

# **RIEDEL** RESOURCES

**RIEDEL RESOURCES LIMITED**  
ABN: 91 143 042 022

**FINANCIAL REPORT FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2010**

**CONTENTS**

CORPORATE DIRECTORY .....	1
DIRECTORS' REPORT .....	2
AUDITOR'S INDEPENDENCE DECLARATION .....	4
CONDENSED STATEMENT OF COMPREHENSIVE INCOME .....	5
CONDENSED STATEMENT OF FINANCIAL POSITION .....	6
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	7
STATEMENT OF CASH FLOWS.....	8
NOTES TO AND FORMING PART OF THE ACCOUNTS.....	9
DIRECTORS' DECLARATION.....	14
INDEPENDENT AUDITOR'S REVIEW REPORT .....	15

**CORPORATE DIRECTORY**

**DIRECTORS**

Bruce Franzen  
Andrew Childs  
Wolfgang Zimmer  
Ian Tchacos  
Jeffrey Moore

**COMPANY SECRETARY**

Bruce Franzen

**REGISTERED & PRINCIPAL OFFICE**

Level 2  
11 Ventnor Avenue  
WEST PERTH WA 6005

Telephone: (08) 9226 0866  
Facsimile: (08) 9226 5333

**AUDITORS**

Mack and Co  
Level 2  
35 Havelock Street  
WEST PERTH WA 6005

## **DIRECTORS' REPORT**

Your directors submit the financial report of the company for the half-year ended 31 December 2010. The company was incorporated on 9 April 2010.

### **DIRECTORS**

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

Ian Tchacos  
Bruce Franzen  
Andrew Childs  
Wolfgang Zimmer  
Jeffrey Moore                      Appointed on 30 September 2010

Bruce Franzen also holds the position of company secretary.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company since incorporation were to consider the acquisition of mineral exploration projects and subsequent funding and operational strategies, along with seeking quotation upon the ASX.

### **OPERATING RESULTS**

The net loss of the company for the financial period after provision for income tax was \$11,603.

### **DIVIDENDS PAID OR RECOMMENDED**

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

### **REVIEW OF OPERATIONS**

Riedel was incorporated on 9 April 2010 for the purposes of acquiring all of the mineral exploration assets of ADX Energy Limited (formerly AuDAX Resources Limited), and for further investment in resource opportunities.

On 29 September 2010 at a meeting of members, approved the grant of 8,000,000 unlisted options to Directors of the Company for nil consideration the terms being exercisable at \$0.30 on or before 30 June 2014.

On 30 September 2010, the Board allotted seed capital in the Company, 6,500,000 shares at \$0.10 each to raise \$650,000. The funds raised were to meet IPO preparation expenses and general working capital.

On 14 October 2010, Riedel acquired by way of a share sale agreement from ADX Energy Limited (formerly AuDAX Resources Limited), a portfolio of gold, copper and nickel projects and significant land holdings held by AuDAX Minerals Pty Ltd (wholly owned subsidiary of ADX Energy Limited) in prospective areas in the Archaean and Proterozoic areas in Western Australia. The Company has a mixture of early stage and more advanced prospects, with an initial focus on four core Projects, comprising the Mary Mia, Millrose, Mt Webb, and Cheritons Projects. These Projects comprise an existing inferred gold resource, numerous drill ready Cu, Ni, Au and Cu-Au targets as well as a number of quality conceptual targets.

Riedel lodged a prospectus with ASIC dated 12 November 2010, for the purposes of offering up to 35 million shares at \$0.20 each to raise up to \$7 million before costs with a minimum subscription of \$5 million. The prospectus offer was closed on 24 December 2010 raising \$5.22m before costs, and the Company subsequently listed on the ASX on 31 January 2011, ASX code: RIE.

**DIRECTORS' REPORT**

**EVENTS SUBSEQUENT TO REPORTING DATE**

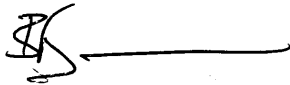
Following the closing of the prospectus offer of the Company, the Company completed the acquisition of AuDAX Minerals Pty Ltd on 20 January 2011, and successfully listed on the ASX on 31 January 2011, ASX code: RIE.

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 4 for the half year ended 31 December 2010.

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



Bruce Franzen  
Executive Director

Date: 15 March 2011


2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005  
PO BOX 609, WEST PERTH WA 6872


TELEPHONE +61 8 9322 2798 FACSIMILE +61 8 9481 2019  
E-MAIL: MAIL@MACKCO.COM.AU WEB: MACKCO.COM.AU

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF RIEDEL RESOURCES LIMITED**

I declare that to the best of my knowledge and belief, during the period ended 31 December 2010 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

  
\_\_\_\_\_  
MACK & CO

  
\_\_\_\_\_  
NICHOLAS A. CALDER  
PARTNER  
WEST PERTH

DATE: 15 MARCH 2011

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	<b>31 December 2010 \$</b>
Interest revenue	4,867
Administration expenses	<u>(16,470)</u>
<b>Loss before income tax</b>	<b>(11,603)</b>
Income tax expense	<u>-</u>
<b>Loss for the period</b>	<b>(11,603)</b>
<b>Other comprehensive income</b>	
Other comprehensive income (net of tax)	<u>-</u>
<b>Total comprehensive loss for the period</b>	<b><u>(11,603)</u></b>

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	<b>Note</b>	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		198,415	115,355
Trade and other receivables	4	492,098	470
<b>TOTAL CURRENT ASSETS</b>		<b>690,513</b>	<b>115,825</b>
<b>TOTAL ASSETS</b>		<b>690,513</b>	<b>115,825</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		56,791	120,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>56,791</b>	<b>120,500</b>
<b>TOTAL LIABILITIES</b>		<b>56,791</b>	<b>120,500</b>
<b>NET ASSETS</b>		<b>633,722</b>	<b>(4,675)</b>
<b>EQUITY</b>			
Issued capital	5	650,100	100
Retained earnings		(16,738)	(4,775)
<b>TOTAL EQUITY</b>		<b>633,722</b>	<b>(4,675)</b>

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 1 July 2010</b>	<u>100</u>	<u>(4,775)</u>	<u>(4,675)</u>
Loss for the period	-	(11,603)	(11,603)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(11,603)	(11,603)
<i>Transactions with owners, recorded directly in equity</i>			
Issue of share capital	650,000	-	650,000
<b>Balance at 31 December 2010</b>	<u><b>650,100</b></u>	<u><b>(16,378)</b></u>	<u><b>633,722</b></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	<b>31 December 2010</b>
	<b>\$</b>
<b>Cash Flows from Operating Activities</b>	
Payments to suppliers and employees	31,638
Interest received	5,337
	<hr/>
Net cash from by operating activities	36,975
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Reimbursable expenditure to ADX Energy Ltd	(250,000)
	<hr/>
Net cash used in investing activities	(250,000)
	<hr/>
<b>Cash Flows from Financing Activities</b>	
Proceeds from seed capital	650,000
Reversal of application for shares	(115,000)
Capital raising expenses	(238,915)
	<hr/>
Net cash from in financing activities	296,085
	<hr/>
<b>Net increase in cash held</b>	83,060
	<hr/>
<b>Cash and cash equivalents at beginning of financial year</b>	115,355
	<hr/>
<b>Cash and cash equivalents at end of financial year</b>	<u>198,415</u>

The accompanying notes form part of these financial statements

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**1. REPORTING ENTITY**

Riedel Resources Limited (the “Company”) is an unlisted company limited by shares, incorporated and domiciled in Australia. The interim financial report of the Company is for the six months ended 31 December 2010.

The financial statements of the Company as at and for the year ended 30 June 2010 are available upon request.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These interim financial statements were approved by the Board of Directors on 14 March 2011.

**b) Basis of preparation**

The 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.

As the Company was incorporated on 9 April 2010, there are no comparative figures for the statement of comprehensive income, statement of cash flows and statement of changes in equity.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2010 annual financial report for the financial year ended 30 June 2010, 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.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The adoption of these amendments has not resulted in any changes to the consolidated entity’s accounting policies, and has no affect on the amounts reported for the current or prior periods.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

2. BASIS OF PREPARATION (CONT)

c) Estimates

The preparation of the interim 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 interim 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 2010.

d) 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 Company's chief operating decision maker which, for the Company, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included where applicable.

NOTE 3: OPERATING SEGMENTS

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. 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.

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

	<b>31 December 2010 \$</b>
Revenue from external sources	<u>4,867</u>
Net loss before tax	<u>(11,603)</u>
Reportable segment assets	<u>690,513</u>
Reportable segment liabilities	<u>56,791</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
<b>NOTE 4: TRADE AND OTHER RECEIVABLES</b>		
Accrued interest	-	470
Prepayments	3,182	-
Advance payment of reimbursable expenditure (i)	250,000	-
Capital raising costs (ii)	238,916	-
	492,098	-

- (i) The advance payment represents an amount paid to ADX Energy Limited in accordance with Clause 4(a)(ii) of the Share Sale Agreement dated 14 October 2010 under which the Company acquired AuDAX Minerals Pty Ltd on 20 January 2011. At settlement of the acquisition, the amount is to be deducted from reimbursable expenditure incurred by the vendor, ADX Energy Limited, at settlement.
- (ii) Capital raising costs represents amounts incurred by the Company up until 31 December 2010 in relation to its prospectus capital raising and listing on the ASX. Following the end of the period the Company was admitted to the official list of the ASX and commenced quotation on 31 January 2010. The above amount is deductible from the amount of the equity when it initially is recognized.

**NOTE 5: ISSUED CAPITAL**

	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
(a) Issued and fully paid shares		
6,500,100 (30 June: 100) fully paid ordinary shares	650,100	100
Less: capital issue costs net of tax	-	-
	650,100	100
 (b) Movements in issued and fully paid shares	<b>Number of shares</b>	<b>\$</b>
Balance at the beginning of the period	100	100
Seed capital shares issued on 30/09/2010	6,500,000	650,000
Less: capital issue costs	-	-
Balance at the end of the period	6,500,100	650,100

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**NOTE 6: SHARE BASED PAYMENTS**

During the period, 8,000,000 options were issued to Ian Tchacos, Bruce Franzen, Andrew Childs and Wolfgang Zimmer as incentive to facilitate the Director's interests with company objectives. Each Director was issued 2,000,000 each.

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

Underlying security spot price	\$0.00
Exercise price	\$0.30
Volatility	80%
Risk free rate	4.88%
Grant date	29/09/2010
Expiration date	30/06/2014
Expiration period (years)	3.75 yrs
Number of options	8,000,000
Valuation per option	\$0.00
Valuation per tranche	\$0.00

The fair value of services received in return for share options granted is measured using the Black-Scholes formula.

**NOTE 7: 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 2010 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.

*(b) Transactions with related parties*

The Company paid an amount of \$250,000 as an advance payment to ADX Energy Limited in accordance with Clause 4(a)(ii) of the Share Sale Agreement dated 14 October 2010 under which the Company acquired AuDAX Minerals Pty Ltd on 20 January 2011. At settlement of the acquisition, the amount is to be deducted from reimbursable expenditure incurred by the vendor, ADX Energy Limited, at settlement.

**NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE**

Following the closing of the prospectus offer of the Company, the Company completed the acquisition of AuDAX Minerals Pty Ltd on 20 January 2011, and successfully listed on the ASX on 31 January 2011.

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.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**NOTE 9: CONTINGENT ASSETS AND LIABILITIES**

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

**NOTE 10: COMPANY DETAILS**

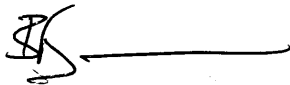
The registered office and principal place of business of the company is Level 2, 11 Ventnor Avenue, West Perth, WA 6005.

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, of the company are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
  - (c) the half year financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 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.

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

A handwritten signature in black ink, appearing to be "BF", followed by a long horizontal line extending to the right.

Bruce Franzen  
Executive Director

Date: 15 March 2011

**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 Ltd an (the Company) which comprises the statement of financial position as at 31 December 2010 and the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Company as at 31 December 2010.

**Director's Responsibility for the Half-Year Financial Report**

The directors of Riedel Resources Ltd are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 Standards on Review Engagements ASRE 2410 Review of an Interim 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporation Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Riedel Resources Ltd, 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.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written 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 Ltd 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 2010 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.

*MACK & CO*  
\_\_\_\_\_  
MACK & CO

*Nicholas A. Calder*  
\_\_\_\_\_  
NICHOLAS A. CALDER  
PARTNER  
WEST PERTH

DATE: 15 MARCH 2011