVERNANCE (con't)

A copy of the Company's Audit Committee Charter is available on the Company's website in the corporate governance section.

2.1.1. Role

The Audit Committee/Board is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

2.1.2. Responsibilities

The Audit Committee/Board reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee/Board each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee/Board is also responsible for establishing policies on risk oversight and management.

2.1.3. Risk Management Policies

The Board recognizes that risk management and internal compliance and control are key elements of good corporate governance.

The Audit Committee/Board is responsible for reviewing, approving and monitoring the Company's risk management strategy, policy and key risk parameters. It is also responsible for ensuring that management has developed and implemented a sound system of risk management and internal control.

The Company's Risk Management Policy sets out the manner in which the Company identifies, assesses, monitors and manages business risk. All high level strategies and new initiative risks are reviewed annually by the Board at its annual strategy and planning meeting.

In relation to risk management, monitoring the status of each risk and any necessary action plans relating to their treatment takes place on a regular basis by controlled self-assessment as well as by management's regular review of risk action plans, with respect to the effectiveness and suitability of each risk action plan.

Any action or recommendations by senior management, arising out of these review processes are approved by the Board and implemented by management.

A copy of the Risk Management Policy is available on the Company's website in the corporate governance section.

2.2. Remuneration Committee

2.2.1. Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies and practices which:

- (a) enable the Company to attract, retain and reward talented Directors and employees; and
- (b) reward Directors and employees fairly and responsibly.

CORPORATE GOVERNANCE (con't)

As the whole Board only consists of four (4) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. As a consequence the Company does not satisfy ASX Recommendation 8.2 in that it does not consist of a majority of independent directors. The Company will consider a separate committee as the need arises.

2.2.2. Responsibilities

The responsibilities of the Remuneration Committee/Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the CEO/Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive Directors and making recommendations on any proposed changes and undertaking reviews of the CEO/Managing Director's performance, including, setting with the goals and reviewing progress in achieving those goals.

2.2.3. Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executives may be comprised of the following:

- (a) fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- (a) a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- (b) participation in any share/option scheme with thresholds approved by shareholders; and
- (c) statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes or Binomial Option Pricing model.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.4. Non-executive Director Remuneration Policy

Non-executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. Non-executive Directors do not receive performance based bonuses, but are able to participate in equity schemes of the Company.

Non-executive Directors are entitled to but not necessarily paid statutory superannuation.

CORPORATE GOVERNANCE (con't)

2.2.5. *Current Director Remuneration*

Full details regarding the remuneration of Directors, is included in the Directors' Report.

In order to preserve cash in the Company, the Non-executive Directors have not received Directors' fees since 1 May 2013 and the executive Directors receive Directors' fees only in the form of cash. All Directors are entitled to participate in the Performance Rights Plan and/or Incentive Option Scheme.

2.3. *Nomination Committee*

2.3.1. *Role*

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2. *Responsibilities*

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO/MD and his direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3. *Criteria for selection of Directors*

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

A copy of the Company's Director Selection Policy is available in the corporate governance section of the Company's website.

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 9 September 2014.

Shareholdings as at 9 September 2014

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Shareholder Name	Number of Shares	Percentage
ADX Energy Limited	26,764,709	18.36%
Satori International Pty Ltd <Satori S/F A/C>	16,979,457	11.65%
Skiffington Super Pty Ltd <The Mark Skiffington S/F A/C>	9,103,260	6.24%
James Wallace Hope <JWH Trust A/C>	8,779,036	6.02%
Meriwa Street Pty Ltd	4,445,351	3.05%
CQS Asset Management Limited	4,333,000	4.03%

Unmarketable parcels

The number of shareholders holding less than a marketable parcel at 31 August 2014 is 153. There is only one class of share and all ordinary shareholders have equal voting rights.

Voting rights

All ordinary shares carry one vote per share without restriction.

Unquoted securities

Securities	Number of Options	Number of Holders	Holder with more than 20%
Options exercisable at \$0.15 on or before 31 January 2016	9,333,329	9	refer note 23
Options exercisable at \$0.15 on or before 31 January 2018	1,250,000	1	
Options exercisable at \$0.10 on or before 30 April 2015	1,712,333	10	
Options exercisable at \$0.052 on or before 31 December 2016	10,000,000	10	
Options exercisable at \$0.011 on or before 31 December 2017	23,728,195	10	
Convertible Notes	400,000	10	

On-market buyback

There is no current on-market buy-back.

Statement in relation to Listing Rule 4.10.19

The Directors of Riedel Resources Limited confirm in accordance with ASX Listing Rule 4.10.19 that during the financial year ended 30 June 2014, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.

Stock Exchange listing

Quotation has been granted for the Company's Ordinary Shares.

RIEDEL RESOURCES LIMITED
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SHAREHOLDER INFORMATION (con't)

Securities subject to escrow

The following securities are currently subject to escrow:

Securities	Escrow Period	Release Date	Number
Nil			

Distribution of security holders

Category	Number of Holders	Number of Shares
1 – 1,000	6	882
1,001 – 5,000	8	34,054
5,001 – 10,000	58	559,720
10,001 – 100,000	171	7,802,560
100,001 and over	119	139,493,505
	362	147,890,721

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
ADX ENERGY LIMITED	26,764,709	18.10
SATORI INTERNATIONAL PTY LTD <SATORI S/F A/C>	16,979,457	11.48
SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C>	9,103,260	6.16
MR JAMES WALLACE HOPE <JWH A/C>	8,779,036	5.94
MERIWA STREET PTY LTD	4,445,351	3.01
QUINLYN PTY LTD <PURSER SUPER FUND A/C>	3,578,209	2.42
MR PETER CHARLES MOREY + MRS VALMAI ANN MOREY <MOREY SUPER FUND A/C>	2,891,858	1.96
BOND STREET CUSTODIANS LIMITED <PNCORK - D00089 A/C>	2,863,504	1.94
PROVISTA HOLDINGS PTY LTD <MARVAL SUPER FUND A/C>	2,814,822	1.90
MR GARY TATASCIORE	2,814,822	1.90
MR JEFFREY JOHN MOORE + MRS JULIA ROSALIND MOORE <PRIVATE SUPER FUND A/C>	2,661,305	1.80
WARROORAH PTY LTD <THE TCHACOS SUPER FUND A/C>	2,230,205	1.51
MR MICHAEL ANTHONY BROWN + MS JOANNA ELIZABETH BROWN <MJ SUPER FUND A/C>	2,199,488	1.49
CAMPEON PTY LTD	2,168,839	1.47
BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	2,105,788	1.42
MR ANDREW ROSS CHILDS	1,697,305	1.15
M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,676,470	1.13
MR EDWARD JAMES TURNER + MRS ADINA LARISA TURNER	1,588,234	1.07
MR ROBERT GERARD STARCEVICH <STARCEVICH FAMILY A/C>	1,382,352	0.93
MR DEAN ANDREW POWELL	1,350,000	0.91
TOTAL	100,095,014	67.68

RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

SCHEDULE OF MINING TENEMENTS

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%