



RIEDEL RESOURCES LIMITED
ABN: 91 143 042 022

FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2016

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CORPORATE DIRECTORY

DIRECTORS

Jeffrey Moore
Andrew Childs
Mark Skiffington
Luke Matthews

COMPANY SECRETARIES

Henko Vos
Abby Siew

REGISTERED & PRINCIPAL OFFICE

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6 Richardson Street
WEST PERTH WA 6005

Telephone: (08) 9226 0866
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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 2016.

DIRECTORS

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

Jeffrey Moore
Andrew Childs
Mark Skiffington
Luke Matthews

COMPANY SECRETARIES

Henko Vos (appointed 28 December 2016)
Abby Siew (appointed 28 December 2016)

Leonard Math (appointed 28 August 2015; resigned 28 December 2016)

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net income of the consolidated entity for the financial period after provision for income tax was \$402,085 (2015: \$401,629 profit).

REVIEW OF OPERATIONS

MARYMIA PROJECT

Australian Mines Limited ("Australian Mines") Earning Up to 80% (E52/2394 and E52/2395)

During the reporting period, Australian Mines reviewed numerous geological analogues to the Dixon prospect area in order to best plan follow-up drilling over the larger prospect area. The area of interest includes untested magnetic anomalies along strike from significant gold intersections already recorded at Dixon and in parallel anomalies. It should be noted that due to the presence of transported overburden, this geological setting is not amenable to geochemical soil sampling and therefore needs to be tested with aircore or RAB drilling that will penetrate the regolith and reach the underlying fresh rock.

Australian Mines has designed its next stage of exploration to test magnetic anomalies along strike from the Dixon prospect and over a similar magnetic anomaly to the east of Dixon with drilling. Exploration will focus on a three-phase air core drilling programme, consisting of 120 holes for 7,185 metres of drilling (see Figure 1).

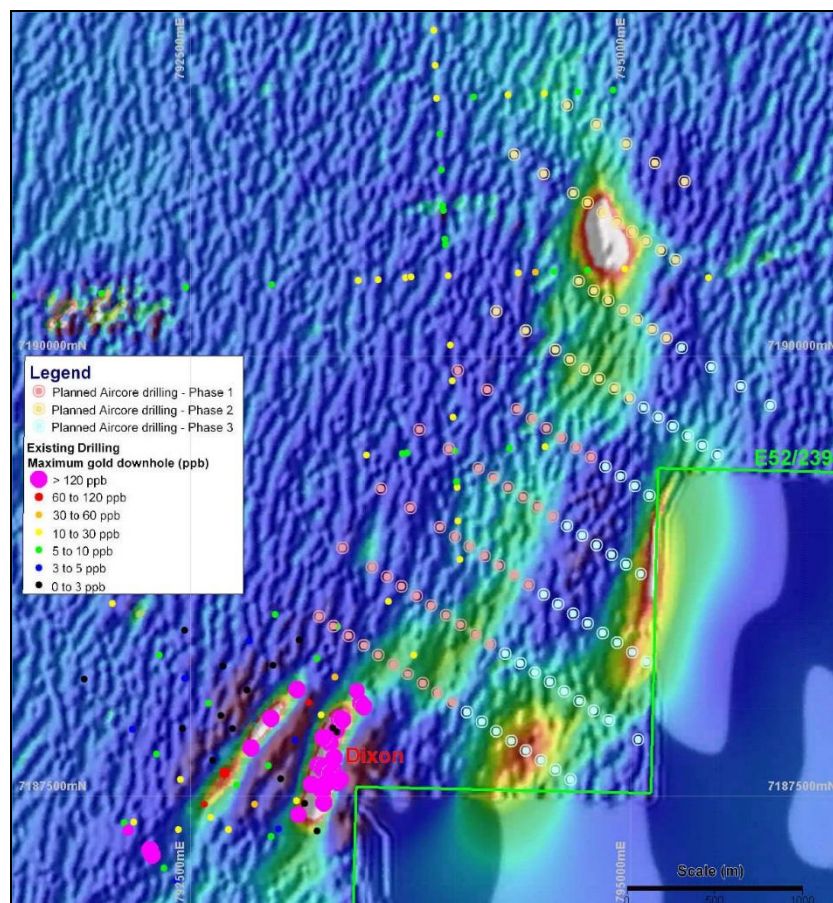


Figure 1: Plan view of the Dixon prospect displaying the maximum gold downhole intercept with the planned air core drilling (by phase) on aeromagnetic image background

Phase 1 of this proposed aircore drilling programme will test the north-eastern extension of the known mineralisation at Dixon. Phase 2 is designed to test a distinctive magnetic anomaly, further along strike to the north and Phase 3 will drill-test a magnetic high to the east of Dixon, interpreted as separate dolerite unit.

The drill holes have been planned on 123° orientated grid lines, which are perpendicular to the strike of the stratigraphy. Although there is a slight change in orientation of the magnetic anomaly noted in modelling further to the north, Australian Mines has elected to maintain the drill orientations to test the stratigraphy.

At Dixon, the mineralised zone appears to dip at 55° to the northwest and the designed aircore holes will be drilled at -60° to the southeast to most effectively intersect the stratigraphy and mineralisation.

The drilling programme is spaced at 400 metre line intervals, with drill holes mostly spaced at 100 metre intervals along the line. These specifications were chosen to maximise the chance of intersecting oxide mineralisation and therefore, to vector into primary mineralisation.

Each hole will be drilled to refusal, which ensures that every hole terminates at the weathered rock-fresh bedrock interface. Historic rotary air blast (RAB) drilling suggests the average hole depth for this programme will be 60 metres.

The three phases of the proposed 120-hole air core drilling program are expected to take four weeks to complete with full results expected to be available within four weeks after completion of drilling.

Australian Mines has commenced seeking the requisite approvals for this drilling programme, including heritage clearances. The Company will further advise on the commencement date when details are available.

CHARTERIS CREEK PROJECT (Riedel 100%)

As previously announced, Riedel was successful with its State Government 2016-2017 co-funded drilling application. A grant of up to **\$75,000** (or half of the direct drilling costs) from the State Government may be used to drill geophysical anomalies at Charteris Creek. The grant is awarded for innovative drilling programmes in previously untested locations and is designed to test for buried copper-molybdenum-(gold) mineralisation.

A reconnaissance field trip was completed during the reporting period to assess access options, confirming that at least one drill hole site can be accessed, subject to a heritage survey being completed. Riedel is awaiting confirmation of the heritage survey timetable.

The drilling programme will test one of the large magnetic anomalies identified beneath cover rocks of the younger Fortescue Group for the presence of porphyry Cu-Mo (+/- Au) mineralisation. These magnetic peaks are within a circular feature approximately 1.5km in diameter (see *Figure 2*).

Riedel is planning to drill one diamond drill hole for a total of 400 metres to test one of the two magnetic peaks closest to surface. The magnetic target was modelled using unconstrained 3D inversion modelling and polygonal forward modelling. The profile data along 5 airborne magnetic survey flight lines were modelled during this polygonal forward modelling exercise. Three alternative forward models were created using different magnetic susceptibility values of 0.01SI, 0.02SI and 0.03SI. Figure 3 shows the planned drill hole traces and the 3D Inversion and Polygonal Magnetic Model Targets (looking West).

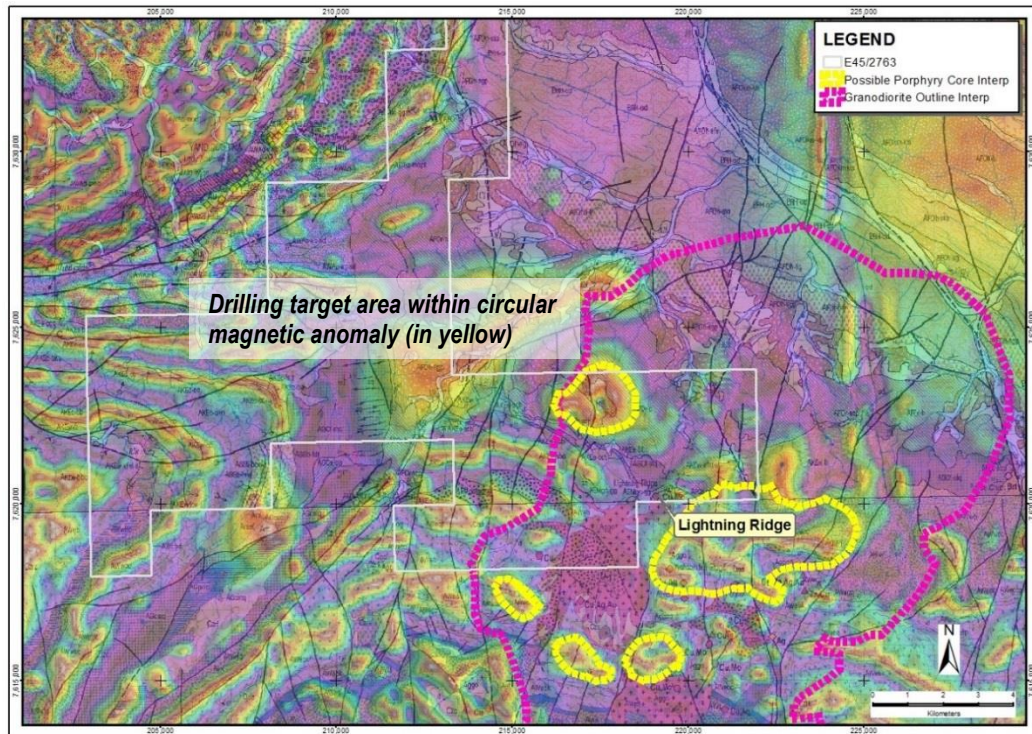


Figure 2: Circular magnetic anomaly interpreted as possible porphyry core within granodiorite intrusive

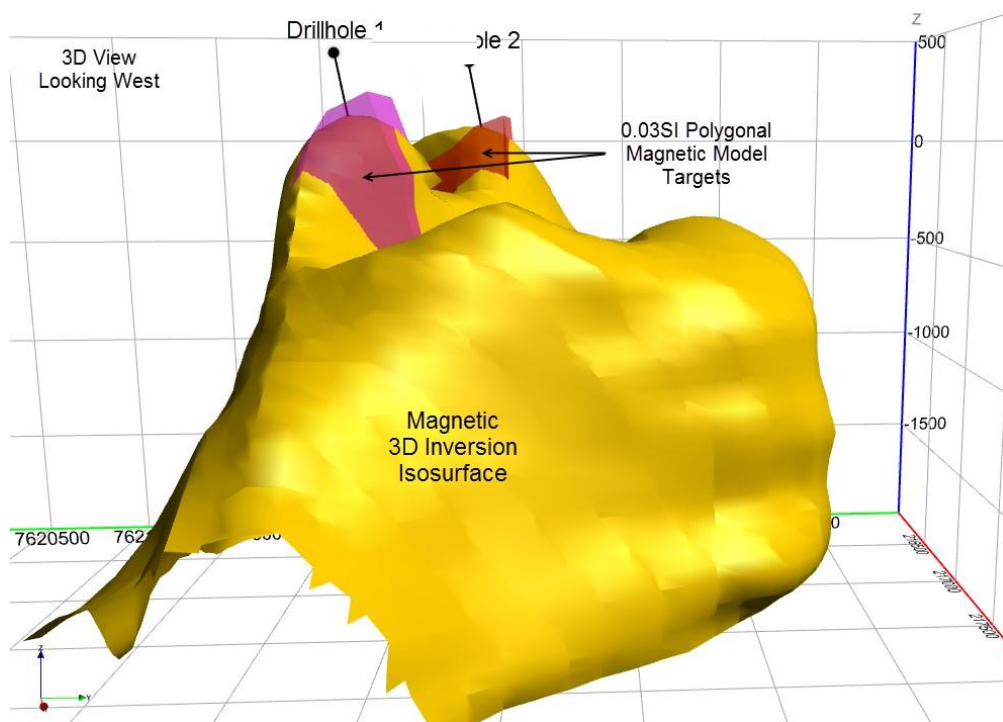


Figure 3: Planned drill hole trace (Drillhole 1) and the 3D Inversion and Polygonal Magnetic Model Targets (looking west).

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a consulting geologist to Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 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 7 for the half year ended 31 December 2016.

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



Jeffrey Moore
Executive Chairman

Date: 13 March 2017

**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 2016, 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

PKF MACK

Shane Cross

**SHANE CROSS
PARTNER**

**13 MARCH 2017
WEST PERTH,
WESTERN AUSTRALIA**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

		31 December 2016 \$	31 December 2015 \$
Revenue	Note 4(a)		
Interest revenue		15,452	1,688
Other income		5,602	4,991
Gain on deregistration		652,518	-
Gain on sale of tenement		-	691,937
		<u>673,572</u>	<u>698,616</u>
 Expenses	 4(b)		
Administration expenses		(105,801)	(118,935)
Depreciation and amortisation expense		(5,084)	(6,722)
Employee benefits expense		(57,336)	(15,502)
Impairment of exploration expenditure		(73,899)	(155,828)
Write-off of exploration expenditure		(29,367)	-
		<u></u>	<u></u>
Profit/(Loss) before income tax		402,085	401,629
 Income tax expense		 -	 -
		<u></u>	<u></u>
Profit/(Loss) for the period		402,085	401,629
 Other comprehensive income/(loss)			
Items that maybe reclassified subsequently to profit and loss			
Exchange difference on translation of foreign operation		-	(16)
Foreign currency translation reserves on deregistration of foreign subsidiaries		(652,096)	-
Other comprehensive income (net of tax)		<u>(652,096)</u>	<u>(16)</u>
 Total comprehensive income/(loss) for the period		 <u>(250,011)</u>	 <u>401,613</u>
 Basic earnings/(loss) per share (cents per share)		 0.17	 0.22
Diluted earnings/(loss) per share (cents per share)		0.17	0.22

The accompanying condensed notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,158,128	1,499,804
Trade and other receivables	6	26,696	27,922
TOTAL CURRENT ASSETS		1,184,824	1,527,726
NON-CURRENT ASSETS			
Property, plant and equipment		2,126	7,210
Exploration and evaluation expenditure	7	1,637,659	1,635,520
TOTAL NON-CURRENT ASSETS		1,639,785	1,642,730
TOTAL ASSETS		2,824,609	3,170,456
CURRENT LIABILITIES			
Trade and other payables		32,172	143,535
TOTAL CURRENT LIABILITIES		32,172	143,535
TOTAL LIABILITIES		32,172	143,535
NET ASSETS		2,792,437	3,026,921
EQUITY			
Issued capital	8	15,981,731	15,981,731
Option reserve		290,941	290,941
Share based payments reserve		769,452	827,612
Foreign currency translation reserve		-	652,096
Accumulated losses		(14,249,687)	(14,725,459)
TOTAL EQUITY		2,792,437	3,026,921

The accompanying condensed notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
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
Balance at 1 July 2015	15,452,891	290,941	652,517	525,145	(15,429,560)	1,491,934
Profit for the period	-	-	-	-	401,629	401,629
Other comprehensive loss	-	-	(16)	-	-	(16)
Total comprehensive loss for the period	-	-	(16)	-	401,629	401,613
<i>Transactions with owners, recorded directly in equity</i>						
Issue of share capital	504,465	-	-	-	-	504,465
Less: share issue costs	(4,626)	-	-	-	-	(4,626)
Balance at 31 December 2015	15,952,730	290,941	652,501	525,145	(15,027,931)	2,393,386

The accompanying condensed notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(267,997)	(133,943)
Payments for exploration and evaluation		(93,107)	(62,307)
Sublease income		2,750	4,991
Other income		1,226	-
Interest received		15,452	1,688
Net cash used in operating activities		(341,676)	(189,571)
Cash Flows from Investing Activities			
Payments for plant and equipment		-	-
Proceeds from JV contribution		-	-
Proceeds from sale of tenement (inclusive of GST)		-	770,000
Payments for exploration and evaluation		-	-
Net cash provided by investing activities		-	770,000
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	90,417
Payments for share issue costs		-	(4,626)
Net cash provided by financing activities		-	85,791
Net increase in cash and cash equivalents held		(341,676)	666,220
Cash and cash equivalents at beginning of the reporting period		1,499,804	142,630
Cash and cash equivalents at end of the reporting period	5	1,158,128	808,850

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 2016**

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 2016 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 2016 are available upon request.

The financial statement were authorised for issue in accordance with a resolution of directors dated on 13 March 2017.

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 2016 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 2016 annual financial report for the financial year ended 30 June 2016, 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 2016.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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 profit after tax of \$402,085 for the period ended 31 December 2016 (31 December 2015: \$401,629 profit).

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 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 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017	February 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016

AASB No.	Title	Application date of standard*	Issue date
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 2016-6	Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts [AASB 4]	1 January 2018	October 2016
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	December 2019
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

Please note that the above is a full list of Australian Accounting Standards issued but not yet effective. However, if a particular standard or interpretation is clearly not relevant because it is out of scope for that type of entity. For example, a for-profit entity is not required to disclose those standards or interpretations relating to not-for-profit or government entities. Where a standard or interpretation is industry-specific and the entity clearly does not operate in that industry, the entity is not required to disclose the standard or interpretation. For example, a standard or interpretation that affects only entities in the superannuation industry would not need to be included in the disclosure by an entity that does not have operations in that industry.

The table is complete as at 31 December 2016, therefore any further standards/interpretations issued after this date will also need to be disclosed up until the date of authorisation of the financial report.

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 2: BASIS OF PREPARATION (CONT)

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.

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 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
Reportable segment assets	1,639,785	-	1,184,824	2,824,609
Reportable segment liabilities	-	-	32,172	32,172

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 3: OPERATING SEGMENTS (CONT)

31 December 2015	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Revenue from external sources	691,937	-	6,679	698,616
Net profit/(loss) before tax	531,754	-	(130,125)	401,629

30 June 2016	Australia \$	Burkina Faso \$	Unallocated \$	Total \$
Reportable segment assets	2,620,231	-	550,225	3,170,456
Reportable segment liabilities	94,693	421	48,422	143,535

NOTE 4: LOSS FROM ORDINARY ACTIVITIES

	31 December 2016 \$	31 December 2015 \$
(a) Revenue		
Interest revenue	15,452	1,688
Other income	5,602	4,991
Gain on sale of tenement	-	691,937
Gain on deregistration	652,518	-
	673,572	698,616
(b) Expenses		
Administration expenses	105,801	118,935
Depreciation and amortisation expense	5,084	6,722
Employee benefits expense	57,336	15,502
Impairment of exploration expenditure	73,899	155,828
Write-off exploration expenditure	29,367	-
	271,487	296,987

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	30 June 2016 \$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	3,133	3,171
Cash at bank	1,154,995	1,496,633
	<u>1,158,128</u>	<u>1,499,804</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

Prepayments	920	6,349
Other	5,776	1,573
Term Deposit	20,000	20,000
	<u>26,696</u>	<u>27,922</u>

**NOTE 7: EXPLORATION AND EVALUATION
EXPENDITURE**

Exploration and evaluation expenditure reconciliation		
Opening balance	1,635,520	1,737,558
Exploration and development expenditure incurred	76,038	89,325
Exploration written off	-	-
Impairment	(73,899)	(191,363)
Closing balance	<u>1,637,659</u>	<u>1,635,520</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

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 8: ISSUED CAPITAL

	31 December 2016 \$	30 June 2016 \$
(a) Share Capital		
Issued and paid up capital – consisting of ordinary shares	16,745,023	16,745,023
Less: Costs of issue	(763,292)	(763,292)
	<u>15,981,731</u>	<u>15,981,731</u>

(b) Movements in ordinary share capital

	Number of shares	\$
Opening balance at 1 July 2016	234,099,553	15,981,731
Less: capital issue costs	-	-
Closing balance at 31 December 2016	<u>234,099,553</u>	<u>15,981,731</u>
Opening balance at 1 July 2015	151,020,586	15,452,891
Convertible note interest on 9 July 2015	997,260	5,984
Issue of shares on 20 August 2015	18,083,477	90,417
Convertible note interest on 27 October 2015	1,344,293	8,066
Redemption of convertible notes on 30 October 2015	61,653,937	400,000
Issue of shares on 31 May 2016	1,000,000	29,000
Less: capital issue costs	-	(4,627)
Closing balance at 30 June 2016	<u>234,099,553</u>	<u>15,981,731</u>

(c) Movements in options (share based payments reserve)

	Number of Options	\$
Opening balance at 1 July 2016	62,978,195	827,612
Performance Rights	-	15,527
*Options lapsed on 31 December 2016	(10,000,000)	(73,687)
Closing balance at 31 December 2016	<u>52,978,195</u>	<u>769,452</u>

**CONDENSED CONSOLIDATED NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

Opening balance at 1 July 2015	44,311,524	525,145
Options lapsed on 31 January 2016	(9,333,329)	-
Options issued pursuant to resolution approved by shareholders at General Meeting on 11 March 2016	18,000,000	214,200
Performance rights issued pursuant to resolution approved by shareholders at General Meeting on 11 March 2016	10,000,000	88,267
Closing balance at 30 June 2016	<u>62,978,195</u>	<u>827,612</u>

* 10,000,000 options at an exercise price of \$0.052 expired on 31 December 2016

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 2016 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, a related entity of Mr Jeffery Moore. Virtual Curtain Limited pays 25% of Riedel's monthly rental and outgoings.

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: 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 11: CONTINGENT ASSETS AND LIABILITIES

The Company has a \$20,000 (31 December 2015: \$20,000) term deposit against a credit card facility that expires 25 May 2017.

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

NOTE 12: 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 2016 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: 13 March 2017

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 2016, 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 2016, 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 2016 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.

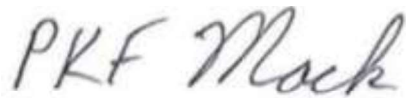
Independence

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 2016 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.



PKF MACK



SHANE CROSS
PARTNER

13 MARCH 2017
WEST PERTH,
WESTERN AUSTRALIA