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ASX Code: "RBM"
"RBMO"

e-lodgement
95 Pages

28 September 2007

2007 Financial Report

Find attached the 2007 Financial Report for Redbank Mines Limited and the Consolidated Group.

Yours faithfully
Redbank Mines Limited

Susan J Field
Executive Director and Company Secretary



REDBANK MINES LIMITED

ACN 059 326 519

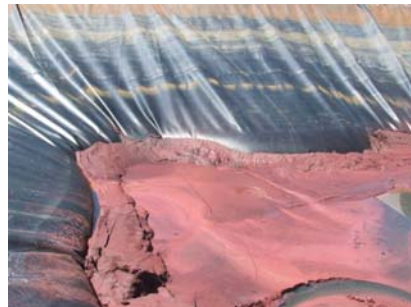


FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

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Directors' Report

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

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Kim Warren McGrath, Non-executive Chairman
BEC(Hons) LLB FAICD FTIA CPA, Age 53, Joined the Board in 2005

Mr McGrath is an internationally experienced resources finance and investment banking executive. He is the Managing Director of Delta Corporate Finance Pty Limited, a specialist advisory group based in Sydney with active business interests in Australia and the UK.

His positions in Australia have included legal roles with Comalco and ICL, General Counsel and Company Secretary of Bank of America Australia, General Counsel with Bell Resources responsible for negotiating international lines of finance, business acquisitions, and in strategy and development as General Manager, Strategy and Planning with Industrial Equity Limited.

During the 1990's Mr McGrath worked in London on the restructure of companies in Eastern Europe and particularly on major operations in CIS metals and oil trading, and associated financing in London and Geneva. Prior to this he worked for a major corporate group as Executive Director and CEO to implement an international scheme of arrangement involving a large scale debt to equity conversion, major asset dispositions and the introduction of appropriate management planning and control measures for over 350 subsidiaries worldwide.

In addition to his business and legal qualifications Mr McGrath has completed the Advanced Management Programme at Oxford University, is a CPA and a Fellow of the Australian Institute of Company Directors.

Mr McGrath is a member of the Nomination and Remuneration Committee and of the Audit Committee.

Mr Jerome Gino Vitale, Managing Director and Chief Executive Officer
B Comm ACA Sen FINSIA FAICD, Age 51, Joined the Board in 1993

Mr Vitale has over 20 years experience working in various facets of the mineral resources industry, with particular emphasis on project financing and mine development. Mr Vitale is a Chartered Accountant, a Senior Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Between 1994 and 2000 Mr Vitale led a team responsible for the mine development and operation of the Company's successful McKinnons gold project, located in New South Wales. During his tenure he executed a merger with Pacific Islands Gold NL (now 100% subsidiary Audesso Limited), resulting in Redbank Mines owning a 100% interest in the Mt Kasi gold project. Mr Vitale was a senior executive with the Normandy Mining group during its formative years between 1989 and 1992, prior to which he was Associate Director with Standard Chartered Australia Limited where he specialised in mineral project finance and mergers and acquisitions finance in the mining and resources sector.

He is responsible for the Company's acquisition of the Redbank Copper Project in 2005 which is now in limited-production and represents the most advanced project in its asset portfolio.

Mr Vitale is a member of the Nomination and Remuneration Committee.

Directors' Report

DIRECTORS CONTINUED

Ms Susan Jane Field, Executive Director, Chief Financial Officer and Company Secretary
BBus ACA MAICD CD, Age 46, Joined the Board in 2002

Ms Field is a Chartered Accountant with senior operational management experience in the corporate sector and in public practice. Ms Field played a key role in the identification and evaluation of the Redbank Copper Project which is now in limited production and forms the most advanced asset in the Company's asset portfolio. Prior to joining Redbank Mines in 1999, she spent a number of years with Ernst & Young, in the firm's Advisory & Assurance Services Division, including a period as Manager with responsibilities including technical and national accounting standards advisory and compliance programmes.

Before entering public practice, Ms Field gained over 11 years experience in the financial services and retail banking sector. During this period she held various positions in a number of operational management roles. Ms Field is a Member of the Australian Institute of Company Directors.

Dr Donald James Searle, Executive Director
B.Sc., PhD, MAusIMM, Age 54, Joined the Board in 2006

Dr Searle has been in the exploration and mining industry for over 25 years, during which time he has contributed to several major gold discoveries and been involved in the management of exploration and mining development in Australia and overseas, most recently as Managing Director of ASX listed company Dragon Mining NL. He holds bachelor and doctoral degrees in geology and is a Member of the Australian Institute of Mining and Metallurgy.

Dr Searle brings to the Company extensive practical experience in all aspects of project development. He has oversight responsibility for the Company's copper and gold exploration programmes and for the Redbank project in the Northern Territory.

Mr Michael John Kitney, Non-executive Director
Ass Met (WAIT), Post Grad Dip WA School of Mines (Extractive Metallurgy), M. Sc. (Mineral Economics) Curtin, MAusIMM, Age 56, Joined the Board in 2006

Mr Kitney is an experienced process engineer with over 30 years experience in senior technical and project management roles in Australia and internationally. These have included senior management and line positions with Minproc Engineers Limited, Alcoa Australia, Property Company of London, British Phosphate Commission, Nelson Gold Corporation Limited and Avocet Mining plc.

Mr Kitney's particular strengths are in production and mineral processing management, all aspects of environmental management, project evaluation and assessment management of interdisciplinary project teams. He brings to the Company vast project development expertise and practical experience in commissioning new projects.

Mr Kitney is a member of the Nomination and Remuneration Committee and of the Audit Committee.

Directorships of other listed companies

Name	Company	Period of directorship
Mr Kim Warren McGrath	BioLayer Corporation Limited	April 2004 to June 2006
	Oil Basins Limited	Since 10 May 2006
	CVC Trinity Property Managers Limited	Since 10 December 2004
Dr Donald James Searle	Dragon Mining NL	August 1998 to March 2006

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities during the year of the entities within the Consolidated Entity were as follows: -

- mineral exploration at its 100% owned Redbank Copper Project;
- operation of a limited scale oxide copper circuit at the Redbank Copper Project processing high grade oxide stockpiles; and
- continued mineral exploration at its 100% owned Mt Kasi gold project in Fiji.

There have been no other significant changes in the nature of those activities during the year.

REVIEW OF OPERATIONS

(a) Operating Results for the Period and Financial Position

The consolidated loss for the financial year after income tax expense was \$2,403,491 (2006: \$3,265,425). The Consolidated Entity has capitalised exploration costs of \$1,311,992 during the current year (2006: Nil), refer note 16(c).

During the year the Company issued 45,110,051 ordinary shares, to raise a total of \$3,566,123 before issue costs (including non cash financing issues as described at note 27(d)(i)), providing the Company with additional working capital and funds for investment in capital items of equipment. Funds raised enabled the Group to complete commissioning of the initial, limited production phase of the Redbank Copper Project and complete planned drilling and exploration programmes at the Redbank Copper Project.

(b) Mining and Exploration

No mining activities took place during the year.

(i) Redbank Copper Project

Operations were of a limited scale and consisted of the treatment of high grade copper stockpiles at the Redbank Copper Project located in the Northern Territory, Australia, to produce copper in a directly saleable concentrate known as copper cement, containing approximately 90% copper (on a dry weight basis).

The treatment of the stockpiles represents the first stage of a three stage development strategy for the project articulated by the Company.

Production for the year was approximately 480 tonnes of contained copper in concentrate, with 62.5% of this being generated in the second half of the fiscal year. Sales revenue for the year was \$3,399,591.

During the year the Company invested in acquiring a licensed proprietary resin technology process and in plant designed to provide additional production capacity by recovering an estimated 300 tonnes of soluble copper from the flooded Sandy Flat open pit. After experiencing some delay, the resin column is now expected to be commissioned by the end of October 2007 and add approximately 30 tonnes a month to copper production which at current spot prices will increase operating revenue by approximately \$200,000 per month.

Exploration Activities

The Company completed two rounds of drilling during the year at Redbank designed to confirm the historical exploration results for mine planning purposes, as well as limited drilling designed to test new targets.

From December 2006 to January 2007 a 4,000 metre resource infill drilling programme was completed. The results from this round confirmed the geometry and distribution of copper mineralisation at the Bluff deposit. A second programme comprising 3,000 metres of RC and diamond drilling was undertaken in March and April 2007 to further define copper mineralisation at the Punchbowl prospect and to test historical copper anomalies recorded at the Azurite and Redbank prospects, also located within the Company's mineral leases.

 Directors' Report

REVIEW OF OPERATIONS CONTINUED


Mineral Resource Statement Redbank Copper

Following completion of the drilling, the Company reported an interim revised JORC classified mineral resource of **5,028,000 tonnes at a grade of 1.4% Copper, containing 71,000 tonnes of copper**. The estimate was generated externally by independent consultants, SRK Consultants, and represents a 20% increase in resource tonnage at Redbank (ASX - 18 July 2007).

Project Development Strategy

The increase in JORC classified Mineral Resources led to the Company increasing its production targets for its staged development strategy from 3,000 – 6,000 tpa to 10,000 tonnes of copper per annum within a 12-18 month time horizon from the treatment of oxide and sulphide resources. A three stage project development strategy has been adopted.

Stage 1 (presently under way): site clean-up involving treatment of oxide stockpiles to produce 800 - 1,000 tpa of copper from vat and heap leaching of high grade stockpiles (5% Cu) and preparation of site for Stages 2 and 3 of the project. Following the recent identification of additional leaching located near old workings within the leases, Stage 1 is expected to continue until 30 June 2009 and overlap with Stage 2 of the project.

Stage 2: Heap leaching of freshly mined oxide material from the Bluff, Azurite and Redbank and other deposits to produce 5,000 - 6,000 tonnes of copper per annum. Treatment will be through heap leaching to produce either a copper concentrate in the form of copper cement or alternatively copper cathode through an SX-EW (solvent extraction-electrowinning) plant to produce (unofficial) LME grade product. Technical scoping studies including metallurgical test work, geotechnical studies, pit optimization, mine planning, and scheduling and capital cost estimation for the two possible treatment processes for Stage 2, have been commissioned. Results are pending at the date of this report.

Stage 3: Treatment of sulphide material from the Sandy Flat deposit and subsequently the Bluff and other deposits to produce an additional 4,000 - 5,000 tonnes of copper per annum. Treatment is likely to be through a flotation circuit to produce a concentrate suitable as smelter feedstock. The Company has commissioned an engineering scoping study to provide an assessment (to a +/- 25% level of confidence) of the cost to refurbish the existing flotation plant. The results of this study are pending at the date of this report.

Stages 2 and 3 are subject to all normal regulatory approvals and completion of a bankable feasibility study.

Upon receipt and assessment of these studies, the Company will be in a position to consider development and funding options for Stages 2 and 3 of the project.

(ii) Mt Kasi Gold Project

At the Mt Kasi Gold project in Fiji, the Company's exploration strategy is to drill test near minesite and regional targets that have the potential to provide incremental ore tonnages within a 5-10 km trucking distance of a processing plant at Mineral Hill.

An initial 3,000 metre drilling programme commenced in June 2006. The first part of the programme comprised diamond drilling to follow up on the results of drilling in 2004/2005, followed by the testing of regional targets within close proximity to the main deposit at Mineral Hill. To date approximately 1,450 metres of diamond drilling have been completed, at Kasi South, Paro, and Waidamudamu.

Subject to drill rig availability and weather conditions permitting, the Company plans to complete the remaining 1,550 metres to test a primary target at the Cresswells prospect, during the December 2007 quarter.

Directors' Report**REVIEW OF OPERATIONS CONTINUED****Mineral Resource Statement Mt Kasi**

The total mineral resource position for the main zone at Mineral Hill estimated in accordance with JORC guidelines is now **3.4 million tonnes @ 2.2 g/t of gold for 240,000 ounces of gold**, in the Indicated and Inferred categories, based on a 1.0 g/t cut off.

(c) Changes in state of affairs

Shareholders' equity increased to \$10,200,457 from \$9,078,634, an increase of \$1,121,823. This movement was largely due to capital raised during the year which funded Group's exploration activities at both the Mt Kasi Gold Project and the Redbank Copper Project, resulting in the capitalisation of exploration costs totalling \$1,311,992.

The issued share capital of the Company at balance date was 120,840,196 ordinary shares and as at the date of this report is 131,466,196 ordinary shares. The tradeable options on issue are 38,115,864.

Other than as stated above or as referred to in the financial statements or notes to the accounts thereto, there have been no significant changes in the state of affairs of the Group.

(d) Investments for Future Performance

As an active explorer, the Company's focus is to conduct exploration activities on its mineral leases, with the objective of discovering sufficient economically recoverable reserves to justify capital investment for mining operations that will lead to the delineation of mining reserves and cash flow. In a similar vein the Company conducts project development studies including metallurgical test work and process engineering studies to establish the technical and commercial feasibility of getting projects into production. These are high risk activities as there can be no guarantee that such expenditure will result in the identification of economically recoverable reserves or demonstrate the commercial viability of projects. By definition, expenditure on exploration and project development studies in the current accounting period represents an investment in the future performance of the Company in the expectation that the potential financial rewards in the form of cash flows from operations will outweigh the cumulative costs of undertaking these activities.

SUBSEQUENT EVENTS

The following matters have occurred since the end of the financial year:

1. Capital raisings

Subsequent to year end and at the date of this report the Consolidated Entity has raised a total of \$1,221,990 in equity funds before issue costs pursuant to an excluded offer of 10,626,000 shares at a price of 11.5 cents per share.

2. Sale of shares in subsidiary Gold Dredging Pty Ltd

On 16 July 2007, the Company announced that it had reached agreement to sell Gold Dredging Pty Ltd, a wholly owned subsidiary holding Mining Leases that comprise the Mt Haden project at Sarina in Queensland, for \$500,000. Settlement is now expected to occur during October 2007 and comprises the cash balance of \$280,000 and \$200,000 of value in shares. The Company received a \$20,000 non-refundable deposit on execution of the sales agreement. The shares are to be transferable and unencumbered listed shares in a company trading either on the ASX or TSX to be nominated by the purchaser prior to completion of the sale; the number of shares is to be determined by reference to the volume weighted average share price during the 10 business days prior to completion of the sale.

Except for the matters discussed above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in the period after the financial year.

Directors' Report

LIKELY DEVELOPMENT AND EXPECTED RESULTS

The Company anticipates receiving the results of various technical scoping studies commissioned for the Redbank project during the December 2007 quarter. The results of these studies will identify the development options for the project, timing thereof, likely funding sources as well as clarify whether additional drilling and other work is required before the project development takes place.

DIVIDENDS

No dividends have been paid or declared since the start of the year. The Directors do not recommend the payment of a dividend.

SHARE OPTIONS

As at the date of this report and at reporting date, there were 50,760,601 (2006: 46,760,601) unissued ordinary shares under option. Refer to note 24(d) of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any registered scheme.

Shares issued as a result of the exercise of options

There were no shares issued as a result of the exercise of options during the year.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the relevant interests of the directors and/or their associates in the shares and options of Redbank Mines Limited were:

	Ordinary Shares Fully Paid	ASX Listed Options over Ordinary Shares ⁽¹⁾	'B' Class Shares	Unlisted Options over Ordinary Shares ⁽²⁾
Mr K W McGrath	2,150,000	500,000	-	-
Mr J G Vitale	1,004,852	326,820	240	450,000
Ms S J Field	633,668	212,627	60	300,000
Dr D J Searle	1,120,000	80,000	-	-
Mr M J Kitney	283,334	81,250	-	-

⁽¹⁾ ASX Listed Options are exercisable at 28 cents per share on or before 31 May 2008.

⁽²⁾ Directors Options issued pursuant to shareholder approval obtained at a General Meeting held on 8 April 2005 in three equal tranches exercisable at 38, 50 and 60 cents per share on or before 28 February 2010 and vesting on 28 February 2006, 2007 and 2008 respectively.

EARNINGS PER SHARE

	2007	2006
Basic earnings per share	(2.5) cents	(6.2) cents
Diluted earnings per share	(2.5) cents	(6.2) cents

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Directors' Report

REMUNERATION REPORT

Key management personnel compensation

The directors and other members of key management personnel of the Group during the year were:

- Mr K W McGrath (Non-executive Director and Chairman)
- Mr J G Vitale (Managing Director and Chief Executive Officer)
- Ms S J Field (Executive Director, Chief Financial Officer and Company Secretary)
- Dr D J Searle (Executive Director)
- Mr M J Kitney (Non-executive Director)
- Mr C R Hall (General Manager, Exploration)

Board Remuneration Policy

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and other executives. The Nomination and Remuneration Committee intends to assess the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions for similar companies with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality Board and executives. Such officers are given the opportunity to receive their emolument in a variety of forms including cash and fringe benefits such as expense payment plans. It is intended that the manner chosen will be optimal for the recipient without creating undue cost for the Company.

The Employee Option Plan is one method used to assist in achieving these objectives. All employees including senior executives have the opportunity to qualify for participation in the Redbank Mines Limited Employee Option Plan ("Plan") which currently provides share option incentives where specified criteria are met including criteria relating to the person's potential future contribution to the growth and profitability of the Consolidated Entity. There have been no share options issued under this plan during or since the end of the year. (2006: Nil).

Directors fees have been set by the Board in a prior period and there has been no change to this policy. Consistent with the existing policy, the Chairman and the current Managing Director are paid directors' fees at a rate of \$30,000 per annum respectively; all other Directors are paid at a rate of \$20,000 per annum.

Executive Remuneration and Performance Measurement

To attract and retain high calibre people with requisite skills and experience, the Company has historically adopted a policy of remunerating its staff and employees based on average to above average market rates. The Company's financial circumstances in recent years in the course of rebuilding of its balance sheet and prospects following substantial losses incurred during its foray in the technology sector from 1999 to 2003, and its present status as an explorer with limited income, has resulted in a departure from this policy. Levels of remuneration paid to executive and non-executive directors and senior personnel have accordingly fallen behind market rates. This matter is being kept under review by the Board and the Nomination and Remuneration Committee to ensure that senior executives who are charged with the responsibility of driving value for the company have satisfactory financial compensation and performance based incentives to achieve the Company's stated objectives.

The Company retains human resource management consultants and legal advisers from time to time as required to assist with the setting of salary and wage levels and other conditions of employment for its employees.

Key management personnel compensation

The Company presently has only one senior executive who is not a director of the Company, namely Mr Craig Hall, project manager for Mt Kasi. Mr Hall is eligible to participate in the Company's Employee Option Plan approved by shareholders in March 2000, under which the exercise of options is linked to prescribed vesting periods as an incentive to stay with the Company.

Directors' Report

REMUNERATION REPORT CONTINUED

Key management personnel compensation continued

The maximum number of options that may be issued under the plan is 5% of the Company's issued shares, with the quantum of options issued to qualifying executives being at the discretion of the Board. At the date of this report no options had been issued under the plan, however the Board anticipates that options may be issued under the plan during the course of the current financial year.

Non-Executive Directors' Remuneration and Performance Measurement

Until the recent acquisition of the Redbank Copper Project in December 2005, the limited scope of operations during the present exploration phase of activities has rendered specific measurable quantitative performance indicators for non-executive directors difficult to identify and measure. Qualitative measures are less difficult, but entirely subjective at this stage of the Company's production activities. For these reasons the Company has yet to adopt any formal evaluation procedures in relation to the performance of non-executive directors. As the Company's activities develop toward full producer status, both measurable and qualitative indicators will become more apparent and meaningful formal evaluation procedures can then be adopted.

The Board believes that in view of:

- o the high risk nature of its activities, and
- o its limited financial resources,

it is appropriate to also remunerate non-executive directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to non-executive directors.

Company's Performance

Until the month of June 2006, as an explorer, the Company did not derive income from mining or other operating activities it has not been considered appropriate to have performance based criteria linked to current year profitability or operating cashflow measures. The Directors held the view that the nature of the Company's activities was such that the most objective criteria to measure executive performance is the Company's share price. Accordingly, the executive directors have, with the approval of shareholders, been issued with options to acquire shares in the Company that vested over a three year period and are exercisable at prices between 38 cents and 60 cents. These strike prices were settled on at a time when the Company's share price was trading at a level equivalent to 32 cents, representing a premium between 20% and 87.5% to the then prevailing market price. To the extent that no financial benefit arises to the executives unless the market price of the Company's shares is above the exercise prices of the options, the options are considered to be an incentive based bonus, linked to the share price performance. If the share price of the Company's shares rises to or above the exercise price of the options, all shareholders will benefit from the increase in the value of their shares.

As the Company progresses to full producer status the Directors anticipate that the remuneration of executives will be more closely linked to project development and production milestones and financial operating results.

Performance Conditions

Other than the options referred to above, the Company currently has no direct cash performance based remuneration component built into director and executive remuneration packages. At the date of this report the Nomination and Remuneration Committee is reviewing this situation with a view to putting recommendations forward for shareholder approval at the Company's forthcoming Annual General Meeting to be held in November 2007 so as to create a performance based component for executive remuneration that is in keeping with industry practice.

Directors' Report

REMUNERATION REPORT CONTINUED

Key management personnel compensation continued

Performance Conditions Continued

The compensation of each member of the key management personnel of the Consolidated Entity in the relevant year to 30 June is set out below:

2007	SHORT-TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS			SHARE BASED PAYMENT					Total
	Salary and Fees	Directors' Fees	Bonus	Non-monetary ⁽¹⁾	Super-annuation	Other Benefit	Other long term employee benefits	Termination benefits	EQUITY SETTLED		Cash Settled	Other	
									Shares	Options ^{(2) (3)}			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
K W McGrath	-	30,000	-	-	2,700	-	-	-	-	-	-	-	32,700
J G Vitale	186,667	30,000	-	6,461	19,500	-	7,759	-	-	7,996	-	-	258,383
S J Field	80,000	20,000	-	4,000	9,000	-	3,581	-	-	5,331	-	-	121,912
D J Searle	131,575	20,000	-	-	-	-	-	-	-	-	-	-	151,575
M J Kitney	57,562	20,000	-	-	-	-	-	-	-	-	-	-	77,562
C R Hall	120,000	-	-	(461)	10,800	-	-	-	-	-	-	-	130,339
Total	575,804	120,000	-	10,000	42,000	-	11,340	-	-	13,327	-	-	772,471

(1) The category 'Non-monetary' benefit represents the fringe benefit value assessed for provision of secure car parking, and movements in provision for annual leave.

(2) The options granted pursuant to shareholder approval obtained at general meeting held on 8 April 2005 were valued in 2005 using Black-Scholes Option Model and vest over four consecutive financial periods. Refer additional details below on valuation of remuneration recognised during the period ended 30 June 2007.

(3) Not dependent on performance

Directors' Report

REMUNERATION REPORT CONTINUED

Key management personnel compensation continued

The following table discloses the value of options granted, exercised or lapsed during the year:

	Options Granted Value at grant date	Options Exercised Value at exercise date	Options Lapsed Value at time of lapse	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year ^{(1) (2)}	Percentage of total remuneration for the year that consists of options
	\$	\$	\$	\$	\$	%
J G Vitale	-	-	-	-	7,996	3.09
S J Field	-	-	-	-	5,331	4.37

(1) The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 "Share-Based Payments". This requires the following:

- The value of the options is determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognised in remuneration in the current year.
- The options issued to Mr Vitale and Ms Field vested as to one third on 28 February 2006, one third on 28 February 2007 and one third is to vest on 28 February 2008, in accordance with the terms and conditions approved by shareholders at General Meeting held on 8 April 2005. In accordance with Accounting Standard AASB 2 "Share-Based Payments", the fair value of the options at grant date is included in remuneration for the financial year, which relates to any vested portion.

(2) The vesting and exercise of options is not performance based.

Share options granted to key management personnel

During and since the end of the financial year no share options were granted (2006: no share options were granted) to the key management personnel of the Company.

Share options on issue with key management personnel at end of the year or exercised during the year

Details of unissued shares or interests under option are:

Issue Date – 8 April 2005

Issuing entity	Number of shares under option	Class of shares	Vesting Date	Exercise price of option	Expiry date of options
Redbank Mines Limited	250,000	Ordinary	28 Feb 06	38 cents	28 Feb 10
Redbank Mines Limited	250,000	Ordinary	28 Feb 07	50 cents	28 Feb 10
Redbank Mines Limited	250,000	Ordinary	28 Feb 08	60 cents	28 Feb 10

There were no options exercised during or since the end of the financial year.

Fair value of options

Options were valued in 2005 using the Black-Scholes Pricing Model, which takes account of factors including the option exercise price, the current level of volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

Directors' Report

REMUNERATION REPORT CONTINUED

Key management personnel compensation continued

Fair value of options continued

The fair value of each option is estimated on the date of grant, in this case being 8 April 2005, using a Black & Scholes Pricing Model and the benefit is recognised as the options vest, in this case is over four consecutive financial periods being 30 June 2005 to 30 June 2008.

	Exercise price of Options 1.9 cents	Exercise price of Options 2.5 cents	Exercise price of Options 3.0 cents
Dividend yield	0%	0%	0%
Expected volatility	96.5%	96.5%	96.5%
Historical volatility	96.5%	96.5%	96.5%
Risk-free interest rate	5.44%	5.44%	5.44%
Vesting period	on 28 Feb 06	on 28 Feb 07	on 28 Feb 08
Share price at grant date	1.3 cents	1.3 cents	1.3 cents
Exercise Price – grant date	1.9 cents	2.5 cents	3.0 cents
Exercise Price – post consolidation of capital	38 cents	50 cents	60 cents

Directors' Options on issue

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2007	2006 Opening Balance	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2007 Closing Balance	Vested at 30/6/07	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	300,000	300,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	200,000	200,000	-	100,000
Total	750,000	-	-	-	750,000	500,000	500,000	-	250,000

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2006	2005 Opening Balance Post Reconstru ction of Capital	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2006 Closing Balance	Vested at 30/6/06	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	150,000	150,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	100,000	100,000	-	100,000
Total	750,000	-	-	-	750,000	250,000	250,000	-	250,000

⁽¹⁾ Directors Options issued during the 2005 financial period, refer additional detail in table below and at Note 24(d) and 7.

Directors' Report

REMUNERATION REPORT CONTINUED

Executive Directors' Contracts for Services

The executive salaries paid during the year to Mr Vitale and Ms Field have been effective since 1 July 2004. Mr Vitale and Ms Field are engaged under individual employment contracts details of which are summarised below.

	Quantum of Fixed Cash Component	Quantum of Variable Component
• Jerome G Vitale	\$186,667pa	Nil
Position:	- Chief Executive Officer	
Annual Salary Package:	- equivalent to \$186,667 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a director of the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Mr Vitale	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	
	Quantum of Fixed Cash Component	Quantum of Variable Component
• Susan J Field	\$80,000 pa	Nil
Position:	- Chief Financial Officer	
Annual Salary Package:	- equivalent to \$80,000 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a director of the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Ms Field	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	

Directors' Report

REMUNERATION REPORT CONTINUED

Executive Contract for Other Key Management Personnel

The Company has one executive, Mr Craig Hall who has worked within the consolidated group since 7 December 1998 and during this time has been engaged in a combination of full time and part time capacities. Effective 1 January 2004, Mr Hall was employed by Redbank Mines Limited on a permanent basis on the following agreed terms:

Position:	- General Manager, Exploration
Annual Salary Package:	- equivalent to \$120,000 per annum
Overseas Allowance:	- 20% loading on annual salary to be paid for actual time spent overseas
Overseas Roster:	- maximum of 6 weeks away / two weeks off; and - Accrual of 2 days for every 5 days worked
Annual Leave:	- 4 weeks annual leave per year
Termination Period:	- 1 month mutual notice period
Professional Memberships:	- cost to be met by the Company
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Board
Professional courses and conferences	- cost to be met by Company as approved from time to time.

The salary is subject to an annual review but has not been increased during this period. To date no options have been issued to Mr Hall under the Employee Option Plan.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number Held	Number Attended
K W McGrath	7	5
J G Vitale	7	7
S J Field	7	7
D J Searle	7	5
M J Kitney	7	7

As at the date of this report the Company has the following committees:

- Audit Committee that comprises Mr Kitney as chair and Mr McGrath; and
- Nomination and Remuneration Committee that comprises Mr McGrath as chair and Messrs Kitney and Vitale.

Directors' Report

DIRECTORS' MEETINGS CONTINUED

The number of formal meetings of each committee held during the year were as follows:

Audit Committee	Number Held	Number Attended	Nomination and Remuneration Committee Members	Number Held	Number Attended
K W McGrath	1	1	K W McGrath	1	1
M J Kitney	1	1	M J Kitney	1	1
			J G Vitale	1	1

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 15 of the financial report.

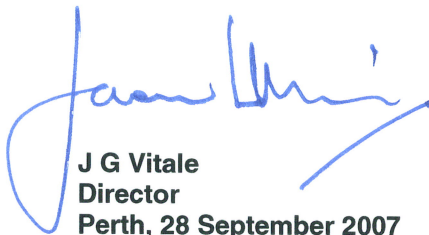
NON AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the Directors, made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors



J G Vitale
Director
Perth, 28 September 2007

The Board of Directors
Redbank Mines Limited
Level 2, BGC Centre
28 The Esplanade
Perth WA 6000

28 September 2007

Dear Board Members

Redbank Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Redbank Mines Limited.

As lead audit partner for the audit of the financial statements of Redbank Mines Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Redbank Mines Limited ("Company") is responsible for its corporate governance, that is, the system by which its affairs are directed and managed. On behalf of the shareholders by whom they are elected and to whom they are accountable, the Board guides and monitors the business and affairs of the Company, sets how business objectives are set and achieved, how risk is monitored and performance is optimised.

The Board has adopted the spirit and intent of the Principles of Good Corporate Governance and Recommendations of the ASX Corporate Governance Council. Given the nature of its activities and its circumstances however, the Company has consciously not implemented a number of the Recommendations, but rather has adopted what it considers to be good governance practices that are more appropriate to its circumstances, recent history and the reality of its limited financial resources.

The Company is essentially a high risk mineral and exploration and mine development company. It presently has a project at limited production/feasibility stage (Redbank Copper Project) and an advanced exploration project (Mt Kasi Gold Project). The Company has a small number of employees and, until the Redbank Copper Project is fully operational, limited income from the processing of copper stockpiles. Notwithstanding these limitations, the Directors recognise the need for high standards of corporate behaviour and accountability. To this end the Board has adopted an open and transparent disclosure policy in relation to its financial affairs and its affairs generally, which it believes provides shareholders, employees, the investing public and suppliers with full and adequate disclosure of the state of its affairs and the manner in which it conducts its business activities. The Company's governance practices will be kept under review as the nature and size of its activities develop.

Company Background and Context

Redbank Mines Limited was formed as Burdekin Resources NL 1993 for the specific purpose of exploring and developing mineral resource projects, and except for a period between 1999 and 2002 when it ventured into technology investments, this remains the key activity of the Company. Significant losses were incurred as part of the process of closing down and or divesting of the technology investments, resulting in a depleted balance sheet and heightened financial risk. Presently the risk profile of the Company remains that of a speculative, high risk enterprise with an exposure to cyclical commodity markets, particularly gold, and since the acquisition of the Redbank Copper Project completed in December 2005, copper. Companies in this sector are subject to rapid swings in investor sentiment depending on the economic cycle, commodity prices and market conditions generally.

The Company conducts exploration activity in Fiji, a South Pacific nation that is at the time of writing run by a self appointed military commander serving as Prime Minister and his appointees occupying key Cabinet positions. Although this is the fourth such military coup over the past twenty years that have caused economic disruption and uncertainty particularly in the tourism industry, no asset sequestrations from foreign investors have been reported and there has been no direct impact on the Company's exploration activities at Mt Kasi or on any of its staff and personnel working on the project.

The Company is now fully focused on rebuilding its fortunes by the development of the Redbank Copper Project and further exploration at Redbank and at the Mt Kasi Gold Project.

Board of Directors

The Board seeks to optimise medium to long term financial gains for shareholders when making business decisions. This is based on the belief that this will ultimately result in the interests of all stakeholders being appropriately addressed, compared to taking a short term view. Given the current size of operations, the Board currently undertakes a more active rather than a passive role. The Board comprises three executive directors with professional management and technical exploration and project development roles and two non-executive directors. One of those non-executive directors provides technical services to the Company on commercial terms. Such an arrangement is typical of companies in the junior resources sector where, on account of the inherently high operating and financial risk, the provision of professional services under consultancy arrangements allows for a better understanding of the Company's underlying business and mitigates the risk otherwise attaching to a non-executive director position.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

Although the Board is yet to adopt a formal Board Charter as such, it recognises the importance of adopting corporate governance policies that will promote investor and capital market confidence in the Company. Emphasis has been placed on ensuring that the internal control and financial management systems adopted are adequate to ensure that a satisfactory level of accountability is established and areas of significant business risk are identified and managed.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The functions of day to day management of the Company and of project development and operations are delegated by the Board to the Managing Director who has direct accountability to the Board. The Managing Director's direct reports include two executive directors who respectively undertake the functions of chief financial and compliance officer and exploration director.

Matters such as day to day supplier and contractor selection, personnel hire and fire functions, plant and equipment leasing decisions, accounting and treasury management and ASX disclosures in the ordinary course of business are the responsibility of management. Decisions involving significant long term contractual relationships, debt instruments and loans, agreements with customers for mine off-take, hedging decisions, equity capital issues, and allocation of funds, external audit and nomination of directors and executive remuneration are the responsibility of the Board.

More specifically, the Board has sole responsibility for the following:

- appointing and removing the executive directors including the Managing Director/Chief Executive Officer, and the Company Secretary and approving their remuneration;
- reviewing the adequacy of financial and other resources for management to adequately carry out approved plans and business plans;
- reviewing and adopting operating and capital expenditure budgets generated by management at the commencement of each operating period and monitoring progress against plans;
- reviewing and approving financial and other external reporting to regulatory bodies, shareholders and other organisations;
- ensuring satisfactory arrangements are in place for auditing the Company's financial affairs and other regulatory compliance requirements;
- reviewing systems of internal compliance and control, risk management and compliance with legislative requirements; and
- ensuring that an ethical corporate culture and value system is promoted internally that is conducive to the Company acting legally, ethically and responsibly in all matters.

Composition of the Board and Independence of Directors

- The Company's Constitution provides that the number of directors must be at least 3 or the number of directors in office (not counting alternates) when the decision is made, whichever is greater.
- There is no maximum number of directors and no requirement for directors to own shares in the Company.
- At the date of this report the Company has five directors comprising three executive directors, Mr J G Vitale, Dr James Searle and Ms S J Field, and two non-executive directors, Mr K W McGrath (Chairman), and Mr Mike Kitney.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Board has adopted the following definition of an independent director: An independent director is a director who is a non-executive director (ie not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a director 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.

Mr Kitney is the principal of a metallurgical consulting firm that has in the past and intends in the future to provide the Company with technical advice and monitoring services based on arms length commercial terms. In accordance with a strict interpretation of the above definition he may not be regarded as an independent non-executive director. Other than his services as a director, Mr McGrath has not provided the Company with any professional services and accordingly, he is regarded by the Board as independent non-executive director.

In the case of Mr Kitney, although by virtue of the metallurgical consulting services provided by his firm he does not strictly fall within the Company's definition of an independent director, he has a number of other more substantial clients and the level of financial dependency on fees generated from the provision of services to the Company is low. Other directors are satisfied that the payment of fees for professional services provided by Mr Kitney's firm in no way impedes his independence of mind and independence of judgement in discharging his duties as a non-executive director in the interest of all shareholders.

The directors acknowledge the benefits that can arise where there is a division of responsibilities between the role of Chairman and Managing Director/Chief Executive Officer. Accordingly these roles are separated.

The relevant expertise, professional qualifications and experience of each member of the present Board is detailed in the Directors' Report within the Company's Financial Report. The mix of competencies and experience of present Board members reflects the project development status and 'brownfields' exploration focus of the Company's activities. The mix of skill sets and competencies will be reviewed as the Company's Redbank Copper Project is further developed and advanced exploration endeavours progress at Mt Kasi. The Board schedules to meet regularly and will meet on an as required basis to address specific matters as and when they may arise.

Board Committees, Election and Retirement of Directors

The Board has established a formal Audit Committee and a Nomination and Remuneration Committee. Given the limited number of non-executive directors on the Board, the Audit Committee comprises only two directors, a non-executive director who is not Chairman of the Board, namely Mr Kitney as chair and Mr McGrath also a non-executive director. Mr McGrath is also chair of the Nomination and Remuneration Committee and is joined on this committee by Mr Kitney and Mr Vitale. Where appropriate, external professional advice is called upon by these committees. The Company is in the process of developing a formal charter for each of these committees and is working toward having these formally adopted during the course of the forthcoming reporting period.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

Directors are initially appointed by the full Board subject to election by the shareholders at the next general meeting. The criteria for determining the suitability of a candidate for the Board includes the background, experience and achievement of the individual, credibility within the Company's sphere of activities, intellectual ability to contribute to the discharge of the Board's processes and duties and responsibilities.

Under the Company's Constitution, except for the Managing Director, one third of the directors are subject to re-appointment by shareholders every year. There is no maximum period of tenure. The Managing Director may be appointed on any terms the Directors deem fit and for any period, and subject to the terms of any agreement entered into, the Board may revoke or terminate any appointment as an executive of the Company.

The procedures for the election and retirement of Directors are governed by the Company's Constitution and the Listing Rules of the Australian Stock Exchange Limited.

The Board meets regularly with the Company's external auditors to review internal control systems and procedures and to consider their recommendations in this area. Both the Managing Director and the Chief Financial Officer have stated to the Board during a formal board meeting that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

With prior approval of the Chairman, individual directors of the Company are at liberty to seek independent professional advice on any matter to do with the discharge of their duties at the Company's expense.

The Company does not have a scheme to provide retirement benefits, other than statutory superannuation to non-executive directors.

Executive Remuneration and Performance Measurement

To attract and retain high calibre people with requisite skills and experience, the Company has historically adopted a policy of remunerating its staff and employees based on average to above average market rates. The Company's financial circumstances in recent years in the course of rebuilding of its balance sheet and prospects following substantial losses incurred during its foray in the technology sector from 1999 to 2003, and its present status as an explorer with limited income, has resulted in a departure from this policy. Levels of remuneration paid to both non-executive and executive directors and senior personnel have accordingly fallen behind market rates. This matter is being kept under review by the Board and the Nomination and Remuneration Committee to ensure that particularly senior executives who are charged with the responsibility of driving value for the Company have satisfactory financial compensation and performance based incentives to achieve the Company's stated objectives.

The Company retains human resource management consultants and legal advisers from time to time as required to assist with the setting of salary and wage levels and other conditions of employment for its employees.

The Company presently has only one senior executive who is not a director of the Company, namely Mr Craig Hall, project manager for Mt Kasi. Mr Hall is eligible to participate in the Company's Employee Option Plan approved by shareholders in March 2000, under which the exercise of options is linked to prescribed vesting periods as an incentive to stay with the Company. The maximum number of options that may be issued under the plan is 5% of the Company's issued shares, with the quantum of options issued to qualifying executives being at the discretion of the Board. At the date of this report no options had been issued under the plan, however the Board anticipates that options may be issued under the plan during the course of the current financial year.

For further information on the amount of remuneration, the payment of bonuses, mutual obligations in the event of termination and other key terms and conditions, refer to Note 7 to the financial statements.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED**Non-Executive Directors' Remuneration and Performance Measurement**

Until the recent acquisition of the Redbank Copper Project in December 2005, the limited scope of operations during the present exploration phase of activities has rendered specific measurable quantitative performance indicators for non-executive directors difficult to identify and measure. Qualitative measures are less difficult, but entirely subjective at this stage of the Company's pre-production activities. For these reasons the Company has yet to adopt any formal evaluation procedures in relation to the performance of non-executive directors. As the Company's activities develop toward producer status, both measurable and qualitative indicators will become more apparent and meaningful formal evaluation procedures can then be adopted.

The Board believes that in view of:

- the high risk nature of its activities, and
- its limited financial resources

it is appropriate to also remunerate non-executive directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to non-executive directors.

Ethical Standards

All members of the Board and senior management personnel are individually members of one or more professional bodies whose ethical standards and practice guidelines they are required to comply with. The management of the Company comprises experienced and mature industry practitioners in their respective fields of endeavour. This creates a professional working environment and the adoption of professional peer group standards of ethical behaviour and conduct. The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the directors and all senior personnel. The code is based on the code of conduct for directors prepared by the Australian Institute of Company Directors of which the majority of directors are members.

The principles of the code are:

- a director must act honestly, in good faith and in the best interests of the Company as a whole;
- a director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- a director must recognise the primary responsibility is to the shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company;
- a director must not make improper use of information acquired as a director;
- a director must not take improper advantage of the position as a director;
- a director must not allow personal interests or interests of any associated person, to conflict with the interests of the Company;
- a director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board;

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

- confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law;
- a director should not engage in conduct likely to bring discredit upon the Company; and
- a director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the code.

The principles are supported by interpretation guidelines as set out by the Australian Institute of Company Directors.

Related Party Transactions

The Company seeks to minimise related party transactions. The Company has entered into such transactions in respect of the provision of technical services from two directors. However where such transactions have occurred or are proposed, the transaction is scrutinised by the directors independent to the transaction to ensure the terms of the transaction are based on acceptable commercial terms and result in a net tangible benefit to shareholders.

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer report annually in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is found on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in material respects.

Role of Auditor

The Company's auditor is required to attend the Annual General Meeting to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report. Shareholders are also permitted to submit written questions of the auditor ahead of the Annual General Meeting, to be answered at the Company's Annual General Meeting.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

- Half Yearly Report;
- presentations at the Annual General Meeting/General Meetings; and
- Annual Report

To explain the Company's progress to shareholders and the market in general in non technical terms, the Managing Director regularly gives audio interviews upon the release of significant Company announcements and the Company publishes internet URL links to such on its website and through announcements to ASX. The Managing Director also delivers ad hoc briefings to investment seminars and trade journals on the Company's exploration and mine development activities, expected to become more regular as the Company's project advance toward development status..

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals. To this end, a hard copy of the Company's Financial Report is sent to all shareholders along with the Notice of Annual General Meeting.

OTHER CORPORATE POLICIES**Dealings in Company Securities**

The Constitution permits directors to acquire shares in the Company provided strict guidelines are adhered to. The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside Information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or director learns the information.

In addition to the above, directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, the Company on behalf of the directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED**Employee Health and Safety**

The Company is committed to the implementation and maintenance of a system of safe work practices, provision of appropriate plant and equipment and a healthy working environment.

Employee Training

The Company considers that the attraction and retention of high quality technical and management staff is the key to its future growth and development. Accordingly, the Company is committed to improving skills of all personnel through on-the-job and formal training. Attendance at external training programs, which enhance workplace skills and increase productivity and technical competence, is encouraged.

Environment

Environmental management has been adopted as an integral part of the formal planning process in all aspects of the Company's exploration and mining activities. The Company is committed to conducting all its affairs in an environmentally responsible manner.

In the case of the Redbank Copper Project in the Northern Territory, the Company is required to submit an annual Mine Management Plan which includes a comprehensive environmental risk analysis and management plan. The Company's operations are also subject to an independent annual environmental audit from the Department of Primary Industry, Fisheries and Mines with compliance with its recommendations being mandatory for the renewal of operating licences and permits. The Company also retains water management consultants and environmental science practitioners to assist with the design and development of environmental monitoring processes to ensure that mine acid drainage into the environment is kept to a minimum and within or better than approved limits as set by regulatory authorities.

The Mt Kasi project is still at the exploration stage, and although it is located in Fiji, the Company has adopted the same environments management standards and policies to this project as would apply to exploration activities conducted in Australia. This includes clearance of all drilling sites with local landowner groups and rehabilitation of drilling sites after completion to ensure minimal disturbance to the land, local flora and fauna, creeks and waterways.

Recognition and Management of Risk

As an exploration and mine development company, it is axiomatic that the core business of the Company is to engage in high risk, speculative activities. Like other companies in this sector who are not yet at the stage of having mature operating mines that have the ability to pay a dividend from an established and predictable operating cash flow, the Company attracts essentially high risk equity investors seeking financial rewards in the form of capital gains commensurate with the high level of investment risk exhibited by such companies.

The directors believe that a key function of the Board is to minimize the downside risk and maximizing the upside rewards of engaging in this core business. The composition of the Board and senior management team is such that it comprises individuals with an appropriate mix of technical qualifications and experience across a number of disciplines including exploration, process engineering and metallurgy, operational and corporate management, legal, finance and accounting.

The broad mix of technical, commercial and corporate expertise within the ranks of the Board enables the Board to set the overall strategy direction of the Company and make capital allocation decisions based on thorough analysis of all available data, both non-technical and technical, with the latter utilizing all available modern analytical techniques and latest technological tools. In this respect external technical expertise from consulting geologists and geostatisticians, metallurgists, mining and mechanical engineers, environmental experts and the like are called on as required to provide the necessary technical know-how and expertise to enable the Board to reach well informed capital allocation decisions on a timely basis.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

In terms of its risk exposure in mining operations, health and safety issues for its staff and employees, environmental impact and administrative matters, and the safeguarding of the Company's assets, the Company seeks to minimize its risks. .

Management has the responsibility to design and implement a risk management and internal control system to manage material business risks and is required by the Board to conduct regular reviews of risk exposures in relation to its asset classes and areas of activity. A reporting system based on key areas of functional areas of responsibility, namely exploration and mine operations, has been instituted to allow management to regularly monitor and control all areas of activity. The reporting system also allows management to make changes to operating plans and budgets as required by changing circumstances, and helps with disaster anticipation and planning and Board reporting procedures.

In addition, a regular formal operational risk assessment is conducted on an annual basis by the Company's external business insurance brokers and advisers to ensure the Company's risk management program is adequate to minimise the impact of accidental loss or damage to key operating assets, plant and equipment and business interruption.

The Board acknowledges that it has overall responsibility for the internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. Management has been delegated the authority by the Board to make value judgements based on a cost benefit analysis of the financial and operational risks involved versus the cost of remedial action required when determining what action, if any, is required as a result of the identification and assessment of specific operational or financial risks.

Ethics and Conduct

The Company has adopted ethical policy guidelines which represent the Company's formal policy on ethics and conduct in the workplace. The guidelines are aimed at maintaining high ethical standards and corporate behaviour and accountability within the Company.

All employees and directors are expected to:

- respect the laws of the jurisdictions in which the Company and its subsidiaries operate and act in accordance with them;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism in the discharge of their duties;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the communities and environments in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

Income Statement
for the financial year ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	5	3,399,591	121,321	-	-
Cost of sales		(3,263,382)	(216,925)	-	-
Gross Profit / (Loss)		136,209	(95,604)	-	-
Other revenue	5	23,780	28,315	16,055	19,584
Other income	5	25,514	-	4	-
Exploration and evaluation expenses and project management expenses		(82,063)	(300,778)	(5,761)	(11,870)
Finance costs	5	(339,905)	(289,686)	(295,326)	(270,749)
Depreciation expense		(240,069)	(54,182)	(6,385)	(5,542)
Mark to market Loss	5	(316,385)	-	-	-
Pre-production costs – RBM Operations Pty Ltd		-	(342,651)	-	-
Care and maintenance – Audesso Mining (Fiji) Limited		(441,507)	(505,347)	-	-
Corporate administration expenses		(762,514)	(750,290)	(734,646)	(612,745)
ASIC, ASX, Share Registry, Annual Report and other compliance costs		(330,520)	(439,016)	(311,580)	(436,049)
Rehabilitation costs		(75,819)	(9,862)	(14,000)	(9,862)
Technology closure expenses, including legal expenses		-	(107,335)	-	(27,003)
Impairment allowance for non recovery of loans	5	(212)	(12,258)	(954,613)	(1,162,233)
Impairment of non-current assets		-	(386,731)	-	(70,111)
Loss before income tax benefit		(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)
Income tax benefit	6	-	-	-	-
Loss attributable to members of Redbank Mines Limited	5	(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)
Earnings per share:					
Basic Earnings Per Share (Cents per share)	32	(2.5)	(6.2)		
Diluted Earnings Per Share (Cents per share)	32	(2.5)	(6.2)		

Notes to the financial statements are included on pages 30 to 88

Balance Sheet
as at 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents		317,571	434,275	309,341	432,895
Trade and other receivables	8	658,539	209,539	122,845	113,581
Inventories	9	615,556	685,865	-	-
Other	10	63,019	19,385	16,964	13,716
Total current assets		1,654,685	1,349,064	449,150	560,192
Non-current assets					
Trade and other receivables	11	494,467	344,240	9,101,613	6,551,828
Inventories	12	-	216,667	-	-
Other financial assets	13	-	-	2,990,058	2,990,058
Plant & equipment	15	1,776,498	516,617	174,379	206,995
Deferred exploration, evaluation & development costs	16	14,693,116	13,349,435	-	-
Total non-current assets		16,964,081	14,426,959	12,266,050	9,748,881
Total assets		18,618,766	15,776,023	12,715,200	10,309,073
Current liabilities					
Trade and other payables	18	2,392,813	723,852	1,230,290	553,030
Borrowings	19	2,902,103	46,905	2,902,103	46,905
Provisions	20	200,216	90,762	194,684	85,108
Total current liabilities		5,495,132	861,519	4,327,077	685,043
Non-current liabilities					
Trade and other payables	21	980,867	1,474,781	-	55,844
Borrowings	22	360,708	2,643,425	360,708	2,643,425
Provisions	23	1,581,602	1,717,664	440,700	557,108
Total non-current liabilities		2,932,177	5,835,870	801,408	3,256,377
Total liabilities		8,418,309	6,697,389	5,128,485	3,941,420
Net assets		10,200,457	9,078,634	7,586,715	6,367,653
EQUITY					
Issued capital	24	67,227,388	63,794,327	67,227,388	63,794,327
Share option reserve	25(a)	1,304,363	1,212,110	1,304,363	1,212,110
Compound financial instrument reserve	25(b)	77,881	77,881	77,881	77,881
Accumulated losses	26	(58,409,175)	(56,005,684)	(61,022,917)	(58,716,665)
Total Equity		10,200,457	9,078,634	7,586,715	6,367,653

Notes to the financial statements are included on pages 30 to 88

**Statement of recognised income and expense
for the financial year ended 30 June 2007**

	Notes	Consolidated		Redbank Mines Limited	
		2007 \$	2006 \$	2007 \$	2006 \$
Net income recognised directly in equity		-	-	-	-
Loss for the period		(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)
Total recognised income and expense for the period		(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)

Notes to the financial statements are included on pages 30 to 88.

**Cash Flow Statement
for the Financial Year Ended 30 June 2007**

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers					
- Copper Sales		3,077,727	55,313	-	-
Payments to suppliers & employees					
- Administration/corporate		(1,188,351)	(1,143,772)	(406,666)	(779,385)
- Rehabilitation costs		(103,992)	(14,310)	(42,173)	(6,781)
- Technology related expenses		-	(389,588)	-	(109,983)
Project management costs – Redbank Copper		(3,208,822)	(379,831)	-	-
Payments to suppliers & employees of Audesso Limited & its subsidiaries, a wholly owned controlled entity of Redbank Mines Limited		(317,805)	(488,752)	-	-
Payments for exploration, evaluation and project evaluation		(36,234)	(309,096)	(5,761)	(11,870)
Interest and other costs of finance		(269,382)	(261,449)	(268,927)	(244,814)
Net cash used in operating activities	27(c)	(2,046,859)	(2,931,485)	(723,527)	(1,152,833)
Cash flows from investing activities					
Interest received		23,581	27,009	16,055	19,584
Acquisition of Redbank Copper Project	27(e)				
- ROM Stockpile		-	(650,000)	-	-
- Stores and consumables		-	(259,447)	-	-
- Plant and equipment		-	(82,832)	-	-
- Capitalised exploration and evaluation		-	(154,459)	-	-
Payments for plant & equipment		(963,819)	(243,155)	(17,769)	(220,881)
Proceeds from security deposits		(150,750)	-	-	-
Capitalised exploration and evaluation		(1,018,652)	-	-	-
Payments for security deposits		-	(110,000)	-	(110,000)
Payments for rental bonds		-	(10,000)	-	(10,000)
Advances to controlled entities		-	-	(3,438,214)	(3,031,201)
Repayments received from subsidiaries		-	-	-	88,747
Net cash used in investing activities		(2,109,640)	(1,482,884)	(3,439,928)	(3,263,751)
Cash flows from financing activities					
Proceeds from share issues		3,521,125	5,610,159	3,521,125	5,610,159
Share issue expenses		(54,438)	(442,561)	(54,438)	(442,561)
Proceeds from borrowings		1,474,259	246,925	1,474,259	246,925
Repayment of borrowings		(1,065,775)	(945,776)	(1,065,775)	(945,776)
Proceeds from Directors' Loans		245,000	-	245,000	-
Repayment of Directors' Loans		(80,000)	(44,000)	(80,000)	(44,000)
Borrowing costs		(270)	(41,102)	(270)	(41,102)
Net cash provided by financing activities		4,039,901	4,383,645	4,039,901	4,383,645
Net (decrease) / increase in cash and cash equivalents		(116,598)	(30,724)	(123,554)	(32,939)
Cash and cash equivalents at the beginning of the financial year		434,275	465,038	432,895	465,834
Effects of exchange rate changes on the balances of cash held in foreign currencies		(106)	(39)	-	-
Cash and cash equivalents at the end of the financial year	27(a)	317,571	434,275	309,341	432,895

Notes to the financial statements are included on pages 30 to 88

Notes to the Financial Statements for the Financial Year Ended 30 June 2007



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Notes to the Financial Statements for the Financial Year Ended 30 June 2007

1. General Information

Redbank Mines Limited is a listed public company, incorporated and domiciled in Australia and operating in Australia and Fiji.

Redbank Mines Limited's registered office and principal place of business is as follows:

Level 2, BGC Centre
28 The Esplanade
Perth WA 6000

Telephone: +61 8 9322 6045

2. Adoption of new and revised Accounting Standards

At the date of the financial report, the following Standards and Interpretations were on issue but not yet effective:

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006.
AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 123 'Borrowing Costs' revised	Effective for 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'	Effective for annual reporting periods beginning on or after 1 July 2007
AASB 2007-7 'Amendments to Australian Accounting Standards - June 2007'	Effective for annual reporting periods beginning on or after 1 July 2007
Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	Effective for annual reporting periods beginning on or after 1 March 2007
Revised IAS 1 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group. The issue of Interpretation 7, Interpretation 8 and Interpretation 9 do not affect the Group's present policies and operations. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the company's or the Group's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

3. Significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes separate financial statements of the company and the consolidated financial statements of the Group.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued**

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard AAS 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 28 September 2007.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in preparation and presentation of the financial report:

Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company and Consolidated Entity have incurred a net loss after tax for the year ended 30 June 2007 of \$2,306,252 and \$2,403,491 respectively (2006: \$2,586,580 and \$3,265,425 respectively) and experienced net cash outflows from operating activities of \$723,527 and \$2,046,859 respectively (2006: \$1,152,833 and \$2,931,485 respectively). As at 30 June 2007 the Company and Consolidated Entity had a net current asset deficiency, excluding \$2,514,063 being the book value of financial debt maturing on 28 February 2008, of \$1,363,864 and \$1,326,384 respectively.

During the period to the date of this report, the Directors have taken steps to ensure the Company and the Consolidated Entity continue as going concerns. These steps include:

- (i) between balance date and the date of this report, the Company has raised a total of \$1,221,990 before issue costs, through an excluded offer of shares to fund immediate working capital requirements;
- (ii) investment in additional production capacity at the Redbank Copper Project in the form of:
 - (a) a proprietary resin technology process to recover an estimated 300 tonnes of soluble copper from the flooded Sandy Flat open pit. After experiencing some delay the resin column is now expected to be commissioned by the end of October 2007 and will add approximately 30 tonnes a month to copper production which at current spot prices will increase operating revenue by approximately \$200,000 per month;
 - (b) the refurbishment of the crusher at the Redbank mine site which is expected to be completed by the end of October 2007; this will allow for the crushing and treatment of a further 30,000 tonnes (approx) of remaining copper stockpiles, as well as fresh ore from future mining of material from the Bluff, Sandy Flat and other sources within the Company's project area; and
 - (c) the refill of two existing vats with fresh copper stockpile material prior to the onset of 2007/2008 wet season.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****Going Concern Basis continued**

Items (a) and (b) have been funded primarily from operating cash flow and are recorded as non-current assets in the Group's balance sheet. Together with item (c) these measures are expected to increase the production rate of copper and cash surplus from operations in the twelve months to 30 June 2008 compared to the current period.

- (iii) on 29 November 2006, the Consolidated Entity announced that it had entered into a life of mine off-take agreement with Glencore International AG ("Glencore") covering current and future copper concentrate production. Under the agreement, Glencore has agreed to purchase copper on deferred delivery terms, allowing for uninterrupted revenue flow from copper production during the Northern Territory wet season. The agreement is effective from 1 December 2006, with product pricing based on prevailing market price for copper after applicable treatment and refining charges. The off-take agreement with Glencore provides assurance that all mine production can be sold at market based prices;
- (iv) on 16 July 2007, the Company announced that it had reached agreement to sell Gold Dredging Pty Ltd, a wholly owned subsidiary holding Mining Leases that comprise the Mt Haden project at Sarina in Queensland, for \$500,000. Settlement is now expected to occur during October 2007 and comprises the cash balance of \$280,000 and \$200,000 of value in shares. The Company received a \$20,000 non-refundable deposit on execution of the sales agreement. The shares are to be transferable and unencumbered listed shares in a company trading either on the ASX or TSX to be nominated by the purchaser prior to completion of the sale; the number of shares is to be determined by reference to the volume weighted average share price during the 10 business days prior to completion of the sale.

The ability of the Company and the Consolidated Entity to continue as going concerns and to pay their debts as and when they fall due is dependent on the following:

- Continued support from the current financiers to the Company
- The ability of the Company and the Consolidated Entity to secure additional funding through either the issue of new shares, convertible notes, debt or a combination of all to develop its mining assets to full production status. The form and value of such raisings is yet to be determined.
- Achieving a minimum rate of copper production in order to provide a revenue base sufficient to achieve appropriate cash flows as forecasted and the ongoing ramp up of production to forecast levels.
- Ongoing management of the level of exploration expenditure in line with the funds available to the Company.

The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis is appropriate as they believe the Company and the Consolidated Entity will achieve the matters set out above.

Notwithstanding this, as a junior explorer with a start up project and a dependency on continued support from its' future financiers and on securing additional funding, there is significant uncertainty whether the Company and the Consolidated Entity will be able to continue as going concerns.

Should the Company and the Consolidated Entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company and the Consolidated Entity be unable to continue as going concerns.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**(a) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). A list of subsidiaries appears in note 14 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balance, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing consolidated book value of the items.

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period which they are incurred.

(c) Business combinations

Acquisitions of subsidiaries and other business are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(d) Cash and cash equivalents

Cash comprises cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(e) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits which expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employee up to the reporting date.

(f) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to the initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available for sale financial assets', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future'
- (ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Loans and receivables

Trade receivables, loans and other receivables that have no fixed or determined payments are quoted in an active market as 'loans and receivables. Loans and receivable are measured at amortised cost using the effective interest rate method less impairment.

Impairment of assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in carrying amount of the allowance account are recognised in profit or loss.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(f) Financial assets continued**

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment date is reversed through profit or loss to the extent the carrying amount of the investment at the date of the impairment does not exceed what the amortised cost would have been had the impairment not been recognised.

(g) Financial instruments issued by the companyDebt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising from the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments or components not been issued.

Compound Instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described at note 36.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through expected life of financial liability, or where appropriate, a shorter period.

Interest

Interest is classified as expenses consistent with the balance sheet classification of related debt or equity instruments or component parts of compound instruments.

Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments from the purchase of goods and services.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(g) Financial instruments issued by the company continued**Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the borrowing using the effective interest rate method.

(h) Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Redbank Mines Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings (refer note 3(b)).

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used.

(i) Income taxCurrent Tax

Current tax is calculated by reference to the amount of income taxes recoverable in respect of the tax loss for the period. It is calculated using tax rates and tax laws that have been substantively enacted by reporting date. The deferred tax asset arising from the tax losses is only carried forward when realisation of the benefits is probable. At the date of this report it is not possible to reliably determine that the realisation of the benefit is probable.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary difference giving rise to them arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which effects neither taxable income nor accounting profit.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(i) Income tax continued**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply based on tax rates and tax laws that have been enacted or substantively enacted by reporting date.

As with deferred tax assets arising from tax losses, deferred tax assets are only carried forward when realisation of the benefit is probable and at the date of this report it is not possible to reliably determine that the realisation of the benefit is probable.

Tax Consolidation

The company and all its wholly owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Redbank Mines Limited is the head entity in the tax consolidated group. At the date of this report there is no formal tax sharing agreement between the entities in the tax-consolidated group. Redbank Mines Limited is the head entity in the tax-consolidated group.

Entities within the group intend to enter into a tax funding arrangement and tax sharing arrangement with the head entity. Under the intended terms of the tax funding arrangement, Redbank Mines Limited and each of the entities in the tax-consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity and any deferred tax asset arising from unused tax losses and tax credits in respect of that period. Such amounts are to be reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The intended tax sharing agreement between members of the tax consolidated group will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax obligations. Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated groups will be recognised in the separate financial statements of the members of the tax consolidated group using the 'separate tax payer within group', approach. No amounts have been recognised in the financial statements in respect of this intended agreement as payment of any amounts under the tax sharing agreement is considered remote.

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate current tax liability and asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from or distribution to equity participants.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(k) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer note 3(b).

3. Significant accounting policies continued

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**(k) Leased assets continued**

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset or the lease term if shorter.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(l) Plant and equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment on a straight line basis and reducing balance basis so as to write-off the net cost of each asset over its expected life to its estimated residual value. The estimated useful lives, residual value and depreciation method is reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 3 to 4 years
- Mine Vehicles 7 to 10 years

(m) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(n) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales revenue comprises revenue earned from the provision of product free into store (net of agreed treatment and refining charges) to a single customer, namely Glencore International AG, under an offtake sales contract ("Agreement") entered into on 29 November 2006. Under the Agreement the operating subsidiary invoices Glencore in US dollars under deferred physical delivery arrangements at a provisional spot price at the date of invoicing. Final pricing is determined by reference to the average spot price of the quotational period elected by Glencore, being the average price for the nominated quotational period which under the Agreement can be either 1 month or 3 months after the month of arrival of their carrying vessel in the port of discharge. At the end of each reporting period the recorded sale is marked to market based on the managements best estimate of expected price including any adjustment arising from foreign exchange fluctuations and recognised in the Income Statement. At the end of the quotational period a final invoice is raised based on the then prevailing market price and a final adjustment is made to Income Statement to reflect the final price received in Australian dollars.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

(o) Share based payments

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black Scholes Option Pricing Model. The effective life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share based transactions has been determined can be found in note 7.

The fair value determined at grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share based payments that were granted after 7 November 2002 that were invested as of 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share based payments.

Equity-settled share based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(p) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

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

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(q) Exploration, evaluation and development costs

Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:

(q) Exploration, evaluation and development costs continued

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale:

or

- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching, sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are directly related to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash generating unit which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**3. Significant accounting policies continued****(r) Development**

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the life of the mine on a units of production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

4. Critical accounting judgements and key sources of estimation uncertainty

In application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Impairment of Inter Company Loans

The Company made loans and advances to its subsidiaries as detailed in Note 11 to the financial statements. Substantially, these loans and advances were established to fund exploration and resource development in its subsidiary companies. The recovery of these loans and advances is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of either the subsidiary companies or their projects.

Recovery of Capitalised Exploration Evaluation and Development Expenditure

The Group capitalises exploration, evaluation and development expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is unlikely to be recoverable, it is written off.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 7.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
5. Loss from operations					
(a) Revenue from operations consisted of the following items					
Revenue from the sale of copper		3,399,591	121,321	-	-
Other revenue					
Interest from other persons		23,780	28,315	16,055	19,584
Other income					
Mark to market gain	3(n)	6,950	-	-	-
Net foreign currency gain		18,564	-	4	-
Total other income		25,514	-	4	-
Total income		3,448,885	149,636	16,059	19,584
(b) Loss before income tax					
Loss before income tax has been arrived at after charging the following expenses					
Cost of sales		3,263,382	216,925	-	-
<i>Depreciation of non-current assets</i>					
Motor vehicles		2,582	6,900	-	-
Mine equipment		222,960	41,600	-	-
Plant and equipment		14,527	5,682	6,385	5,542
Total depreciation of non-current assets	15(a)	240,069	54,182	6,385	5,542
<i>Finance costs</i>					
Interest on deferred delivery facility		23,640	-	-	-
Interest on convertible refinancing facility		219,521	224,926	219,521	224,926
Interest on underwriting advance		30,319	-	30,319	-
Other interest expense		30,758	23,658	9,819	4,721
Total interest expense		304,238	248,584	259,659	229,647
Other finance costs		35,667	41,102	35,667	41,102
Total finance costs		339,905	289,686	295,326	270,749
Settlement of litigation		-	133,000	-	133,000

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
5(b) Loss before income tax continued					
Impairment allowance for non recovery of loans:					
Subsidiaries		-	-	954,401	1,149,975
Other entities		212	12,258	212	12,258
		212	12,258	954,613	1,162,233
Exploration and evaluation costs		138,121	300,778	5,761	11,870
Impairment of non-current assets		-	386,731	-	70,111
Equity settled share based payments	7	13,327	35,677	13,327	35,677
<i>Employee benefits</i>		691,246	685,363	452,534	510,480
Operating lease rental - minimum lease payments		76,420	61,012	76,420	41,112
Net Losses					
Unrealised net foreign currency loss		-	4,805	-	8
Net loss on write-off of plant and equipment		-	16,164	-	-
Mark to market loss	3(n)	316,385	-	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
6. Income tax					
(a) Loss before income tax					
<i>The prime facie tax, using tax rates applicable in the country of operation, on operating loss differs from income tax provided in the financial statements as follows:</i>					
Operating loss		(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)
Income tax benefit calculated at 30% (2006: 30%)		721,047	979,627	691,875	775,974
Tax effect on permanent differences		(5,551)	(102,251)	(631)	(26,338)
Non-deductible expenses					
Unused tax losses and offsets not recognised as deferred tax assets		(579,202)	(660,156)	(691,244)	(749,636)
Income tax losses incurred in the jurisdiction of Fiji not brought to account as a deferred tax asset		(136,294)	(217,220)	-	-
Income tax benefit attributable to operating loss		-	-	-	-
The following deferred tax assets have not been brought to account as assets	6(i)	17,427,635	16,712,139	13,332,165	12,752,963
The deferred tax assets will only be obtained in the relevant tax jurisdiction if:					
(i) future assessable income tax is derived of a nature and of an amount sufficient to enable the benefit to be realised;					
(ii) the conditions for deductibility imposed by the tax legislation are complied with; and					
(iii) no changes in tax legislation adversely affect the Group in realising the benefit.					
6(i)	Includes Australian dollar equivalent of amounts in the jurisdiction of Fiji	4,095,470	3,959,176	-	-
(b) Income tax recognised directly in equity		-	-	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

6. Income tax continued**Tax consolidation****Relevance of tax consolidation to the Consolidated Entity**

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company.

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Redbank Mines Limited.

The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax consolidated group intend to enter into a tax funding arrangement and a tax sharing arrangement with the head entity. Under the intended terms of the tax funding arrangement, Redbank Mines Limited and each of the entities in the tax consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity and any deferred tax asset arising from unused tax losses and tax credits in respect of that period. Such amounts are to be reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The intended tax sharing agreement between members of the tax consolidated group will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax obligations. No amounts have been recognised in the financial statements in respect of this intended agreement as payment of any amounts under the tax sharing agreement is considered remote.

6(a) Franking credit balance

	Redbank Mines Limited	
	2007	2006
	\$	\$
The amount of franking credits available for future years:		
Franking account balance as at the end of the financial year at 30% (2006:30%)	2,439	2,439

Due to the changes in Australian income tax legislation, from 1 July 2002 franking accounts are maintained on a 'tax paid' rather than 'after tax distributable profits' basis.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**7. Key Management personnel compensation****Key management personnel compensation**

The directors and other members of key management personnel of the Group during the year were:

- Mr K W McGrath (Non-executive Director and Chairman)
- Mr J G Vitale (Managing Director and Chief Executive Officer)
- Ms S J Field (Executive Director, Chief Financial Officer and Company Secretary)
- Dr D J Searle (Executive Director)
- Mr M J Kitney (Non-executive Director)
- Mr C R Hall (General Manager, Exploration)

Board Remuneration Policy

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and other executives. The Nomination and Remuneration Committee intends to assess the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions for similar companies with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality Board and executives. Such officers are given the opportunity to receive their emolument in a variety of forms including cash and fringe benefits such as expense payment plans. It is intended that the manner chosen will be optimal for the recipient without creating undue cost for the Company.

The Employee Option Plan is one method used to assist in achieving these objectives. All employees including senior executives have the opportunity to qualify for participation in the Redbank Mines Limited Employee Option Plan ("Plan") which currently provides share option incentives where specified criteria are met including criteria relating to the persons potential future contribution to the growth and profitability of the Consolidated Entity. There have been no share options issued under this plan during or since the end of the year. (2006: Nil).

Directors fees have been set by the Board in a prior period and there has been no change to this policy. Consistent with the existing policy, the Chairman and the current Managing Director are paid directors' fees at a rate of \$30,000 per annum respectively; all other Directors are paid at a rate of \$20,000 per annum.

Executive Remuneration and Performance Measurement

To attract and retain high calibre people with requisite skills and experience, the Company has historically adopted a policy of remunerating its staff and employees based on average to above average market rates. The Company's financial circumstances in recent years in the course of rebuilding of its balance sheet and prospects following substantial losses incurred during its foray in the technology sector from 1999 to 2003, and its present status as an explorer with limited income has resulted in a departure from this policy. Levels of remuneration paid to executive and non-executive directors and senior personnel have accordingly fallen behind market rates. This matter is being kept under review by the Board and the Nomination and Remuneration Committee to ensure that senior executives who are charged with the responsibility of driving value for the company have satisfactory financial compensation and performance based incentives to achieve the Company's stated objectives.

The Company retains human resource management consultants and legal advisers from time to time as required to assist with the setting of salary and wage levels and other conditions of employment for its employees.

Key management personnel compensation

The Company presently has only one senior executive who is not a director of the Company, namely Mr Craig Hall, project manager for Mt Kasi. Mr Hall is eligible to participate in the Company's Employee Option Plan approved by shareholders in March 2000, under which the exercise of options is linked to prescribed vesting periods as an incentive to stay with the Company.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**7. Key Management personnel compensation continued**

The maximum number of options that may be issued under the plan is 5% of the Company's issued shares, with the quantum of options issued to qualifying executives being at the discretion of the Board. At the date of this report no options had been issued under the plan, however the Board anticipates that options may be issued under the plan during the course of the current financial year.

Non-Executive Directors' Remuneration and Performance Measurement

Until the recent acquisition of the Redbank Copper Project in December 2005, the limited scope of operations during the present exploration phase of activities has rendered specific measurable quantitative performance indicators for non-executive directors difficult to identify and measure. Qualitative measures are less difficult, but entirely subjective at this stage of the Company's production activities. For these reasons the Company has yet to adopt any formal evaluation procedures in relation to the performance of non-executive directors. As the Company's activities develop toward full producer status, both measurable and qualitative indicators will become more apparent and meaningful formal evaluation procedures can then be adopted.

The Board believes that in view of:

- o the high risk nature of its activities and
- o its limited financial resources,

it is appropriate to also remunerate non-executive directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to non-executive directors.

Company's Performance

Until the month of June 2006, as an explorer, the Company did not derive income from mining or other operating activities it has not been considered appropriate to have performance based criteria linked to current year profitability or operating cashflow measures. The Directors held the view that the nature of the Company's activities was such that the most objective criteria to measure executive performance is the Company's share price. Accordingly, the executive directors have, with the approval of shareholders, been issued with options to acquire shares in the Company that vested over a three year period and are exercisable at prices between 38 cents and 60 cents. These strike prices were settled on at a time when the Company's share price was trading at a level equivalent to 32 cents, representing a premium between 20% and 87.5% to the then prevailing market price. To the extent that no financial benefit arises to the executives unless the market price of the Company's shares is above the exercise prices of the options, the options are considered to be an incentive based bonus, linked to the share price performance. If the share price of the Company's shares rises to or above the exercise price of the options, all shareholders will benefit from the increase in the value of their shares.

As the Company progresses to full producer status the Directors anticipate that the remuneration of executives will be more closely linked to project development and production milestones and financial operating results.

Performance Conditions

Other than the options referred to above, the Company currently has no direct cash performance based remuneration component built into director and executive remuneration packages. At the date of this report the Nomination and Remuneration Committee is reviewing this situation with a view to putting recommendations forward for shareholder approval at the Company's forthcoming Annual General Meeting to be held in November 2007 so as to create a performance based component for executive remuneration that is in keeping with industry practice.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key Management personnel compensation continued

The aggregate compensation of the key management personnel of the Consolidated Entity and the company is set out below:

	Consolidated		Redbank Mines Limited	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	705,804	598,009	705,804	598,009
Post-employment benefits	42,000	42,000	42,000	42,000
Other long term payments	11,340	9,677	11,340	9,677
Termination payments	-	-	-	-
Share based payment	13,327	35,677	13,327	35,677
	772,471	685,363	772,471	685,363

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

The compensation of each member of the key management personnel of the Consolidated Entity in the relevant year to 30 June is set out below:

2007 Company and Consolidated	SHORT-TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS			Termination benefits	SHARE BASED PAYMENT				Total
	Salary and Fees	Directors' Fees	Bonus	Non-monetary ⁽¹⁾	Super-annuation	Other Benefit	Other long term employee benefits		EQUITY SETTLED				
									Shares	Options ^{(2) (3)}	Cash Settled	Other	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
K W McGrath	-	30,000	-	-	2,700	-	-	-	-	-	-	-	32,700
J G Vitale	186,667	30,000	-	6,461	19,500	-	7,759	-	-	7,996	-	-	258,383
S J Field	80,000	20,000	-	4,000	9,000	-	3,581	-	-	5,331	-	-	121,912
D J Searle	131,575	20,000	-	-	-	-	-	-	-	-	-	-	151,575
M J Kitney	57,562	20,000	-	-	-	-	-	-	-	-	-	-	77,562
C R Hall	120,000	-	-	(461)	10,800	-	-	-	-	-	-	-	130,339
Total	575,804	120,000	-	10,000	42,000	-	11,340	-	-	13,327	-	-	772,471

(1) The category 'Non-monetary' benefit represents the fringe benefit value assessed for provision of secure car parking, and movements in provision for annual leave.

(2) The options granted pursuant to shareholder approval obtained at general meeting held on 8 April 2005 were valued in 2005 using Black-Scholes Option Model and vest over four consecutive financial periods. Refer additional details below on valuation of remuneration recognised during the period ended 30 June 2006 and 30 June 2007.

(3) Not dependent on performance

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

2006 Company and Consolidated	SHORT-TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS			Termination benefits	SHARE BASED PAYMENT				Total
	Salary and Fees	Directors' Fees	Bonus	Non-monetary ⁽¹⁾	Super-annuation	Other Benefit	Other long term employee benefits		EQUITY SETTLED		Cash Settled	Other	
									Shares	Options ^{(2) (3)}			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
K W McGrath	-	30,000	-	-	2,700	-	-	-	-	-	-	-	32,700
J G Vitale	186,667	30,000	-	11,092	19,500	-	6,106	-	-	21,406	-	-	274,771
S J Field	80,000	20,000	-	7,616	9,000	-	3,571	-	-	14,271	-	-	134,458
D J Searle	37,750	9,000	-	-	-	-	-	-	-	-	-	-	46,750
M J Kitney	6,333	9,000	-	-	-	-	-	-	-	-	-	-	15,333
M. Bennett	29,324	3,225	-	-	-	-	-	-	-	-	-	-	32,549
B V T Tomich	-	13,387	-	-	-	-	-	-	-	-	-	-	13,387
C R Hall	120,000	-	-	4,615	10,800	-	-	-	-	-	-	-	135,415
Total	460,074	114,612	-	23,323	42,000	-	9,677	-	-	35,677	-	-	685,363

⁽¹⁾ The category 'Non-monetary' benefit' represents the fringe benefit value assessed for provision of secure car parking, and movements in provision for annual leave.

⁽²⁾ The options granted pursuant to shareholder approval obtained at general meeting held on 8 April 2005 were valued in 2005 using Black-Scholes Option Model and vest over four consecutive financial periods.

⁽³⁾ Not dependent on performance

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

The following table discloses the value of options granted, exercised or lapsed during the year:

	Options Granted Value at grant date	Options Exercised Value at exercise date	Options Lapsed Value at time of lapse	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year (1) (2)	Percentage of total remuneration for the year that consists of options
	\$	\$	\$	\$	\$	%
J G Vitale	-	-	-	-	7,996	3.09
S J Field	-	-	-	-	5,331	4.37

(1) The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 "Share-Based Payments" This requires the following:

- The value of the options is determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognised in remuneration in the current year.
- The options issued to Mr Vitale and Ms Field vested as to one third on 28 February 2006, one third on 28 February 2007 and one third is to vest on 28 February 2008, in accordance with the terms and conditions approved by shareholders at General Meeting held on 8 April 2005. In accordance with Accounting Standard AASB 2 "Share-Based Payments", the fair value of the options at grant date is included in remuneration for the financial year, which relates to any vested portion.

(2) The vesting and exercise of options is not performance based.

Share options granted to key management personnel

During and since the end of the financial year no share options were granted (2006: no share options were granted) to the key management personnel of the Company.

Share options on issue with key management personnel at end of the year or exercised during the year

Details of unissued shares or interests under option are:

Issue Date – 8 April 2005

Issuing entity	Number of shares under option	Class of shares	Vesting Date	Exercise price of option	Expiry date of options
Redbank Mines Limited	250,000	Ordinary	28 Feb 06	38 cents	28 Feb 10
Redbank Mines Limited	250,000	Ordinary	28 Feb 07	50 cents	28 Feb 10
Redbank Mines Limited	250,000	Ordinary	28 Feb 08	60 cents	28 Feb 10

There were no options exercised during or since the end of the financial year.

Fair value of options

Options were valued in 2005 using the Black-Scholes Pricing Model, which takes account of factors including the option exercise price, the current level of volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

Fair value of options continued

The fair value of each option is estimated on the date of grant, in this case being 8 April 2005, using a Black & Scholes Pricing Model and the benefit is recognised as the options vest, in this case is over four consecutive financial periods being 30 June 2005 to 30 June 2008.

	Exercise price of Options 1.9 cents	Exercise price of Options 2.5 cents	Exercise price of Options 3.0 cents
Dividend yield	0%	0%	0%
Expected volatility	96.5%	96.5%	96.5%
Historical volatility	96.5%	96.5%	96.5%
Risk-free interest rate	5.44%	5.44%	5.44%
Vesting period	on 28 Feb 06	on 28 Feb 07	on 28 Feb 08
Share price at grant date	1.3 cents	1.3 cents	1.3 cents
Exercise Price – grant date	1.9 cents	2.5 cents	3.0 cents
Exercise Price – post consolidation of capital	38 cents	50 cents	60 cents

Directors' Options on issue

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2007	2006 Opening Balance	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2007 Closing Balance	Vested at 30/6/07	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	300,000	300,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	200,000	200,000	-	100,000
Total	750,000	-	-	-	750,000	500,000	500,000	-	250,000

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2006	2005 Opening Balance Post Reconstru ction of Capital	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2006 Closing Balance	Vested at 30/6/06	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	150,000	150,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	100,000	100,000	-	100,000
Total	750,000	-	-	-	750,000	250,000	250,000	-	250,000

⁽²⁾ Directors Options issued during the 2005 financial period, refer additional detail in table below and at Note 24(d) and 7.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

Executive Directors' Contracts for Services

The executive salaries paid during the year to Mr Vitale and Ms Field have been effective since 1 July 2004. Mr Vitale and Ms Field are engaged under individual employment contracts details of which are summarised below.

	Quantum of Fixed Cash Component	Quantum of Variable Component
Jerome G Vitale	\$186,667pa	Nil-
Position:	- Chief Executive Officer	
Annual Salary Package:	- equivalent to \$186,667 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a director of the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Mr Vitale	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	
	Quantum of Fixed Cash Component	Quantum of Variable Component
Susan J Field	\$80,000 pa	Nil
Position:	- Chief Financial Officer	
Annual Salary Package:	- equivalent to \$80,000 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a director of the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Ms Field	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

7. Key management personnel compensation continued

Executive Contract for Other Key Management Personnel

The Company has one executive, Mr Craig Hall who has worked within the consolidated group since 7 December 1998 and during this time has been engaged in a combination of full time and part time capacities. Effective 1 January 2004, Mr Hall was employed by Redbank Mines Limited on a permanent basis on the following agreed terms:

Position:	- General Manager, Exploration
Annual Salary Package:	- equivalent to \$120,000 per annum
Overseas Allowance:	- 20% loading on annual salary to be paid for actual time spent overseas
Overseas Roster:	- maximum of 6 weeks away / two weeks off; and - Accrual of 2 days for every 5 days worked
Annual Leave:	- 4 weeks annual leave per year
Termination Period:	- 1 month mutual notice period
Professional Memberships:	- cost to be met by the Company
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Board
Professional courses and conferences	- cost to be met by Company as approved from time to time.

The salary is subject to an annual review but has not been increased during this period. To date no options have been issued to Mr Hall under the Employee Option Plan.

	Notes	Consolidated		Redbank Mines Limited	
		2007 \$	2006 \$	2007 \$	2006 \$
8. Current trade and other receivables					
Trade receivables	8(b)(i)	194,890	67,852	-	-
Allowance for doubtful debts		-	-	-	-
		194,890	67,852	-	-
Other receivables	8(a),(b)	138,637	112,878	110,575	111,473
Goods and Services Tax (GST) recoverable		325,012	28,809	12,270	2,108
		658,539	209,539	122,845	113,581
(a) Australian dollar equivalents					
Includes Australian dollar equivalent of amounts receivable in foreign currencies not effectively hedged:					
- Fiji		85,412	1,405		-

Non-hedged foreign currency receivable represents long outstanding trade debtors at Audesso Mining (Fiji) Limited.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

8. Current trade and other receivables continued**(b) Terms and conditions**

- (i) Trade debtors at balance date relate to copper sales made during the financial period.

The debtors are to be settled in accordance with the terms of the Offtake Agreement entered into by the Company on 29 November 2006. As detailed at note 3(n) following the arrival of its copper product at the destination port and its customers election of the quotational period (either 1 or 3 months after the arrival into its destination port) an adjustment will be made to the outstanding debtor balance to reflect the final price to be received in Australian dollars, at the end of the quotational period.

Depending on the quotational period elected by its customer, the time that the debtors will normally be settled is within 30 to 90 days from the products arrival into its destination port (refer note 3(n) for additional details).

- (ii) Other trade debtors are non-interest bearing and are generally on 30 day terms.
- (iii) Sundry debtors and other receivables are non-interest bearing and provided on an unsecured basis.

	Notes	Consolidated		Redbank Mines Limited	
		2007 \$	2006 \$	2007 \$	2006 \$
9. Current inventories					
Finished product – at cost		44,297	-	-	-
ROM Stockpiles – at cost		419,639	433,333	-	-
Copper in Circuit – at cost		21,120	45,789	-	-
Diesel Fuel – at cost		30,132	42,050	-	-
Raw materials, stores and consumables – at cost		100,368	164,693	-	-
		615,556	685,865	-	-
10. Other current assets					
Prepayments		63,019	19,385	16,964	13,716
		63,019	19,385	16,964	13,716

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
11. Non-current trade and other receivables					
Funds held on deposit to secure bank guarantees	11(a)	423,074	274,847	90,000	90,000
Security deposits and performance bonds		31,393	29,393	10,000	10,000
Rental bonds		40,000	40,000	40,000	40,000
		494,467	344,240	140,000	140,000
<i>Non-trade receivables from related parties:</i>					
Wholly owned group					
- Unsecured loans to controlled entities	11(b)	-	-	23,932,288	20,429,585
- Impairment allowance for non-recovery		-	-	(17,971,675)	(17,017,757)
		-	-	5,961,613	3,411,828
- Secured loans to controlled entities					
- Impairment allowance for non-recovery	11(c)	-	-	7,802,648	7,802,165
		-	-	(4,802,648)	(4,802,165)
		-	-	3,000,000	3,000,000
Other parties					
- Unsecured loan to other entity		820,927	820,714	820,927	820,715
- Impairment allowance for non-recovery		(820,927)	(820,714)	(820,927)	(820,715)
		-	-	-	-
		494,467	344,240	9,101,613	6,551,828

Terms and conditions relating to the above financial instruments:

- (a) Term deposits have a weighted average term equivalent to 7.8 months (2006: 9.8 months) and have a weighted average fixed interest rate equivalent to 3.99% per annum (2006: 4.15% per annum) for the year.

The term deposits and security deposits are held as security by a bank which has provided bank guarantees, on behalf of the Consolidated Entity, in respect of:

- exploration and mining leases to the extent of \$454,467 (2006: \$304,240) which the company or one of its subsidiaries has entered into;
- cash backed security totalling \$40,000 (2006: \$40,000) has been provided to secure rental bonds and will be continually reinvested until the bank guarantees are released.

- (b) Amounts receivable from related parties are provided on an unsecured basis. The loans have been provided free of interest with no fixed term of repayment (refer note 36 for details).

- (c) Amounts receivable from related parties are provided on a secured basis. The loans are supported by way of registered fixed and floating mortgages over the assets of Audesso Mining (Fiji) Limited and ICE Interactive Pty Ltd, registered in Fiji and Australia respectively. The loans have been provided free of interest with no fixed term of repayment (refer note 36 for details).

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Note s	Consolidated		Redbank mines limited	
		2007 \$	2006 \$	2007 \$	2006 \$
12. Non current inventories					
ROM Stockpiles at cost		-	216,667	-	-
		-	216,667	-	-
13. Other non current financial assets					
<i>Investments at cost comprise:</i>					
Shares					
Controlled entities – unlisted	14	-	-	12,852,436	12,852,436
Impairment allowance for non-recovery		-	-	(9,862,378)	(9,862,378)
		-	-	2,990,058	2,990,058
<i>Investment held in other entities</i>					
Shares					
eMAX Entertainment Pty Ltd (previously in voluntary administration) – unlisted	13(a)	1,183,994	1,183,994	1,183,994	1,183,994
Impairment allowance for non-recovery		(1,183,994)	(1,183,994)	(1,183,994)	(1,183,994)
		-	-	-	-
Total investments		-	-	2,990,058	2,990,058

There would be no capital gains if these assets were sold at their market values at reporting date.

- 13(a)** As reported in the 2006 Financial Report the Company advised that the Deed of Company Arrangement with the creditors of eMAX had been effectuated and the company handed back having extinguished all liabilities. It is expected that the company will now be deregistered and wound up by the directors during the 2008 financial year.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

14. Interests in subsidiaries

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity	
		2007 %	2006 %
RBM Operations Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Volley Oil Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Tennscourt Oil Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Gold Dredging Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Leeturn (No 164) Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Nationwide Pacific Pty Limited	Australia ⁽ⁱⁱⁱ⁾	100	100
Audesso Limited	Australia ⁽ⁱⁱⁱ⁾	100	100
Audesso Mining (Fiji) Limited	Fiji ⁽ⁱ⁾	100	100
Pacific Islands Gold (Fiji) Ltd	Fiji ⁽ⁱ⁾	100	100
Pacific Islands Gold de Mexico de SACV	Mexico ⁽ⁱⁱ⁾	100	100
ICE Interactive Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
eMAX Entertainment Pty Ltd	Australia ^(iv)	100	100
Xstream Pty Ltd	Australia ^(iv)	100	100

(i) controlled entities that are audited by Price Waterhouse Coopers, Suva, Fiji.

(ii) dormant company that is not required to be audited.

(iii) these entities are members of the tax consolidated group of which Redbank Mines Limited is the head entity.

(iv) during the 2003 financial year these companies were placed into Voluntary Administration ("VA"). Although the parent company still technically owns 100% of the shares on issue during the period of the VA it did not have the ability to control the operations of the company and as such was de-consolidated, effective from 10 September 2002. Refer to additional details at Note 13(a).

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank mines limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
15. Plant and equipment					
<i>Plant and equipment</i>	15 (a)				
At cost		477,135	427,428	438,059	420,290
Accumulated depreciation		(435,407)	(420,880)	(420,743)	(414,358)
		41,728	6,548	17,316	5,932
<i>Mine plant and Equipment</i>	15 (a)				
At cost		1,084,338	549,947	220,000	220,000
Accumulated depreciation		(269,228)	(46,268)	(62,937)	(18,937)
		815,110	503,679	157,063	201,063
<i>Motor Vehicles</i>	15 (a)				
At cost		7,748	7,748	-	-
Accumulated depreciation		(3,940)	(1,358)	-	-
		3,808	6,390	-	-
<i>Total Assets</i>	15 (a)				
At cost		1,571,065	985,123	658,059	640,290
Accumulated depreciation		(710,419)	(468,506)	(483,680)	(433,295)
		860,646	516,617	174,379	206,995
Capital works in progress		915,852	-	-	-
Total plant and equipment		1,776,498	516,617	174,379	206,995
(a) Reconciliations					
<i>Plant and equipment</i>					
Opening balance at 1 July		6,548	10,593	5,932	10,593
Additions		49,707	1,637	17,769	881
Depreciation expense	5	(14,527)	(5,682)	(6,385)	(5,542)
Closing balance at 30 June		41,728	6,548	17,316	5,932
<i>Mine plant and equipment</i>					
Opening balance at 1 July		503,679	8,657	201,063	-
Additions		536,235	537,483	-	220,000
Written down value asset written-off		-	(198)	-	-
Net foreign currency exchange differences		(1,844)	(663)	-	-
Depreciation expense	5	(222,960)	(41,600)	(44,000)	(18,937)
Closing balance at 30 June		815,110	503,679	157,063	201,063
<i>Motor vehicles</i>					
Opening balance at 1 July		6,390	21,702	-	-
Additions		-	7,748	-	-
Written down value asset written-off ⁽ⁱ⁾		-	(15,963)	-	-
Net foreign currency exchange differences		-	(197)	-	-
Depreciation expense	5	(2,582)	(6,900)	-	-
Closing balance at 30 June		3,808	6,390	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

15. Plant and equipment continued

	Notes	Consolidated		Redbank mines limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
<i>Total Assets</i>					
Opening balance at 1 July		516,617	40,952	206,995	10,593
Additions		585,942	546,868	17,769	220,881
Written down value asset written-off		-	(16,161)	-	-
Net foreign currency exchange differences		(1,844)	(860)	-	-
Depreciation expense	5	(240,069)	(54,182)	(50,385)	(24,479)
Closing balance at 30 June		860,646	516,617	174,379	206,995

(i) Impairment losses are included in the line item 'impairment of non-current assets' in the income statement. There was no impairment loss during the period. (2006: write-down of motor vehicle that was written-off in a motor accident (Fiji) and was uninsured.)

(b) Aggregate Depreciation

Aggregate depreciation allocated, whether recognised or capitalised as part of the carrying amount of the asset during the year.

Plant and equipment		14,527	5,682	6,385	5,542
Mine plant and equipment		222,960	41,600	-	-
Motor vehicles		2,582	6,900	-	-
Total depreciation expense		240,069	54,182	6,385	5,542
16. Deferred exploration, evaluation and development costs					
<i>Exploration, evaluation and development costs carried forward in respect of mining areas of interest</i>					
<i>- exploration and evaluation phases</i>					
Fiji		9,199,961	8,854,918	-	-
Australia	16(a)	5,461,466	4,494,517	-	-
	16(b)	14,661,427	13,349,435	-	-
<i>- development phase</i>					
Pre development costs – Redbank Copper Project		31,689	-	-	-
		14,693,116	13,349,435	-	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective mining areas. In respect of the Group's Fiji exploration interests that comprise the Mt Kasi Fold Project, the tenements are subject to renewal at 31 December 2007. The Directors have no reason to believe that the tenements will not be renewed in the ordinary course of business.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

16. Deferred exploration, evaluation and development costs continued

Notes	CONSOLIDATED		REDBANK MINES LIMITED	
	2007 \$	2006 \$	2007 \$	2006 \$
<i>16(a) exploration and evaluation – Australia</i>				
- Australia exploration and evaluation expenditure	4,494,517	370,566	-	70,111
- tenement acquisition costs	-	4,494,517	-	-
- tenement acquisition costs written off	-	(370,566)	-	(70,111)
- evaluation expenditure incurred during the year	143,882	300,778	5,761	11,870
- evaluation expenditure expensed directly against profit	(143,882)	(300,778)	(5,761)	(11,870)
- expenditure capitalised during the year	966,949	-	-	-
Net Carrying Value	5,461,466	4,494,517	-	-
<i>16(b) exploration and evaluation – Fiji</i>				
- Australia exploration and evaluation expenditure	8,854,918	8,854,918	-	-
- tenement acquisition costs	-	-	-	-
- tenement acquisition costs written off	-	-	-	-
- expenditure capitalised during the year	345,043	-	-	-
Net Carrying Value	9,199,961	8,854,918	-	-
<i>16(c) exploration and evaluation expenditure</i>				
Balance at the beginning of the year	13,349,435	9,225,484	-	70,111
- evaluation expenditure incurred during the year	143,882	300,778	5,761	11,870
- evaluation expenditure expensed directly against profit	(143,882)	(300,778)	(5,761)	(11,870)
- tenement acquisition costs	-	4,494,517	-	-
- tenement acquisition costs written off	-	(370,566)	-	(70,111)
- expenditure capitalised during the year	1,311,992	-	-	-
Balance at the end of the year	14,661,427	13,349,435	-	-
<i>16(d) pre-development expenditure</i>				
Balance at the beginning of the year	-	-	-	-
- pre-development expenditure capitalised during the year	31,689	-	-	-
Balance at the end of the year	31,689	-	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

17. Assets pledged as security

In accordance with security arrangements of liabilities, as disclosed at notes 19 and 22 to the financial statements, all non-current assets of the Consolidated Entity, have been pledged as security. The Consolidated Entity does not hold title to the equipment under finance lease pledged as security.

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007 \$	2006 \$	2007 \$	2006 \$
18. Current trade and other payables					
Trade creditors	18(b)	1,131,283	317,351	491,862	272,912
Other creditors and accruals	18(a) 18(b)	1,016,719	334,999	493,617	208,616
Accrued Interest	18(c)	98,581	68,548	98,581	68,548
Directors and associated entities		146,230	2,954	146,230	2,954
		2,392,813	723,852	1,230,290	553,030
(a) Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged:					
- Fiji Dollars	21(a)	576,873	117,983	-	-

(b) Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled between 30 and 90 (2006: 60 and 90) day terms.
- (ii) Other creditors are non-interest bearing and are normally settled between 30 and 90 (2006: 60 and 90) day terms.

(c) **2007**

Interest payable accrued in 2007 relates to:

- (i) secured convertible refinancing facility provided to the Company by Macquarie Bank Limited (refer note 19 and 21). Interest is charged at a 2% margin to the aggregate six (6) month bill rate which was 8.9683% during the period from 28 February 2007 to 28 August 2007; and
- (ii) interest to be charged to the Company for the deferred delivery sales made during the period under the deferred delivery facility pursuant to the Offtake Agreement with Glencore International AG which was entered into on 29 November 2006. Interest is charged at 2.5% margin to three (3) month London Interbank Offered Rate (LIBOR).

2006

Interest payable accrued in 2006 relates to secured convertible refinancing facility provided to the Company by Macquarie Bank Limited (refer note 19 and 21). Interest is charged at a 2% margin to the aggregate six (6) month bill rate which was 8.2033% during the period from 28 February 2006 to 28 August 2006.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007 \$	2006 \$	2007 \$	2006 \$
19. Current borrowings					
<u>Secured:</u>					
At amortised cost (2006: cost):					
Finance lease liabilities	(i)	165,970	37,548	165,970	37,548
<i>Macquarie Bank Limited</i> Convertible Refinancing Facility	(ii)	2,514,063	-	2,514,063	-
Total Secured Borrowings		2,680,033	37,548	2,680,033	37,548
<u>Unsecured:</u>					
At amortised cost (2006: cost)					
Other loan	(iii)	92,070	9,357	92,070	9,357
Stand-by Loan Facility	(iv)	130,000	-	130,000	-
Total Unsecured Borrowings		222,070	9,357	222,070	9,357
Total Current Borrowings		2,902,103	46,905	2,902,103	46,905

Terms and Conditions relating to the above financial instruments

- (i) The finance lease liabilities are secured by the assets leased. The finance lease liabilities are payable over a period not exceeding 60 months. The current weighted average effective rate on the loans is 9.8% per annum (2006: 10.4%). For additional details refer to notes 28(a) and 36(f) to the financial statements.
- (ii) The Macquarie Facility is secured by first ranking fixed and floating charges over the assets of the Company and its subsidiaries together with share mortgages over the shares of each of the subsidiaries. The facility matures on 28 February 2008. Refer additional details at note 22 to the financial statements.

A condition subsequent to the Macquarie Facility was that the Company issue to Macquarie options pursuant to which Macquarie may acquire up to 157,894,737 fully paid ordinary shares in the Company on or before 28 February 2008 at a price of 1.9 cents, being the price equivalent to 120% of the average closing market price of the Company's shares as quoted on ASX in the 10 days trading preceding the date on which the offer from Macquarie was accepted by the Company.

The Company completed a 1:20 reconstruction of capital following shareholder approval obtained at the Annual General Meeting held on 30 November 2005. In accordance with the terms and conditions of the options and the requirements of ASX Listing Rule 7.22.1 the options were reconstructed on the same basis as the ordinary capital and the exercise price amended by the inverse proportion to that ratio resulting in their being 7,894,737 options at an issue price of 38 cents per share.

The Facility provided to the Company by Macquarie Bank Limited in March 2005 meets the definition of a compound financial instrument due to the embedded call options issued to Macquarie as a condition of the facility.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

19. Current borrowings continued

Terms and Conditions relating to the above financial instruments continued

The Macquarie Facility interest is based on a 2.5% margin to Large Overdraft Bank Rate quoted on the Reuters (the most recent rate being 8.2033%) and at the election of the Company is rolled continually during the term of the loan. The Company has currently elected to roll the Facility for a 180 day term.

The fair value of the Facility was calculated using a market rate of 10.3% being equivalent to a 4.4% margin and in line with the market rate for a similar straight debt facility, resulting in an initial equity component of \$93,364.

- (iii) This represents an insurance premium funding arrangement. The loan is payable over 8 months, is charged an effective annual interest rate of 14.8% (2006:18.6%) and will be paid in full by the end of January 2008 (2006: October 2006).
- (iv) Ms S J Field and Mr Vitale have continued to provide the Company and the Consolidated Entity with a stand-by loan facility at no fee and interest free to the Company.

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007 \$	2006 \$	2007 \$	2006 \$
20. Current provisions					
Employee benefits	29	125,216	90,762	119,684	85,108
Environmental, restoration and rehabilitation		75,000	-	75,000	-
		200,216	90,762	194,684	85,108
21. Non-current trade and other payables					
Other creditors		149,439	128,269	-	-
Fiji Government deferred creditors	21(a)	831,428	1,287,668	-	-
Directors and related parties		-	58,844	-	55,844
		980,867	1,474,781	-	55,844
Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged					
- Fiji dollars		980,867	1,415,937	-	-

21(a) A long term deferral of debt obligations to the Fijian Government until six months following re-commissioning of the Mt Kasi Mine was agreed by the Government Cabinet at a meeting held on 20 July 1998. At that time payments will be required to be made in twelve equal monthly instalments six months after production has commenced at the Mt Kasi Mine.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

The Company has however commenced a monthly reduction instalment programme for a portion of this debt and consequently has reclassified a portion of the historical debt as current.

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007 \$	2006 \$	2007 \$	2006 \$
22. Non-current borrowings					
<u>Secured:</u>					
At amortised cost (2006: cost):					
Finance lease liabilities	(i)	360,708	165,030	360,708	165,030
<i>Macquarie Bank Limited</i> Convertible Refinancing Facility	(ii)	-	2,478,395	-	2,478,395
Total Secured Borrowings		360,708	2,643,425	360,708	2,643,425

Terms and conditions relating to the above financial instruments

- (i) The finance lease liabilities are secured by the assets leased. The finance lease liabilities are payable over a period not exceeding 60 months. The current weighted average effective rate on the loans is 9.8% per annum (2006: 10.4%). For additional details refer to notes 28(a) and 36(f) to the financial statements.
- (ii) The Convertible Refinancing Macquarie Facility ("Macquarie Facility" or "Facility") is secured by first ranking fixed and floating charges over the assets of the Company and its subsidiaries together with share mortgages over the shares of each of the subsidiaries. The facility matures on 28 February 2008 and consequently the loan has been classified as a current borrowing in 2007. Refer additional details at note 19 to the financial statements.

23 Non-current provisions

Employee benefits	29	5,803	19,038	5,803	19,038
Environmental, restoration and rehabilitation	23(a) 23(b)	1,575,799	1,698,626	434,897	538,070
		1,581,602	1,717,664	440,700	557,108

23 (a) Provision for environmental restoration and rehabilitation

A provision for environmental restoration and rehabilitation is recognised in relation to exploration and mining activities for such costs as restoration, stabilisation and revegetation of mine residue, tailings or overburden dumps, plant closure, platform removal and other costs associated with the restoration of the mining site, including subsequent monitoring of the environment.

Estimates of the restoration costs are based on anticipated technology and legal requirements and expected future costs. The estimated costs have not been discounted to their present value. In determining the provision, the Consolidated Entity has assumed no significant change will occur in the relevant legislative area of interest in relation to such mines and exploration activities in the future.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

23 Non-current provisions continued

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007 \$	2006 \$	2007 \$	2006 \$
23 (b) Movement in provisions					
Opening balance at 1 July		1,698,626	1,453,707	538,070	538,070
Acquisition of the Redbank Copper Project		-	250,000	-	-
Restoration and rehabilitation costs		(28,173)		(28,173)	
Restoration and rehabilitation provision reclassified as current		(75,000)	-	(75,000)	-
Foreign exchange translation movement		(19,654)	(5,081)	-	-
Closing balance at 30 June		1,575,799	1,698,626	434,897	538,070
24. Issued capital					
(a) Issued and paid up capital					
120,840,196 ordinary shares fully paid (2006: 75,730,145)	24(c)	67,227,088	63,794,027	67,227,088	63,794,027
300 B Class Shares fully paid (2006: 300)		300	300	300	300
		67,227,388	63,794,327	67,227,388	63,794,327

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

24. Issued capital continued

(c) Movement in shares on issue

	2007		2006	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	75,730,145	63,794,027	589,936,170	55,439,581
<i>Issues of Fully Paid Ordinary Shares completed during the year</i>				
Placement to sophisticated investors completed on 1 July 2005			12,000,000	120,000
Placement to sophisticated investors completed on 16 September 2005			25,000,000	250,000
Settlement shares issued to Donald Carl Braden on 19 September 2005			5,000,000	50,000
Placement to sophisticated investors completed 19 October 2005			32,800,000	328,000
Total Pre 1:20 Reconstruction of Capital			664,736,170	56,187,581
1:20 Reconstruction of Capital Adjustment			(631,498,486)	-
Adjusted Balance			33,237,684	56,187,581
Shares issued pursuant to Prospectus dated 3 November 2005			20,000,795	4,000,159
Shares issued to shareholders of Redbank Copper Pty Ltd pursuant to Prospectus dated 3 November 2005			6,500,000	1,300,000
Shares issued to shareholders of RBM Operations Pty Ltd pursuant to Prospectus dated 3 November 2005			9,225,000	1,845,000
Shares issued to Macquarie Bank Limited pursuant to Prospectus dated 3 November 2005			1,250,000	250,000
Placement made under excluded offer on 8 June 2006 at 12 cents per share			5,516,666	662,000
Placement made under excluded offer on 13 December 2006 at 7.5 cents per share	7,200,002	540,000		
Pursuant to the approval of shareholders received at the Company's Annual General Meeting on 29 November 2006, the Company completed an issue of 450,000 shares at a price of 10 cents per share to Directors on 20 December 2006	450,000	45,000		
1 for 2 Rights Issue pursuant to Prospectus dated 21 December 2006, completed on 29 January 2007	27,793,382	2,001,123		
Public placement pursuant to Prospectus dated 21 December 2006, completed on 31 January 2007	6,666,667	500,000		
Placement made under excluded offer on 31 May 2007 at 16 cents per share	3,000,000	480,000		
	120,840,196	67,360,150	75,730,145	64,244,740
Less transaction costs		(133,062)		(450,713)
		67,227,088		63,794,027

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

24. Issued capital continued

(d) Share Options

Details of options granted, exercised, lapsed and or cancelled during the year

2007

Note Reference	Exercise Date/Description	Exercise Price	Opening Balance 1/07/06	Options Granted	Options Exercised	Options Lapsed or Cancelled	Closing Balance 30/06/07
(i)	28 02 08 Options	\$0.38	7,894,737	-	-	-	7,894,737
(ii)	28 02 10 Directors Options	\$0.38	250,000	-	-	-	250,000
(ii)	28 02 10 Directors Options	\$0.50	250,000	-	-	-	250,000
(ii)	28 02 10 Directors Options	\$0.60	250,000	-	-	-	250,000
(iii)	31 05 08 Listed Options	\$0.28	38,115,864	-	-	-	38,115,864
(iv)	31 12 08 Options	\$0.09	-	4,000,000	-	-	4,000,000
	Total		46,760,601	4,000,000	-	-	50,760,601

2006

Exercise Date / Description	Exercise Price	Opening Balance 1/07/05	1:20 Capital Reconstruction Adjustment	Options Granted	Options Exercised	Options Lapsed or Cancelled	Closing Balance
31 08 05 Options	\$0.15	11,000,000	-	-	-	(11,000,000)	-
15 03 06 Options	\$1.80	1,000,000	(950,000)	-	-	(50,000)	-
15 03 06 Options	\$1.20	1,000,000	(950,000)	-	-	(50,000)	-
28 02 08 Options	\$0.38	157,894,737	(150,000,000)	-	-	-	7,894,737
28 02 10 Directors Options	\$0.38	5,000,000	(4,750,000)	-	-	-	250,000
28 02 10 Directors Options	\$0.50	5,000,000	(4,750,000)	-	-	-	250,000
28 02 10 Directors Options	\$0.60	5,000,000	(4,750,000)	-	-	-	250,000
31 0 508 Listed Options	\$0.28	-	-	38,115,864	-	-	38,115,864
Total		185,894,737	(166,150,000)	38,115,864	-	(11,100,000)	46,760,601

Option on issue at the beginning of the year

There were a total of **46,760,601** unlisted options on issue at the beginning of the financial year, made up as follows:

- (i) 157,894,737 American style call options to subscribe for ordinary shares at 1.9 cents were issued to Macquarie Bank Limited with an expiry date of 28 February 2008, as approved by shareholders at the General Meeting held on 8 April 2005. The options may be exercised at any time but only in multiples of 100,000. The options are unlisted and are freely transferable.

Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Options were restated as 7,894,737 Options to subscribe for ordinary shares at 38 cents at any time on or before after 28 February 2008, in multiples of 5,000.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007
24. Issued capital continued**(d) Share Options continued**

- (ii) 5,000,000 Directors Options to subscribe for ordinary shares at 1.9 cents at any time after 28 February 2006, 5,000,000 Directors Options to subscribe for ordinary shares at 2.5 cents at any time after 28 February 2007, and 5,000,000 Directors Options to subscribe for ordinary shares at 3.0 cents at any time after 28 February 2008 were issued to Mr Vitale and Ms Field with expiry date of 28 February 2010, as approved by shareholders at the General Meeting held on 8 April 2005.

Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Directors Options were restated 250,000 Directors' Options to subscribe for ordinary shares at 38 cents at any time after 28 February 2006, 250,000 Directors' Options to subscribe for ordinary shares at 50 cents at any time after 28 February 2007, and 250,000 Directors' Options to subscribe for ordinary shares at 60 cents at any time after 28 February 2008.

- (iii) 38,115,864 listed options to subscribe for ordinary shares at 28 cents with an expiry date of 31 May 2008 were issued during January 2006.

Terms and conditions of Options on issue at the beginning of the year

- (i) In accordance with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005, Macquarie Bank Limited was issued with 157,894,737 American style call options to subscribe for ordinary shares at 1.9 cents. Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Options were restated as 7,894,737 Options to subscribe for ordinary shares at 38 cents at any time on or before after 28 February 2008. The options expire at 5pm WST on 28 February 2008. The options may be exercised at any time but only in multiples of 5,000.

To the extent that there is money owing by the Company to Macquarie under the Convertible Refinancing Facility Agreement between the Company, Audesso Limited, Nationwide Pacific Pty Limited and Audesso Mining (Fiji) Limited, the exercise price payable upon Macquarie on exercise of any option is deemed to be automatically applied towards the repayment or prepayment of that money then owing to Macquarie. To the extent (if any) there is no money owing to Macquarie under the facility, then the exercise price will be paid to the Company within 5 business days of formal notice being given by Macquarie of its intention to exercise the options.

- (ii) In accordance with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005, Directors Options were issued to Mr Jerome Vitale and Ms Susan Field on the following basis:

Mr Jerome Vitale

- 3,000,000 Directors Options to subscribe for ordinary shares at 1.9 cents at any time after 28 February 2006,
- 3,000,000 Directors Options to subscribe for ordinary shares at 2.5 cents at any time after 28 February 2007 and
- 3,000,000 Directors Options to subscribe for ordinary shares at 3.0 cents at any time after 28 February 2008

Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Directors Options were restated as follows:

- 150,000 Directors' Options to subscribe for ordinary shares at 38 cents at any time after 28 February 2006;
- 150,000 Directors' Options to subscribe for ordinary shares at 50 cents at any time after 28 February 2007; and
- 150,000 Directors' Options to subscribe for ordinary shares at 60 cents at any time after 28 February 2008;

All options have an expiry date of 28 February 2010.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

24. Issued capital continued**(d) Share Options continued**

As at the grant date being 8 April 2005, the fair value of the options using the Black Scholes model was \$38,241 over the life of the options. Based on the vesting periods the value is represented by:

- \$15,304 with a value of 0.51 of a cent per share for each 1.9 cent option;
- \$11,339 with a value of 0.38 of a cent per share for each 2.5 cent option; and
- \$11,598 with a value of 0.39 of a cent for each 3.0 cent option.

Ms Susan Field:

- 2,000,000 Directors Options to subscribe for ordinary shares at 1.9 cents at any time after 28 February 2006,
- 2,000,000 Directors Options to subscribe for ordinary shares at 2.5 cents at any time after 28 February 2007 and
- 2,000,000 Directors Options to subscribe for ordinary shares at 3.0 cents at any time after 28 February 2008

Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Directors Options were restated as follows:

- 100,000 Directors' Options to subscribe for ordinary shares at 38 cents at any time after 28 February 2006;
- 100,000 Directors' Options to subscribe for ordinary shares at 50 cents at any time after 28 February 2007; and
- 100,000 Directors' Options to subscribe for ordinary shares at 60 cents at any time after 28 February 2008;

All options have an expiry date of 28 February 2010.

At the grant date being 8 April 2005 the fair value of the options using the Black Scholes model was \$25,494 over the life of the options. Based on the vesting periods the value is represented by:

- \$10,203 with a value of 0.51 of a cent per share for each 1.9 cent option;
- \$7,560 with a value of 0.38 of a cent per share for each 2.5 cent option; and
- \$7,732 with a value of 0.39 of a cent for each 3.0 cent option.

- (iii) 38,115,864 listed options to subscribe for ordinary shares at 28 cents with an expiry date of 31 May 2008 were issued during January 2006. The options may be exercised at any time and are freely transferable. The options expire at 5pm WST on 31 May 2008 if they have not been exercised by this time they will automatically lapse.

Options over ordinary shares exercised, cancelled or lapsed during the year

There were no Options exercised, cancelled or lapsed during the year.

Options over ordinary shares issued during the year

- iv) 4,000,000 options to subscribe for ordinary shares at 9 cents with an expiry date of 31 December 2008 were issued during the year. The Options were issued to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006;

Fair value of options

The fair value of the share based payment was based on the fair value of the options using a Black & Scholes Pricing Model and the benefit is recognised as an issue cost by the Company based on the market price as at date of agreement that Glencore would provide the underwriting of the rights issue.

Expected volatility	77.0%	Vesting period	7 March 2007
Historical volatility	77.0%	Share price at grant date	7.8 cents
Risk-free interest rate	6.16%	Exercise Price	9.0 cents

A total of **4,000,000** Options were issued during the year as described above at (iv).

At end of the year there were **50,760,601** (2006: 46,760,601) unissued ordinary shares in respect of which options were outstanding.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**24. Issued capital continued****(e) Terms and conditions of issued capital****Ordinary Shares**

The rights attaching to ordinary shares are set out in the Company's Constitution which was adopted by shareholders at the General Meeting held on 15 October 1999.

Ordinary 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 on shares held.

The voting right attached to each ordinary fully paid share entitles their holder to one vote, either in person or by proxy, at a meeting of the Company.

Other than the 300 B Class Shares the Company's issued capital comprised totally of fully paid shares at balance date.

B Class Shares

No B Class Shares were issued during the year (2006: 300), refer at note 34(c) for additional details. The following is a summary of the rights that attach to the B Class Shares.

(a) General Meetings

Each holder of B Class Shares is entitled to receive notice of, attend and speak at general meetings of the Company and to receive all notices, accounts and other documents required to be given to shareholders under the Company's constitution, the Corporations Act or the Listing Rules.

(b) Voting Rights

The holders of B Class Shares will only be entitled to vote at a general meeting of the Company in the following circumstances:

- (i) while a dividend (or part of a dividend) in respect of the share is unpaid;
- (ii) a proposal to reduce the Company's share capital;
- (iii) a resolution to approve the terms of a buy-back agreement;
- (iv) a proposal that affects the rights attached to the B Class Shares;
- (v) a proposal to wind the Company up;
- (vi) a proposal for the disposal of the whole of the Company's property, business and undertaking; and
- (vii) during the Company's winding up.

(c) Dividend Rights

Holders of B Class Shares will not be entitled to any distribution of the profits of the Company which the directors may from time to time determine to distribute by way of dividends.

(d) Rights on Winding Up

The holders of B Class Shares will have no right to participate on a winding-up of the Company in the distribution of the surplus assets remaining after payment of the Company's debts, which will be divisible among the ordinary members in proportion to the number of Shares held by them.

(e) Transfer Rights

(f) The B Class Shares are not transferable.

(g) Automatic Conversion to Ordinary Shares

Each B Class Share will automatically convert to 10,000 ordinary Shares upon:

- (i) the achievement by the Redbank Copper's Project of cumulative EBITDA (earnings before interest, tax, depreciation and amortization) and project specific exploration expenditure of \$2,000,000, based on externally audited accounts pertaining to the project; or

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

24. Issued capital continued

(e) Terms and conditions of issued capital continued

B Class Shares continued

- (ii) if the Company undertakes a return of capital, an in specie distribution of assets or similar transaction within a period of three calendar years from the completion of the acquisition of Redbank Mines which was completed on 20 December 2005.

If the B Class Shares do not meet the criteria for automatic conversion as set out above, they will, on the first business day after the expiry of three calendar years from 20 December 2005, convert to one ordinary Share for every B Class Share.

(h) Variation of Rights

The rights attaching to B Class shares may only be varied or abrogated with the sanction of a special resolution passed at a meeting of the holders of B Class Shares or with the written consent of 75% of the holders of all of the B Class Shares on issue.

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
25 Reserves					
Share option reserve	25(a)	1,304,363	1,212,110	1,304,363	1,212,110
Compound financial instrument reserve	25(b)	77,881	77,881	77,881	77,881
		1,382,244	1,289,991	1,382,244	1,289,991
25(a) Share option reserve					
Balance at beginning of financial year		1,212,110	23,523	1,212,110	23,523
Share based payment	(i)	13,327	35,677	13,327	35,677
Bonus option issue	(ii)	-	1,144,758	-	1,144,758
Other option issue –underwriter/brokers fee	(iii)	78,926	8,152	78,926	8,152
Balance at end of financial year		1,304,363	1,212,110	1,304,363	1,212,110

- (i) The share based payments arise from the grant of directors share options with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005 and that were issued to directors Mr JG Vitale and Ms S J Field (refer note 24(d)(i) for additional details. Amounts will be transferred out of the reserve and into issued capital in the event and at the time that the options are exercised. Further information about share based payments to employees is made at note 7 to the financial statements.

- (ii) The bonus option issue relates to the bonus issue to shareholders of one option for every two shares held made pursuant to Prospectus dated 3 November 2005 in relation the acquisition of the Redbank Copper Project (refer note 27(e) for additional information).

(iii) **2007**

The other option issue of 4,000,000 was made to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006. The fair value of the share based payment was based on the fair value of the options at date of agreement by Glencore to provide the underwriting of the rights issue (refer note 24(d)(iv)).

2006

The other option issue of 250,000 was made to Cameron Stockbrokers Limited as a part of the agreed fee to act as broker to the issue, pursuant to Prospectus dated 3 November 2005.

Amounts will be transferred out of the reserve and into issued capital in the event and at the time that the options are exercised.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

25. Reserves continued

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
25(b) Compound financial instrument reserve					
Balance at beginning of financial year		77,881	-	77,881	-
Macquarie Bank Limited convertible refinancing facility		-	77,881	-	77,881
Balance at end of financial year		77,881	77,881	77,881	77,881

The compound financial instrument reserve arises on the grant of options to Macquarie Bank Limited ("MBL") as approved by shareholders at the General Meeting held on 8 April 2005 being issued as a component of the convertible re-financing facility provided by the bank. Further information about the attaching option issue made to MBL is made at note 24(d)(i).

26. Accumulated Losses

Balance at beginning of year	56,005,684	52,725,084	58,716,665	56,114,910
Adjustments on adoption of accounting policies specified by AASB 132 and AASB 139	-	15,175	-	15,175
Net loss attributable to members of Redbank Mines Limited	2,403,491	3,265,425	2,306,252	2,586,580
Balance at end of year	58,409,175	56,005,684	61,022,917	58,716,665

27. Cash flow statement

(a) Reconciliation of cash

Cash balances comprise:				
- cash on hand	317,571	434,275	309,341	432,895

(b) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Directors stand-by loan facility

Total facility	160,000	160,000	160,000	160,000
Used at reporting date	130,000	-	130,000	-
Facility unused at reporting date	30,000	160,000	30,000	160,000

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

27. Statement of cash flows continued

Notes	Consolidated		Redbank Mines Limited	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Bank overdraft facility (unsecured)</i>				
Total facility	50,000	-	50,000	-
Used at reporting date	-	-	-	-
Facility unused at reporting date	50,000	-	50,000	-
(c) Reconciliation of the operating loss after tax to the net cash flows from operations				
Loss from ordinary activities after tax	(2,403,491)	(3,265,425)	(2,306,252)	(2,586,580)
Non cash items				
Depreciation of non-current assets	240,069	54,182	6,385	5,542
Write down of non-current assets	-	16,164	-	-
Impairment loss on non-current assets	-	386,731	-	70,111
Interest received	(23,581)	(27,009)	(16,055)	(19,584)
Provision for non-recovery loan to controlled entity	-	-	954,401	1,149,975
Provision for non-recovery loan to other entity	212	12,258	212	12,258
Provision for restoration, rehabilitation & environmental expense	(47,827)	(5,081)	(28,073)	-
Share based payments	13,327	35,677	13,327	35,677
Non cash borrowing cost	35,677	56,272	35,677	56,272
Settlement shares issued to D C Braden	-	50,000	-	50,000
Changes in assets and liabilities				
(Increase)/Decrease in trade and other receivables	(449,000)	(194,352)	(9,264)	11,217
(Increase)/Decrease in inventory	56,615	(240,805)	-	-
(Increase)/Decrease in other assets	(43,634)	4,151	(3,248)	(908)
Increase/(Decrease) in payables	553,555	164,372	608,014	40,988
Increase in employee entitlements	21,219	21,380	21,341	22,191
Net cash flow used in operating activities	(2,046,859)	(2,931,485)	(732,527)	(1,152,833)

(d) Non-cash financing and investing activities**2007****Issue of Ordinary Shares**

As approved by shareholders at the Company's Annual General Meeting held on 29 November 2006, on 20 December 2006 the Company completed an issue of 450,000 shares to the Directors or their nominees for no cash consideration as part considerations for loans, unpaid salaries, technical consulting fees and directors' fees at a deemed issue price of 10 cents.

Issue of Unlisted Options

The Company issued a total of 4,000,000 unlisted options to subscribe for ordinary shares at any time at an exercise price of 9 cents on or before 31 December 2008 to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

27. Statement of cash flows continued

(d) Non-cash financing and investing activities continued

2006

The Company issued a total of 38,115,864 Listed Options to subscribe for ordinary shares at any time at an exercise price of 28 cents on or before 31 May 2008, as follows:

- The Company completed a free one for two bonus option issue to shareholders on the register on 17 January 2006, pursuant to Prospectus dated 3 November 2005 and resulted in the issue of a total of 35,107,531 Options.
- An additional 250,000 options of the same class were issued to Cameron Securities as a part of their fee to act as broker to the issue pursuant to Prospectus dated 3 November 2005; and
- A further 2,758,333 options were issued on the basis of one free option for every two shares applied for in the excluded placement completed on 8 June 2006.

	Notes	Consolidated	
		2007	2006
		\$	\$
(e) Business acquired			
<i>During the 2006 financial year the Company acquired the 100% of the shares in RBM Operations Pty Ltd and the Redbank Copper Project (refer note 14)</i>			
Consideration			
Cash and cash equivalents		-	1,146,738
Ordinary shares		-	3,145,000
Options to acquire ordinary shares		-	1,144,758
B Class shares		-	300
		-	5,436,796
Net assets acquired at cost			
Current Assets			
Inventories			
- ROM Stockpile		-	650,000
-Stores and Consumables		-	259,447
		-	909,447
Non-current Assets			
Mine Plant and Equipment		-	282,832
Deferred Exploration, Evaluation and Development Costs		-	4,494,517
Non-current Liabilities			
Provision for rehabilitation and restoration		-	250,000
Net assets acquired		-	5,436,796
Net cash outflow on acquisition			
Cash and cash equivalents		-	1,146,738

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
28. Expenditure commitments					
(a) Finance leases					
<i>Present value of minimum future lease payments</i>					
No later than 1 year		180,560	56,055	180,560	56,055
Later than 1 year and not greater than 5 years		377,040	196,161	377,040	196,161
Later than five years			-		-
Minimum lease payments		557,600	252,216	557,600	252,216
Less future finance charges		(30,922)	(49,638)	(30,922)	(49,638)
Present value of minimum lease payments		526,678	202,578	526,678	202,578
<i>Included in financial statements as:</i>					
Current borrowings	19	165,970	37,548	165,970	37,548
Non-current borrowings	21	360,708	165,030	360,708	165,030
		526,678	202,578	526,678	202,578
(b) Mineral tenement expenditure commitments					
<i>Estimated lease rentals and exploration expenditure required to meet minimum expenditure requirements of the various Mines Departments in Australia to maintain current rights of tenure to mining and exploration tenements, payable :</i>					
- not later than one year		560,000	630,000	30,000	30,000
- later than one year and not later than five years		-	-	-	-
- later than five years		-	-	-	-
		560,000	630,000	30,000	30,000

This estimate is based on the Group's expected work program for currently granted tenements and will vary depending upon the result of exploration programmes. The estimate also exclude any amount in relation to the Mt Kasi Project in Fiji in relation to which the quantum of exploration expenditure required to keep the tenements in good standing is to be determined in consultation with the Director of The Mineral Resources Department, Fiji. Should expenditure not reach the required level in respect of each area of interest, the Group's interest could be reduced. The Company intends to seek a joint venture partner to farm-in on its Kimberley projects or sell the tenements. The present intention is that the new partner expends the minimum exploration required to keep the tenements in good standing and for Redbank to retain a free carried interest therein.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

28. Expenditure commitments continued

(c) Operating leases

Operating leases relate to office space with a lease term of 3 years, with an option to extend for a further 3 years. The operating lease contains a market review clause in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased asset at the expiry of the lease period. The current period of the lease expires on 29 February 2008.

	Notes	Consolidated		Redbank Mines Limited	
		2007	2006	2007	2006
		\$	\$	\$	\$
Non-cancellable operating lease payments					
- not longer than one year		64,091	52,823	64,091	52,823
- longer than one year and not longer than five years		-	35,215	-	35,215
- Longer than five years			-		-
		64,091	88,038	64,091	88,038
29. Employee benefits and superannuation commitments					
Employee Benefits					
<i>The aggregate employee benefit liability is comprised of:</i>					
Current provisions	20	125,216	90,762	119,684	85,108
Non-Current provisions	23	5,803	19,038	5,803	19,038
		131,019	109,800	125,487	104,146

Number of Employees

As at 30 June 2007, the Consolidated Entity employed 3.5 full time equivalent people in Australia and 8 local employees in Fiji on care and maintenance duties (2006: 3 full time equivalent people in Australia and 8 local employees in Fiji).

Employee Option Plan

In November 1996, shareholders of the Company approved the establishment of an employee option plan. Shareholder approval was sought and obtained at a General Meeting held on 28 March 2000 to re-adopt the Employee Option Plan.

Features of the Plan

All employees and executive directors of the companies of the Consolidated Entity will be eligible to participate in the Plan and will only be able to exercise their options after they have been with the Consolidated Entity for a period of 12 months (although the Board may waive this requirement in appropriate circumstances). The options will be issued to the participant himself/herself, or if the Board permits, to a nominee (such as a spouse or family company).

Each option is to subscribe for one fully paid ordinary share in the Company and will lapse on the fifth anniversary of its date of issue. Options are not exercisable until 6 months after their date of issue. Shares issued upon the exercise of options will rank equally in all respects with the other fully paid ordinary shares of the Company.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007
29. Employee benefits and superannuation commitments continued**Features of the Plan continued**

The options will be issued for no consideration. The exercise price of the options will be the weighted average closing sale price of the Company's shares on the ASX over the 5 trading days immediately preceding the day on which the Board determines to offer options.

A central feature of the Plan is that restrictions have been placed on the exercise of options, the effect of which is that participants will ordinarily receive the full benefit of their options 4 years after the issue of those options.

The number of shares which are the subject of options issued under the Plan will not exceed 5% of the Company's issued capital from time to time.

Each option may only be transferred if the holder would be entitled to exercise the option. Further, if at any time a holder of the options ceases to be a person whom options may be issued, the holder can exercise those options, which he is entitled to exercise at that time, but his remaining options will lapse at the end of the then current exercise period, subject to discretion to determine otherwise.

During the year there were no options issued or exercised under the plan. (2006: Nil).

At balance date there were no options on issue under the plan.

The market value of ordinary Redbank Mines Limited shares closed at 12.5 cents on 30 June 2007 (2006: equivalent to 10.5 cents).

Superannuation Commitments

The Company contributes to a number of employee nominated superannuation funds on behalf of its employees. All the funds are accumulation funds and the company does not participate in any of these funds.

30. Contingent liabilities and contingent assets

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the financial statements, are as follows: -

(a) Contingent Liabilities**Native Title**

The Consolidated Entity's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time it is not possible to quantify whether such claims exist or the quantum of such claims.

(b) Contingent Assets

On 24 December 2002, the Company announced that it had sold its interest in the Pinjin Joint venture to a private investor group through the sale of the shares in its then subsidiary GEL Oil Pty Ltd. In addition to the cash consideration of \$375,000 the consideration also comprised the following production payments totalling \$517,000 to be paid as follows:

(i) within 30 days of a decision to mine any deposit on the "Trouser Leg" suite of tenements	\$292,000
(ii) within 30 days of commencement of mining at the Anglo Saxon deposit	\$125,000
(iii) 6 months from date of first gold pour from Anglo Saxon deposit	\$100,000

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

30. Contingent liabilities and contingent assets continued

Although the future asset can be reliably measured at the reporting date it is not possible at this stage to determine if or when it is likely to become due and payable as at the date of this report there has not been a decision to mine any deposit on the "Trouser Leg" suite of tenements.

31 Subsequent events

The following matters have occurred since the end of the financial year:

1. Capital raisings

Subsequent to year end and at the date of this report the Consolidated Entity has raised a total of \$1,221,990 in equity funds before issue costs pursuant to an excluded offer of 10,626,000 shares at a price of 11.5 cents per share.

2. Sale of shares in subsidiary Gold Dredging Pty Ltd

On 16 July 2007, the Company announced that it had reached agreement to sell Gold Dredging Pty Ltd, a wholly owned subsidiary holding Mining Leases that comprise the Mt Haden project at Sarina in Queensland, for \$500,000. Settlement is now expected to occur during October 2007 and comprises the cash balance of \$280,000 and \$200,000 of value in shares. The Company received a \$20,000 non-refundable deposit on execution of the sales agreement. The shares are to be transferable and unencumbered listed shares in a company trading either on the ASX or TSX to be nominated by the purchaser prior to completion of the sale; the number of shares is to be determined by reference to the volume weighted average share price during the 10 business days prior to completion of the sale.

Except for the matters discussed above there has not been any matter or circumstance, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of these operations, or the state of affairs of the Consolidated Entity in financial years after the financial year.

	Consolidated	
	2007	2006
	\$	\$
32 Earnings per share		
(a) Basic earnings per share		
<i>The following reflects the income and share data used in the calculations of basic and diluted earnings per share:</i>		
Net loss	(2,403,491)	(3,265,425)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	94,750,322	52,240,572
Basic earnings per share (cents per share)	(2.5)	(6.2)
Diluted earnings per share (cents per share)	(2.5)	(6.2)

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

32 Earnings per share continued

	Consolidated	
	2007	2006
	\$	\$
(c) Non dilutive options		
<i>The following potential ordinary shares are not dilutive and therefore are excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share:</i>		
28 February 2008 Macquarie Options	7,894,737	7,894,737
28 February 2010 Directors Options	750,000	750,000
31 May 2008 Listed Options	38,115,864	38,115,864
31 December 2008 Unlisted Options	4,000,000	-
	50,760,601	46,760,601

(d) Effect of change in accounting policy

There were no changes in accounting policies that had a material impact on either basic or diluted earnings per share during the period.

	Notes	CONSOLIDATED		REDBANK MINES LIMITED	
		2007	2006	2007	2006
		\$	\$	\$	\$
33. Auditors' remuneration					
<i>Amounts received or due and receivable by Deloitte Touche Tohmatsu for:</i>					
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity		92,425	75,250	92,425	75,250
- other services in relation to the entity and any other entity in the Consolidated Entity		-	900	-	900
		92,425	76,150	92,425	76,150
<i>Amounts received or due and receivable by auditors other than Deloitte Touche Tohmatsu for:</i>					
- an audit of the financial report of subsidiary entities		4,400	4,400	-	-
		96,825	80,550	92,425	76,150

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

34. Related party disclosures**(a) Key management personnel compensation**

Refer to note 7 to the financial statements.

(b) Equity interest in related parties**Equity interests in subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 14 to the financial statements.

(c) Key management personnel equity holdings

2007					
FULLY PAID ORDINARY SHARES					
	2006 Opening Balance	1:3 Rights Issue	On/Off Market Purchases and Participation in Share Offers	On/Off Market Disposals	2007 Closing Balance
	Number		Number	Number	Number
Mr K W McGrath	1,000,000	333,333	816,667	-	2,150,000
Mr J G Vitale	653,639	251,213	100,000	-	1,004,852
Ms S J Field	425,251	158,417	50,000	-	633,668
Dr D J Searle	160,000	280,000	680,000	-	1,120,000
Mr M J Kitney	150,000	70,834	62,500	-	283,334
Mr C R Hall	250,000	83,333	-	-	333,333
Total	2,638,890	1,177,130	1,709,167	-	5,525,187

2006						
FULLY PAID ORDINARY SHARES						
	2005 Opening Balance	Effect of 1:20 Reconstruction of Capital - New Balance	Change on Appointment / Resignation of Key Management Personnel	On/Off Market Purchases and Participation in Share Offers	On/Off Market Disposals	2006 Closing Balance
	Number	Number	Number	Number	Number	Number
Mr K W McGrath	13,500,000	675,000	-	325,000	-	1,000,000
Dr D J Searle	-	-	160,000	-	-	160,000
Mr M J Kitney	-	-	150,000	-	-	150,000
Mr M L Bennett	10	10	(10)	-	-	-
Mr B V T Tomich	10	10	(10)	-	-	-
Mr J G Vitale	13,072,758	653,639	-	-	-	653,639
Ms S J Field	8,504,970	425,251	-	-	-	425,251
Mr C R Hall	-	-	-	250,000	-	250,000
Total	35,077,748	1,753,910	309,980	575,000	-	2,638,890

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

34. Related party disclosures continued

(c) Key management personnel equity holdings continued

B CLASS SHARES			
2007	2006 Opening Balance	Movement	2007 Closing Balance
	Number	Number	Number
Mr J G Vitale	240	-	240
Ms S J Field	60	-	60
Total	300	-	300

B CLASS SHARES			
2006	2005 Opening Balance	Issued as Consideration	2006 Closing Balance
	Number	Number	Number
Mr J G Vitale	-	240	240
Ms S J Field	-	60	60
Total	-	300	300

(1) Refer additional details at notes 27(e) and 24 to the financial statements.

2006 and 2007					
LISTED OPTIONS					
	Balance as at 30 June 2005	1:2 Bonus Issue	Balance as at 30 June 2006	On/Off Market Disposals	Balance as at 30 June 2007
	Number	Number	Number	Number	Number
Mr K W McGrath	-	500,000	500,000	-	500,000
Mr J G Vitale	-	326,820	326,820	-	326,820
Ms S J Field	-	212,627	212,627	-	212,627
Dr D J Searle	-	80,000	80,000	-	80,000
Mr M J Kitney	-	81,250	81,250	-	81,250
Mr C R Hall	-	80,000	80,000	-	80,000
Total	-	1,280,697	1,280,697	-	1,280,697

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

34. Related party disclosures continued

(c) Key management personnel equity holdings continued

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2007	2006 Opening Balance	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2007 Closing Balance	Vested at 30/6/07	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	300,000	300,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	200,000	200,000	-	100,000
Total	750,000	-	-	-	750,000	500,000	500,000	-	250,000

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2006	2005 Opening Balance Post Reconstru ction of Capital	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2006 Closing Balance	Vested at 30/6/06	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	150,000	150,000	-	150,000
Ms S J Field	300,000	-	-	-	300,000	100,000	100,000	-	100,000
Total	750,000	-	-	-	750,000	250,000	250,000	-	250,000

⁽³⁾ Directors Options issued during the 2005 financial period, refer additional detail in table below and at Note 24(d) and 7.

During the financial year there were no executive options issued to key management personnel and there were no options exercised (2006: nil). There have been no other transactions concerning equity instruments during the financial year with directors or their personally related entities or specified executives. All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

(c) Transactions involving other related entities

Terms and conditions

During the year Redbank Mines Limited provided loans to its wholly owned subsidiaries to fund their operations. These loans have been provided interest free with no fixed term for repayment. (see note 11)

Transactions eliminated on consolidation

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial report. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**Parent entities**

The ultimate parent entity in the Consolidated Entity is Redbank Mines Limited.

34. Related party disclosures continued**(d) Transactions with key management personnel of Redbank Mines Limited and the Consolidated Entity****Consulting Services**

- (i) During the year consulting fees totalling \$131,575 were charged by Earthsciences Pty Ltd, a company of which Dr D J Seale is a director (2006: \$37,750). The consulting fees are based upon an agreed daily rate.
- (ii) During the year professional services totalling \$57,502 were charged by Metallurgical Design, a business of which Mr M J Kitney is a principal (2006: \$6,333). The professional services have been provided based upon an agreed daily rate.
- (iii) During the current year there no professional fees were paid to Mr Bennett. In 2006 professional fees totalling \$29,324 were charged by Bennett & Co, a legal practice of which Mr M L Bennett was the Managing Partner for professional legal services provided to the Company. These services were provided to the Company at the normal professional hourly rates of that firm. Bennett & Co has subsequently merged with Phillips Fox, Perth to form Lavan Legal.

Directors' Stand-by Loan Facility

- (i) Ms S J Field and Mr Vitale have continued to provide the Company and the Consolidated Entity with a stand-by loan facility of \$160,000 at no fee and interest free to the Company. As at 30 June 2007 the loan was drawn down to \$130,000 (2006: Nil). (refer details at notes 19 and 27 (b)).

35. Segment Information**Segment Products and location**

The Consolidated Entity's operating companies are organised and managed separately according to their business segment. The Company operates in only one business segment being mining exploration.

Geographically, the group operates in two predominant segments being Australia and Fiji. The Consolidated Entity owns 100% of the Redbank Copper Project located in the Northern Territory and the Mt Kasi gold project located in Fiji. In addition it maintains assets in Western Australia and Queensland.

Segment accounting policies

During the year inter-segment transfers were made at cost with no margin to the subsidiary providing the service.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

35 Segment Information continued

Geographical segment	Australia		Fiji		Consolidated	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Revenue						
Other revenues from customers outside the Consolidated Entity	3,399,591	121,321	-	-	3,399,591	121,321
Inter-segment revenues	-	-	-	-	-	-
Unallocated revenue					-	-
Total consolidated revenue					3,399,591	121,321
Results						
Segment result	(1,947,984)	(2,760,078)	(455,507)	(505,347)	(2,403,491)	(3,265,425)
Unallocated expenses					-	-
Consolidated Entity operating loss					(2,403,491)	(3,265,425)
Assets						
Segment assets	9,278,053	6,842,890	9,340,713	8,933,133	18,618,766	15,776,023
Liabilities						
Segment Liabilities	5,964,134	4,244,259	2,454,175	2,453,130	8,418,309	6,697,389

Notes to the Financial Statements for the Financial Year Ended 30 June 2007**36. Financial instruments****36(a) Financial risk management objectives**

The Group's activities expose it primarily to the financial risks of changes in foreign currency, exchange rates and interest rates. There has been no change to the Group's exposure to market risks or manner in which it manages and measures the risk, other than the increased level of copper sales with the sales being denominated in United States dollars. To date the Group has elected to operate using spot rates and as such there are no derivative financial instruments at balance date.

The financial risk exposure of the Group to financial assets, excluding investments in shares, which have been recognised on the balance sheet, is generally the carrying amount, net of any impairment loss.

The Company conducts exploration activity in Fiji, a South Pacific nation that is at the time of writing run by a self appointed military commander serving as Prime Minister and his appointees occupying key Cabinet positions. Although this is the fourth such military coup over the past twenty years that have caused economic disruption and uncertainty particularly in the tourism industry, no asset sequestrations from foreign investors have been reported and there has been no direct impact on the Company's exploration activities at Mt Kasi or on any of its staff and personnel working on the project.

Concentration of financial risk

The Group consists currently of the Redbank Copper Project in the Northern Territory and the Mt Kasi Gold Project in Fiji. The Company also has a number of mineral and exploration tenements located within Australia.

36(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

36(c) Foreign currency / hedging risk management

At 30 June 2007 neither Redbank Mines Limited nor any of its subsidiaries had entered into any foreign currency forward exchange or forward gold or copper contracts (2006: Nil).

36(d) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36(e) Fair value of financial instruments

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Transaction costs are included in the determination of net fair value.

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

36. Financial instruments continued

36 (f) Interest rate risk

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

2007 Financial Instruments	Weighted average effective rate	Variable interest rate	Fixed Maturity Dates						Non interest bearing	Total
			Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ Years		
(i) Financial Assets										
Cash assets	N/A	-	-	-	-	-	-	-	317,571	317,571
Receivables -trade & other	N/A	-	-	-	-	-	-	-	658,539	658,539
Non current receivables	3.99	-	312,429	182,038	-	-	-	-	-	494,467
Total financial assets		-	312,429	182,038	-	-	-	-	976,110	1,470,577
(ii) Financial liabilities										
Trade creditors	N/A	-	-	-	-	-	-	-	1,131,283	1,131,283
Other creditors	N/A	-	-	-	-	-	-	-	2,242,397	2,242,397
Employee benefits	N/A	-	-	-	-	-	-	-	131,019	131,019
Borrowings	8.92	-	2,902,103	360,708	-	-	-	-	-	3,262,811
Total financial liabilities		-	2,902,103	360,708	-	-	-	-	3,504,699	6,767,510

Notes to the Financial Statements for the Financial Year Ended 30 June 2007

36. Financial instruments continued

36 (f) Interest rate risk continued

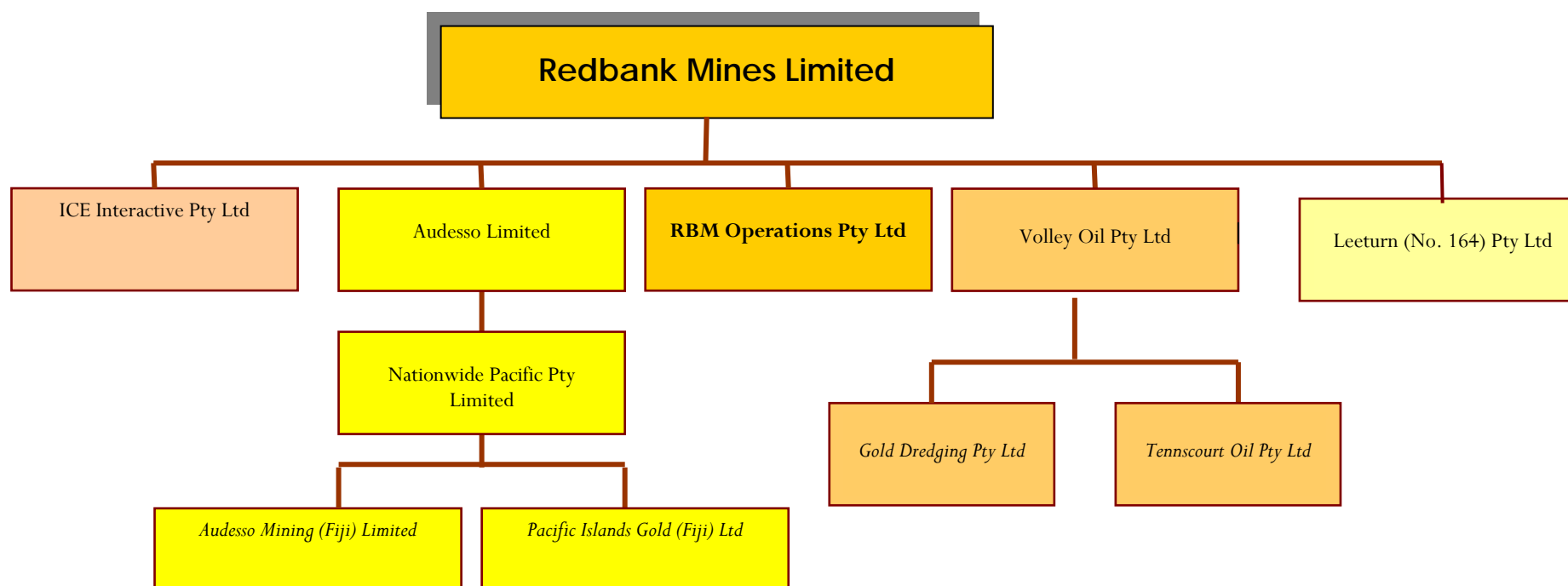
2006			Fixed Maturity Dates							
Financial Instruments	Weighted average effective rate	Variable interest rate	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ Years	Non interest bearing	Total
<i>(i) Financial Assets</i>										
Cash assets	0.01	434,275	-	-	-	-	-	-	-	434,275
Receivables -trade & other	N/A	-	-	-	-	-	-	-	209,539	209,539
Non current receivables	2.40	-	73,000	217,000	-	-	-	-	54,240	344,240
Total financial assets		434,275	73,000	217,000	-	-	-	-	263,779	988,054
<i>(ii) Financial liabilities</i>										
Trade creditors	N/A	-	-	-	-	-	-	-	317,351	317,351
Other creditors	N/A	-	-	-	-	-	-	-	1,881,282	1,881,282
Employee benefits	N/A	-	-	-	-	-	-	-	109,800	109,800
Borrowings	8.65	-	46,905	2,643,425	-	-	-	-	-	2,690,330
Total financial liabilities		-	46,905	2,643,425	-	-	-	-	952,217	3,642,547

N/A - not applicable for non-interest bearing financial instruments.

(i) & (ii) Refer detail at notes 8, 11 and 18 to 23

ADDITIONAL COMPANY INFORMATION

Redbank Mines Limited is a listed public company, incorporated and domiciled in Australia. Redbank Mines Limited is the ultimate parent entity and has prepared a consolidated financial report incorporating the entities it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure with the exception of Pacific Islands Gold de Mexico de SACV. A dormant company domiciled in Mexico and eMax Entertainment Pty Ltd and Xstream Pty Ltd being companies that although are technically subsidiaries of the Company were deconsolidated from the Group effective 10 September 2002 (refer additional details at note 14 (ii) and (iv)). **All of the Company's subsidiaries are wholly owned.** There have been no other changes in the group structure from 2006.



Directors' Declaration

The Directors declare that:

- a) in the Directors' opinion, based on the reasons set out in the Note 1, "Going Concern Basis", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of the Consolidated Entity; and
- c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



J G Vitale
Director

Perth, 28 September 2007

Independent Auditor's Report to the members of Redbank Mines Limited

We have audited the accompanying financial report of Redbank Mines Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 25-88 and 90.

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial 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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Redbank Mines Limited is 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 3.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 3 in the financial report which indicates that the company incurred a net loss of \$2,306,252 (consolidated entity; \$2,403,491) during the year ended 30 June 2007 and, as of that date, the company's current liabilities exceeded its current assets by \$3,877,927 (consolidated entity; 3,840,447). These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ross Jerrard

Partner

Chartered Accountants

Perth, 28 September 2007