

ASX ANNOUNCEMENT

30 April 2014



Heads of Agreement signed with Australian Mines Limited to explore and earn interests in the Marymia Project

Riedel Resources Limited (**ASX: RIE**, "Riedel" or "the Company") is pleased to announce the key terms and conditions of a farm-in and joint venture arrangement over exploration licences 52/2394 and 52/2395 ("the Marymia Project") were agreed with Australian Mines Limited (**ASX: AUZ**, "Australian Mines") and a Heads of Agreement has been signed by the parties.

The parties have agreed to enter into a replacement formal joint venture agreement as soon as reasonably practicable after the formation of a joint venture.

If the farm-in and joint venture arrangement proceed to its full conclusion, the earn-in will be worth up to \$3.3M.

Key Terms of Heads of Agreement

- ✓ \$50,000 payable to Riedel upon signing the Heads of Agreement;
- ✓ Australian Mines has the right to withdraw from the arrangement subject to spending a minimum of \$150,000 in exploration on the Marymia Project within six months from commencement ("Minimum Expenditure");
- ✓ If Australian Mines exercises its option to continue with the farm-in arrangement after satisfying the Minimum Expenditure, Australian Mines must make a **cash payment to Riedel of \$250,000**;
- ✓ By spending **\$1,000,000 (including the Minimum Expenditure) on exploration** within an initial two year period from commencement Australian Mines can earn a 51% interest in the Marymia Project ("Stage 1 Earn-in");
- ✓ By spending a further **\$2,000,000 on exploration** within a further 3 year period following the Stage 1 Earn-in, Australian Mines can earn an additional 29% interest (taking the total interest to 80%) in the Marymia Project ("Stage 2 Earn-in");
- ✓ If all milestones are met by Australian Mines within the Stage 1 and Stage 2 Earn-in periods, **Australian Mines will have earned an interest of 80% in the Marymia Project by the expenditure of**

COMPANY DIRECTORS

Mr Ian Tchacos
Non-Executive Chairman

Mr Jeffrey Moore
Managing Director

Mr Ed Turner
Technical Director

Mr Andrew Childs
Non-Executive Director

COMPANY SECRETARY

Ms Sue Symmons

CONTACT DETAILS

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\$3,000,000 on exploration within the Joint Venture Area and by **cash payments of \$300,000** to Riedel;

- ✓ Once Australian Mines has satisfied either its Stage 1 or Stage 1 plus Stage 2 Earn-in obligations and notified Riedel of its election to form a joint venture, with a resulting joint venture interest of either 51% of 80%, Riedel may elect to contribute on a pro-rata basis or dilute its interest according to standard dilution formulae;
- ✓ If a Joint Venturer's Joint Venture interest reduces to 10% or less, the interest is converted to a 2% Net Smelter Royalty;
- ✓ Australian Mines will be the operator and manager of the Project.

MARYMIA PROJECT

Riedel holds two exploration licences (E52/2394 and E52/2395) which collectively form the Marymia Project and cover an area of more than 425 square kilometres in the highly prospective Doolgunna-Thaduna region of the Proterozoic volcano-sedimentary Bryah and Yerrida Basins and Archaean Baumgarten Greenstone Belt in the Marymia Inlier.

The Marymia Project is located approximately 30 kilometres east of the 4.7M oz Plutonic gold mine, 55 kilometres north-east of Sandfire Resources NL's DeGrussa copper-gold mine (550,000 tonnes contained copper metal), and 12 kilometres east-north-east of Ventnor Resources Limited's Green Dragon and Thaduna copper deposits (100,000 tonnes contained copper metal) in Western Australia's Mid-West region (see *Figures 1 and 2*).



Figure 1: Marymia and Western Australia Project Locations

Significant regional structures identified in the project area include the Jenkin Fault and prospective, mineralised geology including the Archaean-aged Baumgarten Greenstone Belt and Proterozoic-aged sediments belonging to the Yerrida and Earraheedy Groups.

The project is prospective for copper, gold and nickel mineralisation and Riedel has delineated numerous high priority targets for each of these commodities.

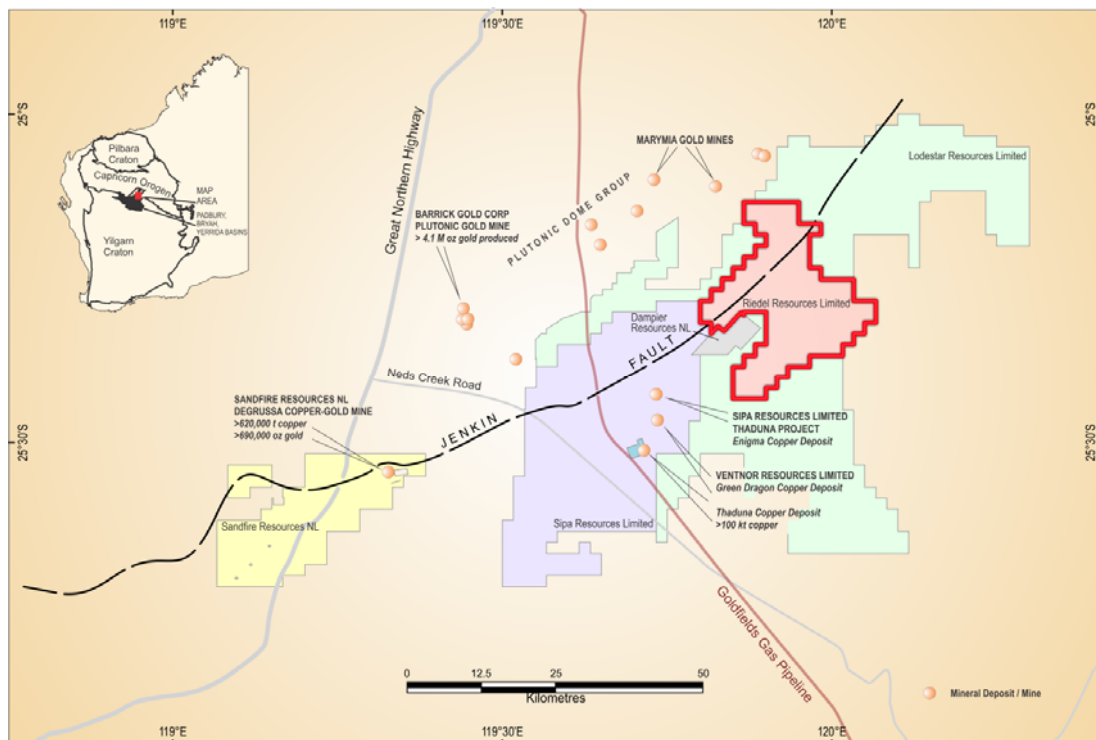


Figure 2: Marymia Project - Location Map

For further information please contact:

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Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a full time employee of Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 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.