



RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2017

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CORPORATE DIRECTORY

DIRECTORS

Jeffrey Moore
Alexander Sutherland
Scott Cuomo

COMPANY SECRETARIES

Henko Vos
Abby Siew

REGISTERED & PRINCIPAL OFFICE

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WEST PERTH WA 6005

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AUDITORS

PKF Mack
Level 5
35 Havelock Street
WEST PERTH WA 6005

DIRECTORS' REPORT

Your Directors submit the financial report of Riedel Resources Limited (the Company) and controlled entities (the consolidated entity) for the half year ended 31 December 2017.

DIRECTORS

The names of the directors in office at any time during or since the end of the period are:

Jeffrey Moore
Alexander Sutherland (appointed 26 July 2017)
Scott Cuomo (appointed 26 July 2017)
Luke Matthews (resigned 26 July 2017)
Mark Skiffington (resigned 26 July 2017)

COMPANY SECRETARIES

Henko Vos
Abby Siew

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net loss of the consolidated entity for the financial period after provision for income tax was \$419,558 (2016: \$402,085 profit).

REVIEW OF OPERATIONS

CÁRMENES COBALT-COPPER-NICKEL-GOLD PROJECT

INTRODUCTION

In July 2017, Riedel Resources Limited (“Riedel” or “the Company”) executed a Joint Venture Agreement with SIEMCALSA (Sociedad De Investigación Y Exploración Minera De Castilla Y León S.A.) to earn an interest of up to 90% in the Cármenes Cobalt-Copper-Nickel-Gold Project (Cármenes Project) in Northern Spain, with provision to acquire the balance by way of funding staged exploration and development expenditure. For full details of the Joint Venture Agreement please refer to ASX Announcement “*Riedel To Acquire Historic High Grade Cobalt-Nickel-Gold Project In Spain*” released on 26 July 2017.

To optimise the corporate structure for the exploration and development of its Spanish assets, Riedel has established a Spanish subsidiary branch, **Riedel Resources (Spain) Pty Ltd S.E.E** to operate alongside its in-country joint venture partner.

Geologically, the deposits identified within the Cármenes Project investigation permit areas can all be linked to a single epithermal event with well-defined zonation that can be associated with a major regional fault-line known as the ‘Léon fault’. The historic La Profunda and Divina Providencia mines were comprised of ‘pipe’ or ‘cylindrical’ style ore bodies with subvertical orientation. It is highly encouraging that recently identified target anomalies exhibit these same characteristics.



Figure 1 : Field work by SIEMCALSA has been successful in identifying initial targets with potential cobalt-copper mineralisation

Other globally significant polymetallic mines possessing similar subvertical pipe morphology include:

- **Tsumeb Mine (Namibia)** – from 1905 to 1990 - produced 25Mt (Cu, Co, Zn, Ag, Pb)
- **Mapimi Deposits (Ojuela Mine – Mexico)** – produced 6Mt (Cu, Zn, Au, Ag, Pb)

REVIEW OF OPERATIONS (CONT)

Field work by SIEMCALSA has been successful in identifying 11 initial targets with potential cobalt-copper mineralisation. Riedel's initial focus following the execution of the Joint Venture was to concentrate exploration and development on the northern zone mine areas due to the outstanding historic concentrate grades achieved from this area. This early exploration has succeeded in confirming existing targets and identifying further potential targets.

Riedel now intends to accelerate the follow-up programmes and extend the exploration envelope to identify additional targets to the eleven already discovered near the historical La Profunda and Valverdin mines.

PROJECT DESCRIPTION

The Cármenes Project is situated in the Castilla y Leon region of Spain, approximately 410km north of the capital city of Madrid, 250km from the city of Valladolid (capital of regional administration) and 54km from the city of León (capital of local administration) (see Figure 1).

The Project is covered by two mining investigation permits ("Permits" or "Tenements") held by SIEMCALSA. The two investigation permits are Cármenes (n°15,107) and Valverdin (n°15,106). Cármenes is 5.1 square kilometres in area and Valverdin is 37.2 square kilometres in area. The duration of an investigation permit is three (3) years, with 3 year extensions of term available upon request. Both tenements were granted 3 year extensions on 12 May 2017.



Figure 2 – Cármenes Project Location

REVIEW OF OPERATIONS (CONT)

The Project is located within the Cantabrian Zone of the Iberian Massif on the southern slope of the Cantabrian Mountains and contains several historic mines including La Profunda mine where mining produced in excess of **100,000 tonnes of ore for 38,000 tonnes of high-grade cobalt and copper concentrate with cobalt concentrate stream grades including 14% Cobalt** (see Figure 3).

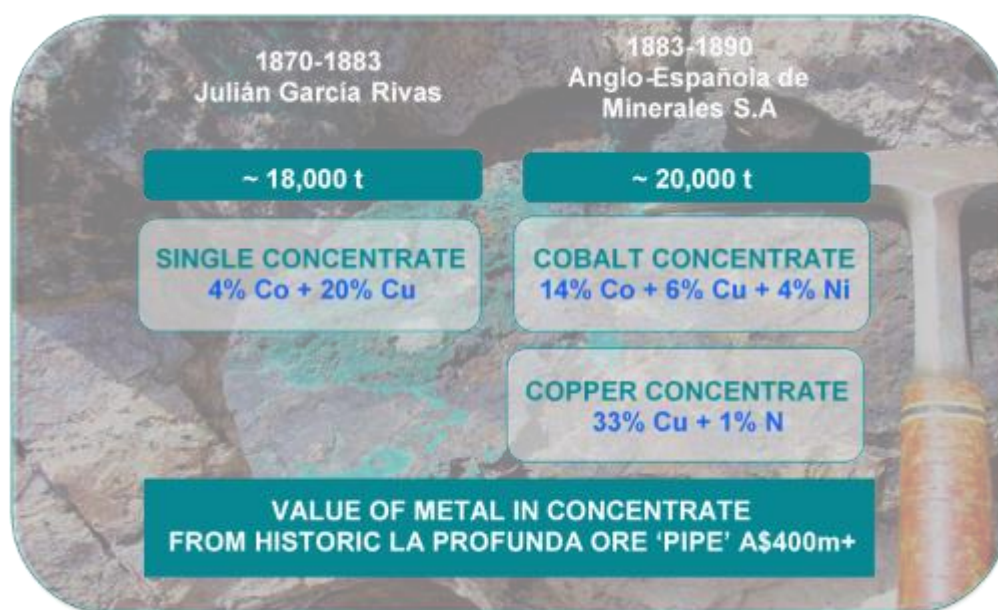


Figure 3 – Outstanding historic concentrate grades from La Profunda

Mineralisation throughout the project is fracture related and can be linked to a single epithermal event, with well-defined zonation that can be associated with a major regional fault-line known as the 'Léon fault'.

Host rocks are limestones and dolomites subjected to intense hydrothermal dolomitization and can be summarised as hydrothermal carbonate replacement: Cu-Co-Ni (+/-Au-U) as sulphides and arsenides (La Profunda), Au (Valverdin) and Pb-Cu-Zn-Ag (Fontun) in limestone and shale stratigraphy with extensive alteration in sub-vertical bodies as pipes and chimneys.

EXPLORATION SUCCESS

SIEMCALSA (Sociedad De Investigación Y Exploración Minera De Castilla Y León S.A.) was granted new investigation permits in 2009. Following this, SIEMCALSA conducted several programmes of fieldwork including geological, geochemical and geophysical surveys at Central Cármenes, near the La Profunda former cobalt mine and surrounding the Valverdin Mine to the south east.

Results from the geophysical testing were validated and confirmed to be of a high order by the Company's Australian consulting geophysicists, Resource Potentials.

In total, eleven key targets were identified from the analysis of data covering less than 5% of the Project area. The zones adjacent to the former La Profunda mine contain nine of the targets, the other two are located proximal to Valverdin (see Figure 4).

REVIEW OF OPERATIONS (CONT)

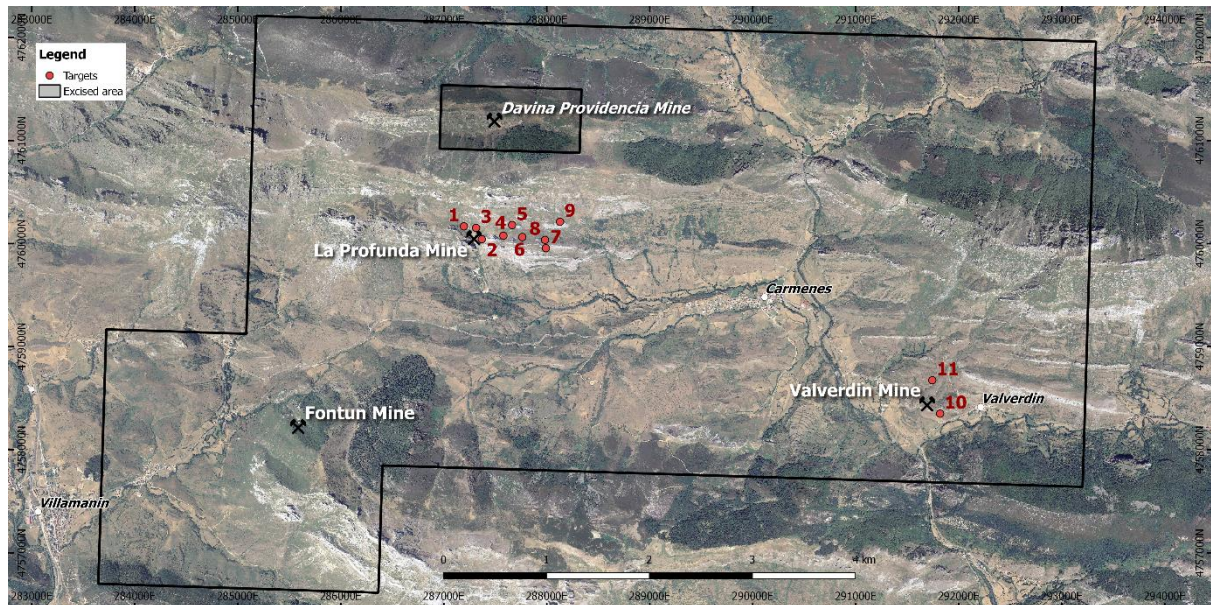


Figure 4 – Location of key targets to date – La Profunda (9) and Valverdin (2)

All of the targets potentially represent polymetallic concealed (non-outcropping) minerals deposits. Such characteristics are consistent with the Company's hypothesis that the region is highly prospective due to concealed targets not being easily detected by historic exploration techniques.

Follow up geophysical (PDIP), TEM and geochemical fieldwork has commenced along the most prospective zones of the high-priority target corridor to the east and west of the historic La Profunda mine. The results of this work will help identify the presence of further mineralised 'pipes' to the east and west of the La Profunda mine and help target potential drill sites.

Initial data analysis indicates that multiple new highly prospective radiometric anomalies have been recognised over a 3km east-west open strike along the Profunda trend and over a distance of more than 1.2km along a regional fold closure at the Fontun Prospect, which is located to the south-west of La Profunda.

SIEMCALSA have employed multiple modern geophysical and geochemical testing techniques to identify the mineralisation targets including:

Pre-JV

- ✦ Stream sediment sampling
- ✦ Geological mapping
- ✦ Ground magnetics
- ✦ Ion leach soil geochemical analysis
- ✦ Ground radiometric U
- ✦ Pole-Dipole Induced Polarization (PDIP)
- ✦ Gradient Array Induced Polarization (GAIP)
- ✦ Trenching, sampling and analysis
- ✦ Archaeological Studies

July to December 2017

- ✦ Construction of access track
- ✦ Geological and structural mapping
- ✦ Ground radiometric U
- ✦ Soil pH
- ✦ Pole-Dipole Induced Polarization (PDIP)
- ✦ Gradient Array Induced Polarization (GAIP)
- ✦ Transient electromagnetic ground survey (TEM)
- ✦ Lithogeochemical sampling
- ✦ Archaeological Studies

REVIEW OF OPERATIONS (CONT)

In the La Profunda Project area all of Targets 1 to 9 show a strong association with radiometric anomalism. Importantly, at Targets 1 to 3, where Pole-Dipole Induced Polarisation (PDIP) surveys have also been carried out, **coincident IP and radiometric anomalies that are considered characteristic of this style of mineralisation are strongly evident.**

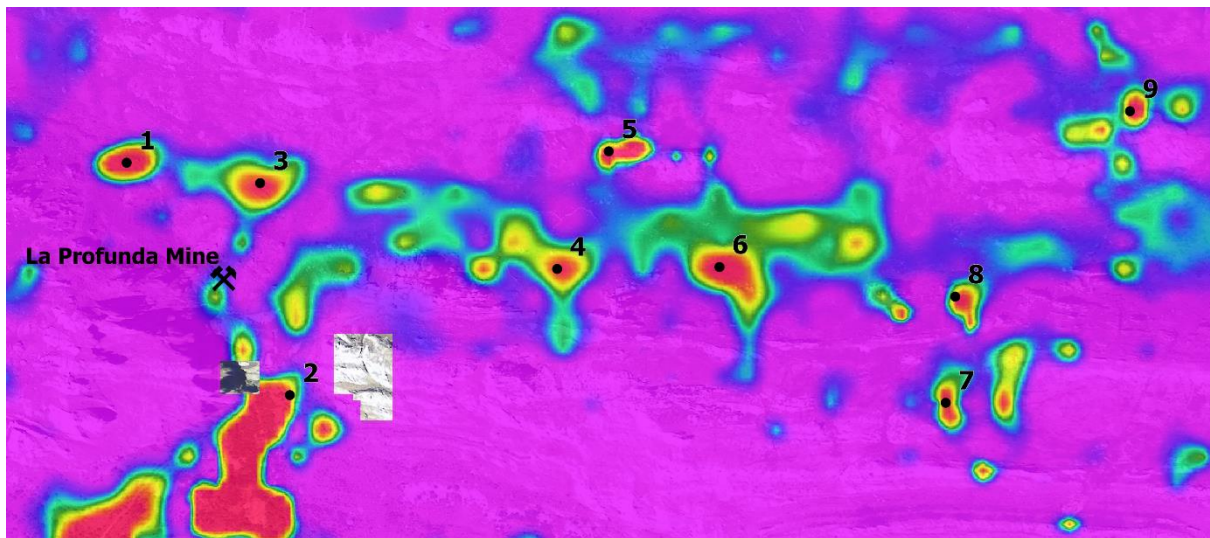


Figure 5 – Radiometric image highlighting 9 initial targets at La Profunda

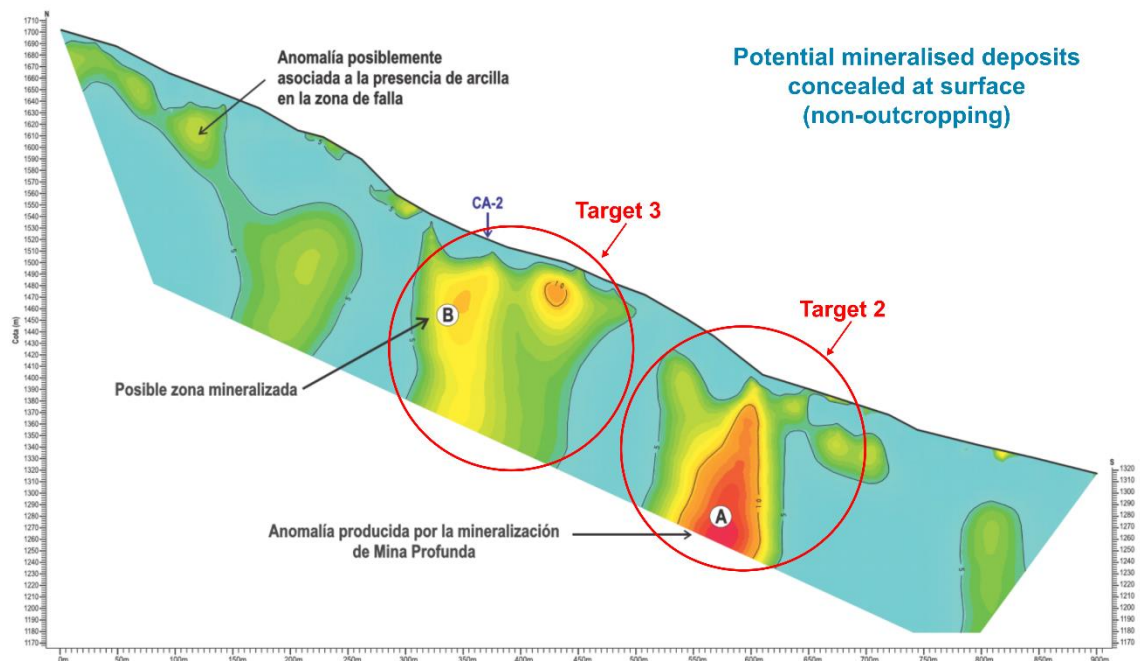


Figure 6 – Profunda Targets 2 & 3 - PDIP anomalies (chargeability) already identified showing potential concealed mineralised deposits

REVIEW OF OPERATIONS (CONT)

Significantly, the PDIP lines, which measure the chargeability and resistivity of the rocks, **could be detecting additional sulphidic mineralisation such as that believed to be found nearby at the historic La Profunda high grade Cobalt-Copper mine.**

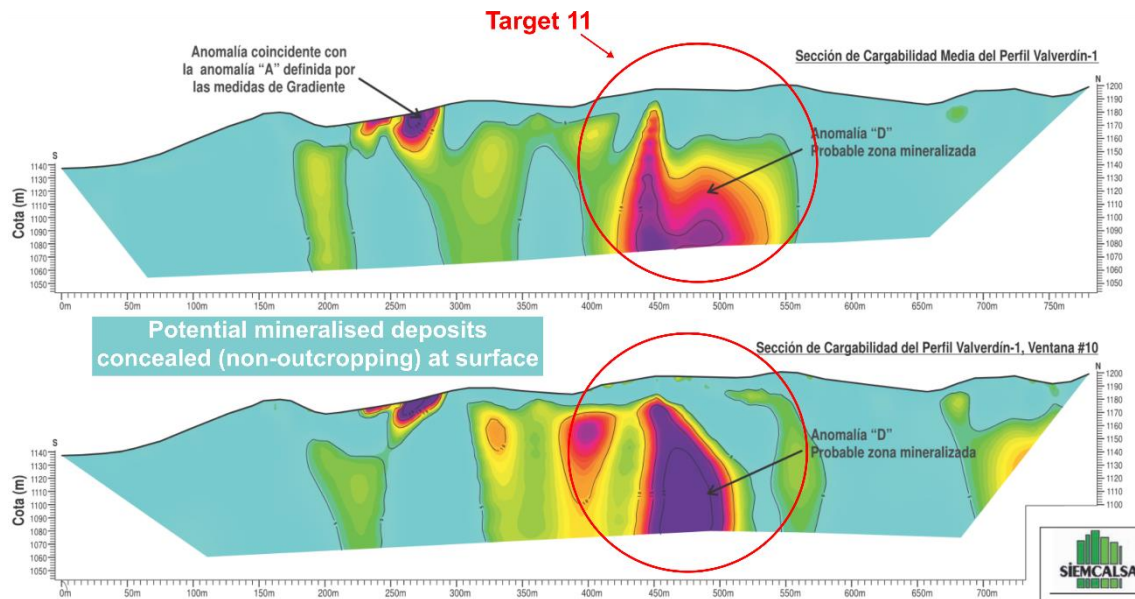


Figure 7 – Valverdin Target 11 - PDIP anomalies (chargeability) already identified showing potential concealed mineralised deposit

ADVANCED TARGETS

From the eleven targets identified by SIEMCALSA, additional analysis on targets 1, 2 and 3 has already resulted in their target status being escalated to advanced. Importantly, the three most advanced targets are located near the historic La Profunda mine.

Most encouragingly, coincident signatures have been recorded from multiple tests and all of the advanced targets show potentially larger diameters than the pipe mined at La Profunda.

Target 1

- ✓ Pipelike polymetallic body (non-outcropping/concealed)
- ✓ Located north west of the historic La Profunda mine
- ✓ Target dimensions 80m North-South by 20m East-West
- ✓ Coincident signature indicators from multiple tests
 - Radiometrics
 - Magnetics
 - Ground IP (Chargeability)
 - Soil geochemistry (Cobalt, Copper and Gold present in soil)

REVIEW OF OPERATIONS (CONT)

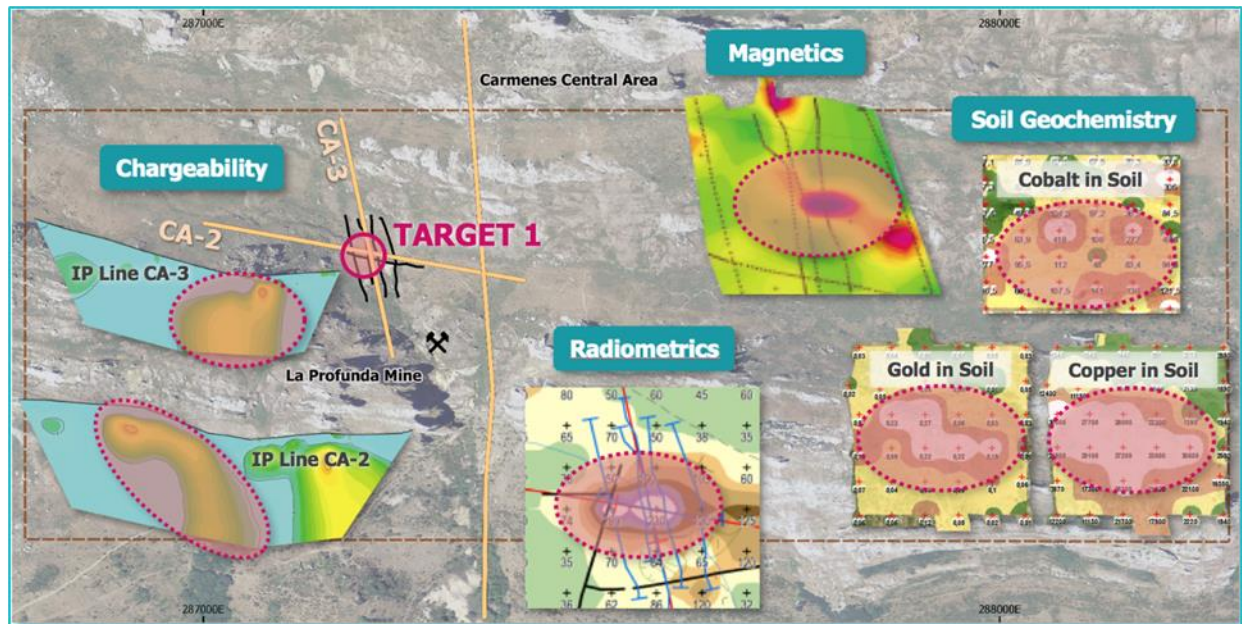
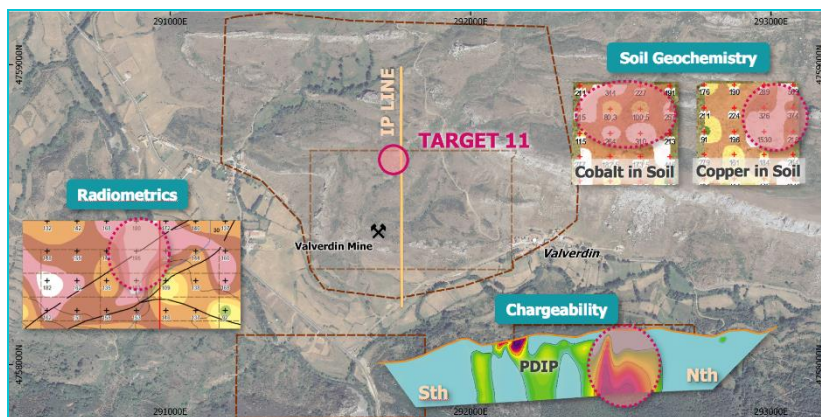


Figure 8 – Advanced Target 1 at La Profunda – Confirmed by coincident geophysical and geochemical anomalies (Soil geochemistry – ppb, radiometrics cps)

Similar coincident signatures were encountered on the other advanced targets (2 and 3) near La Profunda and at target 11 near Valverdin (See Figure 9). **Target dimensions also exhibited similar or larger sizes.**



Target 11

- ✓ Pipelike polymetallic body (non-outcropping)
- ✓ Located due north of Valverdin mine
- ✓ Target dimensions 80m N-S by 20m E-W
- ✓ **Coincident signature indicators from multiple tests**
 - Radiometrics
 - Ground IP (Chargeability)
 - Soil geochemistry (Co, Cu present in soil)

Figure 9 – Advanced Target 11 Valverdin – Confirmed by coincident signature indicators

REVIEW OF OPERATIONS (CONT)

AUSTRALIAN OPERATIONS

MARYMIA PROJECT FARM-IN AND JOINT VENTURE (E52/2394 AND E52/2395) ARRANGEMENT **Audax Minerals Pty Ltd 49%, Australian Mines Limited ("Australian mines") 51%**

The Marymia Project is located approximately 55 kilometres north-east of Sandfire Resources NL's DeGrussa copper-gold mine, 12 kilometres east of Sipa Resources Limited's Thaduna copper prospect and 12 kilometres east-north-east of Ventnor Resources Limited's Green Dragon and Thaduna copper deposits in Western Australia's Mid-West region.

Resource consulting firm Apex Geoscience, commissioned by Australian Mines Limited, has identified two primary copper target areas coincident with the Jenkin Fault in the north of the tenement area, that, in their opinion, warrant further testing.

In January 2018, a soil sampling programme commenced at Targets AUZ20 and AUZ22 in the north of Marymia tenement E52/2395. These targets represent identified geochemical anomalies that are believed to be coincident with the interpreted Jenkin Fault. The programme is due to be completed by March 2018 with final results expected by Australian Mines to be available in the following quarter.

CHARTERIS CREEK PROJECT

E45/2763 Audax Minerals Limited 100% - LMTD

The Charteris Creek Project, located in the Pilbara Region of Western Australia, is 100% owned by the Company's wholly-owned subsidiary, Audax Minerals Pty Ltd.

During November 2017, LMTD Wits Pty Ltd ('LMTD') exercised an Option to Purchase agreement for the Audax Minerals' Charteris Creek Project (E45/2763).

Key Terms of the Agreement

LMTD was granted a sixty-day exclusivity period to undertake all relevant due diligence work which has been completed.

The purchase price of A\$500,000 (exclusive of GST) is payable as follows:

- A non-refundable option fee of A\$25,000 payable within 14 days of executing the Agreement (*Completed – payment received*);
- A tranche 1 payment of \$175,000 within 5 days of LMTD formally giving notice of their intention to proceed (*Completed – payment received*);
- A tranche 2 payment of \$150,000 within 3 months of LMTD formally giving notice of their intention to proceed (*Completed – payment received*); and
- A tranche 3 payment of \$150,000 payable within 6 months of LMTD formally giving notice of their intention to proceed.

REVIEW OF OPERATIONS (CONT)

TENEMENT SCHEDULE

Following is the schedule of Riedel Resources minerals tenements as at 31 December 2017.

Area of Interest	Tenement reference	Nature of interest	Interest
Spain			
Carmenes	n°15,107	Joint Venture	Earning 90%
Valverdin	n°15,106	Joint Venture	Earning 90%
Australia			
Charteris Creek	E45/2763	Direct	100%
Marymia	E52/2394	Direct	49%
Marymia	E52/2395	Direct	49%
West Yandal	M36/615	Royalty	0%
Porphyry	M31/157	Royalty	0%

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Jeffrey Moore, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Moore is a full-time employee of Riedel Resources Limited. Mr Moore 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moore consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT CHANGE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 January 2018, Riedel's 1,250,000 unlisted options exercisable at \$0.15 each expired unexercised.

On 15 February 2018, Tranche 2 payment of \$150,000 (excl. GST) was received from LMTD Wits Pty Ltd for the sale of the Charteris Creek Project in accordance to the sale agreement.

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 13 for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.

On behalf of the Directors

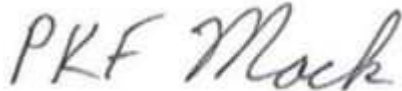
A handwritten signature in blue ink, appearing to read 'J. Moore'.

Jeffrey Moore
Executive Chairman

Date: 16 March 2018

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

In relation to our review of the financial report of Riedel Resources Limited for the half year ended 31 December 2017, 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



SHANE CROSS
PARTNER

16 MARCH 2018
WEST PERTH,
WESTERN AUSTRALIA

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

		31 December 2017	31 December 2016
	Note	\$	\$
Revenue			
Interest revenue	4(a)	10,200	15,452
Other income		10,524	5,602
Gain on deregistration		-	652,518
Gain on sale of tenement		200,000	-
Reversal of impairment of exploration and evaluation expenditure	7	210,305	-
		<u>431,029</u>	<u>673,572</u>
 Expenses			
Administration expenses	4(b)	(135,933)	(105,801)
Depreciation and amortisation expense		(399)	(5,084)
Employee benefits expense		(664,918)	(57,336)
Impairment of exploration and evaluation expenditure		-	(73,899)
Write-off of exploration and evaluation expenditure		(49,337)	(29,367)
		<u>(419,558)</u>	<u>402,085</u>
Profit/(Loss) before income tax		(419,558)	402,085
Income tax expense		-	-
		<u>(419,558)</u>	<u>402,085</u>
Profit/(Loss) for the period		(419,558)	402,085
 Other comprehensive income/(loss)			
Items that maybe reclassified subsequently to profit and loss			
Foreign currency translation reserves on deregistration of foreign subsidiaries		-	(652,096)
Other comprehensive income (net of tax)		-	<u>(652,096)</u>
 Total comprehensive income/(loss) for the period		(419,558)	(250,011)
 Basic earnings/(loss) per share (cents per share)		(0.12)	0.17
Diluted earnings/(loss) per share (cents per share)		(0.12)	0.17

The accompanying condensed notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,714,422	899,219
Trade and other receivables	6	47,765	34,068
Assets held for sale	7	292,281	-
TOTAL CURRENT ASSETS		3,054,468	933,287
NON-CURRENT ASSETS			
Property, plant and equipment		1,193	1,592
Exploration and evaluation expenditure	7	1,996,810	1,638,167
TOTAL NON-CURRENT ASSETS		1,998,003	1,639,759
TOTAL ASSETS		5,052,471	2,573,046
CURRENT LIABILITIES			
Trade and other payables		91,825	34,219
TOTAL CURRENT LIABILITIES		91,825	34,219
TOTAL LIABILITIES		91,825	34,219
NET ASSETS		4,960,646	2,538,827
EQUITY			
Issued capital	8	18,932,809	16,091,432
Option reserve		-	-
Share based payments reserve	8	279,200	597,158
Accumulated losses		(14,251,363)	(14,149,763)
TOTAL EQUITY		4,960,646	2,538,827

The accompanying condensed notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	16,091,432	-	-	597,158	(14,149,763)	2,538,827
Profit/(loss) for the period	-	-	-	-	(419,558)	(419,558)
Total comprehensive loss for the period	-	-	-	-	(419,558)	(419,558)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of shares	3,027,927	-	-	-	-	3,027,927
Options expired	-	-	-	(317,958)	317,958	-
Cost of capital raising	(186,550)	-	-	-	-	(186,550)
Balance at 31 December 2017	18,932,809	-	-	279,200	(14,251,363)	4,960,646
Balance at 1 July 2016	15,981,731	290,941	652,096	827,612	(14,725,459)	3,026,921
Profit for the period	-	-	-	-	402,085	402,085
Foreign currency translation reserves on deregistration of foreign subsidiaries	-	-	(652,096)	-	-	(652,096)
Total comprehensive loss for the period	-	-	(652,096)	-	402,085	(250,011)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of options	-	-	-	15,527	-	15,527
Options expired	-	-	-	(73,687)	73,687	-
Balance at 31 December 2016	15,981,731	290,941	-	769,452	(14,249,687)	2,792,437

The accompanying condensed notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017 \$	31 December 2016 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(155,732)	(267,997)
Payments for exploration and evaluation		(411,343)	(93,107)
Sublease income		8,125	2,750
Other income		-	1,226
Interest received		10,201	15,452
		<hr/>	<hr/>
Net cash used in operating activities		(548,749)	(341,676)
Cash Flows from Investing Activities			
Proceeds from sale of tenement		200,000	-
		<hr/>	<hr/>
Net cash provided by investing activities		200,000	-
Cash Flows from Financing Activities			
Proceeds from issue of shares		2,213,807	-
Payments for share issue costs		(49,855)	-
		<hr/>	<hr/>
Net cash provided by financing activities		2,163,952	-
Net increase/(decrease) in cash and cash equivalents held		1,815,203	(341,676)
Cash and cash equivalents at beginning of the reporting period		899,219	1,499,804
		<hr/>	<hr/>
Cash and cash equivalents at end of the reporting period	5	2,714,422	1,158,128
		<hr/>	<hr/>

The accompanying condensed notes form part of these financial statements

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 1: REPORTING ENTITY

Riedel Resources Limited (the "Company") is a Company domiciled in Australia.

The address of the Company's registered office is Suite 1, 6 Richardson Street, West Perth WA 6005. The half year consolidated financial statements of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "Group" or "consolidated entity" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group primarily is involved in mining and exploration activity.

The half year consolidated financial statements of the Company as at and for the half year ended 31 December 2017 are available upon request.

The financial statement were authorised for issue in accordance with a resolution of directors dated on 16 March 2018.

NOTE 2: BASIS OF PREPARATION

a) Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the half-year period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

b) Basis of preparation

The half-year consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year consolidated financial statements are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations and Assets held-for-sale described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale of held-for-other distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

c) Significant accounting judgments and key estimates

The preparation of the half year consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these half year consolidated financial statements, significant judgment made by management in applying the Company's accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 30 June 2017.

d) New or revised accounting standards and interpretations not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the consolidated Group but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

AASB No.	Title	Application date of standard*	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2014
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part E – Financial Instruments	Part E - 1 January 2018	June 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising from AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising from AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2014-10	Amendments to Australian Accounting Standard – Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2018	December 2014
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.	1 January 2018	December 2015
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]	1 January 2018	July 2016
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016

* Annual reporting periods beginning after

e) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 2: BASIS OF PREPARATION (CONT)

f) Operating segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the consolidated entity's chief operating decision maker which, for the consolidated entity, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the half year consolidated financial report have been included where applicable.

NOTE 3: OPERATING SEGMENTS

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

31 December 2017	Australia \$	Spain \$	Unallocated \$	Total \$
Revenue	410,305	-	20,724	431,029
Net profit/(loss) before tax	405,033	(500)	(824,091)	(419,558)
Reportable segment assets	2,152,006	357,399	2,543,066	5,052,471
Reportable segment liabilities	17,500	49,220	25,105	91,825

31 December 2016	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	673,572	-	-	673,572
Net profit/(loss) before tax	599,244	2,612	(199,771)	402,085

30 June 2017	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Reportable segment assets	1,638,834	-	934,212	2,573,046
Reportable segment liabilities	-	-	34,219	34,219

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 4: LOSS FROM ORDINARY ACTIVITIES

	31 December 2017 \$	31 December 2016 \$
(a) Revenue		
Interest revenue	10,200	15,452
Other income	10,524	5,602
* Gain on sale of tenement	200,000	-
Gain on deregistration	-	652,518
* Reversal of impairment	210,305	-
	431,029	673,572
(b) Expenses		
Administration expenses	135,933	105,801
Depreciation and amortisation expense	399	5,084
Employee benefits expense	664,918	57,336
Impairment of exploration expenditure	-	73,899
Write-off exploration expenditure	49,337	29,367
	850,587	271,487

* In November 2017, LMTD Wits Pty Ltd exercised its option to purchase the Riedel's Charteris Creek Project (E45/2763) for \$500,000 exclusive of GST. Pursuant to the Sale Agreement, the non-refundable option fee of \$25,000 and the first instalment payment of \$175,000 (plus GST) were received in full.

Key terms of the agreement

- LMTD was granted a sixty day exclusivity period to undertake all relevant due diligence work which was successfully completed.
- The purchase price of \$500,000 (exclusive of GST) is payable as follows:
 - A non-refundable option fee of \$25,000 was payable within 14 days of executing the Agreement
 - A tranche 1 payment of \$175,000 was payable within 5 days of LMTD formally giving notice of their intention to proceed;
 - A tranche 2 payment of \$150,000 to be received within 3 months of LMTD formally giving notice of their intention to proceed; and
 - A tranche 3 payment of \$150,000 to be received within 6 months of LMTD formally giving notice of their intention to proceed.

As a result, the provision for impairment previously raised has been reversed.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	30 June 2017 \$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	2,786	1,981
Cash at bank	2,711,636	897,238
	<u>2,714,422</u>	<u>899,219</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

Prepayments	923	6,584
Other	2,399	1,812
Term Deposit	20,000	20,000
GST	24,443	5,672
	<u>47,765</u>	<u>34,068</u>

**NOTE 7: EXPLORATION AND EVALUATION
EXPENDITURE**

Exploration and evaluation expenditure reconciliation		
Opening balance	1,638,167	1,635,520
Exploration and development expenditure incurred	440,619	90,061
Impairment reversal/(recognised)	210,305	(87,414)
* Transfer to assets held for sale	(292,281)	-
Closing balance	<u>1,996,810</u>	<u>1,638,167</u>

The value of the exploration expenditures is dependent upon:

- The continuance of rights to tenure of the area of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

* In November 2017, a sale agreement was signed for the Charteris Creek Project (refer to Note 4 for key terms of the agreement) and the fair value of the project was transferred to assets held for sale.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 8: ISSUED CAPITAL

	31 December 2017	30 June 2017
	\$	\$
(a) Share Capital		
Issued and paid up capital – consisting of ordinary shares	19,882,651	16,854,724
Less: Costs of issue	(949,842)	(763,292)
	<u>18,932,809</u>	<u>16,091,432</u>

(b) Movements in ordinary share capital

	Number of shares	\$
Opening balance at 1 July 2017	244,099,553	16,091,432
Issue of shares to sophisticated investors through Placement on 1 August 2017	36,614,932	549,224
Issue of shares pursuant to Rights issue on 30 August 2017	93,571,495	1,403,572
Issue of shares for payment of underwriting fees on 6 December 2017 (pursuant to Resolution 6 approved by shareholders at the Company's 2017 AGM)	9,113,049	136,696
Issue of shares in lieu of forgone remuneration on 6 December 2017 (pursuant to Resolution 7 approved by Shareholders at the Company's 2017 AGM)	8,000,000	648,000
Shares issued in lieu of cash payment to a consultant on 6 December 2017	2,942,475	29,425
Issue of shares on 21 December 2017 upon the conversion of unlisted options exp. 31 December 2017 ex price of \$0.011	23,728,195	261,010
Less: capital issue costs	-	(186,550)
Closing balance at 31 December 2017	<u>418,069,699</u>	<u>18,932,809</u>
Opening balance at 1 July 2016	234,099,553	15,981,731
Exercise of performance rights following vesting on 30 May 2017	10,000,000	109,701
Closing balance at 30 June 2017	<u>244,099,553</u>	<u>16,091,432</u>

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 8: ISSUED CAPITAL (CONT)

(c) Movements in options (share based payments reserve)	Number of Options	\$
Opening balance at 1 July 2017	42,978,195	597,158
Conversion of options on 21 December 2017	(23,728,195)	(317,958)
Closing balance at 31 December 2017	<u>19,250,000</u>	<u>279,200</u>
Opening balance at 1 July 2016	62,978,195	827,612
Options lapsed on 30 June 2014 (reclassified between reserves)	-	(68,500)
Options lapsed on 31 December 2016	(10,000,000)	(73,687)
Performance rights issued vesting expense Charge for the year	-	21,434
Performance rights excised following Vesting on 30 May 2017	(10,000,000)	(109,701)
Closing balance at 30 June 2017	<u>42,978,195</u>	<u>597,158</u>

NOTE 9: RELATED PARTY TRANSACTIONS

Other than as disclosed below, arrangements with related parties continue to be in place. For details on these arrangements, please refer to the 2017 Annual Report.

(a) Transactions with key management personnel

Key management personnel continue to receive remuneration in the form of short term benefits and post-employment benefits.

The Company subleases its office at Suite 1, 6 Richardson Street, WEST PERTH WA 6005 to Virtual Curtain Limited and Myanmar Metals Limited, both related entities of Mr Jeffrey Moore. Virtual Curtain Limited and Myanmar Metals Limited each pays 25% of Riedel's monthly rental and outgoings.

Pursuant to Resolution 6 approved by shareholders at the 2017 AGM, the Company issued 9,113,049 shares at a deemed issue price of \$0.015 for payment of underwriting fees to Oracle Securities Pty Ltd, a company associated with former Non-executive Directors, Mr Luke Matthews and Mr Mark Skiffington (resigned 26 July 2017). Oracle Securities Pty Ltd acted as underwriters to the Company's Placement and Rights Issues in July and August 2017 respectively.

Pursuant to Resolution 7 and 8 approved by the shareholders at the 2017 AGM, 4,000,000 shares each were issued to Mr Luke Matthews and Mr Mark Skiffington, former Non-Executive Directors (resigned 26 July 2017) or their nominees in lieu of forgone remuneration for the period 19 January 2016 to 20 July 2017.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 9: RELATED PARTY TRANSACTIONS (CONT)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 10: CONTROLLED ENTITIES

During the period a new subsidiary, Riedel Resources (Spain) Pty Ltd was incorporated within Australia on 14 September 2017.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 31 January 2018, Riedel's 1,250,000 unlisted options exercisable at \$0.15 each expired unexercised.

On 15 February 2018, Tranche 2 payment of \$150,000 (excl. GST) was received from LMTD Wits Pty Ltd for the sale of the Charteris Creek Project in accordance to the sale agreement.

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

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

The Company has a \$20,000 (31 December 2016: \$20,000) term deposit against a credit card facility that expires 20 May 2018.

The Company is due to receive Tranche 3 payment of \$150,000 (excl. GST) from LMTD Wits Pty Ltd for the sale of Charteris Creek Project within 6 months of LMTD formally giving notice of their intention to proceed (Refer Note 4 for further details of the agreement).

The company is not aware of any other contingent assets or liabilities.

NOTE 13: FAIR VALUE MEASUREMENT

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

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, of the consolidated entity are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



Jeffrey Moore
Executive Chairman

Date: 16 March 2018

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

Conclusion

We have reviewed the accompanying half-year financial report of Riedel Resources Limited (the Company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2017, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Riedel Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Riedel Resources Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF MACK



SHANE CROSS
PARTNER

16 MARCH 2018
WEST PERTH,
WESTERN AUSTRALIA