Riversdale Mining Limited

A.B.N. 53 006 031 161

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

Riversdale Mining Limited
ABN 53 006 031 161
(ASX Code: RIV)

Appendix 4E
Preliminary Final Report
For the Financial Year Ended 30 June 2007

Results for Announcement to the Market

				$'000
Revenue	Up	106.8%	To	72,020
Net profit for the period attributable to members	Down	80.2%	To	5,017

Dividends/distributions	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the final dividend **Not Applicable**

Revenue and net profit for the year ended 30 June 2007 includes a full year of operating contribution from Zululand Anthracite Colliery (ZAC). The profit for the year ended 30 June 2006 includes a one-off contribution from the acquisition of ZAC of $34.0 million. This contribution relates to the negative goodwill arising from the fair value of the assets and liabilities acquired, compared to the consideration paid.

Excluding the effect of the negative goodwill there has been an improvement in net profit, as can be seen below:

	30 June 2007	**30 June 2006**
Profit before income tax and minority interests	10,002	34,677
Less: ZAC negative goodwill	-	(33,998)
Profit excluding negative goodwill	10,002	679

Further explanation of the figures reported above is included in the attached financial statements and review of operations.

Current Reporting Period: **Year ended 30 June 2007**
Previous Corresponding Reporting Period: Year ended 30 June 2006

Statement about the audit status
This report is based on financial statements that are audited. The unqualified audit report is attached.

Net Tangible Asset Backing

	30 June 2007	30 June 2006
Net tangible asset backing per ordinary share: $/share	**0.60**	0.73

Details of dividends and dividend reinvestment plans:
No dividends have been declared or proposed and no dividend reinvestment plan exists.

Details of associates or joint ventures:
On 6 August 2007 the Company signed a Memorandum of Understanding (MOU) with Tata Steel Limited. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements which cover an area of 24,960 hectares. A special purpose joint venture vehicle will be established to develop the coal project.

Foreign entities:
Foreign entities controlled by the Group at 30 June 2007 are as follows:

Name of entity	**Country of incorporation**	**Equity interest %**
Riversdale Holdings (Proprietary) Ltd	South Africa	100
Riversdale Anthracite Colliery (Proprietary) Ltd	South Africa	74
Zululand Anthracite Colliery (Proprietary) Ltd	South Africa	74
Africoal Mozambique Limitada	Mozambique	100
Riversdale Energy (Mauritius) Limited	Mauritius	100
Promark Services Limited	Mauritius	100

Africoal Mozambique Limitada was purchased on 26 October 2006.
ProMark Services Limited was incorporated in Mauritius on 11 April 2007.

All group companies use International Financial Reporting Standards.

Earnings per security

		2007 Number	**2006 Number**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	Basic	137,975,902	79,719,608
Effect of dilutive securities – Share options		4,552,687	5,129,102
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (number)	Diluted	142,528,589	84,848,710
		Cents per share	**Cents per share**
Basic earnings / (loss) per share (cents)		3.64	31.73
Diluted earnings / (loss) per share (cents)		3.52	29.81

CONTENTS

CORPORATE DIRECTORY

REGISTERED OFFICE AND PLACE OF BUSINESS

Level 1,

50 Margaret Street

SYDNEY NSW 2000

Telephone: +61 2 8299 7900

Facsimile: +61 2 8299 7999

AUDITORS

Ernst & Young

Ernst & Young Centre

680 George Street

SYDNEY NSW 2000

BANKERS

Westpac Banking Corporation

60 Martin Place

SYDNEY NSW 2000

SHARE REGISTRY

Computershare

GPO Box 2975

Melbourne VIC 8060

Telephone Aust: 1300 855 080

Telephone Outside Aust: +61 3 9415 5000

STOCK EXCHANGE LISTING

Riversdale Mining Limited's shares are listed on the Australian Stock Exchange, ASX code: RIV.

BOARD OF DIRECTORS

William Michael O'Keeffe

Chief Executive Officer and Chairman

Niall Lenahan

Finance Director & Company Secretary

Andrew Love

Non-Executive Deputy Chairman

Richard Potts

Non-Executive Director

SENIOR EXECUTIVES

Peet Snyders

Managing Director - South African Operations

Steve Thomas

Chief Financial Officer - South African Operations

Sydney Parkhouse

Project Manager - Mozambique

COMPANY SECRETARY

Niall Lenahan

COMPANY WEBSITE

www.riversdalemining.com.au

CHAIRMAN'S STATEMENT

The 2007 financial year was another busy and very significant year in the development of Riversdale Mining Limited as the Company continues on its growth path. Several key milestones were achieved which bode well for the Company's continued growth in future years.

Zululand Anthracite Colliery (ZAC)

The 2007 financial year includes the first full year of contribution from ZAC, which was acquired on 1 December 2005. The Deep E development was successfully completed mid-way through the year, allowing access to additional coal tonnages to supplement production from Kwa-Sheleza. The development at Deep E was completed on time and within budget. There has been a significant improvement in operational performance at ZAC, with run of mine tonnes, saleable production and tonnes sold increasing by 8%, 18% and 56% respectively in 2007 compared to the prior year. This is a result of strong markets for the ZAC products, improved mine and processing performance, tight stock management with sales supplemented from stockpiles, and contributions from the Deep E Section. ZAC has also embarked on a Performance Improvement Process with the assistance of outside consultants with the objective of improving operational efficiencies and financial returns. Improvements identified in the programs are expected to be reflected in future performance at the mine.

Exploration success was achieved at ZAC with a significant potential discovery being identified in the form of the Ngwabe Block. Infill drilling has resulted in a 42% increase in the Coal Reserves to 11.4 million run of mine tonnes at 30 June 2007. The gain in reserves resulted from the addition of previously inferred resources at West Extension, Sheleza "Block D", Ngwabe as well as some low seam resources that were re-categorised as indicated resources and included as probable reserves

Exploration Tenements in Mozambique

The Company became a leading coal enterprise in a major emerging coal region following an agreement to acquire the following exploration tenements in Mozambique:

- 16 coal bearing tenements covering an area of 203,460 hectares located in the Lower Zambezi Coal Basin were acquired during October 2006.
- 7 tenements covering an area of 86,620 hectares located in the Tete province were acquired during August 2007. These tenements are contiguous with tenements already held by Riversdale and those held by one of the world's largest mining groups, Companhia Vale do Rio Doce (CVRD).

The combined tenement size now held by Riversdale is in excess of 290,000 hectares and positions the Company as the largest tenement holder in the Tete-Moatize area, with an extensive area capable of supporting long life operations in this emerging and highly prospective region. The region is within economic reach of the East African coast, with access to the port of Beira by means of a railway line from Moatize that is being rehabilitated. The railway line is scheduled to be operational from mid 2009.

Following acquisition of the initial tenements, the Company embarked on an extensive drilling program and acquired four diamond drill rigs. As at July 2007, more than 84 holes had been completed for over 31,000 metres of core. Samples are being assayed at laboratories in South Africa and Australia.

An initial indicated coal resources of 53.3 million run of mine tonnes has been identified in two distinct areas with open-pit potential. The resource is contained in the northern part of the Benga Licence, where drilling has been concentrated. Drilling on the Benga licence is progressing rapidly with results continuing to confirm that some areas will be amenable to open cut mining as well as the development of underground operations. A scoping review is being completed during the September quarter 2007 with a full Bankable Feasibility Study due to be finalized in the first half of 2008. Initial coal production is anticipated early 2010. A thermal coal-fired power plant producing 300-500MW will form part of the development.

CHAIRMAN'S STATEMENT (CONT'D)

TATA Steel Joint Venture

Riversdale signed a Memorandum of Understanding (MOU) with the global steel group Tata Steel Limited on 6 August 2007. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements for a consideration of $100 million for which Tata secures a key position in the joint venture, as well as a 40% share of the coking coal off-take.

The agreement involves Tata acquiring an interest in two licenses (the Benga and Tete licenses) which cover an area of 24,960 hectares of Riversdale's total portfolio in Mozambique.

Riversdale, in addition to controlling 65% of the two leases in the venture with Tata, still owns 100% of over 265,000 hectares which Riversdale considers to be prospective coal exploration leases in Mozambique. Upon signing of joint venture agreements, Riversdale will have $100 million available to progress the Benga and Tete Licences, and a partner of global standing to work with from the outset.

This single initiative forms the cornerstone of the Company's project development in Mozambique, and has been successfully financed in a way that has both mitigated project risk and ensured minimal dilution of shareholder value. Tata's direct involvement in the project will be of immense value to bringing any project into production, as well as providing an immediate market for off-take.

Corporate

Net profit for the year was $5.0 million and the Company was in a strong cash position of $45.8 million net of bank borrowing.

The Company's share price has strengthened considerably during the year, from $0.88 at 30 June 2006 to $3.29 at 30 June 2007, with Riversdale being included on the Standard & Poors All Ordinaries Index during March 2007.

I would like to acknowledge and thank the employees who have substantially contributed to the development of the Company over the last twelve months.

W M O'KEEFFE
Chief Executive Officer and Chairman

OPERATIONS AND EXPLORATION

Mozambique Coal Project

The combined tenement size now held by Riversdale in Mozambique is in excess of 290,000 hectares. This positions the Company as the largest tenement holder in Tete-Moatize area, with an extensive area capable of supporting long life operations.

During October 2006 the Company acquired 16 coal bearing tenements covering an area of 203,460 hectares located in the Lower Zambezi Coal Basin. Consideration for the acquisition comprised $3.0 million in cash, 10 million ordinary shares, 10 million $1.50 options and 5 million $2.50 options in Riversdale.

During August 2007 the Company acquired an additional 7 tenements covering an area of 86,620 hectares located in the Tete province. Consideration for the acquisition was $59.2 million, comprised of $26.0 million in cash and 10 million ordinary shares in Riversdale. These tenements are contiguous with tenements already held by Riversdale and those held by one of the world’s largest mining groups, Companhia Vale do Rio Doce (CVRD).

CVRD is undertaking development of a US$1.2 billion coal project. The Mozambique government approved CVRD’s mining contract on 28 June 2007. The contract is a renewable 25 year concessionary licence and specifies the tax, international trade and foreign exchange regimes to which the project will be subject.

Riversdale signed a Memorandum of Understanding (MOU) with the global steel group Tata Steel Limited on the 6 August 2007. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements which cover an area of 24,960 hectares. A special purpose joint venture vehicle will be established to develop the coal project. Consideration for the acquisition of the 35% project interest is $100 million for which Tata secures a key position in the joint venture, as well as a 40% share of the coking coal off-take and the option to participate on commercial terms above this level.

An initial estimate of indicated coal resources has identified two distinct areas with open-pit potential. The resource is contained in the northern part of the Benga Licence, where drilling has been concentrated and is comprised of:

- a coal resource estimate of 62.68 million tonnes at a strip ratio of +/- 2.5 bank cubic meters / tonne;
- which equates to an indicated resource of 62.7 million tonnes in situ; and
- equals 53.3 million tonnes run of mine at a 15% geological and mining loss.

Drilling on the Benga licence is progressing rapidly with over 84 boreholes and 31,000 metres drilled to July 2007. Seam widths range in thickness from 6 meters to 41 meters, with average seam widths exceeding 11 meters. The results continue to confirm that some areas will be amenable to open cut mining as well as the development of underground operations

Drilling has continued to characterise the structure of the coal seams. Of the targeted seams, the order of increasing geological age has been found to be as follows:

- Bananieras
- Chipanga
- Sousa Pinto

Overall the drilling results have shown the seams continue throughout much of the licence drilled to date and show intersections at relatively consistent depths and seam widths.

Based on the assays undertaken, the quality analysis of the different coal seams indicates that all three seams contain coking coal of different qualities. Although results are at a preliminary stage the quality characteristics of each seam indicate similarities to benchmark Bowen Basin hard coking coals.

OPERATIONS AND EXPLORATION (CONT'D)

Discussions are being held with infrastructure providers with a view to gaining access on the railway line from Moatize to Beira and port access through the port of Beira. The final outcome of planned negotiations will be two definitive memoranda of understanding (MOU) detailing specific conditions for both the rail and the port. A memorandum of understanding was signed during the year with Elgas SARL, an energy provider in Mozambique, to review the development of a coal fired power station near Riversdale's coal tenements in the Moatize area. A scoping study will be compiled for this project during the September 2007 quarter.

Operations overview at Zululand Anthracite Colliery (ZAC)

The 2007 financial year includes the first full year of contribution from ZAC, of which 74% was acquired 1 December 2005. There has been a significant improvement in run of mine, saleable production and tonnes sold in 2007 compared to the prior year. This is a result of strong markets for the ZAC products, improved mine and processing performance, tight stock management, and contributions from the Deep E Section which was completed during the year.

The run of mine (ROM) coal production was 799,196 tonnes (2006: 741,144 tonnes) for the year ended 30 June 2007, an increase of 7.8%. The resulting saleable production of prime low ash was 518,751 tonnes (2006: 433,791 tonnes) and middlings of 142,466 tonnes (2006: 126,996 tonnes). Plant feed throughput for the year was 830,729 tonnes and accumulated average yield achieved was 79.6%, exceeding expectations.

Product sales for the year amounted to 785,995 tonnes, an increase of 283,292 tonnes or 56.4% on last year. A significant portion of the increase was due to middlings product sales, up 215,127 tonnes to last year, on the back of strong export market demand. Long term contracts were renegotiated with most customers during the year at improved prices reflecting the increased demand for ZAC products.

Product sales were supplied by a mix of increased production, improved stock management and the drawdown of stockpiles.

Mining during the year was from the Kwa-Sheleza and Deep E Blocks using both conventual and continuous mining methods. The Deep E development was completed during October 2006 on time and within budget and production commenced in November 2006.

Exploration success at ZAC has resulted in an increase in the Coal Reserves to 11.41 million tonnes at 30 June 2007 (30 June 2006: 8.01 million tonnes). A significant potential resource has been identified in the form of the Ngwabe Block. A portion of this block is within the current mining lease area and the remainder is within the ZAC prospecting rights area that has been approved by the Department of Minerals and Energy (DME).

The interpretations of geological structures and airborne surveys have identified characteristics synonymous with that for hosting the main seam across an area with a strike length of 6.5 kilometres and width of 800 – 1000 meters. Exploration drilling is being undertaken in the Ngwabe Block and the main seam has been broadly delineated at depths ranging from 200 to 450 meters. The exploration drilling results are generally encouraging apart from indications of major geological disturbances in the south east region of the block.

The continued focus on safety has resulted in injury frequency rates continuing on a downward trend. ZAC achieved 3,000 fatality free production shifts during June 2007.

OPERATIONS AND EXPLORATION (CONT'D)

Development at Riversdale Anthracite Colliery (RAC)

The New Mining Right Application was lodged with the Department of Minerals and Energy (DME) during May 2007 incorporating certain changes. All relevant documents including mine works programme, social and labour plan and environmental impact assessment /EMPR have been submitted to the DME and the 180 days required for processing of the application is in progress.

The revised Bankable Feasibility Study (BFS) was completed during the September quarter 2006.

ZERO HARM

The Company is committed to produce its products in an environmentally responsible manner, ensuring the optimal health and safety of all our employees, contractors and other interested and effected parties. We commit to the efficient use of natural resources and aspire to "ZERO HARM" to people and the environment.

Community Relations and Sustainability

Riversdale holds 74% of both Zululand Anthracite Colliery (Proprietary) Limited (ZAC) and Riversdale Anthracite Colliery (Proprietary) Limited (RAC) with the remaining 26% of both companies owned by Black Economically Empowered partners (BEE).

The Company elected to meet the BEE ownership requirements at the time of acquisition. The minority 26% BEE shareholder of ZAC, Maweni Mining Consortium (Proprietary) Limited, is jointly owned by the ZAC employees, four communities surrounding the mine and three independent BEE businesses.

ZAC contributes to a wide range of local community programs and organisations, which has a positive social impact on the local and regional community. ZAC provides direct and indirect employment and is the largest single employer in the region with 797 employees and 302 contractors.

Increased access to health and education for the local community has been provided by ZAC in the form of a mobile clinic, HIV AIDS education, provision of classrooms and financial contributions to the local authorities.

Safety

The continued focus on safety has resulted in injury frequency rates continuing on a downward trend with ZAC achieving 3,000 fatality free production shifts during June 2007. Detailed near miss reports and safety records are maintained and monitored by all levels of management.

ZAC maintains a 24 hour staffed medical centre and emergency response vehicles at the mine site. These facilities are also made available to respond to emergencies in the local community.

Environment

The risk management team is responsible for identification, implementation and reviewing of all statutory and corporate requirements regarding the environment. Continuous monitoring of dust, surface and ground water is performed to minimise the impact on air quality and water resources. Energy consumption and other aspects affecting sustainable development are also recorded and communicated to management.

ZAC has started the rehabilitation process, with $250,000 spent during the year ended 30 June 2007. Two shafts to depleted mining areas were sealed and rehabilitated during the financial year. A detailed closure assessment was completed by Clean Stream as at 30 June 2007, covering the entire mining area which includes the Deep E shaft. The report ensures that sufficient funds are maintained for the mine's eventual closure plan.

FINANCE

Net profit for the year ended 30 June 2007 after tax and minorities was $5.0 million (2006: $25.3 million) and includes a full year of operating contribution from Zululand Anthracite Colliery (ZAC), which was acquired on 1 December 2005.

The profit for the year ended 30 June 2006 included a one-off contribution from the acquisition of ZAC of $34 million ($25.2 million after 74% minority share). This contribution relates to the negative goodwill arising from a fair value exercise of the assets and liabilities acquired, compared to the consideration paid.

Excluding the effect of the negative goodwill there has been an improvement in net profit before tax and minority interests, increasing from $0.7 million in 2006 to $10.0 million in 2007.

The basic earnings per share is 3.6 cents (2006: 31.7 cents) and directors have not declared or paid a dividend for the year.

Consolidated Entity operating cash flow for the year was $18.2 million (2006: $2.3 million) aided by the sale of ZAC coal stockpiles into domestic and offshore markets. This cash flow was invested with $9.5 million spent on plant and equipment, $6.2 million on exploration activities and $3.0 million on the Mozambique tenement acquisitions. The Company also used $4.4 million to repay borrowings.

The balance sheet at year end is strong, with net assets totalling $129.7 million (2006: $94.5 million) and $49.0 million in cash available at 30 June 2007.

OUTLOOK

Riversdale has committed additional funds as part of an intensive exploration program on targeted tenements in Mozambique and over the coming months Riversdale will assess the prospectivity of the new tenements and develop drilling programs that will provide information for the Company's feasibility studies. Riversdale is currently drilling in excess of 5,000 metres a month on its existing tenements, and this will now extend the potential scale of the project over a much wider area.

Due to increased demand for ZAC product, the mine is planning to increase saleable production to over 700,000 tonnes in 2007/08.

ZULULAND ANTHRACITE COLLIERY
RESOURCES AND RESERVES STATEMENT AS AT 30 JUNE 2007

RESOURCES						RESERVES								
Area	**Category**	**Gross In Situ**	**Seam Thickness**	**Geol Loss**	**Mineable In situ tonnes**	**Category**	**Percentage Extraction**	**Percentage Contamination**	**ROM Tonnes**	**Practical Yield Primary**	**Practical Yield Middlings**	**Sales Tonnes Primary**	**Sales Tonnes Middlings**	**Total Sales**
		(Mt)	**(m)**	**(%)**	**(Mt)**		**(%)**	**(%)**	**(Mt)**	**(%)**	**(%)**	**(Mt)**	**(Mt)**	**(Mt)**
Kwa Sheleza	Measured	11.280	1.61	17.2	9.342	Proved	55.7	9.2	5.678	54.7	27.5	3.106	1.562	4.667
	Indicated	5.352	1.22	21.3	4.212	Probable	75.0	9.2	3.450	51.1	27.3	1.761	0.941	2.702
	Inferrred	4.003	2.19	25.0	3.002									
	Total	20.634	1.56	19.8	16.556		61.7	9.2	9.127	53.3	27.4	4.867	2.502	7.370
Mgeni	Measured	1.271	2.64	20.0	1.017									
	Indicated	0.914	2.71	20.0	0.731									
	Inferrred	4.380	1.91	28.3	3.141									
	Total	6.565	2.11	25.5	4.889									
Maye	Measured	0.496	1.34	18.4	0.405	Proved	67.6	9.2	0.299	60.1	19.1	0.179	0.057	0.236
	Indicated	0.117	1.24	20	0.093									
	Inferrred	4.060	1.17	20	3.248									
	Total	4.673	1.19	20	3.746		67.6	9.2	0.299	60.1	19.1	0.179	0.057	0.236
Ngwabe	Indicated	3.227	2.60	25.0	2.420	Probable	75	9.2	1.982	42.5	29.9	0.843	0.593	1.436
	Inferrred	15.685	1.64	30.0	10.980									
	Total	18.912	1.75	29.0	13.400		75	9.2	1.982	42.5	29.9	0.843	0.593	1.436
Qongqo	Indicated	2.087	0.95	18.0	1.713									
Macekaneni	Inferrred	0.556	0.97	20.0	0.445									
ZAC		53.428	1.58	24.0	40.749		70	9.2	11.408	51.6	27.6	5.890	3.152	9.042

Information in this report that relates to geology, drilling, mineralisation and Mineral Resources and Ore Reserves estimates is based on information compiled by J Liebenberg, who is a member of South African Council for Natural Scientific Professions. Mr Liebenberg has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a Competent Person under the meaning of the JORC Code. Mr Liebenberg, an employee of Zululand Anthracite Colliery (Pty) Limited has given his consent to the Public Reporting of these statements concerning geology, drilling and mineralisation in this format.

HISTORY OF THE COMPANY AND THE YEAR IN REVIEW

The Company has been listed on the ASX since 1986 and was originally involved in online publishing. The Company was originally called Waivcom Worldwide Limited and Wave Capital Limited. In 2004 the Company was recapitalised under new management and changed its name to Riversdale Mining Limited.

In May 2004, the Company entered into an agreement to acquire a 74% interest in Riversdale Anthracite Colliery (Proprietary) Ltd (RAC), a South African registered company which holds rights to an anthracite project. A bankable feasibility study was commissioned to evaluate the establishment of an operation to mine these reserves.

In February 2005, the Company entered into a conditional agreement to acquire 74% in Zululand Anthracite Colliery (Proprietary) Ltd (ZAC), an operating mine producing high quality anthracite in the Zululand region of South Africa. Following the conversion of the mineral rights from the Old Order Rights to the New Order Rights in December 2005, settlement of the ZAC acquisition was completed. In August 2006 exploration success at ZAC resulted in coal resources increasing to 47.5 million tonnes, with the mine life extended to 17 years.

The Deep E Project was completed in November 2006, on time and within budget and initial production from that area commenced. The integration of Deep E Block reserves extended the mine life considerably, added flexibility to mine planning and substantially reducing operational risks.

The Company acquired a 100% interest in coal bearing tenements in Mozambique and settlement occurred in October 2006. Consideration of $3.0 million in cash was paid, with 10 million ordinary shares in Riversdale and 15 million options issued in two allotments in November 2006 and January 2007.

During March 2007 Riversdale was included in the Standard and Poors All Ordinaries Index.

In April 2007 an initial estimate of indicated coal resources contained in the northern part of the Benga Licence in Mozambique was identified, equivalent to 53.3 million tonnes run of mine.

During August 2007, an additional 7 tenements covering an area of 86,620 hectares located in the Tete province in Mozambique were acquired from Aquila Resources Limited. These tenements are contiguous with tenements already held by Riversdale and CVRD and the combined tenement size now held by Riversdale is in excess of 290,000 hectares.

Riversdale signed a Memorandum of Understanding (MOU) with the global steel group Tata Steel Limited during August 2007. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements for $100 million for which Tata secures a key position in the joint venture, as well as a 40% share of the coking coal off-take.

BOARD OF DIRECTORS IN OFFICE AT THE DATE OF THIS REPORT

Chief Executive Officer and Chairman
William M O'Keeffe *B.App.Sc (Metallurgy)*
Mr O'Keeffe was appointed Chairman of Riversdale Mining Limited on the 14th of September 2004. Mr O'Keeffe commenced work with Mt Isa Mines in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995 he became Managing Director of Glencore Australia (Pty) Ltd and held the position until July 2004. He has previously held directorships in Anaconda Nickel Limited and Mt Lyell Mining Co Limited and is currently a director of BMA Gold Limited.

Non - Executive Independent Director
Richard Potts *(Director ARSM, BSc Mining Engineering, FIMM, FAusIMM, C.Eng)*
Mr Potts was appointed as a Non-Executive Director on 1 January 2006 and is currently Non-Executive Chairman of Albidon Limited and a Non-Executive Director of Mintails Limited, Copper Strike Limited and Indophil Resources NL. He has 40 years experience in the minerals industry and has worked in Zambia, South Africa, Oman, UK and Australia. He is a mining engineer by profession and has broad experience across a wide range of minerals, ranging from exploration to finished mineral products. Mr Potts has held senior management or consulting positions with a number of mining companies, including Rio Tinto, Pasminco and Mt Isa Mines.

Finance Director & Company Secretary
Niall Lenahan *(B Comm (Hons), MBA, FCA (Ireland), CA (Australia))*
Mr Lenahan was appointed Finance Director on 1 April 2006 and as Company Secretary on 10 April 2006. He has over 25 years experience in commercial environments, of which the majority have been spent in industries associated with mineral resource development. Mr Lenahan was the CFO of Kingsgate Consolidated Limited, AurionGold Limited and Goldfields Limited and prior to that worked for the RGC Limited group. Mr Lenahan has broad international experience in financial matters, particularly in corporate structuring and reorganizations, mergers and acquisitions, capital raisings in debt and equity markets, investor relations and corporate affairs. He was previously a director of Goldfields Kalgoorlie Limited.

Non - Executive Independent Director
Andrew Love *(B Com, FCA, MAICD)*
Mr Love was appointed as a Non-Executive Director on 24 April 2006 and is currently a Senior Partner of Ferrier Hodgson Chartered Accountants, Chairman of Roc Oil Company Limited, a Non-Executive Director of Primelife Corporation Limited and Director of the Museum of Contemporary Art, Sydney. Mr Love has extensive experience in the energy and resource sectors both in Australia and internationally. During the last three years he has also served as a Director of Principal Real Estate Investors (Aust) Limited.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

Your Directors submit their report for the year ended 30 June 2007.

DIRECTORS

The names of the Directors of the Company in office during the financial year and until the date of this report are as follows:-

William Michael O'Keeffe
Richard Potts
Niall Lenahan
Andrew Love
Hugh Callaghan (Resigned 11 August 2006)

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the financial period under review and the number of meetings attended by each Director whilst they were a Director was as follows:

	Directors' Meetings	Directors' Meetings Attended	Audit Committee Meetings	Audit Committee Meetings Attended	Remuneration Committee Meetings	Remuneration Committee Meetings Attended
W. O'Keeffe	9	9	2	2	1	1
R. Potts	9	7	2	2	-	-
N Lenahan	9	9	-	-	1	1
A. Love	9	8	2	2	1	1

Committee membership

Members acting on the committees of the Board during the year were:

Audit Committee	Remuneration Committee	Nomination Committee
A. Love R. Potts W. O'Keeffe	A. Love W. O'Keeffe N. Lenahan	W. O'Keeffe A. Love R. Potts

Committee meetings, as with Board of Directors' meetings, require that any two Directors be present to form a quorum.

There was no requirement for the nomination committee to meet during the year.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the year, the principal activity of the Consolidated Entity was exploration, mining and development of a number of resource projects in Southern Africa. There was no change in principal activity from the previous year.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

OPERATING RESULTS

The results of the operations of the Company and the Consolidated Entity during the financial year were as follows:

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit / (loss) attributable to members of the Parent	5,017	25,292	(2,537)	(1,298)

DIVIDENDS

No amounts have been paid or declared by the Company by way of dividends since the commencement of the financial year (2006: Nil).

REVIEW OF OPERATIONS

A review of Operations and Exploration commences on page 5 of this Annual Financial Report. This, together with the Chairman's Statement and the sections headed "Significant Changes in State of Affairs" and "Significant Events Subsequent to Balance Date" in this report, provides a review of operations of the Company during the year and subsequent to reporting date.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant change in the state of affairs of the Consolidated Entity occurred during the financial year:

Acquisition of Africoal Mozambique Limitada

On 26 October 2006 the Consolidated Entity completed the acquisition of 100% of Africoal Mozambique Limitada, which holds coal bearing tenements located in Mozambique. The project is located in the Lower Zambezi Coal Basin of Mozambique in four separate provinces including the Moatize sub-basin. The tenements comprise 16 exploration licences and cover a total area of 203,460 hectares.

Consideration for the acquisition comprises $3.0 million in cash, 10 million ordinary shares in Riversdale, 10 million options with an exercise price of $1.50 exercisable within 3 years from their date of issue and 5 million options exercisable at $2.50 within 4 years from their date of issue. All shares and options issued are subject to a voluntary escrow period of 12 months from the date of issue.

An intensive drilling operation commenced during the December Quarter which resulted in an initial estimate of Indicated Coal Resources.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 6 August 2007 the Company signed a MOU with the global steel group Tata Steel Limited. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements which cover an area of 24,960 hectares. A special purpose joint venture vehicle will be established to develop the coal project. Consideration for the acquisition of the 35% project interest is $100 million for which Tata secures a key position in the joint venture, as well as a 40% share of the coking coal off-take and the option to participate on commercial terms above this level.

On 8 August 2007, 100% of Aquila Coal (Africa) Pty Ltd was purchased from Aquila Resources Limited. Aquila Coal (Africa) is a company incorporated in Australia which owns 7 tenements covering an area of 86,620 hectares located in the Tete province of Mozambique. Consideration for the acquisition comprised $26.0 million in cash and 10 million ordinary shares in Riversdale. The closing share price on the date of issue was $3.32 per share, valuing the acquisition at $59.2 million.

Except for the acquisition discussed above, no matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- The Consolidated Entity’s operations in the future financial years, or
- The results of those operations in future financial years, or
- The Consolidated Entity’s state of affairs in future financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

In the opinion of the Directors it is considered that, apart from general details of likely developments referred to in the Chairman’s Statement and the Review of Operations, it may prejudice the interests of the Consolidated Entity if information in respect of future plans or likely developments in the Consolidated Entity’s operations are disclosed. Therefore, information otherwise required to be included by Section 299 of the *Corporations Act* 2001 has been excluded.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity’s operations are subject to environmental regulation under the laws of South Africa. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

INFORMATION ON DIRECTORS AND EXECUTIVES

Qualifications and experience of Directors who were in office at the date of this report, are disclosed on page 11.

Director who has resigned

Managing Director (Resigned 11 August 2006)
Hugh Callaghan *B.Com, LLB, LLM*
Mr Callaghan was appointed as Managing Director on 21 June 2004. He was previously Commercial General Manager of Xstrata Copper Australia Pty Ltd, based in Townsville, Queensland, where he was responsible for the commercial operations of that company. He has also previously held a range of positions within Rio Tinto Plc. Mr Callaghan has extensive experience in the commercial development of mining businesses focused on commodities ranging from base metals to bulk commodities.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Executives

Managing Director - South African operations
Peet Snyders *Bsc. Eng. Mining , M.Com Bus Mgt, Dip Marketing, Mine Mgt Cert – Coal and Metalliferous Mines*
Mr Snyders joined the company in November 2004. He has previously held senior positions in the mining industry in Southern African, including Anglo Platinum Limited, Kumba Coal, Iscor Mining, Sasol Coal and Gencor. Mr Snyders has extensive experience in business management, business re-engineering and high technology mining.

Chief Financial Officer - South African operations
Steve Thomas *B.Com, B.Acc., CA (SA)*
Mr Thomas joined the company in February 2005 as Chief Financial Officer of the South African operations. He has previously held senior positions in the transport industry in Southern Africa both in the financial and commercial fields. Mr Thomas has extensive experience in the commercial development and turn around of businesses.

Project Manager - Mozambique
Sydney Parkhouse
Mr Parkhouse joined the company in February 2007. He has previously held senior positions in the mining industry in Southern Africa and South America, including Engineering Manager and Senior Project Manager with Anglo Coal. Mr Parkhouse has extensive experience in mine engineering, construction, pre-feasibility and project functions.

Company Secretary
Niall Lenahan was appointed Company Secretary for the Company on 10 April 2006.

SHARE OPTIONS

Details of the shares under option at the reporting date and at the date of this report are as follows:

Expiry date	Number	Exercise price	Grant date
14 September 2007	250,000	$0.20	19 November 2004
21 July 2008	600,000	$0.48	21 July 2005
9 May 2011	1,125,000	$1.00	9 May 2006
9 May 2011	1,125,000	$1.50	9 May 2006
1 April 2011	1,000,000	$1.00	30 August 2006
1 April 2011	1,000,000	$1.50	30 August 2006
24 April 2011	125,000	$1.00	30 August 2006
24 April 2011	125,000	$1.50	30 August 2006
21 November 2009	5,000,000	$1.50	21 November 2006
21 November 2010	2,500,000	$2.50	21 November 2006
4 December 2010	750,000	$1.86	4 December 2006
16 January 2010	5,000,000	$1.50	16 January 2007
16 January 2011	2,500,000	$2.50	16 January 2007
25 January 2011	2,300,000	$2.03	25 January 2007
22 May 2012	325,000	$2.15	22 May 2007
	23,725,000		

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

During the financial year there have been 5,050,003 ordinary shares in Riversdale Mining Limited issued due to the exercising of options at an average weighted exercise price of $0.29 per shares. There have been no options issued between 1 July 2007 and the date of this report.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

TAX CONSOLIDATION

As at 30 June 2007, for the purposes of income taxation, Riversdale Mining Limited and its subsidiaries have not formed a tax consolidated group. This had no effect on the financial statements of the Consolidated Entity as at 30 June 2007.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Riversdale Mining Limited advise that its practices are largely consistent with the ASX Corporate Governance Council's principles of corporate governance and best practice recommendations. The Company's corporate governance statement follows the Directors' report.

AUDIT INDEPENDENCE

Non-audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity and its related practices:

	Consolidated Entity	
	2007 $	**2006** $
Assurance services - Audit services		
Ernst & Young Australian firm:		
Audit and review of financial reports and other audit services under the *Corporations Act 2001*	85,975	70,486
Ernst & Young African firms:		
Audit and review of financial reports and other audit services.	194,443	241,932
Taxation services		
Ernst & Young Australian firm:		
Tax compliance services and review of income tax returns	19,303	7,439

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS' AND EXECUTIVES' REMUNERATION REPORT (AUDITED)

Remuneration policy

The performance of the Consolidated Entity depends upon the quality of its directors and executives. To prosper, the Consolidated Entity must attract, motivate and retain highly skilled directors and executives.

The remuneration policy was approved by a resolution of the Board on 18 February 2004.

To this end, the Consolidated Entity embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives,
- Periodic review with reference to the relevant employment market conditions,
- Link executive rewards to shareholder value, and
- Significant portion of executive compensation is at risk through the use of options.

(A) Remuneration committee

The Remuneration Committee of the Board of Directors of the Parent is responsible for determining and reviewing compensation arrangements for the Directors and all other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

(B) Compensation structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

(C) Non-executive Director compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 27 October 2006 when shareholders approved an aggregate compensation of $300,000 per year.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Each director receives a fee for being a director of the Company. No additional fee is payable for any Board committee on which a director sits.

Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company on whose board they sit. The Company also seeks to align their interest by issuing options to Directors, subject to shareholder approval.

(D) Executive compensation

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company to:

- reward executives for performance,
- align the interests of executives with those of shareholders,
- link rewards with the strategic goals and performance of the Company, and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee considered market levels of compensation for comparable executive roles and makes its recommendations to the Board.

Compensation consists of the following key elements:

- Fixed compensation,
- Variable compensation,
- Short Term Incentive (STI), and
- Long Term Incentive (LTI).

The proportion of fixed compensation and variable compensation (potential short-term and long-term incentives) is established for each key management personnel by the Remuneration Committee.

(E) Fixed compensation

Objective

Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of Company and individual performances, relevant comparative compensation in the market and internally.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

(F) Variable compensation — Short-Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Company's operational targets with the compensation received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to each key management personnel depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to safety, net profit after tax, risk management, product management, and leadership/team contribution. The Consolidated Entity has predetermined benchmarks that must be met in order to trigger payments under the STI scheme.

Bonuses were paid to certain Directors and executives during the year on the successful completion of the Africoal Mozambique Limitada and related tenements acquisition.

(G) Variable compensation — Long-Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

LTI grants to key management personnel are delivered in the form of options.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Remuneration of key management personnel

Year Ended 30 June 07	Short term $	$	$	$	Post employment $	Share based $	Total $	Perform-ance related	Consisting of options
	Salary and fees	Bonus	Non monetary	Other	Super-annuation	Options			
Directors									
W. O'Keeffe	337,500	300,000	46,468	-	30,375	388,749	1,103,092	62.4%	35.2%
H. Callaghan (a)	103,866	-	-	-	4,500	-	108,366	0.0%	0.0%
R. Potts	52,500	-	-	-	6,975	53,719	113,194	47.5%	47.5%
N. Lenahan	285,609	150,000	14,828	-	25,875	503,244	979,556	66.7%	51.4%
A. Love	60,000	-	-	-	-	68,540	128,540	53.3%	53.3%
Total Directors	**839,475**	**450,000**	**61,296**	**-**	**67,725**	**1,014,252**	**2,432,748**		
Executives									
P. Snyders	290,446	176,336	-	-	-	47,250	514,032	43.5%	9.2%
S. Thomas	246,722	141,069	-	-	-	47,250	435,041	43.3%	10.9%
S. Parkhouse (b)	92,779	-	-	159,235	-	45,833	297,847	15.4%	15.4%
F. Faralla	141,369	70,000	28,484	-	12,724	47,250	299,827	39.1%	15.8%
A. Monk (c)	120,317	10,000	2,100	-	11,018	35,438	178,873	25.4%	19.8%
J. Jonker (d)	46,437	-	-	-	4,179	-	50,616	0.0%	0.0%
Total Executives	**938,070**	**397,405**	**30,584**	**159,235**	**27,921**	**223,021**	**1,776,236**		

(a) Resigned 11 August 2006
(b) Appointed 1 February 2007
(c) Appointed 31 July 2006
(d) Appointed 9 February 2007

Year Ended 30 June 06	Short term $	$	$	Post employment $	Share based $	Total $	Perform-ance related	Consisting of options
	Salary and fees	Bonus	Non monetary	Super-annuation	Options			
Directors								
W. O'Keeffe	240,000	200,000	13,547	36,900	225,909	716,356	59.5%	31.5%
H. Callaghan (1)	240,000	200,000	-	36,900	356,099	832,999	66.8%	42.7%
P. Rees (2)	12,000	-	-	1,080	130,190	143,270	90.9%	90.9%
R. Potts (3)	31,850	-	-	-	3,828	35,678	10.7%	10.7%
N. Lenahan (4)	68,750	-	-	6,188	-	74,938	0.0%	0.0%
A. Love (5)	9,295	-	-	-	-	9,295	0.0%	0.0%
Total Directors	**601,895**	**400,000**	**13,547**	**81,068**	**716,026**	**1,812,536**		
Executives								
P. Snyders	281,561	156,021	-	-	81,369	518,951	45.7%	15.7%
S. Thomas	255,108	124,816	-	-	81,369	461,293	44.7%	17.6%
G. Dyman (6)	149,967	-	-	10,872	-	160,839	0.0%	0.0%
F. Faralla (7)	76,883	-	-	5,813	-	82,696	0.0%	0.0%
G. Wolhuter (6)	110,565	-	-	8,327	-	118,892	0.0%	0.0%
Total Executives	**874,084**	**280,837**	**-**	**25,012**	**162,738**	**1,342,671**		

(1) Resigned 11 August 2006
(2) Resigned 31 December 2005
(3) Appointed 1 January 2006
(4) Appointed 1 April 2006
(5) Appointed 24 April 2006
(6) From 1 December 2005 - ZAC acquisition
(7) Appointed 1 February 2006

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Service agreements

Remuneration and other terms of employment for the Chief Executive Officer, Finance Director and the specified executives are formalised in service agreements. Each of these agreements have the provision for performance-related cash bonuses, other benefits and participation in company option plans. Other major provisions of the agreements relating to remuneration are set out below.

W. O'Keeffe – Chief Executive Officer and Chairman
- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of $408,750 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 2 years base salary and superannuation.

N. Lenahan – Finance Director
- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of $327,000 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 2 years base salary and superannuation.

F. Faralla - Commercial Manager
- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of $196,200 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 2 years base salary and superannuation.

A. Monk – Financial Controller
- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of $148,785 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 6 months base salary and superannuation.

J. Jonker - Strategy and Analysis
- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of $130,800 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 6 months base salary and superannuation.

P. Snyders – Managing Director South African operations
- No fixed term of agreement
- Base salary as at 30 June 2007 of South African Rand 1,600,000 to be reviewed annually by the Remuneration Committee.

S. Thomas – Chief Financial Officer South African operations
- No fixed term of agreement
- Base salary as at 30 June 2007 of South African Rand 1,400,000 to be reviewed annually by the Remuneration Committee.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

S. Parkhouse – Project Manager Mozambique

- No fixed term of agreement
- Base salary and superannuation as at 30 June 2007 of United States $175,000 to be reviewed annually by the Remuneration Committee.
- Payment of termination benefit by the employer on a change of control event equal to 12 months base salary and superannuation.

At the date of this report the interests of the Directors and Executives in the shares and options of the Company and related bodies corporate are:

	Ordinary shares	Options
Directors		
W. O'Keeffe	1,833,999	3,850,000
R. Potts	20,000	400,000
N. Lenahan	50,000	3,000,000
A. Love	345,000	550,000
Executives		
P. Snyders	-	200,000
S. Thomas	8,000	200,000
S. Parkhouse	-	250,000
F. Faralla	-	200,000
A. Monk	3,000	150,000

Each option entitles the holder to acquire 1 ordinary share and has been issued for no consideration.

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director and other key management personnel of the Consolidated Entity are set out in the tables below:

2007	Date	Shares issued	Paid per share	Share price at exercise date	Value of options exercised
Directors					
W. O'Keeffe	15 June 2007	250,000	$0.20	$2.80	650,000
Executives					
P. Snyders	18 Sept 2006	250,000	$0.48	$1.13	162,500
S. Thomas	18 Sept 2006	250,000	$0.48	$1.13	162,500
		750,000			975,000

2006	Date	Shares issued	Paid per share	Share price at exercise date	Value of options exercised
Directors					
W. O'Keeffe	18 Aug 2005	778,999	$0.20	$0.78	451,819

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Options granted and vested during the year

Year Ended 30 June 07	Number Granted	Number Vested	Grant date	Fair value per option at grant date	Value of options granted $	Exercise price	First exercise date	Expiry & last exercise date
Directors								
W. O'Keeffe	-	500,000	19 Nov 04	$0.27	-	$0.20	14 Sep 06	14 Sep 07
W. O'Keeffe	1,000,000	-	25 Jan 07	$0.82	820,000	$2.03	Note 1	25 Jan 11
N. Lenahan	1,000,000	-	30 Aug 06	$0.35	350,000	$1.00	1 Apr 08	1 Apr 11
N. Lenahan	1,000,000	-	30 Aug 06	$0.25	250,000	$1.50	1 Apr 08	1 Apr 11
N. Lenahan	1,000,000	-	25 Jan 07	$0.82	820,000	$2.03	Note 1	25 Jan 11
A. Love	125,000	-	30 Aug 06	$0.35	43,750	$1.00	24 Apr 08	24 Apr 11
A. Love	125,000	-	30 Aug 06	$0.25	31,250	$1.50	24 Apr 08	24 Apr 11
A. Love	100,000	-	21 Nov 06	$0.76	76,000	$1.50	21 Nov 07	21 Nov 09
A. Love	50,000	-	21 Nov 06	$0.57	28,500	$2.50	21 Nov 07	21 Nov 10
A. Love	150,000	-	25 Jan 07	$0.82	123,000	$2.03	25 Jan 09	25 Jan 11
R. Potts	150,000	-	25 Jan 07	$0.82	123,000	$2.03	25 Jan 09	25 Jan 11
Executives								
P. Snyders	200,000	-	4 Dec 06	$0.81	162,000	$1.86	4 Dec 08	4 Dec 10
S. Thomas	200,000	-	4 Dec 06	$0.81	162,000	$1.86	4 Dec 08	4 Dec 10
S. Parkhouse	250,000	-	22 May 07	$1.10	275,000	$2.15	22 May 08	22 May 12
F. Faralla	200,000	-	4 Dec 06	$0.81	162,000	$1.86	4 Dec 08	4 Dec 10
A. Monk	150,000	-	4 Dec 06	$0.81	121,500	$1.86	4 Dec 08	4 Dec 10

Note 1: The options vest on the completion of a bankable feasibility study and financing requirements for the Moatize Project.

Year Ended 30 June 06	Number Granted	Number Vested	Grant date	Fair value per option at grant date	Value of options granted $	Exercise price	First exercise date	Expiry & last exercise date
Directors								
W. O'Keeffe	600,000	600,000	21 Jul 05	$0.33	198,000	$0.48	1 Dec 05	21 Jul 08
W. O'Keeffe	1,000,000	-	9 May 06	$0.29	290,000	$1.00	9 May 08	9 May 11
W. O'Keeffe	1,000,000	-	9 May 06	$0.08	80,000	$1.50	9 May 08	9 May 11
H. Callaghan	1,000,000	1,000,000	21 Jul 05	$0.33	330,000	$0.48	1 Dec 05	21 Jul 08
H. Callaghan	1,000,000	-	9 May 06	$0.29	290,000	$1.00	9 May 08	9 May 11
H. Callaghan	1,000,000	-	9 May 06	$0.08	80,000	$1.50	9 May 08	9 May 11
H. Callaghan	-	500,000	27 Jul 04	$0.11	-	$0.20	21 Jun 06	27 Jul 07
P. Rees	400,000	400,000	21 Jul 05	$0.33	132,000	$0.48	1 Dec 05	21 Jul 08
R. Potts	125,000	-	9 May 06	$0.29	36,250	$1.00	9 May 08	9 May 11
R. Potts	125,000	-	9 May 06	$0.08	10,000	$1.50	9 May 08	9 May 11
Executives								
P. Snyders	250,000	250,000	21 Jul 05	$0.33	82,500	$0.48	1 Dec 05	21 Jul 08
S. Thomas	250,000	250,000	21 Jul 05	$0.33	82,500	$0.48	1 Dec 05	21 Jul 08

A significant proportion of the Directors' remuneration is in options. This results in a link between the increase in both shareholder wealth and Directors' performance.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

For details on the valuation of options, including models and assumptions used, please refer Note 21.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Riversdale Mining Limited has made a deed of indemnity for all the Directors of the Company against all losses or liabilities incurred by each Director in their capacities as Directors of the Company. The company agreed to indemnify and keep indemnified the Director against all liabilities by the Director as a Director of the company.

The Company has arranged Directors and Officers liability and company reimbursement insurance policies which cover all the Directors and Officers of the Company and its controlled entities. The terms of the policies prohibit disclosure of details of the amounts of the insurance cover, the nature thereof and the premium paid.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

W. M. O'KEEFFE
Chief Executive Officer and Chairman
Dated: 23 August 2007
Sydney, NSW

N. LENAHAN
Finance Director

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Auditor's Independence Declaration to the Directors of Riversdale Mining Limited

In relation to our audit of the financial report of Riversdale Mining Limited for the financial year ended 30 June 2007, 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.

Ernst & Young

Gary Daniels
Partner
23 August 2007

STATEMENT OF CORPORATE GOVERNANCE PRACTICES
FOR THE YEAR ENDED 30 JUNE 2007

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The Company is pleased to advise that its practices are largely consistent with those of the ASX guidelines.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the size and operational history of the Company. Where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place for the entire reporting period, the Company has identified when such policies or committees were introduced.

Details of all of the Council's recommendations can be found on the ASX Corporate Governance Council's website at http://www.asx.com.au.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operation of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors and other key executives in the performance of their roles.

On the resignation of Mr Callaghan, the Managing Director, on 11 August 2006, Mr O'Keeffe accepted the combined roles of Chief Executive Officer and Chairman. Mr A Love, a non executive director, was appointed as Deputy Chairman on the 5 December 2006.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' report along with the term of office held by each of the Directors. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. At the year end there were two Non-Executive Director in the company. The board is reviewing its composition and is considering the appointment of a new Non-Executive Director in the current year.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

A Non-Executive Director will preferably meet the following criteria for independence adopted by the Company:

An Independent Director:

- is a Non-Executive Director and:
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following;

- Leadership of the Organisation: overseeing the Company and establishing codes of conduct that reflect the values of the Company and guide the conduct of the Board, management and employees.
- Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

- Human Resources: appointing, and, where appropriate, removing the executive directors as well as reviewing and monitoring the performance of the executive directors and senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the Chief Executive Officer to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Company's Corporate Governance Policies and Procedures Manual, a copy of which is available on request from the Company.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules*, the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company makes all such information available to shareholders and other interested parties on request.

1.4.5 Education and Induction

New Directors undergo an induction process in which they are given a full briefing on the Company. This includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Company's Corporate Governance Policies and Procedures Manual;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively, and each Director, has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, the Company website (www.riversdalemining.com.au) and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy under which Directors and certain employees and their associates may trade in the Company's securities during the 2 weeks immediately after each of the following ("trading window"):

- the release by the Company of its half-yearly results to the ASX; and
- the release by the Company of its annual results to the ASX.

The Share Trading Policy also allows for individuals to trade in the Company's securities at other times provided they advise specified Company officers and that such trades are consistent with the law. Officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given prior to trading in the Company's securities as well as a confirmation that the person is not in possession of any unpublished price sensitive information. The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

1.4.10 Performance Review/Evaluation

Each year the Board conducts an evaluation of its performance. The Board's performance is measured against both qualitative and quantitative indicators. The objective of this evaluation is to provide best practice corporate governance to the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

1.4.11 Attestations by Chief Executive Officer and Finance Director

In accordance with the Board's policy, the Chief Executive Officer and Finance Director made the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. Board Committees

2.1 Audit Committee

The Audit Committee was formed by resolution of the Board on 25 August 2003. Below is a summary of the role, composition and responsibilities of the Audit Committee. Further details are contained in the Company's Corporate Governance Policies and Procedures Manual.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

2.1.2 Composition

The Audit Committee consists of three members. Members are appointed by the Board from the Non-Executive Directors if possible. The current members of the Audit Committee are Mr Love, Mr Potts and Mr O'Keeffe. All members can read and understand financial statements and are otherwise financially literate. Mr Love is the Chairman of the Audit Committee with experience in financial and accounting matters. The details of the member's qualifications may be found in their Director Profiles on page 11 of this report. The Audit Committee held two meetings throughout the year.

2.1.3 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board and recommends their approval.

The Audit Committee also recommends to the Board the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or retirement.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

The Remuneration Committee consists of three members and the current members are Mr Love, who is the Chairman, Mr O'Keeffe and Mr Lenahan. The committee was established on 4 July 2006 by a resolution of directors.

2.2.1 Remuneration Policy

The Remuneration Policy was approved by resolution of the Board on 18 February 2004.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

The Company is committed to remunerating its directors and senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in an option scheme with thresholds approved by shareholders;
- statutory superannuation contributions.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. For further information in relation to the remuneration of Directors, refer to the Directors' Report.

2.3 Nomination Committee

The Nomination Committee consists of three members and the current members are Mr O'Keeffe, who is the Chairman, Mr Love and Mr Potts. The committee was established on 4 July 2006 by a resolution of directors. The main responsibilities of the Nomination Committee are to:

- conduct an annual review of the membership of the Board having regards to present and future needs of the Company;
- conduct an annual review of and conclude on the independence of each director;
- propose candidates for board vacancies.

2.3.1 Criteria for Selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience in the Company's industry, appropriate to the Company's market.

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. The Company Code of Conduct was adopted by resolution of the Board on 18 February 2004. This Code includes the following.

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

Responsibility to the Individual

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
Revenue	3	72,020	34,834	-	-
Cost of sales		(58,048)	(27,856)	-	-
Gross profit		**13,972**	**6,978**	**-**	**-**
Other income	3	3,255	35,846	4,038	3,144
Administration expenses		(6,124)	(7,241)	(6,697)	(4,625)
Profit / (loss) before tax and finance costs		**11,103**	**35,583**	**(2,659)**	**(1,481)**
Finance costs	4	(1,101)	(906)	-	(466)
Profit / (loss) before income tax		**10,002**	**34,677**	**(2,659)**	**(1,947)**
Income tax (expense) / benefit	5	(3,009)	(183)	122	649
Profit / (loss) after income tax		**6,993**	**34,494**	**(2,537)**	**(1,298)**
Attributable to:					
Minority interest	23	1,976	9,202	-	-
Members of the Parent	22	5,017	25,292	(2,537)	(1,298)
Basic earnings per share (cents per share)	29	3.64	31.73		
Diluted earnings per share (cents per share)	29	3.52	29.81		

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
AT 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash and cash equivalents	7	49,049	53,271	35,750	45,707
Trade and other receivables	8	9,535	7,614	333	697
Inventories	9	10,846	14,028	-	-
TOTAL CURRENT ASSETS		69,430	74,913	36,083	46,404
NON-CURRENT ASSETS					
Trade and other receivables	10	823	828	8,747	10,378
Other financial assets	11	6,240	6,758	48,376	4,701
Deferred tax assets	5	6,293	7,557	1,577	1,455
Property, plant and equipment	12	46,764	48,132	297	99
Exploration and evaluation expenditure	13	43,152	2,693	-	-
TOTAL NON-CURRENT ASSETS		103,272	65,968	58,997	16,633
TOTAL ASSETS		172,702	140,881	95,080	63,037
CURRENT LIABILITIES					
Trade and other payables	14	12,579	9,866	268	230
Income tax payable		1,767	-	-	-
Borrowings	15	4,838	4,586	-	-
Provisions	16	1,510	1,503	91	112
TOTAL CURRENT LIABILITIES		20,694	15,955	359	342
NON-CURRENT LIABILITIES					
Borrowings	17	229	5,563	-	-
Provisions	18	9,219	10,982	52	37
Deferred tax liabilities	5	12,864	13,916	-	-
TOTAL NON-CURRENT LIABILITIES		22,312	30,461	52	37
TOTAL LIABILITIES		43,006	46,416	411	379
NET ASSETS		**129,696**	**94,465**	**94,669**	**62,658**
EQUITY					
Equity attributable to equity holders of the parent					
Contributed equity	20	104,538	82,922	104,538	82,922
Retained earnings / (Accumulated losses)	22	10,184	5,167	(24,001)	(21,464)
Reserves	22	2,826	(3,796)	14,132	1,200
Total equity attributable to equity holders of the parent		117,548	84,293	94,669	62,658
Minority Interest	23	12,148	10,172	-	-
TOTAL EQUITY		**129,696**	**94,465**	**94,669**	**62,658**

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Total Equity at the beginning of the year		**94,465**	**8,886**	**62,658**	**8,682**
Exchange differences on translation of foreign operations	22	(6,310)	(4,996)	-	-
Total expense for the period recognised directly in equity		(6,310)	(4,996)	-	-
Profit / (loss) for the year		6,993	34,494	(2,537)	(1,298)
Total income / (expense) for the year		683	29,498	(2,537)	(1,298)
Transactions with equity holders in their capacity as equity holders:					
Contribution of equity	20	21,616	57,159	21,616	57,159
Equity transaction costs	20	-	(2,685)	-	(2,685)
Employee share options	22	432	800	432	800
Option issue reserve	22	12,500	-	12,500	-
Minority interest on acquisition of subsidiary	23	-	807	-	-
		34,548	56,081	34,548	55,274
Total equity at the end of the year		**129,696**	**94,465**	**94,669**	**62,658**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		73,538	29,049	-	-
Payments to suppliers and employees		(57,350)	(27,103)	(5,107)	(3,347)
Interest received from controlled entities		-	-	1,342	1,072
Interest received from other entities		3,096	1,297	2,428	942
Interest paid		(1,101)	(906)	-	(466)
Management fee received – Related entity		-	-	268	235
Net cash from / (used in) operating activities	7	18,183	2,337	(1,069)	(1,564)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for subsidiary, net of cash acquired	30	(3,000)	(5,826)	(11,825)	(3,240)
Payments for exploration expenditure		(6,245)	(486)	-	-
Increase in rehabilitation deposit		-	(125)	-	-
Loans from / (to) controlled entities		-	-	1,753	(7,312)
Payment for other property, plant and equipment		(9,450)	(10,417)	(263)	(105)
Net cash (used in) investing activities		(18,695)	(16,854)	(10,335)	(10,657)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowing		-	10,024	-	-
Repayment of borrowings		(4,357)	-	-	-
Proceeds from share issues		1,447	57,080	1,447	57,080
Payments for share issue costs		-	(2,685)	-	(2,685)
Net cash provided by / (used in) financing activities		(2,910)	64,419	1,447	54,395
NET INCREASE / (DECREASE) IN CASH HELD		(3,422)	49,902	(9,957)	42,174
Cash at the beginning of the period		53,271	3,584	45,707	3,533
Effects of exchange rate movements on cash		(800)	(215)	-	-
CASH AT THE END OF THE YEAR	7	49,049	53,271	35,750	45,707

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. CORPORATE INFORMATION

The financial report of Riversdale Mining Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 23 August 2007.

Riversdale Mining Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange using the ASX code RIV.

The nature of the operations and principal activities of the Consolidated Entity are described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

The financial report has also been prepared on an historical cost basis.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Riversdale Mining Limited and its subsidiaries (the Group or Consolidated Entity).

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating polices so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Riversdale Mining Limited has control.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

Africoal Mozambique Limitada, Zululand Anthracite Colliery (Proprietary) Limited and Riversdale Anthracite Colliery (Proprietary) Limited have been included in the consolidated financial statement using the purchase method of accounting that measures the acquiree's assets and liabilities at their fair value at acquisition date. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Minority interest represents the portion of profit or loss and net assets in Zululand Anthracite Colliery (Proprietary) Limited and Riversdale Anthracite Colliery (Proprietary) Limited not held by the Consolidated Entity and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The minority interests are held by the Maweni Mining Consortium (Proprietary) Limited and Khulani Resources (Proprietary) Limited, both black economic empowerment entities, for Zululand Anthracite Colliery (Proprietary) Limited and Riversdale Anthracite Colliery (Proprietary) Limited respectively.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Consolidated Entity and is presented in equity in the consolidated balance sheet, separately from the parent shareholders' equity.

(d) Business combinations

On the acquisition of a subsidiary, the purchase method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. Where equity instruments are issued in a business combination, the fair value of the instrument is their published market price as at the date of exchange.

Those mineral reserves and resources that are able to be reliably valued are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and mineral rights, for which in the Directors' opinion, values cannot be reliably determined, are not recognised.

When the cost of acquisition exceeds the fair values attributable to the Consolidated Entity's share of the identifiable net assets the difference is treated as purchased goodwill which is not amortised but is reviewed for impairment annually and where there is an indication of impairment. If the fair value attributable to the Consolidated Entity's share of the identifiable net assets exceeds the cost of acquisition the difference is immediately recognised in the income statement.

(e) Foreign currency translation

Both the functional and presentation currency of Riversdale Mining Limited is Australian dollars (A$).

The functional currency of the overseas subsidiaries is as follows:

Riversdale Holdings (Proprietary) Limited	South African rand (ZAR).
Riversdale Anthracite Colliery (Proprietary) Limited	South African rand (ZAR).
Zululand Anthracite Colliery (Proprietary) Limited	South African rand (ZAR).
Africoal Mozambique Limitada	Mozambique metical (MZN)
Riversdale Energy (Mauritius) Limited	Australian dollars (A$).
Promark Services Limited	United States dollars (USD)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Foreign currency translation (Cont'd)

Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Riversdale Mining Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity namely the foreign currency translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. An allowance for doubtful debts is made when there is objective evidence that the Consolidated Entity will no longer be able to collect the debt. Bad debts are written off when identified on a specific debt basis.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in the normal course of business including direct material and direct labour costs, and an allocation of production overheads, depreciation and amortisation and other costs, based on normal production capacity, incurred in bringing each product to its present location and condition. Inventories are categorised as follows:

- Run of mine: material extracted through the mining process.
- Finished goods: products that have passed all stages of the production process.
- Consumable stores: goods or supplies to be either directly or indirectly consumed in the production process.

Net realisable value represents estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

(i) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: *Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. When financial assets are recognised initially they are measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investments and other financial assets (Con'd)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity's management has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the three proceeding categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(v) Parent entity investments

Investments in subsidiaries held by the Parent Entity are recorded at cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment

On initial acquisition, land, property, plant and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. Such cost also includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

In subsequent periods, property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, whilst land is stated at cost less any impairment in value and is not depreciated.

Depreciation is provided so as to write off the cost, less estimated residual values of property, plant and equipment (based on prices prevailing at the balance date) on the following bases:

- Mine production assets are depreciated using the shorter of mine life or the remaining existing useful life of the asset.

- Buildings, plant and equipment unrelated to production are depreciated using the straight-line method based on estimated useful lives.

Where significant parts of an asset have differing useful lives, depreciation is calculated on each separate part. Each item or part's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are reviewed annually.

The expected useful lives are as follows:

- Motor vehicles up to three years
- Plant and equipment up to life of mine
- Furniture and fittings up to six years
- Office equipment up to five years
- Computer hardware up to three years
- Computer software up to two years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Impairment losses and reversal of impairment losses are recognised in the income statement.

Expenditure on major maintenance or repairs includes the cost of replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Consolidated Entity, the expenditure is capitalised and the carrying amount of the item replaced derecognised. Similarly, overhaul costs associated with major maintenance are capitalised where it is probable that future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognised. All other costs are expensed as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Exploration and evaluation costs

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Purchased exploration and evaluation assets are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

An impairment review is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial period in which this is determined. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

(l) Mine development costs

The cost of acquiring mineral reserves and mineral resources are capitalised on the balance sheet as incurred. Capitalised costs (development expenditure) include expenditure incurred to expand the capacity of a mine and to maintain production. Mine development costs include acquired proved and probable mineral resources at cost at acquisition date.

Mineral reserves and capitalised mine development expenditure are, upon commencement of production, depreciated over the remaining life of mine. The net carrying amounts of mineral reserves and resources and capitalised mine development expenditure at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent to which these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

(m) Mine infrastructure

Mine plant facilities including decommissioning assets are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable mineral reserves. Other fixed assets, comprising vehicles and computer equipment, are depreciated by the straight-line method over their estimated useful lives.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment of assets

The carrying amounts of non-current assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying values are in excess of their recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and its value in use. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, when the review is undertaken at the cash generating unit level.

Where a cash generating unit, or group of cash generating units, has goodwill allocated to it, or includes intangible assets which are either not available for use or which have an indefinite useful life (and which can only be tested as part of a cash generating unit), an impairment test is performed at least annually or whenever there is an indication that the carrying amount of such assets may be impaired.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the income statement to reflect the asset at the lower amount. In assessing recoverable amount for assets, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal have been discounted to their present value using a market-determined pre-tax discount rate which reflects current market assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted.

An impairment loss is reversed in the income statement if there is a change in estimates used to determine recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Goodwill impairments are not reversed.

(o) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Consolidated Entity no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. The amounts are unsecured and usually paid within 30 days of recognition.

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Leases

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(s) Employee leave benefits

Provision is made for the Consolidated Entity's liability for employee entitlements, including on-costs, in respect of wages and salaries, annual leave and long service leave arising from service rendered by employees to balance date.

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at the amounts expected to be paid when the liability is settled.

Provisions made in respect of other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to the reporting date and take into account the expected future wages, experience of departures, periods of service and market yields.

Contributions are made by the Consolidated Entity to employee superannuation funds and are charged as expenses when incurred.

(t) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Rehabilitation and restoration costs

Provision is made for close down, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is included in interest expense. At the time of establishing the provision, a corresponding asset is capitalised, where it gives rise to a future benefit, and depreciated over future production from the mine to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that effect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

These estimates of the restoration obligations are based on current technology and legal requirements and future costs. Any changes in the estimates are adjusted on a prospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant government legislation in relation to restoration of such mines in the future.

Rehabilitation trust funds holding monies committed for use in satisfying environmental obligations are included within other financial assets on the balance sheet.

(v) Defined health care benefit provision

Fulltime employees of Riversdale Holdings (Proprietary) Ltd employed before 1 January 2001 and who have not opted to receive a medical subsidy buyout are eligible for a subsidy in retirement. The provision recorded is the present value of the expected medical contributions to be paid in respect of these employees.

The liability accrues uniformly, whilst in service, in line with the Projected Unit Credit Method. The post-employment liability usually only vests at retirement or death in service and is generally not dependant on the length of employment.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(y) Taxes

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(y) Taxes (Cont'd)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as the balances sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current liabilities and the deferred tax asset and liabilities related to the same taxable entity and the same tax authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(z) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black & Scholes valuation model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Riversdale Mining Limited ('market conditions').

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Share-based payment transactions (Cont'd)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of transactions that, in the opinion of the directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for transactions that do not ultimately vest, except for transactions where vesting is conditional upon a market condition.

Equity-settled awards granted by Riversdale Mining Limited to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with the corresponding credit to equity. These amounts are eliminated on Consolidation. As a result, the expenses recognised by Riversdale Mining Limited in relation to equity settled awards only represent the expenses associated with grants to employees of the parent. The expenses recognised by the Consolidated Entity are the total expenses associated with all such awards.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(aa) Borrowing costs

Borrowing costs are recognised as an expense as incurred.

(ab) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ac) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(ad) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ae) Significant accounting estimates, assumptions and judgements

The preparation of the financial statements requires the Consolidated Entity's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ae) Significant accounting estimates, assumptions and judgements (Cont'd)

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; asset impairments (including impairments of goodwill), write-downs of inventory to net realisable value; post-employment, post-retirement and other employee benefit liabilities, the fair value and accounting treatment of financial instruments and deferred taxation.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carrying value of tangible assets

All mining assets are amortised over the shorter of the estimated remaining useful life or remaining mine life. For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the anthracite price assumption may change which may then impact our estimated life of mine determinant which could result in a material adjustment to the carrying value of goodwill and tangible assets.

The Consolidated Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Provision for environmental rehabilitation

The Consolidated Entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Consolidated Entity recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine. The related carrying amounts are disclosed in Note 18.

Stockpiles

Costs that are incurred in or benefit the productive process are accumulated as stockpiles. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term sale prices, less estimated costs to complete production and bring the product to sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ae) Significant accounting estimates, assumptions and judgements (Cont'd)

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the tonnes of contained anthracite are based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantities of recoverable anthracite are reconciled, the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result the process is constantly monitored and the engineering estimates are refined based on actual results over time. The related carrying amounts are disclosed in Note 9.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Share-based payments

The Consolidated Entity measures share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instrument were granted, as discussed in Note 21.

(af) Rounding of amounts

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

(ag) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2007.

Application of the following standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed:

- AASB 7: *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to Australian Accounting Standards* (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038). AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007.

- AASB 8: *Operating Segments* is applicable to annual reporting periods beginning on or after 1 January 2009.

- AASB 2007-4: *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038) is applicable to annual reporting periods beginning on or after 1 July 2007.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ag) New accounting standards and interpretations (Cont'd)

Application of the following standards will not affect any of the amounts recognised in the financial statements, as it is consistent with the groups existing accounting policy:

- AASB 2007-1: *Amendments to Australian Accounting Standards arising from AASB Interpretation 11* (AASB 2) is applicable to annual reporting periods beginning on or after 1 March 2007.

- Interpretation 11: *AASB 2 – Group and Treasury Share Transactions* is applicable to annual reporting periods beginning on or after 1 March 2007.

At this time the following standards and interpretations may have an impact, but the extent of this has not been determined:

- IFRIC Interpretation 14: IAS 19 *The Asset Ceiling* is applicable to annual reporting periods beginning on or after 1 January 2008. The Consolidated Entity does have a defined benefit plan and this interpretation may apply.

- AASB 123 Borrowing Costs is applicable to annual reporting periods beginning on or after 1 January 2009.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

3. REVENUE

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue				
Sale of goods	72,020	34,834	-	-
Other Income				
Management fees - Controlled entities	-	-	268	235
Interest received:				
- Controlled entities	-	-	1,342	1,072
- Other entities	3,096	1,297	2,428	942
Sundry income	114	132	-	-
Foreign exchange gains	45	419	-	-
Negative goodwill on purchase of ZAC (Note 30)	-	33,998	-	-
Write back of doubtful debts for controlled entities	-	-	-	895
	3,255	**35,846**	**4,038**	**3,144**

4. EXPENSES

Profit / (loss) from ordinary activities before income tax includes the following items of expense:

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Share based payment expense	1,251	879	1,156	879
Foreign exchange losses	85	33	1,330	994
Royalties	1,711	680	-	-
Interest expense	1,101	906	-	466
Depreciation and amortisation expense	4,685	2,477	51	17
Depreciation capitalised as exploration	272	-	-	-
Total Depreciation	4,957	2,477	51	17
Transfers to/ (from) provisions:				
Employee entitlements	1,685	1,251	120	150
Defined benefit provision	502	189	-	-
Rehabilitation provision * (Note 18)	(1,518)	-	-	-
Doubtful debts for controlled entities	-	-	-	(895)
Operating lease rental expenses	170	85	138	41
Superannuation contributions	232	93	232	93

* The rehabilitation provision was revised and re-estimated by an external consultant at 30 June 2007. This resulted is reduction in the required provision due to rehabilitation work already performed and a longer life of mine.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

5. INCOME TAX

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Major components of income tax expense for the year ended 30 June 2007 and 2006 are:				
Current income tax				
Current income tax charge	1,270	(578)	130	103
Adjustments in respect of current income tax of previous years	(330)	-	(93)	-
Deferred income tax				
Relating to origination or reversal of temporary differences	2,069	761	(159)	(752)
Tax expense / (benefit) reported in the income statement	3,009	183	(122)	(649)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
Accounting profit / (loss) before tax from continuing operations	10,002	34,677	(2,659)	(1,947)
At the Consolidated Entity's income tax rate of 30% (2006: 30%)	3,001	10,403	(798)	(584)
Tax effect of amounts which are not deductible / (taxable):				
Expenses not allowed for tax purposes	619	208	769	(65)
Adjustments in respect of current income tax of previous years	(330)	-	(93)	-
Negative goodwill	-	(10,199)	-	-
Difference on overseas tax rates	(281)	(196)	-	-
Other	-	(33)	-	-
Income tax expense / (benefit) reported in the income statement	3,009	183	(122)	(649)

Consolidated Entity	**Balance Sheet**		**Income statement**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Deferred tax liability				
Deferred income tax liability related to the following:				
Revaluation of Property Plant and Equipment	12,864	13,916	1,052	2,549
Deferred tax asset				
Deferred income tax asset at 30 June related to the following:				
Doubtful debts	-	-	-	268
Employee benefits	1,667	1,580	(87)	(86)
Rehabilitation	1,521	2,042	521	(53)
Deferred income	1,563	766	(797)	77
Unredeemed capital expenditure	-	1,887	1,887	(1,887)
Other	50	11	(40)	(6)
Tax losses	884	417	(467)	(101)
Share issue expenses	608	854	-	-
	6,293	7,557		
			2,069	761

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

5. INCOME TAX (CONT'D)

Company	Balance Sheet 2007 $'000	Balance Sheet 2006 $'000	Income statement 2007 $'000	Income statement 2006 $'000
Deferred tax asset				
Deferred income tax asset at 30 June related to the following:				
Doubtful debts	-	-	-	268
Employee benefits	43	45	2	(32)
Other	49	11	(38)	(5)
Tax losses	877	545	(123)	(333)
Share issue expenses	608	854	-	(650)
	1,577	1,455	(159)	(752)

The Company was originally involved in online publishing. On the 2 September 2004 the Company was recapitalised under new management and re-listed on the ASX. Tax losses prior to this date have not been brought to account as there has been a substantial change in the Company's business and shareholders.

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

During the financial year, no amount has been paid or declared by the Consolidated Entity by way of dividend. The balance of the company's franking credit account is nil. (2006 Nil)

	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
7. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	9,153	7,892	181	328
Short term deposits	39,896	45,379	35,569	45,379
	49,049	53,271	35,750	45,707

Cash at bank earns interest at floating rates on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Consolidated Entity, and earn interest at the respective short-term deposit rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

7. CASH AND CASH EQUIVALENTS (CONT'D)

Reconciliation of operating profit / (loss) after income tax to net cash flows from operating activities

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Operating profit / (loss) after income tax	**6,993**	**34,494**	**(2,537)**	**(1,298)**
Non cash items included in profit and loss				
Negative goodwill on purchase of ZAC (Note 30)	-	(33,998)	-	-
Depreciation and amortisation	4,685	2,477	51	17
Share based payments	1,251	879	1,156	879
Exchange rate movements	85	(419)	-	-
Changes in Assets and Liabilities:				
(Reversal) / Provision for doubtful debts	-	-	-	(895)
Decrease / (Increase) in receivables and other assets	(1,916)	(4,509)	364	98
Decrease / (Increase) in inventories	3,182	(719)	-	-
Decrease / (Increase) in deferred income tax assets	1,264	(1,990)	(122)	(649)
(Decrease) / Increase in deferred income tax liabilities	(1,052)	1,365	-	-
(Decrease) / Increase in payables and other creditors	5,447	5,526	24	165
(Decrease) / Increase in rehabilitation provision	(1,799)	(531)	-	-
(Decrease) / Increase in provision for employee benefits	43	(238)	(5)	119
Net Cash (used in) Operating Activities	**18,183**	**2,337**	**(1,069)**	**(1,564)**

8. CURRENT RECEIVABLES

Trade receivables (*i*)	7,013	5,785	-	-
Interest receivable	63	312	63	312
Director loan (*ii*)	-	150	-	150
Other receivables	2,459	1,367	270	235
	9,535	7,614	333	697

(i) Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Details regarding the effective interest rate and credit risk of current receivables are disclosed in Note 27.

(ii) On the 17 May 2006 a loan of $150,000 was made to H. Callaghan at an interest rate of 7.25%. The loan was fully repaid during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated Entity		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

9. INVENTORIES

Run of mine (At cost)	2,377	2,225	-	-
Finished goods (At cost)	7,672	10,953	-	-
Consumable stores (At net realisable value)	797	850	-	-
	10,846	14,028	-	-

10. NON-CURRENT RECEIVABLES

Loans to minority interests	823	828	-	-
Due from controlled entities (Note 28)	-	-	8,747	10,378
	823	828	8,747	10,378

The minority interest loans have been made to Maweni Mining Consortium (Proprietary) Limited and Khulani Resources (Proprietary) Limited.

The loan to Maweni Mining Consortium (Proprietary) Limited (MMC) is secured by a pledge of the MMC shares held in Zululand Anthracite Colliery (Proprietary) Ltd upon release of such shares by any financiers. The loan is repayable solely to the extent and on such occasion that the MMC receives income. Interest is charged at 10.5%.

The loan to Khulani Resources (Proprietary) Limited is unsecured, non-interest bearing and has no fixed terms of repayment.

11. OTHER NON-CURRENT FINANCIAL ASSETS

Rehabilitation deposit	6,240	6,758	-	-
Shares in controlled entities – At cost (Note 28)	-	-	48,376	4,701
	6,240	6,758	48,376	4,701

The rehabilitation deposit represents accumulated funds for the Consolidated Entity's rehabilitation liability relating to the eventual closure of the Consolidated Entity's anthracite operations. Amounts are paid out from the deposit following completion and approval of the rehabilitation work by the South African Department of Minerals and Energy. The contributions to the cash deposit are held in trust with Guardrisk Insurance Company Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

12. PROPERTY, PLANT & EQUIPMENT

	Consolidated Entity				Company
	Mine Infra-structure $'000	Plant & equipment $'000	Capital work in progress $'000	Total $'000	Total $'000
Year ended 30 June 2006					
Opening net book amount	-	106	-	106	11
Acquisition of ZAC (Note 30)	4,691	38,937	1,515	45,143	-
Additions	108	4,065	6,244	10,417	105
Disposals	-	(69)	-	(69)	-
Depreciation expense	(423)	(2,054)	-	(2,477)	(17)
Foreign currency exchange differences	(412)	(3,850)	(726)	(4,988)	-
Closing net book amount	3,964	37,135	7,033	48,132	99
At 30 June 2006					
Cost	4,347	38,993	7,033	50,373	117
Accumulated Depreciation	(383)	(1,858)	-	(2,241)	(18)
Net book amount	3,964	37,135	7,033	48,132	99
Year ended 30 June 2007					
Opening net book amount	3,964	37,135	7,033	48,132	99
Additions	639	8,802	9	9,450	263
Disposals	-	(160)	-	(160)	(14)
Reclassified	-	6,584	(6,584)	-	-
Depreciation expense	(607)	(4,350)	-	(4,957)	(51)
Foreign currency exchange differences	(463)	(4,789)	(449)	(5,701)	-
Closing net book amount	3,533	43,222	9	46,764	297
At 30 June 2007					
Cost	4,445	48,820	9	53,274	361
Accumulated Depreciation	(912)	(5,598)	-	(6,510)	(64)
Net book amount	3,533	43,222	9	46,764	297

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
13. EXPLORATION AND EVALUATION EXPENDITURE				

Costs carried forward in respect of areas of interest in exploration and evaluation phases

	2007	2006	2007	2006
Movement for year				
Balance at beginning of year	2,693	2,897	-	-
Additions to due to acquisition of entity	34,850	-		
Expenditure during year	6,102	486	-	-
Reclassified	-	(626)	-	-
Foreign currency exchange differences	(493)	(64)	-	-
Balance at end of year	43,152	2,693	-	-

14. CURRENT PAYABLES

	2007	2006	2007	2006
Trade payables	2,046	2,236	183	92
Other payables and accruals	5,144	4,987	85	138
Deferred income	5,389	2,643	-	-
	12,579	9,866	268	230

Trade payables are unsecured, non-interest bearing and are normally settled on 30 day terms. Information regarding the effective interest rate and credit risk of current payables is set out in Note 27.

Income recognition is deferred until the transfer of title is completed and significant risk and reward is transferred to the customer.

15. CURRENT BORROWINGS

		2007	2006	2007	2006
Borrowings - Secured	*(i)*	2,963	2,690	-	-
Minority interest loan – Unsecured	*(ii)*	108	122	-	-
Other borrowings – Unsecured	*(iii)*	1,767	1,774	-	-
		4,838	4,586	-	-

(i) Borrowings are denominated in South African rand and are secured by:

- unlimited guarantee by Riversdale Holdings (Proprietary) Limited and Maweni Mining Consortium (Proprietary) Limited;
- a cession of present and future debtors;
- a mortgage of specified, unencumbered movable assets in the amount of ZAR 50 million;
- a pledge of the issued share capital of Zululand Anthracite Colliery (Proprietary) Ltd;
- a pledge of cash at bank to the value of ZAR 13.5 million.

The loan is repayable over a period of 3.5 years in monthly instalments and interest is charged at the prime overdraft rate less 1%.

Financing Facilities Available
At 30 June 2007 the Consolidated Entity had $5.1 million of un-drawn borrowing facilities available (2006: $2.11 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

15. CURRENT BORROWINGS (CONT'D)

(ii) The minority interest loan is from Khulani Resources (Proprietary) Limited, is interest free, unsecured and has no fixed terms of repayment. This loan has been subordinated in favour of all other creditors.

(iii) Other borrowings are unsecured and have no fixed terms of repayment. Interest is charged at 10.5%.

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
16. CURRENT PROVISIONS				
Employee Entitlements (Note 19)	1,510	1,503	91	112

The Directors are not aware of any other matters that would give rise to the creation of additional provisions.

17. NON CURRENT BORROWINGS

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Borrowings (Note 15 (i))	229	5,563	-	-

18. NON-CURRENT PROVISIONS

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Employee entitlements (Note 19)	52	37	52	37
Defined health care benefit provision	3,925	3,905	-	-
Rehabilitation provision	5,242	7,040	-	-
	9,219	10,982	52	37

Rehabilitation provision
Provision is made for close down, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

Rehabilitation is performed and paid for on an ongoing basis as mining areas are depleted. The majority of the rehabilitation will be performed at the time of final mine closure, which is dependant on production rates and exploration succuss, currently estimated at 16 years.

Defined health care benefit provision
Fulltime employees of Riversdale Holdings (Proprietary) Ltd employed before 1 January 2001 and who have not opted to receive a medical subsidy buyout are eligible for a subsidy in retirement. An independent actuarial valuation was performed as at 30 June 2006 based on the Projected Unit Credit Method. This has been reviewed at 30 June 2007 considering changes to the entitled employees. Future benefits valued are projected using specific actuarial assumptions and the liability for in-serve members is accrued over expected working lifetime. The discount rate used was 8%, health care cost inflation of 7%, CPI inflation of 5% and the expected retirement age of 58 years. The plan is unfunded.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Consolidated Entity	Employee entitlements $'000	Rehabilitation provision $'000	Health benefit provision $'000
Movement in provisions			
Balance at beginning of financial year	1,540	7,040	3,905
Unwinding of discount factor	-	466	-
Arising during the year	1,685	250	502
Adjusted during the year	-	(1,518)	-
Utilised	(1,436)	(264)	-
Foreign exchange variation	(227)	(732)	(482)
Balance at end of financial year	1,562	5,242	3,925

Company	Employee entitlements $'000
Movement in provisions	
Balance at beginning of financial year	149
Arising during the year	120
Utilised	(126)
Balance at end of financial year	143

	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Company 2007 $'000	Company 2006 $'000
19. EMPLOYEE BENEFITS				

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

	2007	2006	2007	2006
Provision for employee entitlements:				
Current	1,510	1,503	91	112
Non-current	52	37	52	37
	1,562	1,540	143	149
Number of employees at the end of financial year	817	756	7	6

Employees contribute to their own superannuation plans at various percentages of their salaries and wages and the end benefits are determined by accumulation of contributions and earnings of the fund.

The Company also contributes to the Australian based staff superannuation plans at a rate as required by the Superannuation Guarantee Legislation. These contributions are legally enforceable only where payable in terms of a ratified award obligation or under the Superannuation Guarantee Legislation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

20. CONTRIBUTED EQUITY

	Consolidated Entity		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a) Issued and Paid up ordinary shares	**104,538**	**82,922**	**104,538**	**82,922**

(b) Movements in Ordinary Share Capital	**Number Of Shares**	**$'000**
Opening Balance 1 July 2005	**48,637,117**	**28,448**
Shares issued on conversion of convertible notes at 50 cents per share	30,000,000	15,000
Shares issued on exercise of September 2006 options at 15 cents per share	166,668	35
Shares issued on exercise of August 2005 options at 20 cents per share	7,281,749	1,456
Shares issued on exercise of September 2006 options at 15 cents per share	166,667	25
Shares issued on exercise of July 2007 options at 20 cents per share	250,000	
Proceeds received		50
Transfer from share-based payment reserve		26
Shares issued at 93 cents per share to Sumitomo Corporation	3,300,000	3,069
Shares issued at 97 cents per share	38,500,000	37,345
Shares issued on exercise of July 2007 options at 20 cents per share	500,000	
Proceeds received		100
Transfer from share-based payment reserve		53
Less: transaction costs	-	(2,685)
Closing Balance 30 June 2006	**128,802,201**	**82,922**
Shares issued on exercise of July 2008 options at 48 cents per share	1,900,000	
Proceeds received		912
Transfer from share-based payment reserve		619
Shares issued on exercise of September 2006 options at 15 cents per share	1,900,003	
Proceeds received		285
Transfer from share-based payment reserve		26
Shares issued on exercise of July 2007 options at 20 cents per share	1,000,000	
Proceeds received		200
Transfer from share-based payment reserve		105
Shares issued at $1.77 per share for acquisition of Africoal (Note 30)	5,000,000	8,850
Shares issued at $2.10 per share for acquisition of Africoal (Note 30)	5,000,000	10,500
Shares issued on exercise of September 2007 options at 20 cents per share	250,000	
Proceeds received		50
Transfer from share-based payment reserve		69
Closing Balance 30 June 2007	**143,852,204**	**104,538**

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

21. SHARE BASED PAYMENT PLANS

Consolidated and Parent Entity - 2007

Grant date	Expiry date	Exercise price		Balance start of year	Granted during year	Exercised during year	Expired during year	Balance end of year	Exercisable end of year
Unlisted									
18 Sept 03	18 Sept 06	$0.15	(a)	1,941,670	-	(1,900,003)	(41,667)	-	-
27 July 04	27 July 07	$0.20	(b)	1,500,000	-	(1,000,000)	(500,000)	-	-
19 Nov 04	14 Sept 07	$0.20	(c)	500,000	-	(250,000)	-	250,000	250,000
21 July 05	21 July 08	$0.48	(d)	2,500,000	-	(1,900,000)	-	600,000	600,000
9 May 06	9 May 11	$1.00	(g)	2,125,000	-	-	(1,000,000)	1,125,000	-
9 May 06	9 May 11	$1.50	(g)	2,125,000	-	-	(1,000,000)	1,125,000	-
30 Aug 06	1 Apr 11	$1.00	(e)	-	1,000,000	-	-	1,000,000	-
30 Aug 06	1 Apr 11	$1.50	(e)	-	1,000,000	-	-	1,000,000	-
30 Aug 06	24 Apr 11	$1.00	(e)	-	125,000	-	-	125,000	-
30 Aug 06	24 Apr 11	$1.50	(e)	-	125,000	-	-	125,000	-
4 Dec 06	4 Dec 10	$1.86	(g)	-	750,000	-	-	750,000	-
25 Jan 07	25 Jan 11	$2.03	(f)	-	2,300,000	-	-	2,300,000	-
22 May 07	22 May 12	$2.15	(h)	-	325,000	-	-	325,000	-
				10,691,670	5,625,000	(5,050,003)	(2,541,667)	8,725,000	850,000
Weighted average exercise price				$0.67	$1.70	$0.29	$1.03	$1.46	$0.40

Consolidated and Parent Entity - 2006

Grant date	Expiry date	Exercise price		Balance start of year	Granted during year	Exercised during year	Expired during year	Balance end of year	Exercisable end of year
Listed									
19 Aug 04	19 Aug 05	$0.20	(a)	7,306,250	-	(7,281,749)	(24,501)	-	-
Unlisted									
18 Sept 03	18 Sept 06	$0.15	(a)	2,275,005	-	(333,335)	-	1,941,670	1,125,004
27 July 04	27 July 07	$0.20	(b)	2,250,000	-	(750,000)	-	1,500,000	1,000,000
19 Nov 04	14 Sept 07	$0.20	(c)	500,000	-	-	-	500,000	-
21 July 05	21 July 08	$0.48	(d)	-	2,500,000	-	-	2,500,000	2,500,000
9 May 06	9 May 11	$1.00	(e)	-	2,125,000			2,125,000	-
9 May 06	9 May 11	$1.50	(e)	-	2,125,000	-	-	2,125,000	-
				5,025,005	6,750,000	(1,083,335)	-	10,691,670	4,625,004
				12,331,255	6,750,000	(8,365,084)	(24,501)	10,691,670	4,625,004
Weighted average exercise price				$0.19	$0.96	$0.20	$0.20	$0.67	$0.34

(a) The option entitles the holder to one ordinary share per option vesting entirely on the date of grant and exercisable at any time before expiry.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

21. SHARE BASED PAYMENT PLANS (CONT'D)

(b) The options entitle the holder to one ordinary share per option and are exercisable as follows:

- 500,000 following reinstatement of shares to ASX quotation.
- 500,000 on completion of financing for mining operations of Riversdale Anthracite Colliery.
- 500,000 on completion of two years service with Riversdale Mining Limited.

(c) The options entitle the holder to one ordinary share per option and are exercisable as follows:

- 250,000 on completion of financing for mining operations of Riversdale Anthracite Colliery.
- 250,000 on completion of two years service with Riversdale Mining Limited.

(d) The option entitles the holder to one ordinary share per option and become exercisable upon the completion of the conditions precedent for the acquisition of Zululand Anthracite Colliery.

(e) The options entitle the holder to one ordinary share per option and vest two years from the date the holder commenced service with the company.

(f) The options entitle the holder to one ordinary share per option and are exercisable as follows:

- 2,000,000 on completion of a bankable feasibility study and financing requirements for the Moatize Project.
- 300,000 on the 25 January 2009.

(g) The options entitle the holder to one ordinary share per option and vest two years from the date of grant.

(h) The options entitle the holder to one ordinary share per option and vest one year from the date of grant.

The weighted average share price at the date of exercise was $1.21 (2006: $1.04)

The following table lists the inputs to the model:

Grant date	Expiry date	Exercise price	Dividend yield	Expected volatility	Risk free interest rate	Expected life of option Years	Share price at grant date
27 July 04	27 July 07	$0.20	0.0 %	60.5%	5.50%	3	$0.22
19 Nov 04	14 Sept 07	$0.20	0.0 %	60.5%	5.50%	3	$0.42
21 July 05	21 July 08	$0.48	0.0 %	18.6%	5.50%	3	$0.73
9 May 06	9 May 11	$1.00	0.0 %	17.4%	5.50%	5	$1.10
9 May 06	9 May 11	$1.50	0.0 %	17.4%	5.50%	5	$1.10
30 Aug 06	1 Apr 11	$1.00	0.0 %	56.0%	5.50%	5	$1.14
30 Aug 06	1 Apr 11	$1.50	0.0 %	56.0%	5.50%	5	$1.14
30 Aug 06	24 Apr 11	$1.00	0.0 %	56.0%	5.50%	5	$1.14
30 Aug 06	24 Apr 11	$1.50	0.0 %	56.0%	5.50%	5	$1.14
4 Dec 06	4 Dec 10	$1.86	0.0 %	47.0%	6.25%	4	$1.86
25 Jan 07	25 Jan 11	$2.03	0.0 %	47.0%	6.25%	4	$1.93
22 May 07	22 May 12	$2.15	0.0 %	47.0%	6.25%	5	$2.29

The weighted average remaining contractual life for the share options at 30 June 2007 is 3.5 years (2006: 2.7 years.)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. The fair value of the options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received are recognised over the expected vesting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

22. RESERVES AND RETAINED PROFITS

		Consolidated Entity		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
(a) Retained profits / (Accumulated losses)					
Balance at the beginning of financial year		5,167	(20,125)	(21,464)	(20,166)
Net profit (loss) for year		5,017	25,292	(2,537)	(1,298)
Balance at end of financial year		10,184	5,167	(24,001)	(21,464)
(b) Reserves					
Share-based payment reserve	*(i)*	1,632	1,200	1,632	1,200
Foreign currency translation reserve	*(ii)*	(11,306)	(4,996)	-	-
Option issue reserve	*(iii)*	12,500	-	12,500	-
		2,826	(3,796)	14,132	1,200
Share-based payment reserve					
Balance at the beginning of financial year		1,200	400	1,200	400
Share-based payment expense		1,251	879	1,156	879
Options issued to employees of subsidiaries		-	-	95	-
Transfer to share capital (Options exercised)		(819)	(79)	(819)	(79)
Balance at end of financial year		1,632	1,200	1,632	1,200
Foreign currency translation reserve					
Balance at the beginning of financial year		(4,996)	-	-	-
Currency translation differences during the year		(6,310)	(4,996)	-	-
Balance at end of financial year		(11,306)	(4,996)	-	-
Option issue reserve					
Balance at the beginning of financial year		-	-	-	-
Issue of options on purchase of Africoal (Note 30)		12,500	-	12,500	-
Balance at end of financial year		12,500	-	12,500	-

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised as described in Note 2(z).

(ii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(e).

(ii) Option issue reserve
The option issue reserve is used to recognise the fair value of options issued in consideration of the purchase of Africoal as described in Note 30.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated Entity		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
23. MINORITY INTEREST				
Balance at the beginning of financial year	10,172	163	-	-
Acquisition of controlled entities	-	807	-	-
Share of profit / (loss) for year	1,976	9,202	-	-
Balance at end of financial year	12,148	10,172	-	-
24. COMMITMENTS FOR EXPENDITURE				
(a) Capital expenditure commitments				
Within one year	104	1,094	-	-
(b) Non-cancellable operating leases				
Operating leases relate to office facilities and equipment:				
Within one year	243	51	182	-
After 1 year but not later that 5 years	952	207	806	-
	1,195	258	988	-

Capital commitments represent equipment ordered but not yet shipped.

The operating leases are for office premises and office equipment. These escalate annually based on a set percentage rate and the full balance of outstanding lease payments if payable on early lease termination.

25. CONTINGENT LIABILITIES

The Consolidated Entity has contingent liabilities in respect of termination benefits which may arise pursuant to service agreements entered into with executives and employees who take part in the management of the Consolidated Entity.

The maximum amount of the contingent liability is dependent upon the circumstances in which the employment is terminated. No provision has been made in the accounts as no executive has been terminated and due to the nature of this contingent liability the Company not is not in a position to reasonably estimate this timing.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

26. SEGMENT INFORMATION

(a) Business segments
The company operates in one business segment – anthracite mining.

(b) Geographic segments
The company operated in two geographical segments being Australia and Africa.

	Australia		Africa		Eliminations		Consolidated Entity	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Segment revenue								
Sale of goods	-	-	72,020	34,834	-	-	72,020	34,834
Management fees	268	235	-	-	(268)	(235)	-	-
Interest received	3,770	2,014	668	355	(1,342)	(1,072)	3,096	1,297
Other	-	895	159	34,549	-	(895)	159	34,549
Segment revenue	4,038	3,144	72,847	69,738	(1,610)	(2,202)	75,275	70,680
Segment result								
Net profit (loss) before tax	(2,659)	(1,947)	11,586	36,525	1,075	99	10,002	34,677
Minority interest	-	-	(1,976)	(9,202)	-	-	(1,976)	(9,202)
Income (tax) / credit	122	649	(3,131)	(832)	-	-	(3,009)	(183)
Net profit (loss)	(2,537)	(1,298)	6,479	26,491	1,075	99	5,017	25,292
Segment assets	93,503	61,582	121,282	86,631	(48,376)	(14,889)	166,409	133,324
Unallocated assets	-	-	-	-	-	-	6,293	7,557
Total assets							172,702	140,881
Segment liabilities	411	379	36,561	42,499	(6,830)	(10,378)	30,142	32,500
Unallocated liabilities	-	-	-	-	-	-	12,864	13,916
Total liabilities							43,006	46,416
Capital expenditure	263	105	9,187	10,312	-	-	9,450	10,417
Depreciation	51	17	4,906	2,460	-	-	4,957	2,477
Cash flow information								
Net cash inflow / (outflow) from operating activities	(1,069)	(1,564)	19,252	3,901	-	-	18,183	2,337
Net cash (outflow) from investing activities	(10,335)	(10,657)	(16,669)	(16,749)	8,309	10,552	(18,695)	(16,854)
Net cash inflow / (outflow) from financing activities	1,447	54,395	(4,357)	10,024	-	-	(2,910)	64,419

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

27. FINANCIAL RISK MANAGEMENT

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

(b) Interest rate risk exposure

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities are summarised as follows:

Consolidated Entity	**Non Interest Bearing $'000**		**Floating Interest Rate $'000**		**Total $'000**
	< 1 Year	2+ Years	< 1 Year	1-2 Years	
30 June 2007					
Financial assets:					
Cash	-	-	49,049	-	49,049
Receivables	9,535	823	-	-	10,358
Total financial assets	9,535	823	49,049	-	59,407
Weighted average interest rate	-	-	6.3%	-	
Financial Liabilities:					
Payables	14,346	-	-	-	14,346
Borrowings	108	-	4,730	229	5,067
Total financial liabilities	14,454	-	4,730	229	19,413
Weighted average interest rate	-	-	10.5%	10.5%	
30 June 2006					
Financial assets:					
Cash	-	-	53,271	-	53,271
Receivables	7,614	828	-	-	8,442
Total financial assets	7,614	828	53,271	-	61,713
Weighted average interest rate	-	-	5.2%	-	
Financial Liabilities:					
Payables	9,866	-	-	-	9,866
Borrowings	122	-	4,464	5,563	10,149
Total financial liabilities	9,988	-	4,464	5,563	20,015
Weighted average interest rate	-	-	10.5%	10.5%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Company	Non Interest Bearing $'000		Floating Interest Rate $'000		Total $'000
	< 1 Year	2+ Years	< 1 Year	1-2 Years	
30 June 2007					
Financial assets:					
Cash	-	-	35,750	-	35,750
Receivables	333	1,917	-	6,830	9,080
Total financial assets	333	1,917	35,750	6.830	44,830
Weighted average interest rate	-	-	6.2%	11.5%	
Financial Liabilities:					
Payables	268	-	-	-	268
Weighted average interest rate	-	-	-	-	
30 June 2006					
Financial assets:					
Cash	-	-	45,707	-	45,707
Receivables	697	-	-	10,378	11,075
Total financial assets	697	-	45,707	10,378	56,782
Weighted average interest rate	-	-	5.2%	10.5%	
Financial Liabilities:					
Payables	230	-	-	-	230
Weighted average interest rate	-	-	-	-	

(c) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Consolidated Entity does not have any significant credit risk exposure to any single counterpart or any group of counterparts having similar characteristics. The accounting policies relating to accounts receivable and payable are set out Note 2.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Consolidated Entity's functional currency.

The Consolidated Entity operates internationally and is exposed to foreign exchange risks. This includes significant assets and liabilities held in South African rand, United States dollars and Mozambique metical. The Consolidated Entity's sales are denominated in South African rand and United States dollars. At 30 June 2007 the Consolidated Entity had not entered into any foreign currency hedging contracts but movements in these foreign currencies are monitored.

The Australian dollar equivalents of foreign currency balances included in the financial statements which are not effectively hedged are as follows:

	Consolidated Entity		Company	
	2007	2006	2007	2006
	$	$	$	$
South African rand				
Cash and cash equivalents	6,656	7,162	-	-
Current receivables	8,848	6,917	-	-
Non-current receivables	823	828	6,830	10,378
Current payables	(15,474)	(9,636)	-	-
Borrowings	(5,068)	(10,149)	-	-
	(4,215)	**(4,878)**	**6,830**	**10,378**
United States Dollars				
Cash and cash equivalents	6,561	401	-	-
Current payables	(478)	-	-	-
	6,083	**401**	**-**	**-**

(e) Commodity price risk

The Consolidated Entity's major commodity price exposure is to the price of anthracite. The Consolidated Entity does not hedge against the movement in anthracite prices but enters into sales contracts with a duration of more than 12 months to mitigate this risk.

(f) Net Fair Values

The carrying of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

28. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Riversdale Mining Limited (the Parent Entity) and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity interest		Parent Entity interest	
		2007 %	2006 %	2007 $	2006 $
Riversdale Holdings (Proprietary) Ltd	South Africa	100.0	100.0	4,700,814	4,700,814
Riversdale Anthracite Colliery (Proprietary) Ltd	South Africa	74.0	74.0	-	-
Zululand Anthracite Colliery (Proprietary) Ltd	South Africa	74.0	74.0	-	-
Africoal Mozambique Limitada	Mozambique	0.5	-	325	-
Riversdale Energy (Mauritius) Limited	Mauritius	100.0	100.0	43,675,317	1
ProMark Services Limited	Mauritius	100.0	-	1	-

ProMark Services Limited was incorporated in Mauritius on the 11 April 2007.

Transaction within wholly-owned group	2007 $	2006 $
Interest income		
Interest charged by the Parent Entity on the intercompany loan to Riversdale Holdings (Proprietary) Ltd	1,342,324	1,072,221
Management fees		
A controlled entity, Riversdale Holdings (Proprietary) Ltd, paid management fees to the Parent Entity for services by that company. The fees were determined on a commercial basis.	267,420	235,045

Balances with related parties

	Consolidated Entity		Company	
	2007 $	2006 $	2007 $	2006 $
Non-current receivables				
Riversdale Holdings (Proprietary) Ltd *	-	-	6,830,161	10,377,969
Promark Services Limited ^	-	-	1,917,310	-
	-	-	8,747,471	10,377,969

* The amount receivable is unsecured with no fixed repayment terms. The loan has been subordinated in favour of all other creditors. Interest payable on the loan account is charged at the prime lending rate.

^ The amount receivable is unsecured, interest free and has no fixed repayment terms.

Directors' remuneration

Details of Directors' remuneration and loans are disclosed in Note 33 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

29. EARNINGS PER SHARE

The following reflects the profit and share data used in the calculations of basic and diluted earnings per share:

		2007 $'000	2006 $'000
Net profit used in calculating basic and diluted loss per share		5,017	25,292
		Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	Basic	137,975,902	79,719,608
Effect of dilutive securities – Share options		4,552,687	5,129,102
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (number)	Diluted	142,528,589	84,848,710
Number of potential shares considered non-dilutive		5,000,000	4,250,000
		Cents per share	**Cents per share**
Basic earnings per share (cents)		3.64	31.73
Diluted earnings per share (cents)		3.52	29.81

As disclosed in Note 33 the Company issued 10 million shares on the 8 August 2007 as part consideration for the purchase of Aquila Coal (Africa) Pty Ltd. This issue represents 7% of the Company's share capital and as it occurred after year end it has not been included in the above EPS calculation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2007

30. BUSINESS COMBINATION

Africoal Mozambique Limitada

On 26 October 2006 the Consolidated Entity completed the acquisition of 100% of Africoal Mozambique Limitada, which holds tenements located in Mozambique.

Consideration for the acquisition comprises $3.0 million in cash, 10 million ordinary shares in Riversdale, 10 million options with an exercise price of $1.50 exercisable within 3 years from their date of issue and 5 million options exercisable at $2.50 within 4 years from their date of issue. All shares and options issued are subject to a voluntary escrow period of 12 months from the date of issue.

On the 21 November 2006 the following consideration had been issued:

- $2.5 million in cash paid,
- 5 million shares issued at the closing share price at the date of issue of $1.77 per share
- 5 million $1.50 options issued, with an estimated fair value of $0.76 each
- 2.5 million $2.50 options issued, with an estimated fair value of $0.57 each

On the 16 January 2007 the following consideration had been issued:

- 5 million shares issued at the closing share price at the date of issue of $2.10 per share
- 5 million $1.50 options issued, with an estimated fair value of $1.05 each
- 2.5 million $2.50 options issued, with an estimated fair value of $0.81 each

The fair value of the options was measured using the Black-Scholes option pricing model using a dividend yield of 0%, expected volatility of 47% and a risk free rate of 6.25%.

In the period from 26 October to 30 June 2007 the majority of Africoal expenditure has been capitalised as exploration. Africoal has contributed a loss of $15,000 to the Consolidated Entity. Similarly, had the acquisition taken place at the beginning of the year the contribution of loss would be $15,000.

The fair value of the identifiable assets and liabilities of Africoal Mozambique Limitada are as follows:

	Recognised on acquisition	Carrying value
	$'000	$'000
Assets Acquired – Exploration and evaluation expenditure		
Exploration tenements at fair value	34,850	-
Cost of the combination		
Cash paid and payable	3,000	
Shares issued	19,350	
Options issued	12,500	
	34,850	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

30. BUSINESS COMBINATION (CONT'D)

Zululand Anthracite Colliery (Proprietary) Ltd

On 1 December 2005 the Consolidated Entity completed the acquisition of 74% of Zululand Anthracite Colliery (Proprietary) Ltd (ZAC), which conducts as anthracite mining operation in South Africa. The amount paid was $18,891,000 consisting of $18,366,000 in cash and $525,000 paid on the issue of 955,000 Riversdale Mining Limited shares.

The negative goodwill of $33,998,000 on this acquisition was recorded in the year ended 30 June 2006. This was based on the fair value of identifiable assets less liabilities of ZAC as at the date of acquisition of $ 40,349,000 less consideration of $18,891,000 plus operating cash flow from Zululand Anthracite Colliery (Proprietary) Ltd for the period from the acquisition date (1 January 2005) to the settlement date of $12,540,000.

31. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 6 August 2007 the Company signed a MOU with the global steel group Tata Steel Limited. Under the MOU, Tata will acquire a 35% interest in the Benga and Tete exploration tenements which cover an area of 24,960 hectares. A special purpose joint venture vehicle will be established to develop the coal project. Consideration for the acquisition of the 35% project interest is $100 million for which Tata secures a key position in the joint venture, as well as a 40% share of the coking coal off-take and the option to participate on commercial terms above this level.

On 8 August 2007, 100% of Aquila Coal (Africa) Pty Ltd was purchased from Aquila Resources Limited. Aquila Coal (Africa) is a company incorporated in Australia which owns 7 tenements covering an area of 86,620 hectares located in the Tete province of Mozambique. Consideration for the acquisition comprised $26.0 million in cash and 10 million ordinary shares in Riversdale. The closing share price on the date of issue was $3.32 per share, valuing the acquisition at $59.2 million which will be recorded as exploration expenditure. The carrying value of assets at the date of purchase was zero.

32. AUDITORS' REMUNERATION

	Consolidated Entity		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Total of all remuneration received or due and receivable by the auditors in connection with:				
Audit and review of the financial report				
Ernst & Young Australian firm	85,975	70,486	63,325	70,486
Ernst & Young South African firm	172,176	241,932	-	-
Ernst & Young Mozambique firm	22,267	-	-	-
Taxation services				
Ernst & Young Australian firm	19,303	7,439	19,303	7,439
	299,721	319,857	82,628	77,925

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

33. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The Directors of Riversdale Mining Limited in place at balance date were:

Name	Position
W. O'Keeffe	Chief Executive Officer and Chairman
R. Potts	Non Executive Director
N. Lenahan	Finance Director and Company Secretary
A. Love	Non Executive Deputy Chairman

Hugh Callaghan, the Managing Director, resigned 11 August 2006.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, during the financial year:

Name	Position	Employer	Start Date
P. Snyders	Managing Director	Riversdale Holdings (Proprietary) Limited	
S. Thomas	Chief Financial Officer	Riversdale Holdings (Proprietary) Limited	
S. Parkhouse	Project Manager	Africoal Mozambique Limitada	1 Feb 07
F. Faralla	Commercial Manager	Riversdale Mining Limited	
A. Monk	Financial Controller	Riversdale Mining Limited	31 Jul 06
J. Jonker	Strategy and Analysis	Riversdale Mining Limited	19 Feb 07

(c) Key management personnel remuneration

	Consolidated Entity		Company	
	2007 $	2006 $	2007 $	2006 $
Short-term employee benefits	2,876,065	2,170,363	1,769,477	1,092,325
Post-employment benefits	95,646	106,080	95,646	86,880
Share-based payments	1,237,273	878,764	1,096,940	716,026
	4,208,984	3,155,207	2,962,063	1,895,231

The Company has taken advantage of the relief provided by Corporations Regulations 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found on pages 17 to 23. The audited disclosures in the remuneration report are designated as audited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

33. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

(d) Transactions with key management personnel

There were no related transactions carried out during the reporting period between any of the directors and the Company or its subsidiaries other than in connection with their role as directors other than as disclosed in this financial report.

(e) Movements in key management personnel equity holdings

Ordinary Shares

Year Ended 30 June 07	Holding at 30 June 06	Acquired	Exercise of options	Other changes	Holding at 30 June 07
Directors					
W. O'Keeffe	1,583,999	-	250,000^	-	1,833,999
H. Callaghan	1,210,000	-	-	(1,210,000)	-
R. Potts	-	20,000	-	-	20,000
N. Lenahan	50,000	-	-	-	50,000
A. Love	170,000	175,000	-	-	345,000
Executives					
P. Snyders	-	-	250,000*	(250,000)	-
S. Thomas	8,000	-	250,000*	(250,000)	8,000
A. Monk	-	3,000	-	-	3,000

^ These options were exercised on the 15 June 2007 when the Company's share price was $2.80.
* These options were exercised on the 18 September 2006 when the Company's share price was $1.13.

Year Ended 30 June 06	Holding at 30 June 05	Acquired	Exercise of options	Other changes	Holding at 30 June 06
Directors					
W. O'Keeffe	685,000	120,000	778,999**	-	1,583,999
H. Callaghan	1,175,000	35,000	-	-	1,210,000
P. Rees	145,514	-	-	(145,514)	-
N. Lenahan	-	50,000	-	-	50,000
A. Love	-	170,000	-	-	170,000
Executives					
S. Thomas	-	8,000	-	-	8,000

** These options were exercised on the 18 August 2005 when the Company's share price was $0.78.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

33. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

Options

During the financial year options were granted as equity compensation benefits under the long-term incentive plan to certain key management personnel. The options were issued free of charge.

Year Ended 30 June 07	Holding at 30 June 06	Acquired	Exercise of options	Other changes	Holding at 30 June 07	Exercisable 30 June 07
Directors						
W. O'Keeffe	3,100,000	1,000,000	(250,000)	-	3,850,000	850,000
H. Callaghan	4,500,000	-	-	(4,500,000)	-	-
R. Potts	250,000	150,000	-	-	400,000	-
N. Lenahan	-	3,000,000	-	-	3,000,000	-
A. Love	-	550,000	-	-	550,000	-
Executives						
P. Snyders	250,000	200,000	(250,000)	-	200,000	-
S. Thomas	250,000	200,000	(250,000)	-	200,000	-
S. Parkhouse	-	250,000	-	-	250,000	-
F. Faralla	-	200,000	-	-	200,000	-
A. Monk	-	150,000	-	-	150,000	-

Year Ended 30 June 06	Holding at 30 June 05	Acquired	Exercise of options	Other changes	Holding at 30 June 06	Exercisable 30 June 06
Directors						
W. O'Keeffe	1,278,999	2,600,000	(778,999)	-	3,100,000	600,000
H. Callaghan	1,500,000	3,000,000	-	-	4,500,000	2,000,000
P. Rees	350,000	400,000	-	(750,000)	-	-
R. Potts	-	250,000	-	-	250,000	-
Executives						
P. Snyders	-	250,000	-	-	250,000	250,000
S. Thomas	-	250,000	-	-	250,000	250,000

Further details on options term, condition and vesting conditions are disclosed in the Director's report and in Note 21.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Riversdale Mining Limited, the directors state that: -

1 In the opinion of the directors

(a) the financial statements, notes and additional disclosures included in the Directors' report designated as audited, of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including: -

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2 This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2007.

On behalf of the Board

W M O'KEEFFE
Chief Executive Officer and Chairman

Nicole F. Lenahan

N. LENAHAN
Finance Director

Dated: 23 August 2007

ERNST & YOUNG

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Independent auditor's report to the members of Riversdale Mining Limited

We have audited the accompanying financial report of Riversdale Mining Limited and the entities it controlled during the period, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 124 *Related Party Disclosures,* under the heading "remuneration report" in the directors' report, as permitted by Corporations Regulation 2M.6.04. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 2(b), the directors also state that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion
In our opinion:

1. the financial report of Riversdale Mining Limited is in accordance with:
    (a) the *Corporations Act 2001*, including:
        (i) giving a true and fair view of the financial position of Riversdale Mining Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
        (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
    (b) other mandatory financial reporting requirements in Australia.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

3. the remuneration disclosures that are contained in the directors' report and designated as audited comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst & Young

Gary Daniels
Partner
Sydney
23 August 2007

SHAREHOLDER INFORMATION

1. ORDINARY SHARES AND OPTIONS

There were 153,852,204 ordinary shares and 23,725,000 options for ordinary shares at the 15 August 2007.

(a) Distribution of Shareholders

(i) Analysis of number of shareholders by size and holding:

Category of Shareholding	Number of Shareholders	Shareholding
1 - 1,000	891	286,616
1,001 - 5,000	454	1,282,088
5,001 - 10,000	237	1,976,436
10,001 - 100,000	476	16,123,983
100,001 - and over	83	134,183,081
Total	2,141	153,852,204

(ii) There are 318 holders of ordinary shares each holding less than a marketable parcel.

(b) Top Twenty Shareholders

The twenty largest holders of ordinary fully paid shares are listed below:

NAME	NUMBER	%
National Nominees Ltd	21,792,057	14.16
ANZ Nominees Ltd	16,300,190	10.59
J P Morgan Nominees Australia	13,899,805	9.03
RBC Dexia Investor Services Australia Nominees Pty Ltd	11,999,479	7.80
Aquila Resources Limited	10,000,000	6.50
HSBC Custody Nominees (Australia) Ltd	7,503,493	4.88
Citicorp Nominees Pty Ltd	7,305,610	4.75
HSBC Custody Nominees (Australia) Ltd – Account 2	5,214,410	3.39
Sumitomo Corporation	4,012,599	2.61
UBS Wealth Management Australia Nominees Pty Ltd	2,402,215	1.56
AMP Life Ltd	2,399,000	1.56
Mr Peter Owen Anderton	2,250,000	1.46
Mr Jose Manuel Do Rego Medeiros	2,250,000	1.46
Mr William Michael O'Keeffe	1,833,999	1.19
MELQ Nominees Pty Limited	1,467,184	0.95
Anglo Arabian Corporation	1,380,000	0.90
Sailbird Holdings Ltd	1,380,000	0.90
Dr. Salim Cassim	1,258,636	0.82
Malambe Pty Ltd	1,180,000	0.77
HSBC Custody Nominees (Australia) Ltd – GSI ECSA	1,125,750	0.73
Total	116,954,427	76.01

(c) Substantial Shareholders

As at 15 August 2007, the company had received the following substantial shareholder notices:

Date	Entity	Shareholding	%
22 May 07	Merrill Lynch & Co	12,399,995	8.63%
26 Aug 05	LinQ Capital Group	10,662,769	7.98%
8 Aug 07	Aquila Resources Limited	10,000,000	6.50%
4 Jan 07	JP Morgan Chase & Co	9,365,605	6.76%
8 Jun 07	Ridgefield Asset Management Limited	8,529,869	5.94%

(d) Voting Rights

All ordinary fully paid shares carry one vote per share without restriction.

(e) Interest in Tenements

The Company has the following interests in mining, prospecting and exploration tenements at 30 June 2007:

Location	Company	Ownership	Size (Hectares)
Tete Province - Mozambique	Africoal	100%	193,280
Manica Province - Mozambique	Africoal	100%	1,900
Niassa Province - Mozambique	Africoal	100%	8,280
Kwa-Zulu Natal – South Africa	ZAC	74%	27,113
Kwa-Zulu Natal – South Africa	RAC	74%	3,008