



RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2014

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CORPORATE DIRECTORY

DIRECTORS

Jeffrey Moore
Ed Turner
Andrew Childs
Ian Tchacos

COMPANY SECRETARY

Sue Symmons

REGISTERED & PRINCIPAL OFFICE

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45 Ord Street
WEST PERTH WA 6005

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AUDITORS

PKF Mack
Level 4
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 2014.

DIRECTORS

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

Ian Tchacos
Jeffrey Moore
Ed Turner
Andrew Childs

COMPANY SECRETARY

Sue Symmons

OPERATING RESULTS

The net loss of the consolidated entity for the financial period after provision for income tax was \$404,921 (2013: \$4,664,877).

REVIEW OF OPERATIONS

MARYMIA PROJECT

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

In November 2014, Australian Mines elected to continue with the Stage 1 earn-in pursuant to the farm-in and joint venture agreement and paid \$250,000 to Riedel in order to proceed to the next stage.

Nickel exploration

Moving Loop Electromagnetic Surveys (MLEM) delineated three potential Kambalda-style nickel sulphide conductors in ultramafic host rock (Simmons, Burton and Wyman prospects).

Two diamond drill holes (1,230 metres) at the Simmons target (*see Figure 1 for location*) each intersected distinct sulphide zones (>10% sulphides) in ultramafic rocks similar in nature to those which host the rich Kambalda-type nickel deposits.

Furthermore, analysis of geological and drilling data from previous exploration at the Simmons Prospect by Australian Mines suggests that diamond core holes SMDD001 and SMDD002 are located within the "Flanking Zone" of the ultramafic sequence (*see Figure 2*).

Although drilling intersected multiple sulphide zones, neither of the drill holes adequately explain the strong nickel and copper soil anomalies previously reported across the prospect area or the strong conductive EM anomaly.

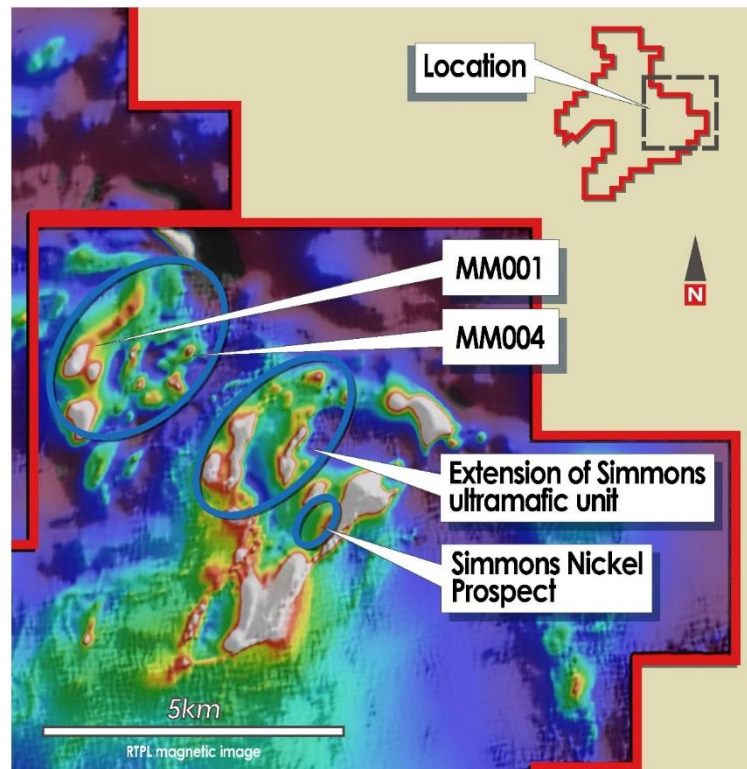


Figure 1: Marymia Project – Simmons Prospect location on aeromagnetic background.

Confident that its exploration is vectoring towards desired “Ore Zone” or “Main Zone” komatiite geology, Australian Mines is finalising detailed geological studies over the greater Simmons prospect area prior to planning further drilling at this coincident geophysical and geochemical anomaly in the coming months.

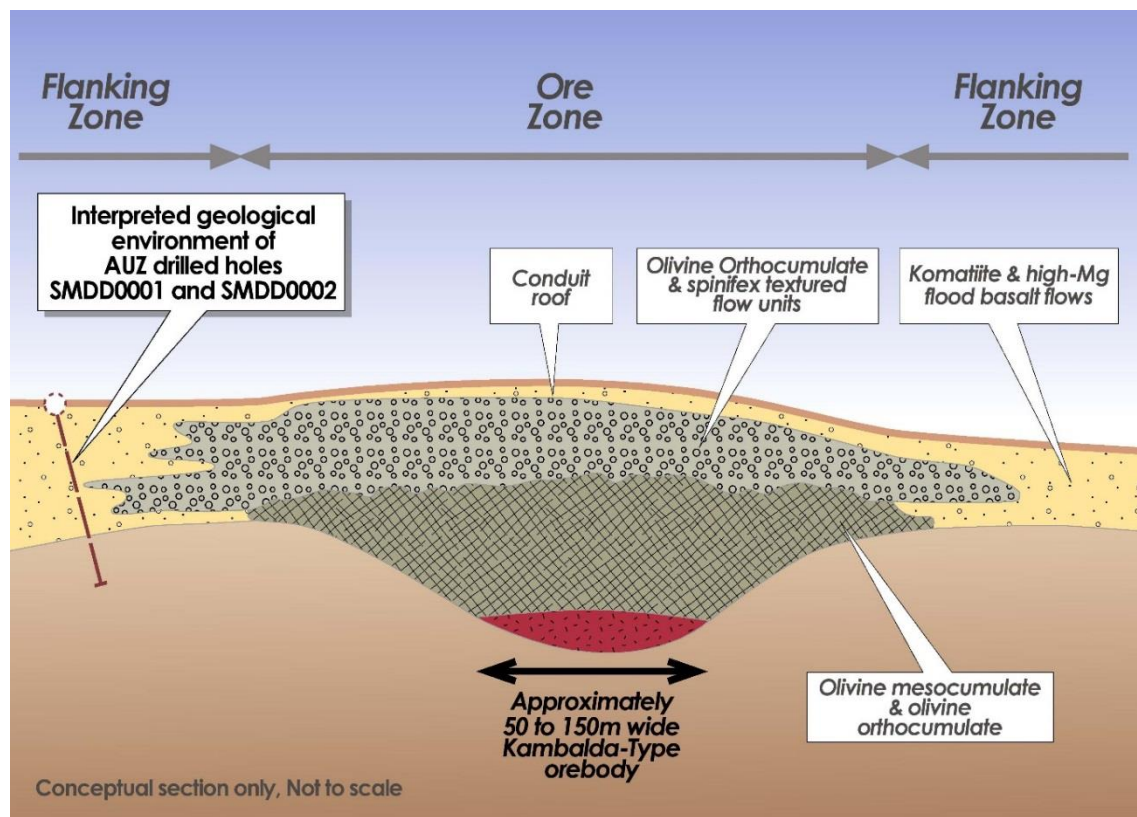


Figure 2: Schematic cross-section of a typical Kambalda-style nickel deposit (Image modified from Hoatson et al., 2006, Nickel sulphide deposits in Australia, Ore Geology Reviews, 29, 177-241).

A strong bedrock conductor was also detected below nickel oxide mineralisation at the Burton Prospect. Historic RAB hole NKB0724 intersected 4m @ 1.07% nickel above this conductive body (see Figure 3). A 1,500 x 600m nickel-copper-platinum-palladium soil anomaly is also coincident with target (see Figure 4 for location).

Modelling of the Burton Prospect anomaly indicates that the top of the conductive body occurs at a depth of 140 metres from the surface. Drill testing of this high priority nickel sulphide target is anticipated to commence in March 2015.

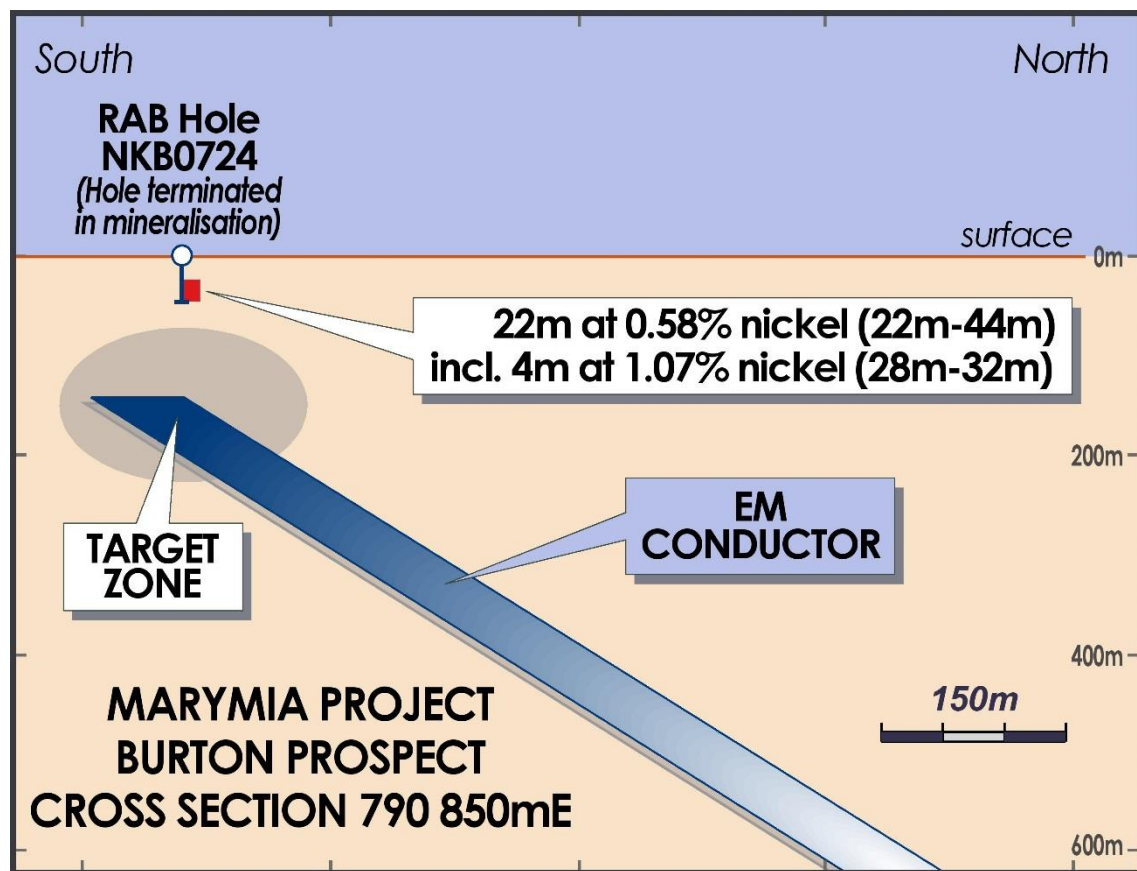


Figure 3: Burton Prospect - Position of the modelled EM conductor below historic drill hole NKB0724.

The ground-based MLEM survey also identified another discrete bedrock conductor below a surface geochemical anomaly extending for 1,200 x 800 metres with a strong coherent nickel and copper response (see MM001 soil anomaly location in Figure 1). This target, now named the Wyman Prospect, represents the northern extension of the Simmons ultramafic sequence (see Figure 4 for prospect location).

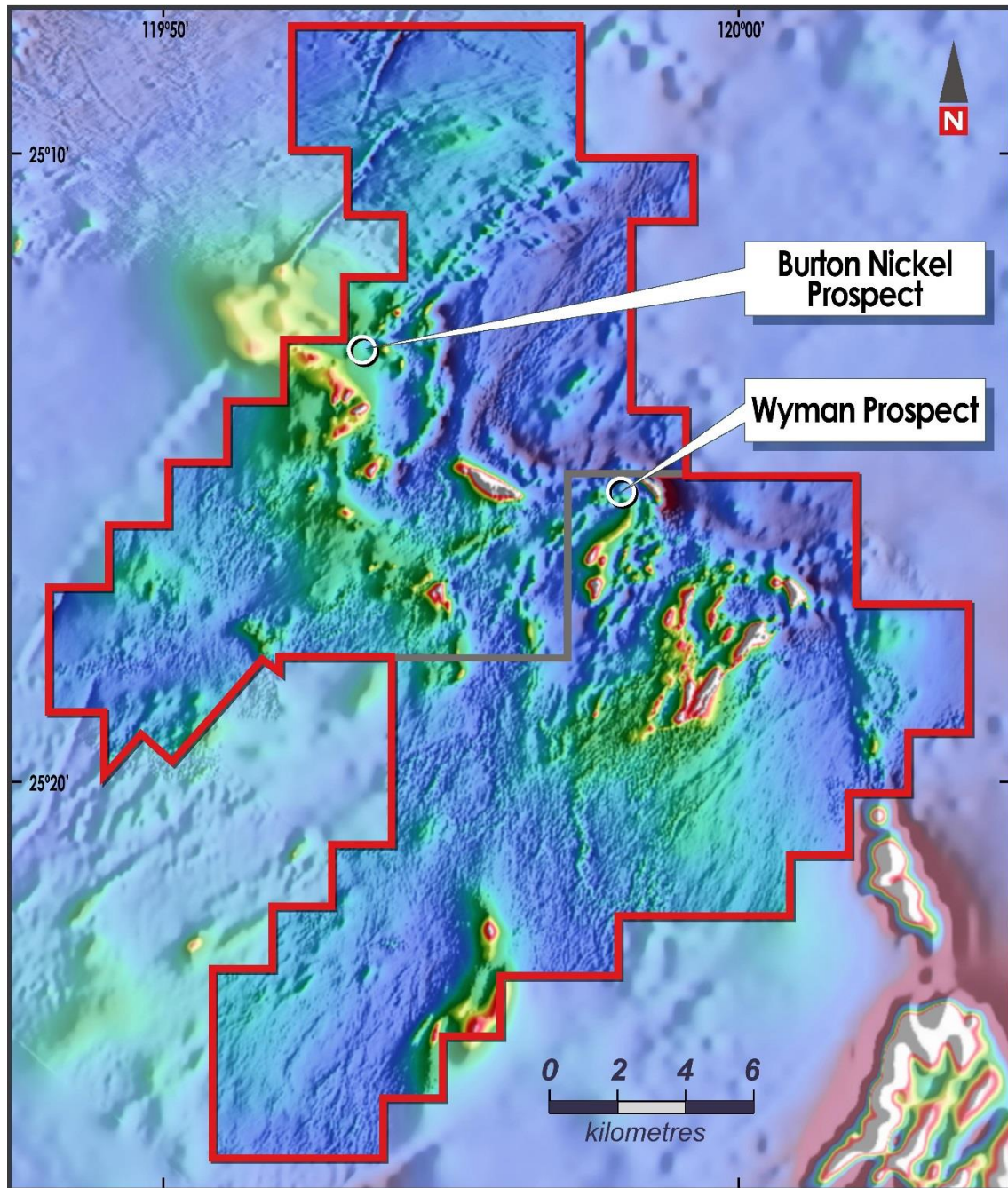


Figure 4: Marymia Project - Location of newly detected conductive bodies (Burton and Wyman Prospects) superimposed over high resolution aeromagnetic data.

Copper exploration

The presence of a cluster of EM conductors along the Jenkin Fault have been identified (see Figure 5). These are coincident with a supergene copper-lead-zinc oxide anomaly within historic wide-spaced reconnaissance RAB drilling.

Assay results from this historic drilling included 1 metre @ 1% lead + 0.1% zinc + 220ppm copper from 18 metres depth (drill hole PYRB363) in addition to broader base metal anomalism in oxidised rocks including 12 metres @ 950ppm lead (drill hole PYRB359), 8 metres @ 1,450ppm lead (drill hole PYRB373) and 12 metres @ 1,011ppm zinc (drill hole PYRB376).

The source of these four historic EM anomalies along the Jenkin Fault remains untested by drilling.

Co-Funded Drilling Grant

Australian Mines received notification from the Western Australian Department of Mines and Petroleum (DMP) that the Company was successful with its Co-funded Drilling application for innovative exploration targets.

Through this co-funding agreement, the DMP will contribute a total of \$150,000 to Australian Mines' exploration programme with the funds to be allocated to upcoming drilling at the underexplored Baumgarten gold Prospect (see Figure 5).

Previous drilling of near-surface oxide material at Baumgarten returned a number of promising intersections, including 3 metres @ 9.53 g/t gold from 51 metres (drill hole BRC23) and 2 metres @ 7.15 g/t gold from 31 metres (drill hole RB620)¹. The primary source of this supergene mineralisation has yet to be effectively tested by deeper drilling.

With the Baumgarten prospect potentially hosting high-grade primary gold mineralisation below the supergene gold layer, Australian Mines is therefore proposing to undertake diamond core drilling to test this interpreted mineralised zone as part of the Company's upcoming Marymia drilling campaign.

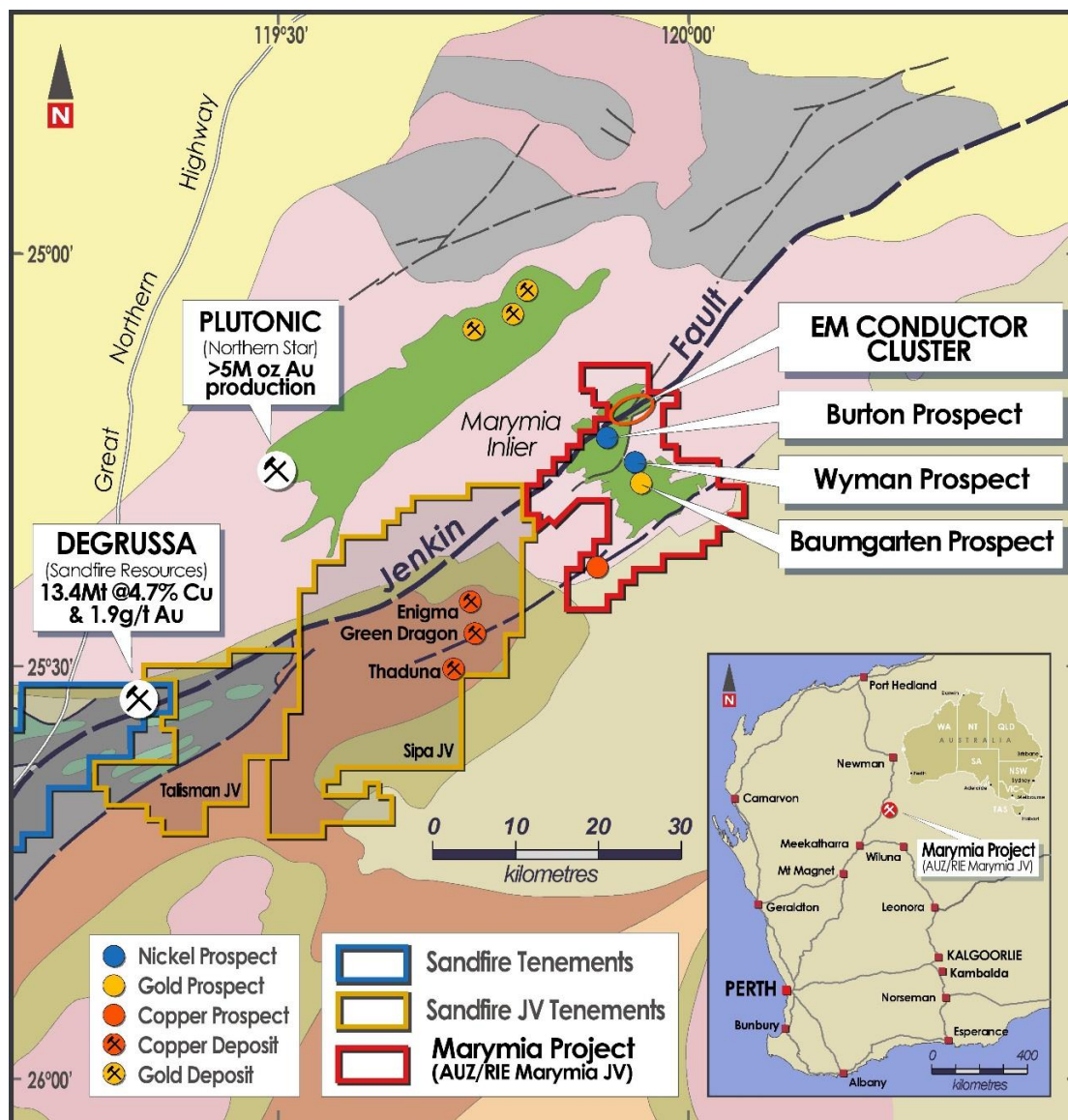


Figure 5: Marymia Project region - Schematic geological map showing EM conductor cluster in relation to the Burton Prospect, Wyman Prospect and the Jenkin Fault.

CHARTERIS CREEK PROJECT JOINT VENTURE

FMG Resources Pty Ltd ("FMGR") Earning Up to 80% (EL 45/2763)

Mineralised rock chips samples including 8.41% Cu/1.22g/t Au and 7.9% Cu/0.41g/t Au associated with porphyry-style copper-molybdenum mineralisation and related base-metal-bearing quartz veins were received from the Lightning Ridge prospect.

FMGR continued field work around the Lightning Ridge prospect. This included further detailed geological mapping and rock chip sampling as well as stream sediment and soil sampling. The rock chip sampling, including assays from samples taken in the June quarter, produced some highly anomalous results with the best summarised in Table 1 below.

Table 1: Summary of most significant rock chip assays

Sample ID	Cu (%)	Au (ppb)	Mo (ppm)	Pb (ppm)	Ni (ppm)	W (ppm)
D167533	8.41	1220	59.5	340	74	5.5
D167410	7.91	413	3	123	106	2
D167419	5.73	95	12.5	270	12	9.5
D167512	3.93	45	288	90	52	1.5
D167411	3.20	120	30	67	62	19
D167464	2.48	284	9.5	339	70	17.5
D167453	1.06	95	202	27	26	8.5
D167418	0.79	16	9	7	54	4
D167513	0.78	16	13	34	20	4.5
D167459	0.29	24	6.5	20	24	81

In total 2 rock chip, 122 stream sediment and 271 soil samples were collected during the second half of 2014. Copper results from the stream sediment sampling are presented in Figure 6 (includes assays from sampling taken in the previous quarter) and copper results from the soil sampling are presented in Figure 7. Regional geological mapping was also completed over areas identified as anomalous by the stream sediment sampling.

The Archaean porphyry system at Lightning Ridge is currently poorly understood due to its age and differing geochemical characteristics when compared to much younger known analogues. Detailed information relating to alteration, structures, goethite/jarosite ratios, structural orientation and abundance of quartz veins is required to build a more comprehensive picture of the geological setting. In combination, these observations will enable FMGR to vector towards the potential mineralised centre of the porphyry system.

¹ Riedel Resources Limited, 2012 Annual Report, released 6 September 2012

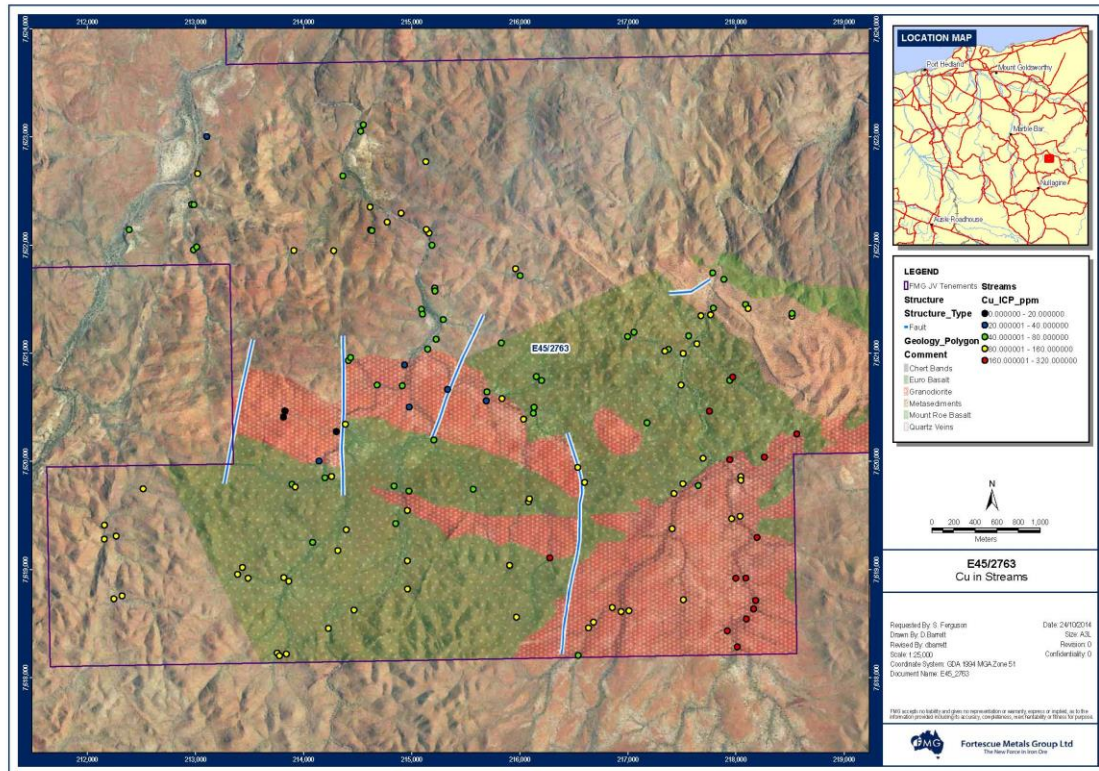


Figure 6: FMGR stream sediment Cu results over mapped geology background

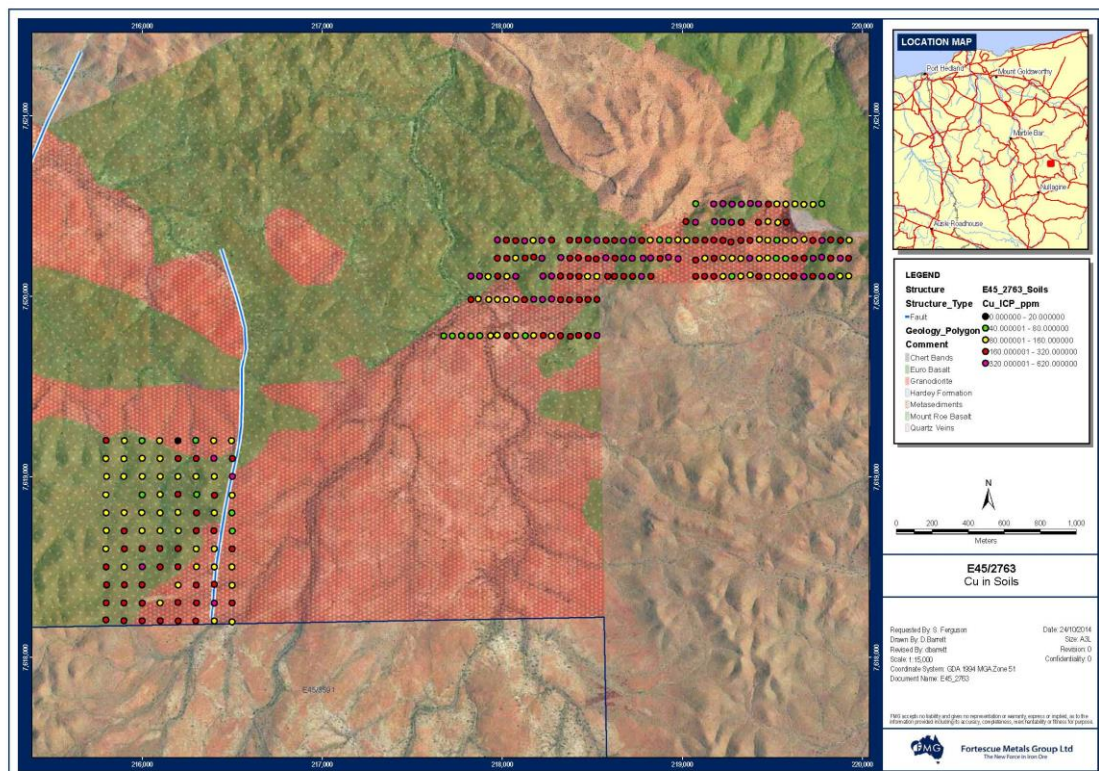


Figure 7: FMGR soil sampling Cu results over mapped geology background

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

Consequently, MWH Australia (MWH) were commissioned to conduct a Level 1 Vegetation, Flora and Targeted Flora Survey and opportunistic recording of Malleefowl mounds within exploration tenement E77/1793. The overall scope of the Level 1 Vegetation and Flora Survey was to gain a broad, understanding of the vegetation associations that occur within the Survey Area.

This study is one of several that are required prior to completing a project development feasibility study and applying for conversion from an Exploration Licence to a Mining Lease.

MILLROSE PROJECT

An application was made for a Retention Licence over the Millrose gold deposit and surrounding areas. The objective of this application is to protect the gold resources already defined until such time as studies determine that an economically robust gold mining operation can be established at Millrose. Unlike Exploration Licences, a retention licence does not require minimum expenditure commitments to be satisfied and upon grant of the Retention Licence, the underlying Exploration Licence can be relinquished.

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

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 10 for the half year ended 31 December 2014.

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



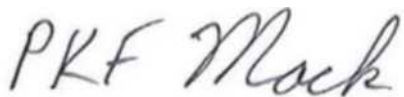
Jeffrey Moore
Managing Director

Date: 5 March 2015

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 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



SHANE CROSS
PARTNER

5 MARCH 2015
WEST PERTH,
WESTERN AUSTRALIA

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

		31 December 2014 \$	31 December 2013 \$
Revenue	Note		
Interest revenue	4(a)	3,321	3,553
Other income	4(a)	36,000	30,000
Expenses			
Administration expenses		(326,694)	(255,024)
Depreciation and amortisation expense		(7,590)	(7,661)
Employee benefits expense		(9,918)	(95,616)
Impairment of exploration expenditure		(100,040)	(4,340,129)
Other expense		-	-
Loss before income tax	4(b)	(404,921)	(4,664,877)
Income tax expense		-	-
Loss for the period	4(b)	(404,921)	(4,664,877)
Other comprehensive income			
Items that maybe reclassified subsequently to profit and loss			
Exchange difference on translation of foreign operation		(156)	(4,690)
Other comprehensive income (net of tax)		(156)	(4,690)
Total comprehensive loss for the period	4(b)	(405,077)	(4,669,567)
Basic loss per share (cents per share)		(0.28)	(4.33)
Diluted loss per share (cents per share)		(0.28)	(4.33)

The accompanying condensed notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5	344,822	22,947
Trade and other receivables	6	73,199	66,273
TOTAL CURRENT ASSETS		418,021	89,220
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	7	1,732,423	1,966,415
Property, plant and equipment		28,179	30,696
TOTAL NON-CURRENT ASSETS		1,760,602	1,997,111
TOTAL ASSETS		2,178,623	2,086,331
CURRENT LIABILITIES			
Trade and other payables		82,485	58,993
Convertible notes		232,071	407,999
Provisions		-	-
TOTAL CURRENT LIABILITIES		314,556	466,992
TOTAL LIABILITIES		314,556	466,992
NET ASSETS		1,864,067	1,619,339
EQUITY			
Issued capital	8	15,435,618	15,110,833
Option reserve		290,941	290,941
Foreign currency translation reserve		652,205	652,361
Share based payments reserve		525,145	509,458
Accumulated losses		(15,039,842)	(14,944,254)
TOTAL EQUITY		1,864,067	1,619,339

The accompanying condensed notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	15,110,833	290,941	652,361	509,458	(14,944,254)	1,619,339
Loss for the period	-	-	-	-	(404,921)	(404,921)
Other comprehensive loss	-	-	(156)	-	-	(156)
Total comprehensive loss for the period	-	-	(156)	-	(404,921)	(405,077)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	332,284	-	-	-	-	332,284
Issue of options	-	-	-	325,020	-	325,020
Options expired	-	-	-	(309,333)	309,333	-
Less: share issue costs	(7,499)	-	-	-	-	(7,499)
Balance at 31 December 2014	15,435,618	290,941	652,205	525,145	(15,039,842)	1,864,067
Balance at 1 July 2013	15,083,730	290,941	458,057	383,060	(7,228,767)	8,987,021
Loss for the period	-	-	-	-	(4,664,877)	(4,664,877)
Other comprehensive loss	-	-	(4,690)	-	-	(4,690)
Total comprehensive loss for the period	-	-	(4,690)	-	(4,664,877)	(4,669,567)
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	13,924	-	-	-	-	13,924
Issue of options	-	-	-	75,266	-	75,266
Less: share issue costs	(3,152)	-	-	-	-	(3,152)
Balance at 31 December 2013	15,094,502	290,941	453,367	458,326	(11,893,644)	4,403,492

The accompanying condensed notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 \$	31 December 2013 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(117,942)	(296,122)
Sublease income		36,000	30,000
Interest received		3,321	3,553
		<hr/>	<hr/>
Net cash used in operating activities		(78,621)	(262,569)
Cash Flows from Investing Activities			
Payments for plant and equipment		(5,072)	-
Proceeds from JV contribution		250,000	-
Payments for exploration and evaluation		(135,254)	(116,056)
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		109,674	(116,056)
Cash Flows from Financing Activities			
Proceeds from issue of shares		298,320	-
Proceeds from issue of convertible note		-	240,000
Payments for share issue costs		(7,498)	(3,152)
		<hr/>	<hr/>
Net cash provided by financing activities		290,822	236,848
Net increase(decrease) in cash and cash equivalents held		321,875	(141,777)
Cash and cash equivalents at beginning of the reporting period		<hr/>	<hr/>
		22,947	350,281
Cash and cash equivalents at end of the reporting period	5	<hr/>	<hr/>
		344,822	208,504

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 2014**

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, 45 Ord Street, West Perth WA 6005. The half year consolidated financial statements of the Company as at and for the six months ended 31 December 2014 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 2014 are available upon request.

The financial statement were authorised for issue in accordance with a resolution of directors dated on 5 March 2015.

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 2014 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 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 2014.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 2: BASIS OF PREPARATION (CONT)

d) Going concern

The half year consolidated financial statements 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 consolidated entity incurred a net loss after tax of \$404,921 for the period ended 31 December 2014 (31 December 2013: \$4,664,877).

The ability of the consolidated entity to continue to pay its debts as and when they are due is dependent upon the consolidated entity 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 consolidated entity's current exploration projects, the Directors believe that any 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 consolidated entity 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.

e) 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 2010
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part C - Financial Instruments	Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	June 2014
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations	1 January 2016	August 2014
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	August 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2017	December 2014
AASB 2014-7 AASB 2014-8	Amendments to Australian Accounting Standard Arising From AASB 9	1 January 2018	December 2014
AASB 2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	1 January 2016	January 2015
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2016	January 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	January 2015

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 2: BASIS OF PREPARATION (CONT)

e) New or revised accounting standards and interpretations not yet adopted (cont)

AASB No.	Title	Application date of standard*	Issue date
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
AASB 15	Revenues from Contracts with Customers	1 January 2017	December 2014

f) 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.

Any significant impact on the accounting policies of the consolidated entity 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 consolidated entity.

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

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 2: BASIS OF PREPARATION (CONT)

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

31 December 2014	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	-	-	39,321	39,321
Net (profit)/loss before tax	100,393	(244)	304,772	404,921
Reportable segment assets	1,757,410	-	421,213	2,178,623
Reportable segment liabilities	29,466	5,185	279,905	314,556

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 3: OPERATING SEGMENTS (CONT)

31 December 2013	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	-	-	33,553	33,553
Net (profit)/loss before tax	1,831	4,365,192	297,854	4,664,877

30 June 2014

Reportable segment assets	1,961,806	237	124,288	2,086,331
Reportable segment liabilities	602	7,441	458,949	466,992

NOTE 4: LOSS FROM ORDINARY ACTIVITIES

	31 December 2014 \$	31 December 2013 \$
(a) Other revenue		
Interest revenue	3,321	3,553
Other income	36,000	30,000
	39,321	33,553
(b) Expenses		
Administration expenses	326,694	255,024
Depreciation and amortisation expense	7,590	7,661
Employee benefits expense	9,918	95,616
Impairment of exploration expenditure	100,040	4,340,129
Other expense	-	-
	444,242	4,698,430

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	31 December 2014 \$	30 June 2014 \$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	1,204	1,204
Cash at bank	343,618	21,743
	344,822	22,947

NOTE 6: TRADE AND OTHER RECEIVABLES

Prepayments	10,659	8,353
Sublease Income	12,540	7,920
Term Deposit	50,000	50,000
	73,199	66,273

**NOTE 7: EXPLORATION AND EVALUATION
 EXPENDITURE**

Exploration and evaluation expenditure reconciliation		
Opening balance	1,966,415	8,770,570
Proceed from farm in JV contribution	(250,000)	-
Exploration and development expenditure incurred	116,048	357,994
Exploration written off	-	(4,535,855)
Impairment	(100,040)	(2,626,294)
Closing balance	1,732,423	1,966,415

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

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 8: ISSUED CAPITAL

	31 December 2014 \$	30 June 2014 \$
(a) Share Capital		
Issued and paid up capital – consisting of ordinary shares	16,194,284	15,862,000
Less: Costs of issue	(758,666)	(751,167)
	15,435,618	15,110,833
(b) Movements in ordinary share capital	Number of shares	\$
Opening balance at 1 July 2014	109,662,979	15,110,833
Issue of shares on 07/07/2014	1,025,461	7,999
Issue of shares on 21/07/2014	1,764,709	15,000
Issue of shares on 21/07/2014	33,331,784	283,320
Issue of shares on 12/08/2014	2,105,788	17,899
Issue of shares on 09/10/2014	806,576	8,066
Less: capital issue costs	-	(7,499)
Closing balance at 31 December 2014	148,697,297	15,435,618
Opening balance at 1 July 2013	107,489,109	15,083,730
Issue of shares on 17/10/2013	600,137	4,024
Issue of shares on 17/10/2013	275,000	9,900
Issue of shares on 10/01/2014	547,510	6,899
Issue of shares on 10/01/2014	125,000	4,500
Issue of shares on 1/04/2014	375,734	4,734
Issue of shares on 1/04/2014	250,489	3,156
Less: capital issue costs	-	(6,110)
Closing balance at 30 June 2014	109,662,979	15,110,833

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 9: SHARE BASED PAYMENTS

23,728,195 options were issued to convertible note holders, due to the amendment on Convertible Note Deed to extend the maturity date to 30/06/15.

The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model and totalled \$317,958. The values and inputs are as follows;

	Convertible Note Options
Options issued	23,728,195
Underlying share value	\$0.017
Exercise price	\$0.011
Risk free interest rate	2.62%
Share price volatility	116.83%
Expiration period	31/12/2017
Valuation per option	\$0.0134

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) 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	666,667	27 cents
	666,667	36 cents
	666,666	45 cents

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 performance rights have expired on 25 July 2014, the total value of the performance rights of \$309,333 are reclassified from share based payment reserve to accumulated losses. The total amount being expensed for the period ended 31 December 2014 is \$7,062 (31 December 2013: \$51,979).

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

NOTE 10: 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 2014 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.

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

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

There are no 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 is not aware of any contingent assets or liabilities.

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 2014 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
Managing Director

Date: 5 March 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Riedel Resources Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2014, or during the half year.

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 2014 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.

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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.

Conclusion

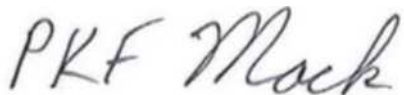
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Riedel Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

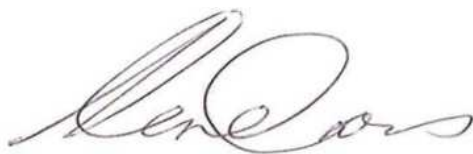
Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2(d) in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$404,921 during the half year ended 31 December 2014. These conditions, along with other matters as set out in Note 2(d), indicates the existence of a material uncertainty that may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity and the company 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



PKF MACK



SHANE CROSS
PARTNER

5 MARCH 2015
WEST PERTH,
WESTERN AUSTRALIA