Redbank Copper Limited

ABN 66 059 326 519

FINANCIAL REPORT

For the year ended 30 June 2010

Redbank Copper Limited

ABN 66 059 326 519

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Ian Price	Non-executive Chairman
Bruce Morrin	Managing Director
Allan Brown	Non-executive Director
Keith Vuleta	Non-executive Director

COMPANY SECRETARY

Ildiko Wowesny

REGISTERED OFFICE

143 Hay Street,
Subiaco, Western Australia 6008

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PO Box 8116,
Subiaco East, Western Australia 6008

Telephone: +61 8 6389 6400
Facsimile: +61 8 6389 6410
Email: admin@redbankcopper.com.au
Web site: www.redbankcopper.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2,
45 St George's Terrace,
Perth Western Australia 6000

Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033
E-mail: perth.services@computershare.com.au
Web-site: www.computershare.com.au

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Steinepreis Paganin

STOCK EXCHANGE LISTING

Shares in Redbank Copper Limited are quoted on the Australian Securities Exchange under trading code RCP.

CONTENTS

This annual financial report covers both the separate financial statements of Redbank Copper Limited as an individual entity and the consolidated financial statements for the consolidated entity, consisting of Redbank Copper Limited and its subsidiaries. The annual financial report is presented in Australian dollars.

Redbank Copper Limited is a company limited by shares, incorporated and domiciled in Australia.

DIRECTORS' REPORT

The directors present their report together with the financial report of Redbank Copper Limited (the "Company") and of the consolidated entity, being the Company and its controlled entities ("the Group") for the year ended 30 June 2010.

DIRECTORS

The names of the directors of the Company in office during the course of the financial year and up to the date of this report are as follows:

Ian Price	(Appointed as Director 28 October 2009, Chairman, since 17 June 2010)
Bruce Morrin	
Keith Vuleta	(Appointed 9 October 2009)
Allan Brown	(Appointed on 4 December 2009)
Bernie Siddall	(Resigned on 9 October 2009)
Susan Field	(Resigned on 19 November 2009)
Michael Kiernan	(Resigned on 18 June 2010)
James Searle	(Resigned on 18 June 2010)

Unless otherwise indicated, all directors held their position as a director throughout the entire financial year and up to the date of this report.

INFORMATION ON DIRECTORS

Director	Qualifications, experience and special responsibilities
Ian Price	B. Eng., FAusIMM Non-Executive Chairman A director since October 2009 and Chairman since June 2010. Mr Price is a mining engineer with more than 30 years experience in mine operations, public company management and consulting. He has been involved in all aspects of mining from exploration, feasibility studies, permitting, project development and construction through to operations, corporate management and project financing. He also has experience in base metals, gold and coal mining and processing and has a strong background in underground mining working throughout Australasia and Asia. Other current directorships: Swan Gold Mining Limited since 17 May 2010. Mr Price has not held directorships in any other listed companies in the last three years. Special Responsibilities - None
Bruce Morrin	ACSM, FAusIMM, FIMMM(CEng), MAICD Managing Director Bruce Morrin has a wide range of experience in various open pit, underground and diverse hard rock mining operations working in large scale underground open stoping operations, block caving, and sublevel caving operations with challenging support requirements. He has also worked at internationally recognised mining centres including the Zambian Copperbelt with Anglo American, the Great Dyke of Zimbabwe, Mt Isa in Queensland with Mt Isa Mines Ltd and various Western Australian goldfields mining operations. He qualified as a mining engineer at the Camborne School of Metaliferous Mining, Cornwall, England, is a Fellow of the Australian Institute of Mining and Metallurgy, a Fellow of the Institute of Materials, Minerals and Mining (UK) and holds a First Class Mine Managers Certificate of Competency. Mr Morrin has no other current directorships. Mr Morrin has not held directorships in any other listed companies in the last three years.

Keith Vuleta	B.Bus, CA, MAICD Non-Executive Director Mr Vuleta trained with Ernst & Young and has been a Chartered Accountant for over twenty years. He has held positions as Finance Director, Chief Financial Officer and Company Secretary for public companies in the mining, engineering and financial services industries. He has extensive experience in senior financial management in the mining, construction, and engineering industries. He is principally experienced in areas of finance, system policies and controls, financial reporting, risk management and compliance. Mr Vuleta is currently Chairman of the Polytechnic of Western Australia. Other current directorships: Matilda Zircon Limited since 13 May 2009, Swan Gold Mining Limited since 16 May 2007. Mr Vuleta has not held directorships in any other listed companies in the last three years. Special Responsibilities - None
Allan Brown	B Sc (Hons) CP (Met) NSW, FAusIMM Non-Executive Director A director since December 2009. Mr Brown is a metallurgist with more than 40 years industry experience, specialising in the design, testing, commissioning and operation of base metal processing projects. He has worked as an industry consultant on metal processing projects in Australia and overseas for a range of local and global organisations including AngloGold, Newcrest and CBH Resources. Prior to his consulting career, he worked as Project and Mine Manager for a number of gold and base metal developers including Wiluna Gold, Sally Malay Nickel and Murchison Zinc. Other current directorships: Swan Gold Mining Limited, Mutiny Gold Limited. Mr Brown has not held directorships in any other listed companies in the last three years. Special Responsibilities - None
Bernie Siddall	BSC (Hons), FAusIMM Non-Executive Director Resigned 9 October 2009.
Susan Field	B.Bus, ACA , MAICD Non-Executive Director Resigned 19 November 2009.
Michael Kiernan	B Bus, FAICD Non-Executive Director Resigned 18 June 2010.
James Searle	B.Sc. PhD, MAusIMM Non-Executive Director Resigned 18 June 2010.

Information on Company Secretary
Ildiko Wowesny B.Bus.

Company Secretary since April 2009. Ms Wowesny is a qualified Accountant with Experience in company secretarial roles together with corporate management, accounting and financial areas. She has served as Company Secretary for ASX listed resource companies for some considerable time together with 5 years at Deloitte Touche Tohmatsu and also a period in the United Kingdom with resource groups.

DIRECTORS' INTERESTS

At the date of this report, the interests of each Director in the shares and options of Redbank Copper Limited were:

Director	Fully paid shares	Unlisted options
I Price	-	-
B Morrin	292,593	750,000
K Vuleta	90,001	500,000
A Brown	-	-
M Adams	-	-

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors held during the year and the number of meetings attended by each director was as follows:

	Board	
	Number held whilst in office	Number attended
I Price	8	8
B Morrin	11	11
K Vuleta	8	8
A Brown	6	6
B Siddall	3	3
S Field	4	4
M Kiernan	11	5
J Searle	11	11

REMUNERATION REPORT (audited)

This report sets out the remuneration arrangements in place for Directors and executives of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration
Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the remuneration committee considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed annually by the board having regard to performance, relevant comparative information and expert advice.

Redbank Copper Limited's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to Redbank Copper Limited. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing Redbank's operations. Executive directors receive a base remuneration which is market related.

Redbank's remuneration policies are designed to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of Redbank. The main principles of the policy include:
- reward reflects the competitive market in which Redbank operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The structure of remuneration packages for executive directors and other senior executives comprises:
- a fixed sum base salary payable monthly in cash;

- long term incentives through executive directors being eligible to participate in a share option plan and share purchase plan as approved by shareholders. Senior executives may also participate in an employee share option plan, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders and the share purchase plan; and
- other benefits, including participation in superannuation schemes.

The proportion of fixed and variable remuneration is established for each executive by the Board. The objective of any short term incentives is to link achievement of Redbank's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth. Redbank's activities comprise the exploration, evaluation and development of mineral tenements aimed at identifying economic mineral deposits capable of development. Redbank's financial performance reflects the nature of these ongoing activities.

The payment of bonuses, share options and other incentive payments are reviewed by the Board as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The annual performance objectives are the means by which the Company links company performance and remuneration policy. Having regard to the current stage of the Company's evolution, linking of remuneration policy to production performance milestones and progress rather than earnings is considered the most appropriate method of incentivising employees. The realisation of achieving production targets and reaching full production levels is expected to have positive influence on the Company's share price as would exploration advancements. Any increase in the share price of the Company has a positive effect on shareholder wealth.

The Directors consider the principles of the remuneration of key management personnel have been successful in providing positive company performance. The principles have provided the desired incentive and are expected to continue to provide such incentive. Whilst the Company has only been in the early formative stages of the development of the Redbank mine site it is difficult to determine the effect on shareholder wealth. Whilst it may be expected that earnings would be a loss position in these early stages, any improved earning is viewed to be a long term position that is not yet fully determinable. During the financial year the Company's share price has ranged between $0.02 and $0.29 (on a post consolidation basis).

Non-executive directors' remuneration
In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive directors, with the current approved limit being $250,000. The Board determines the actual payments to directors. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

Non-executive directors are entitled to statutory superannuation benefits. At this stage of Redbank's development, non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders. All directors are entitled to have their indemnity insurance paid by Redbank.

The tables below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for five years to June 2010. (Note values for 2006 to 2009 financial years have been restated for the 1:10 share consolidation that took place during the 2010 financial year)

	30 June 2010 $	30 June 2009 $	30 June 2008 $	30 June 2007 $	30 June 2006 $
Revenue	66,738	1,518,776	3,874,638	3,441,935	149,636
Net loss before tax	(3,364,233)	(5,471,736)	(11,609,067)	(2,403,491)	(3,265,425)
Net loss after tax	(3,364,233)	(5,471,736)	(11,609,067)	(2,403,491)	(3,265,425)

Share price at start of year	0.02	0.04	0.13	0.10	0.20
Share price at end of year	0.04	0.02	0.04	0.12	0.10
Interim and Final Dividend	-	-	-	-	-
Basic earnings per share	(2.98) cents	(19.17) cents	(81.0) cents	(25.0) cents	(62.0) cents
Diluted earnings per share	(2.98) cents	(19.17) cents	(81.0) cents	(25.0) cents	(62.0) cents

REMUNERATION REPORT (audited) (continued)

Details of remuneration

The following table discloses details of the nature and amount of each element of the remuneration of each director of Redbank and the Group and each of the key management personnel for the year ended 30 June 2010. The information in this table has been audited.

30 June 2010 **Group**	Short term employee benefits			Post-employment benefits		Share based payments			
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Termination benefits	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	$		$	$	$	$	$	%	%
Key management personnel									
Directors									
Executive directors									
B Morrin	200,000	-	-	50,000	-	12,500	262,500	-	4.8%
S Field (i)	-	-	-	-	250,000	-	250,000	-	-
Non-executive directors									
I Price (ii)	24,887	-	-	2,240	-	-	27,127	-	-
K Vuleta (iii)	26,217	-	-	2,360	-	-	28,577	-	-
A Brown (iv)	9,000	-	-	13,890	-	-	22,890	-	-
B Siddall (v)	9,000	-	-	-	-	-	9,000	-	-
M Kiernan (vi)	16,500	-	-	1,485	-	-	17,985	-	-
J Searle (vii)	46,000	-	-	-	-	-	46,000	-	-
Total	331,604	-	-	69,975	250,000	12,500	664,079		

i) Ms Field was appointed as a non-executive director on 1 July 2009 and resigned as a director on 19 November 2009.
ii) Mr Price was appointed as a director on 28 October 2009. From 17 June 2010 he was appointed as Chairman.
iii) Mr Vuleta was appointed as a director on 9 October 2009.
iv) Mr Brown was appointed as a director on 4 December 2009.
v) Mr Siddall resigned as a director on 9 October 2009.
vi) Mr Kiernan resigned as a director on 18 June 2010.
vii) Mr Searle resigned as a director on 18 June 2010.

REMUNERATION REPORT (audited) (continued)

30 June 2009 **Group**	Short term employee benefits			Post-employment benefits		Share based payments			
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Termination benefits	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	$		$	$	$	$	$	%	%
Key management personnel									
Directors									
Executive directors									
B Morrin (i)	49,174	-	695	50,826	-	-	100,695	-	-
S Field	169,725	-	1,972	15,275	-	-	186,972	-	-
G Vitale (ii)	108,333	-	2,765	9,750	250,000	-	370,848		
Non-executive directors									
J Searle	29,500	-	-	-	-	-	29,500	-	-
M Kiernan (iii)	-	-	-	-	-	-	-	-	-
B Siddall (iv)	19,450	-	-	-	-	-	19,450	-	-
M Kitney (v)	10,000	-	-	-	-	-	10,000	-	-
K McGrath (vi)	20,368	-	-	1,833	-	-	22,201	-	-
Total	406,550	-	5,432	77,684	250,000	-	739,666		

i) Mr Morrin was appointed as a Director on 20 October 2008 and was appointed as Managing Director on 1 January 2009.
ii) Mr Vitale resigned as a director on 31 December 2008.
iii) Mr Kiernan was appointed as a director on 17 December 2008.
iv) Mr Siddall was appointed as a director on 17 December 2008.
v) Mr Kitney resigned as a director on 28 November 2008.
vi) Mr McGrath resigned as a director on 28 November 2008.

REMUNERATION REPORT (audited) (continued)

Compensation options: granted and vested during the year (consolidated)

The fair value of the options is calculated at the date of grant using a binomial option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting year. Market conditions have been taken into account within the valuation model.

The following table lists the inputs to the model used for the year ended :

	30 June 2010			
Grant Date	14-10-2009	14-10-2009	14-10-2009	23-10-2009
Dividend yield (%)	0	0	0	0
Expected volatility (%)	60	60	60	60
Risk-free interest rate (%)	6.00	6.00	6.00	6.00
Expected life of options (years)	0.7	1.7	2.7	2.7
Option exercise price ($)	0.50	1.00	1.50	0.50

The following compensation options were issued during the financial year to key management personnel:

	Granted	**Terms and conditions for each grant**				**Vested**	
30 June 2010	Number	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	Number	%
Director							
B Morrin	250,000	14-10-09	0.004	0.50	30-06-10	250,000	100
B Morrin	250,000	14-10-09	0.003	1.00	30-06-11	250,000	100
B Morrin	250,000	14-10-09	0.004	1.50	30-06-12	250,000	100
B Morrin	250,000	23-10-09	0.039	0.50	30-06-12	250,000	100

Analysis of options over equity instruments granted as part of remuneration

30 June 2010	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Total $
Director				
B Morrin	12,500	-	-	12,500

No shares were issued during the year as a result of the exercise of options granted as part of remuneration.

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

Information on any benefits received by directors of Redbank Copper Limited by reason of a contract made by the consolidated entity with a director or a director-related entity is contained in Note 19 of the financial report.

REMUNERATION REPORT (audited) (continued)

Service agreements
There are no service agreements in place.

Share-based compensation
Directors, employees and consultants may be eligible to participate in equity based compensation schemes. An employee share option scheme has been adopted by the Board of the Company. The primary purposes of the scheme are to increase motivation, promote retention, align interests with those of the Company and its shareholders and to reward contribution to the growth of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year is as an Australian based mining company focused on the development of the Redbank Copper Project in the north-eastern area of the Northern Territory in Australia.

OPERATING RESULTS

The net loss of the Group after provision for income tax was $3,364,233 (2009: $5,471,736).

The following non-cash items were included in the Group operating loss reported:

	$
Fixed asset write offs	25,000
Depreciation and amortisation	12,368
	37,368

REVIEW OF OPERATIONS

During the 2009 financial year the Company placed mining and treatment facilities at the Redbank Copper Mine on care and maintenance as depressed global commodity prices in the latter part of 2008 severely affected the economics at that point in time.

A $2.5 million exploration and drilling program commenced at the end of June 2009 and focussed on extensions of the known high grade resources, test well defined targets for as yet undiscovered breccia pipes and focus on discovery and delineation of high grade sulfide resources in order to grow the mine life. The program of 1,000 metres of diamond core drilling in Bluff and Sandy Flats, along with 8,000 metres of RC drilling generated significant high grade sulfide drill intercepts. 5 new breccia pipes were confirmed. A new JORC compliant resource was announced in December 2009 with a 28% increase in total copper metal resources to 95,900 tonnes and a 50% increase in Indicated Resources to 2.76Mt. The total Indicated and Inferred JORC Resource is now 6.24Mt @ 1.5%Cu for 95,900 tonnes of contained metal.

A mine study for the development of the Redbank Copper Project was completed in September 2009. The study confirmed the positive economics of the project. The board aims to proceed toward providing the basis for the redevelopment of Redbank as a mid sized economically robust high grade copper producer.

In order to further this project recommencement, a Capital Cost Study was prepared by MSP Engineering in April 2010 showing an overall capital budget of $18.1m including a contingency of $1.2m. An Implementation Plan was also commissioned to provide the detailed process for the final implementation directives of the project.

The Environmental Impact Study was commenced in 2009 and is progressing to completion and approval by the necessary regulatory bodies. It has been released for public comment. The Northern Territory Department of Resources completed the environmental assessment process and the document is with the Hon. Minister of Mines NT for his sign off of the conditions. Prior to this final approval the Australian Federal Government Department of Environment, Water, Heritage and the Arts require further information which is currently being compiled by our consultants.

DIVIDENDS

No dividend was paid or declared during the year and the directors do not recommend the payment of a dividend.

LIKELY DEVELOPMENTS

The Company has a significant high grade copper resource at the Redbank Copper Project.

The Project Implementation Plan and the regulatory approval process are well advanced and the company plans an ongoing definitional drilling program to maximise the oxide resource potential and ensure the best possible economics to support the recommencement of copper production.

In the opinion of the directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

OPTIONS GRANTED OVER UNISSUED SHARES

At the date of this report, 5,200,000 ordinary fully paid shares which are subject to options were unissued. The terms of these options are as follows:

Options granted over fully paid shares exercisable:

	Number
- exercisable at $1.00 each on or before 30 June 2011	250,000
- exercisable at $1.50 each on or before 30 June 2012	250,000
- exercisable at $0.50 each on or before 30 June 2012	250,000
- exercisable at $0.50 each on or before 31 December 2011	3,650,000
- exercisable at $0.10 each on or before 30 June 2012	400,000
- exercisable at $0.096 each on or before 30 January 2011	400,000
	5,200,000

Details of options issued and exercised during the financial year are contained in note 16 and 28 to the financial report.

Subsequent to the end of the year no options have been converted into fully paid ordinary shares.

No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of the parent entity or any other corporation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events which have occurred subsequent to the end of the financial year are contained in Note 24 to the financial report.

NON-AUDIT SERVICES

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance guidelines adopted by the Company;
- all non-audit services have been reviewed by the Board to ensure that they do not impact the impartiality and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting and Professional and Ethical Standards Board.

No non-audit services were paid or payable to the auditors during the year ended 30 June 2010.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has taken out an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim bought by a third party against the Company or its Directors or Officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has entered into indemnity agreements with each of the directors and officers of the Company. Under the agreements, the Company will indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulation in respect to its mining and mineral exploration activities. These obligations are regulated under relevant government authorities within Australia. The consolidated entity is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Company by any government agency during the financial year ended 30 June 2010.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is included immediately following the Directors' Report and forms part of the Directors' Report.

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

Bruce Morrin
Managing Director

Perth, Western Australia
30 September 2010

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Redbank Copper Limited
Level 1,143 Hay Street
Subiaco WA 6008

30 September 2010

Dear Sirs

Redbank Copper 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 Copper Limited.

As lead audit partner for the audit of the financial statements of Redbank Copper Limited for the financial year ended 30 June 2010 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

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 30 September 2010

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Continuing operations			
Revenue	3	-	1,426,144
Cost of sales		-	(1,879,979)
Gross profit		-	(453,835)
Other income	3	66,738	92,632
Employee and directors – remuneration expenses		(406,466)	(958,478)
Share based payments	28	(238,415)	-
Depreciation and amortisation		(12,398)	(230,796)
Corporate and administrative expenses		(1,396,583)	(2,700,214)
Finance costs	4	(64,781)	(339,013)
Impairment of current assets		-	(290,365)
Redbank Copper NT – care and maintenance		(1,267,468)	(141,129)
Write back of current liabilities		-	458,791
Impairment of non-current assets		-	(909,329)
Fixed assets write off	9	(25,000)	-
Loss before income tax		(3,364,233)	(5,471,736)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(3,364,233)	(5,471,736)
Attributable to:			
Owners of the Company		(3,364,233)	(5,741,736)
Non-controlling interests		-	-
		(3,364,233)	(5,471,736)
Loss per share	22		
Basic and diluted loss per share (cents per share)		(2.98)	(19.17)

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

CONDOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $	2009 $
Loss for the year		(3,364,233)	(5,471,736)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		594,226	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,770,007)	(5,471,736)
Attributable to:			
Owners of the Company		(2,770,007)	(5,741,736)
Non-controlling interests		-	-
		(2,770,007)	(5,471,736)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	6	27,228	1,474,082
Trade and other receivables	7	369,790	328,501
Inventories	8	240,867	41,266
Assets classified as held for sale	9	-	25,000
TOTAL CURRENT ASSETS		637,885	1,868,849
NON-CURRENT ASSETS			
Trade and other receivables	7	534,958	504,170
Plant and equipment	10	1,327,354	635,428
Mine development	11	2,643,458	456,325
Deferred exploration and evaluation expenditure	12	8,256,935	6,492,587
TOTAL NON-CURRENT ASSETS		12,762,705	8,088,510
TOTAL ASSETS		13,400,590	9,957,359
CURRENT LIABILITIES			
Trade and other payables	13	941,708	2,013,033
Interest bearing loans and borrowings	14	902,855	1,458,423
Provisions	15	589,929	617,851
TOTAL CURRENT LIABILITIES		2,434,492	4,089,307
NON-CURRENT LIABILITIES			
Trade and other payables	13	736,303	1,189,827
Interest bearing loans and borrowings	14	353,898	1,528,871
Provisions	15	975,526	1,195,805
TOTAL NON-CURRENT LIABILITIES		2,065,727	3,914,503
TOTAL LIABILITIES		4,500,219	8,003,810
NET ASSETS		8,900,371	1,953,549
EQUITY			
Issued capital	16	85,431,928	75,915,514
Accumulated losses		(78,854,211)	(75,489,978)
Reserves	17	2,322,654	1,528,013
TOTAL EQUITY		8,900,371	1,953,549

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
At 30 June 2008	71,141,314	1,528, 013	(70,018,243)	2,651,085
Loss for the year	-	-	(5,471,736)	(5,471,736)
Total comprehensive income for the year	-	-	(5,471,736)	(5,471,736)
Equity Transactions:				
Issue of share capital	4,971,497	-	-	4,971,497
Share issue expenses	(197,297)	-	-	(197,297)
At 30 June 2009	75,915,514	1,528, 013	(75,489,978)	1,953,549
Loss for the year	-	-	(3,364,233)	(3,364,233)
Foreign currency translation differences	-	594,226	-	594,226
Total comprehensive income for the year	-	594,226	(3,364,233)	(2,770,007)
Equity Transactions:				
Issue of share capital	10,046,384	-	-	10,046,384
Share buy back	(93,460)	-	-	(93,460)
Share issue expenses	(474,510)	-	-	(474,510)
Share based payment	38,000	200,415	-	238,415
At 30 June 2010	85,431,928	2,322,654	(78,854,211)	8,900,371

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $	2009 $
Cash flows from operating activities			
Receipts from customers – copper sales		-	1,142,532
Receipts from customers – other		4,400	-
Payments to suppliers and employees		(3,262,388)	(4,181,562)
Payments for copper sales refunds		(813,108)	-
Interest received		29,963	58,856
Interest paid		(95,088)	(237,619)
Net cash outflow from operating activities	26(b)	(4,136,221)	(3,217,793)
Cash flows from investing activities			
Payments for exploration and evaluation		(2,145,404)	(846,817)
Payments for mine project development		(2,293,400)	(205,878)
Payments for purchase of plant and equipment		(465,573)	(174,079)
Payment for security deposits		(30,788)	(19,770)
Proceeds from rental and security bonds		-	220,576
Contributions received from Joint Venture		171,622	134,905
Net cash outflow from investing activities		(4,763,543)	(891,063)
Cash flows from financing activities			
Proceeds from issues of shares		6,167,750	4,971,497
Share issue costs		(474,511)	(197,297)
Payments for share buy back		(93,460)	-
Loans advanced		1,380,000	1,375,000
Loans repaid		(1,020,000)	(1,475,241)
Finance lease repayments		(39,418)	-
Unsecured notes issued		1,494,467	1,000,000
Proceeds from loans received from related parties	19	-	10,000
Repayment of loans to related parties	19	-	(140,000)
Net cash inflow from financing activities		7,414,828	5,543,959
Net increase / (decrease) in cash and cash equivalents		(1,484,936)	1,435,103
Cash at the beginning of the financial year		1,474,082	38,979
Effects of exchange rate changes on the balances of cash held in foreign currencies		-	-
Cash at the end of the financial year	26(a)	(10,854)	1,474,082

The above cash flows statements should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Redbank Copper Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 24 September 2010.

Redbank Copper Limited (the "Company") is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia. The comparative period is for the period from 1 July 2008 to 30 June 2009.

The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial report complies with the Corporations Act (2001) and Australian Accounting Standards and Interpretations, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

Basis of Preparation

The financial report has been prepared on a historical cost basis .Cost is based on the fair value of the consideration given in exchange for assets. The financial report is presented in Australian dollars unless otherwise noted.

The accounting policies adopted in the preparation financial report are consistent with those of the Group's previous annual financial report ending 30 June 2009 except for the impact of the Standards and Interpretations described below. These policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

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

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

- AASB 3 (2008) Business Combinations
- AASB 8 Operating Segments
- AASB 101 (2007) Presentation of Financial Statements
- AASB 127 (2008) Consolidated and Separate Financial Statements

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas:

<u>Changes in ownership interests of subsidiaries</u>
AASB127 (2008) Consolidated and Separate Financial Statements has been adopted in the current period and applies prospectively. The revised Standard has resulted in changes in the Group's accounting policies regarding increases and decreases in ownership interest in its subsidiaries. All increases or decreases in interests in subsidiaries are no longer accounted as goodwill or through profit and loss and are now recognised in equity.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any remaining interest in the former subsidiary is recognised at its fair value at the date that control is lost. A gain or loss of control is recognised in profit or loss as the difference between the proceeds if any, and these adjustments.

During the period there was no impact on the Group as there were no changes in ownership interests of subsidiaries.

<u>Business combinations</u>
AASB 3 (2008) Business Combinations applies prospectively to business combinations for which acquisition date is on or after 1 July 2009 and alters the manner in which business combinations are accounted for. Accordingly, its adoption has no impact on previous acquisitions made by the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 3 (2008) and its consequential amendments to other Accounting Standards continues to apply the acquisition method to business combinations however with some significant changes. The effect of these changes has been to:

- allow a choice on a transaction by transaction basis for the measurement of the non controlling interests (previously referred to as minority interests) at either fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Under the previous policy the non-controlling interest was always recognised at its share of the acquiree's net assets.

- Require that acquisition related costs be accounted for separately from the business combination, generally leading to those costs being expensed when incurred. Previously such costs were previously accounted for as part of the cost of the acquisition of the business

During the period there was no impact on the Group as there were no business combination transactions.

In addition to the above, the adoption of these new and revised Standards and Interpretations have resulted in changes to the Group's presentation of, or disclosure in, its financial statements in the following areas:

- Presentation of the financial statements. Previously, in addition to the statement of financial position (formerly termed the Balance Sheet), the income statement and cash flow statement, the Group presented a statement of recognised income and expense. As a consequence of the adoption of AASB 101 Presentation of Financial Statements (2007) and its associated amending standards, the Group no longer presents a statement of recognised income and expense, but presents in addition to the statements listed above, a statement of comprehensive income and a statement of changes in equity.

- Information about the Group's segments. The adoption of AASB 8 Operating Segments has resulted in both a re-designation of the Group's reportable segments and amended segment disclosures (see Segment note 21).

(a) Going Concern

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 ordinary course of business. The ability of the Group and Company to continue their mineral project evaluation activities, and hence the continued adoption of the going concern assumption, is dependent on the Group raising additional funding as and when required.

The Group has incurred a net loss after tax for the year ended 30 June 2010 of $3,364,233 (2009: $5,471,736) and experienced net cash outflows from operating activities of $4,136,221 (2009: outflow $3,217,793). As at 30 June 2010 the Group had a working capital deficiency of $1,796,607 (2009: $2,220,458). Further, as discussed in note 29, the Company has incurred a net loss after tax for the year ended 30 June 2010 of $2,061,246 (2009: $2,269,479) and as at 30 June 2010 the Company had a working capital deficiency of $1,953,178 (2009: $1,701,424).

It is the opinion of the board of directors that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly the Company and Group will be able to continue as going concerns and meet their debts as and when they fall due.

During the year to 30 June 2010 and the period to the date of this report, the Directors have taken steps to ensure the Company and Group continue as going concerns. These steps include:

- The Company embarked on an exploration programme to focus on discovery and delineation of high grade sulphide resources in order to grow the mine life of a proposed new copper production facility and for a review of development options for the Redbank mine. A mine study for the development of the Redbank Copper project was completed in early September 2009, the study confirming the positive economics of the project and identified optimal methods for development;
- The Company raised $1,500,000 pursuant to a share placement in July 2009;
- The Company raised $1,590,000 pursuant to a share purchase plan in Septembers 2009;
- The Company raised $1,700,000 pursuant to a share placement in September 2009;
- The Company successfully negotiated a convertible note facility with La Jolla Cove Investors Inc. As at 30 June 2010 US$1,375,000 had been received;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The Company has been informed that its major shareholder, Stirling Resources Limited ("Stirling"), will continue to provide funding to support the Company's and Group's activities. However, included in Stirling's annual report for the year ended 30 June 2010 is a reference to significant uncertainty around the ability of Stirling to continue as a going concern. In particular, Stirling is dependent upon funding from its parent entity, DCM DECOmetal GmbH to meet its ongoing commitments and also to provide funding to Redbank Copper Ltd. As Redbank Copper Ltd is dependent upon ongoing financial support from Stirling, this may create significant uncertainty as to the ability of Redbank Copper Ltd to also continue as a going concern; and
- Ongoing management of the level of exploration and development expenditure in line with funds available to the Group.

The ability of the Company and the Group to continue as going concerns is dependent on:

(i) Continued financial support from the Company's major shareholder, Stirling Resources Limited, to fund the Company's ongoing exploration activities and working capital requirements in the form of new loan funding throughout the period to 30 September 2011and an undertaking not to require repayment of any amounts provided to the Company until such time as the Company has the ability to repay them. Based on the Company's cash flow forecast prepared to September 2011, the Company will require approximately $300,000 each month from October 2010;

(ii) Ongoing management of the level of exploration and development expenditure in line with funds available to the Group; and

(iii) The ability of the Company and Group to secure additional debt / equity funding if required.

The Directors have reviewed the Company's and Group's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Directors not be successful in achieving the matters set out above, there is significant uncertainty whether the Company and the Group will be able to continue as going concerns and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts 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 might be necessary should the Company and the Group not be able to continue as going concerns.

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

(b) Basis of Consolidation

The consolidated financial statements are those of the consolidated entity comprising Redbank Copper Limited ("Redbank" or the "Company") (the parent entity) and all entities (including special purpose vehicles) that Redbank controlled from time to time during the year and at the reporting date (the "Group").

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Subsidiary acquisitions are accounted for using the acquisition method of accounting. In the Company's separate financial statements, investments in controlled entities are carried at lower of cost and recoverable value. Such investments include both investments in shares issued by the subsidiary and other parent entity interest that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies management has made the following significant accounting judgements and estimates in the preparation of these financial statements.

Exploration and evaluation
Exploration and evaluation expenditure has been carried forward in accordance with policy 2(f) on the basis that exploration and evaluation activities have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable resources are not assessed as being present, this expenditure will be expensed to the income statement.

Share based payment transactions
The Company measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by internal valuation using a binomial method with assumptions disclosed in Note 28.

Income tax expense
The income tax expense has been estimated and calculated based on management's best knowledge of Australian Income Tax legislation. There may be differences with the treatment of individual jurisdiction provisions but these are not expected to have any material impact on the amounts as reported.

Impairment of receivable
The Company assessed the amount of expected recovery based upon its best estimate.

(d) Foreign Currency Translation

(i) Functional and presentation currency
Both the functional and presentation currency of Redbank Copper Limited is Australian Dollars ($). The functional currency of the registered subsidiary companies is Australian Dollars ($) with the exception of Audesso Mining (Fiji) Limited which uses Fiji Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency.

(ii) Foreign currency transactions
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date.

All exchange differences relating to transactions and balances denominated in foreign currency in the consolidated financial report are taken to profit and loss.

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

(iii) Translation of financial reports of foreign operations
The assets and liabilities of foreign operations are translated to the group presentation currency at rates of exchange ruling at the balance sheet date. Income and expense items are translated at average exchange rates for the year. Any exchange differences are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, cumulative deferred exchange differences are recognised in the income statement as part of the profit or loss on sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less a provision for uncollectible debts. An estimate of the provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is expensed as incurred, except that it may be carried forward provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against any exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the impairment allowance is charged against the income statement for the year.

When an area of interest is abandoned, any expenditure carried forward in respect of that area of interest is written off in the year in which the decision to abandon is made.

Expenditure is not carried forward in respect of any area of interest unless the Group’s right of tenure to that area of interest are current. Amortisation is not charged on areas under development, pending commencement of production.

(g) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and long service leave and any other benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share based payment transactions

The Company provides benefits to employees (including directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions"). There is currently an Employee Share Option Plan in place to provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined by an external valuer using a binomial model details of which are given in note 28. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Redbank Copper Limited ("market conditions").

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of loss per share (see note 22).

(i) Revenue recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of Goods
Revenue from the sale of goods produced is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer, the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the entity.
Revenue from the sale of copper product during the 2009 financial year was generated from the provision of copper product free into store to Glencore International AG, under an off take sales agreement entered into in 29 November 2006, with other ad-hoc sales provided to Adchem.

Under the agreement the Group invoices the customer in US dollars on a deferred delivery basis with a provisional spot price on the date of invoicing. Final pricing is determined on the average spot price of the quotation period elected by Glencore, which can be either 1, 3 or 4 months after the month of arrival of the carrying vessel in the port of discharge. At the end of each reporting period the recorded sale is marked to market based on management's best estimate of expected price including any adjustment arsing from foreign currency fluctuations and recognised in the income statement. At the end of the quotation period a final invoice is raised based on the then prevailing market price and a final adjustment is made to the income statement to reflect the final price received in Australian dollars.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment loss. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight line basis on all plant and equipment. Major depreciation periods are:

Plant and equipment	2-5 years
Motor vehicles	3-5 years

Disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(k) Impairment of non-financial assets

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxation

(i) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(ii) Other taxes

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

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the Statement of Cash Flows 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other payables

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

(n) Earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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

(o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, as defined above (and money market investments readily convertible to cash on hand), net of outstanding bank overdrafts.

(p) Contributed Equity

Issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

(q) Mine Development costs

Mine development expenditure represents the costs incurred in preparing the mine for recommissioning and production, and also includes other directly attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised over the remaining lease term. The development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

(r) Inventories

Stores and spares, consumables, copper product on hand and in circuit.
Stores and spares, copper product on hand and in circuit are stated at the lower of cost and net realisable value. Cost comprises, direct materials, direct labour and a proportion of indirect overhead expenditure allocated on the basis of relevant operating capacity. Costs are assigned to individual items of inventory on basis of weighed average cost. Costs of purchase inventory are determined after deducting applicable rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability.

(u) Other Financial Assets - Investments

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6) in the balance sheet.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Borrowing costs

Borrowing costs incurred in relation to the provision of finance facilities are expensed in the period to which they were incurred, except when the borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of the asset.

(w) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(x) Provision for rehabilitation

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provided at each reporting date.

(y) Adoption of new and revised Accounting Standards

A number of Australian Accounting Standards and Interpretations (and IFRSs and IFRIC Interpretations) are in issue but are not effective for the current year end. The reported results and position of the group will not change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

	CONSOLIDATED	
	2010	2009
	$	$

3. REVENUE

	2010 $	2009 $
(a) Revenue – copper sales	-	1,426,144
(b) Other income		
- interest received	57,750	58,856
- joint venture management fee	-	33,176
- sundry income	8,988	600
		92,632
Total Revenue	66,738	1,518,776

4. FINANCE COSTS

Finance Costs

	2010 $	2009 $
- Interest on premium funding	3,711	-
- Interest on obligations under finance leases	15,165	-
- Interest on convertible notes	8,384	282,180
- Interest on unsecured loan	69,379	34,218
- Other interest expense	4,845	-
- (Restatement)/Unwinding of discounts on provision for rehabilitation	(60,299)	22,615
- Other finance costs	23,596	-
	64,781	339,013

5. INCOME TAX

Loss before income tax

The prima 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:

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Accounting loss before income tax	3,364,233	5,471,736
At the Australian income tax rate of 30% (2009: 30%)	(1,009,270)	(1,641,521)
Expenditure not allowable for income tax purposes:		
Non-deductible expenses	128,675	24
Unused tax losses and offsets not recognised	(1.345.291)	-
as deferred tax assets	2,225,886	1,582,413
not brought to account as a deferred tax asset	-	59,084
Income tax benefit reported in the income statement	-	-
Set off of deferred tax liabilities pursuant to set off provisions		
Net unrecognised deferred tax assets	21,707,081	19,481,195

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.

	2010	2009
includes Australian dollar equivalent of amounts in the jurisdiction of Fiji	7,035,583	7,164,283
(b) Income tax recognised directly in equity	-	-

6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Cash at bank	793	110,733
Cash on deposit	25,935	1,362,422
Cash on hand	500	927
	27,228	1,474,082

	CONSOLIDATED 2010 $	2009 $
7. TRADE AND OTHER RECEIVABLES		
CURRENT		
Fuel rebate	23,600	-
Other receivables (i)	200,000	200,000
Goods and services tax (GST) recoverable	48,478	73,539
Prepayments	97,712	54,962
	369,790	328,501

(i) On 1 July 2007 the Company sold its interest in the Sarina/Mt Haden project in Queensland for $500,000. On 14 December 2007 cash consideration of $300,000 was received by the Company. The remaining $200,000 of consideration receivable by the company is to be paid by the purchaser with shares to this value.

	2010 $	2009 $
NON CURRENT		
Security deposits	330,603	302,815
Tenement deposits	105,000	102,000
Rental deposits	99,355	99,355
	534,958	504,170

	2010 $	2009 $
Past due but not impaired		
Up to one month	6,589	73,538
Over one month to three months	65,489	-
Over three months	200,000	342,037
	272,078	415,575

8. INVENTORIES

	2010 $	2009 $
Lime	186,593	-
Diesel fuel – at cost	47,524	34,516
Stores and spares – at cost	6,750	6,750
	240,867	41,266

9. ASSETS HELD FOR SALE

	2010 $	2009 $
Resin column	-	25,000

This relates to the value of the estimated share of the Resin Column as per a Settlement and Release Agreement between Redbank and Purity Systems Inc. (PSI) in June 2009. Under the agreement, PSI released Redbank from its liability under the original finance lease agreement for the resin column and Redbank gave back to PSI all resin and the resin column for nil value. PSI would then endeavour to sell the resin column, estimated to be worth around $100,000. In the event of a sale before 30 June 2010, 25% of the sale proceeds will be payable to Redbank. As at 30 June 2010, there has been no sale of the resin column, so the remaining value has been written off.

10. Plant & Equipment

	Plant and equipmen t	Mine plant and equipment	Motor Vehicles	Capital WIP	Equipment under finance lease	Motor Vehicles under finance lease	Rehab asset	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at 1 July 2008	496,342	1,248,446	7,748	926,913	-	-	135,211	2,814,660
Additions	49,065	71,966	24,545	28,503	-	-	-	174,079
Disposals	-	-	-	-	-	-	-	-
Classified as held for sale	(25,000)	-	-	-	-	-	-	(25,000)
Transfer to plant and equipment	25,000	-	-	(25,000)	-	-	-	-
Balance at 1 July 2009	545,407	1,320,412	32,293	930,416	-	-	135,211	2,963,739
Additions	241,635	54,547		198,331	52,282	151,621	5,908	704,324
Disposals	-	-	-	-	-	-	-	-
Asset reclassification adjustments	57,026	(189,412)	(32,293)			24,545		(140,134)
Transfer to plant and equipment	-	28,503	-	(28,503)	-	-	-	-
Balance at 30 June 2010	844,068	1,214,050	-	1,100,244	52,282	176,166	141,119	3,527,929
Accumulated depreciation and impairment								
Balance at 1 July 2008	(461,567)	(666,006)	(6,530)	-	-	-	(54,084)	(1,188,187)
Disposals	-	-	-		-	-		-
Impairment losses charged to profit	(7,416)	-	-	(901,913)	-	-	-	(936,371)
Depreciation expense	(13,506)	(188,109)	(2,138)	-	-	-	(81,126)	(203,753)
Balance at 1 July 2009	(482,489)	(854,115)	(8,668)	(901,913)	-	-	(81,126)	(2,328,311)
Disposals	-	-	-	-	-	-	-	-
Impairment losses charged to profit	-	-	-	-	-	-	-	-
Asset reclassification adjustments	(40,653)	173,040	8,668	-	-	(920)	-	140,135
Depreciation expense	(34,117)	(24,781)	-	-	(2,614)	(32,013)	-	(93,525)
Balance at 30 June 2010	(557,259)	(705,856)	-	(901,913)	(2,614)	(32,933)	-	(2,200,575)
Net book value								
As at 30 June 2009	62,918	466,297	23,625	28,503	-	-	54,085	635,428
As at 30 June 2010	286,809	508,194	-	198,331	49,668	143,233	141,119	1,327,354

11. MINE DEVELOPMENT

	CONSOLIDATED	
	2010	2009
	$	$
Carrying amount at beginning of year	456,325	250,447
Costs incurred during the year	2,187,133	205,878
Total mine development	2,643,458	456,325

Mine development costs represent intangible expenditure.

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
12. DEFERRED EXPLORATION AND EVALUATION		
Exploration and evaluation phases:		
Fiji	-	-
Australia	8,256,935	6,492,587
	8,256,935	6,492,587
Exploration and evaluation – Australia		
Australia exploration and evaluation expenditure	6,492,587	5,962,254
Tenement expenditure capitalised during the year	-	70,029
Evaluation expenditure incurred during the year	-	-
Evaluation expenditure expensed directly against profit	-	-
Expenditure capitalised during the year	1,764,348	460,304
	8,256,935	6,492,587

Notes

(i) The ultimate recoupment of costs carried forward for exploration expenditure is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest.

(ii) All the above costs represent intangible deferred exploration and evaluation expenditure.

13. TRADE AND OTHER PAYABLES

	2010 $	2009 $
CURRENT		
Trade creditors and accruals	833,500	1,727,256
Directors and associated entities	57,960	247,000
Employee benefits	50,248	38,777
	941,708	2,013,033

a) Trade creditors and sundry payables are non-interest bearing and normally settled on 30 day terms.

b) Employee benefits represents PAYG payable and Superannuation Clearing which are non-interest bearing

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
NON-CURRENT		
Trade creditors and accruals	736,303	1,189,827
	736,303	1,189,827

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 it was decided payments will be required to be made in twelve equal monthly instalments six months after production has commenced at the Mt Kasi Mine. This is a liability of a 100% controlled entity, Audesso Mining (Fiji) Ltd. As documented in Note 20, Audesso Mining (Fiji) Ltd is a non-core controlled entity in the process of being liquidated and as such the liability will be dealt with accordingly from any surplus Audesso Mining (Fiji) Ltd assets.

14. INTEREST BEARING LOANS AND BORROWINGS

CURRENT

Bank overdraft		38,082	-
Finance leases		65,921	-
Other loan	(i)	45,695	33,515
Unsecured loan	(ii)	753,157	424,908
Convertible notes	(iii)	-	1,000,000
		902,855	1,458,423

NON-CURRENT

Finance leases		114,431	-
Convertible notes – La Jolla Cove	(iv)	239,467	-
Secured loan	(v)	-	1,528,871
		353,898	1,528,871

(i) This represents the company's insurance premium funding arrangement. The loan will be paid in full by the end of December 2010 (2009: November 2009) and has an effective annual interest rate of 6.75% (2009: 5.86%)

(ii) Unsecured loan is a working capital loan from Stirling Resources Limited. Interest is charged at a rate of 2% above the business overdraft rate as advised by the National Australia Bank on a monthly basis and is capitalised.

(iii) Convertible notes are held by Stirling Resources Limited. These were converted to shares on 14 July 2009 (50,000,000 shares at $0.02 per share).

(iv) During the year the Group entered to an agreement with La Jolla Cove Investors Inc for the issue of up to five convertible notes each with a face value of US$1,500,000 to raise a maximum of US$7,500,000. Interest on outstanding funds will be at an annual rate of 4.75%. The convertible notes are convertible in whole or in part into ordinary fully paid shares at the election of the holder at any time at the lesser of AUD0.25 or 80% of the 3 lowest VWAP during the 21 trading days prior to the election to convert, subject to a floor price of AUD0.012 at which the Company may refuse conversion and redeem the convertible note at 150% of the outstanding face value. Notes mature November 2011.

As at 30 June 2010 US$1,375,000 had been received. On 6 July 2010, the Group received a further US$125,000 to complete the first convertible note. A partial conversion to equity for the value of AUD$1,255,000(US$1,136,250) occurred during the year. The total value of the convertible notes as at 30 June 2010 including interest is AUD$239,467.

(v) Secured loan was from Stirling Resources Limited with a fixed and floating charge over the assets of the company. Interest was charged at a rate of 2.5% above the BBSY 90 day rate as advised by the National Australia Bank on a monthly basis and was capitalised. The loan was converted into ordinary shares of Redbank Copper Limited on 17 December 2009 (note 19f).

	CONSOLIDATED 2010 $	2009 $
15. PROVISIONS		
CURRENT		
Employee benefits (i)	94,771	122,693
Environmental, restoration and rehabilitation	495,158	495,158
	589,929	617,851
NON-CURRENT		
Environmental, restoration and rehabilitation (ii)	975,526	1,195,805
	975,526	1,195,805

(i) Employee benefits represents leave provisions which are non-interest bearing. Based on past experience the Group does not expect all employees to take the full amount of accrued leave within the next 12 months.

(ii) $834,407 (2009: $1,020,409) of this amount relates to a provision of a 100% controlled entity, Audesso Mining (Fiji) Ltd. As documented in Note 20, Audesso Mining (Fiji) Ltd is a non-core controlled entity in the process of being liquidated and as such the liability will be dealt with accordingly from any surplus Audesso Mining (Fiji) Ltd assets.

	2010 $	2009 $
Movements in environmental, restoration & rehabilitation provision:		
Opening balance at 1 July	1,690,963	1,510,522
Restoration and rehabilitation costs	-	-
(Restatement)/Unwinding of discount	(60,299)	22,615
Write back previous restoration and rehabilitation provision	-	-
Recognition restoration and rehabilitation provision	5,908	157,826
Foreign exchange translation movement	(165,888)	-
Closing balance as 30 June	1,470,684	1,690,963

16. ISSUED CAPITAL

	2010 $	2009 $
(a) Ordinary shares		
147,777,477 (2009: 656,591,250) ordinary fully paid shares	85,431,628	75,915,214
B Class 30 (2009: 300) ordinary fully paid	300	300
	85,431,928	75,915,514

(b) Movements in ordinary share capital

	CONSOLIDATED SHARES	CONSOLIDATED $
Balance 30 June 2008	183,768,084	71,141,014
Share placement 14 August 2008 at $0.018	22,595,666	406,722
Share placement 21 October 2008 at $0.015	12,500,000	187,500
Issued pursuant to Non-renounceable Share Rights Offer 30 April 2009 at $0.01	437,727,500	4,377,275
Share issue costs	-	(197,297)
Balance 30 June 2009	656,591,250	75,915,214
Share placement 30 July 2009 at $0.015	100,000,000	1,500,000
Stirling Resources Ltd conversion of convertible note 31 July 2009 at $0.02	50,000,000	1,000,000
Shares issued to past director 31 July 2009 at $0.019	2,000,000	38,000
Options exercised 31 August 2009 at $0.02	5,950,000	119,000
Share purchase plan 25 September 2009 at $0.016	98,148,156	1,590,000
Share placement 26 October 2009 at $0.013	136,700,000	1,708,750
Share buyback 18 November 2009 at $0.018	(5,192,202)	(93,460)
Conversion of financing facility 22 December 2009 at $0.017	91,684,353	1,558,634
La Jolla conversion of convertible note 23 December 2009 at $0.0102	7,343,342	75,000
La Jolla conversion of convertible note 12 January 2010 at $0.01	5,339,806	55,000
Share placement 20 January 2010 at $0.01	125,000,000	1,250,000
La Jolla conversion of convertible note 22 January 2010 at $0.01	10,679,612	110,000
La Jolla conversion of convertible note 29 January 2010 at $0.009	11,702,128	110,000
La Jolla conversion of convertible note 19 February 2010 at $0.007	38,888,889	280,000
La Jolla conversion of convertible note 4 March 2010 at $0.006	38,135,593	225,000
	1,372,970,927	85,441,138
Consolidation of shares 11 March 2010 - 1 for 10 (i)	(1,235,673,508)	-
La Jolla conversion of convertible note 31 March 2010 at $0.052	3,320,683	175,000
Shares issued for Consulting services fees 24 April 2010 at $0.05	1,300,000	65,000
La Jolla conversion of convertible note 3 May 2010 at $0.0384	5,859,375	225,000
Share issue costs	-	(474,510)
Balance 30 June 2010	147,777,477	85,431,628

(i) As approved by a meeting of the shareholders on 11 March 2010, the issued capital of the company was consolidated on the basis that every 10 shares be consolidated into 1 share.

(c) Movements in ordinary share capital – B class shares

	CONSOLIDATED SHARES	CONSOLIDATED $
Balance 30 June 2008	300	300
Balance 30 June 2009	300	300
Consolidation of shares 11 March 2010 - 1 for 10	(270)	-
Balance 30 June 2010	30	300

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

(d) Movements in share options

	CONSOLIDATED				
	Options	22/03/2010 Options	Options	Weighted average	Expiry date
	Pre-Consolidation	Consolidated 1 for 10	Balance	exercise price $	
Balance 30 June 2008	8,000,000		8,000,000	0.093	30/01/2010
Options issued - 1 for 1 attaching options to 18,294,444 share placement on 14 August 2008	18,294,444		18,294,444	0.020	31/08/2009
Options lapsed/cancelled	(4,000,000)		(4,000,000)	0.090	
Balance 30 June 2009	22,294,444		22,294,444	0.034	
Options exercised before consolidation occurred on 22/3/10	(5,950,000)		(5,950,000)	0.020	31/08/2009
Options lapsed/cancelled before consolidation occurred on 22/3/10	(12,344,444)		(12,344,444)		
Balance before consolidation occurred	4,000,000		4,000,000		
Consolidation of balance of options		(3,600,000)	(3,600,000)		
			400,000		
Options issued					
(4) Director options Issued 14 October 2009	2,500,000	(2,250,000)	250,000	0.500	30/06/2010
(5) Director options Issued 14 October 2009	2,500,000	(2,250,000)	250,000	1.000	30/06/2011
(6) Director options Issued 14 October 2009	2,500,000	(2,250,000)	250,000	1.500	30/06/2012
(7)+(11) Employees options Issued 5 August 2009 & 22 Feb 2010	32,500,000	(29,250,000)	3,250,000	0.500	31/12/2011
(8) Options to Glencore Issued 5 August 2009	4,000,000	(3,600,000)	400,000	0.100	30/06/2012
(9) Employee options Issued 23 October 2009	4,000,000	(3,600,000)	400,000	0.500	31/12/2011
(10) Director options Issued 23 October 2009	2,500,000	(2,250,000)	250,000	0.500	30/06/2012
Options lapsed/cancelled after consolidation occurred			(250,000)	0.500	
Balance 30 June 2010	54,500,000	(49,050,000)	5,200,000	0.577	

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 1.50 years (2009: 0.42 years).

Capital Risk Management

When managing capital, management's objective is to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management has no current plans to reduce the capital structure through a share buy-back. The Group is not subject to any externally imposed capital restrictions.

17. RESERVES

	CONSOLIDATED	
	2010	**2009**
	$	**$**
a) Share option reserve		
Opening balance	1,450,132	1,450,132
Share based payments charge incurred in current year	238,415	-
Transfer to issued capital on exercise of options	(38,000)	-
Closing balance	1,650,547	1,450,132
b) Compound financial instrument reserve		
Opening balance	77,881	77,881
Movement during the year	-	-
Closing balance	77,881	77,881
c) Foreign currency translation reserve		
Opening balance	-	-
Movement during the year	594,226	-
Closing balance	594,226	-
	2,322,654	1,528,013

Nature and purpose of reserves

a) The option and share-based payment reserve represents the value of equity benefits provided to directors, employees as part of their remuneration and the value of services provided to the Group paid for by the issue of equity.

b) The compound financial instrument reserve arose 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 compound of the convertible re-financing facility provided by the bank. These options lapsed unexercised on 28 February 2008.

c) The foreign currency translation reserve is for exchange differences that result from the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e., AUD). These are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

18. REMUNERATION OF AUDITORS

Amounts paid or due and payable to the auditors for:		
Auditing or reviewing the financial reports	110,900	106,733

19. RELATED PARTY DISCLOSURES

(a) Details of key management personnel

Executive Directors

B Morrin

S Field (Executive Director until 30 Jun 2009, from 1 July 2009 Ms Field became a Non-executive Director, resigned 19 November 2009)

Non-executive directors

B Siddall (resigned 9 October 2009)

D Searle (resigned 18 June 2010)

M Kiernan (resigned 18 June 2010)

A Brown (appointed 4 December 2009)

I Price (appointed Non-executive director 28 October 2009, from 16 June 2010 appointed Chairman)

K Vuleta (appointed 9 October 2009)

(b) Compensation of key management personnel

Remuneration by category	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Key management personnel		
Short-term employee benefits	331,604	411,982
Post-employment employee benefits	69,975	77,684
Termination benefits	250,000	250,000
Share-based payment	12,500	-
	664,079	739,666

(c) Option holdings of key management personnel

30 June 2010	Balance at 1 July 2009 or at date of appointment	Granted as remuneration	Options exercised	1:10 consolidation	Balance at the 30 June 2010	Balance vested at 30 June 2010
Directors						
B Morrin	-	10,000,000	-	(9,000,000)	1,000,000	1,000,000
J Vitale	-	-	-	-	-	-
S Field	-	-	-	-	-	-
A Brown	-	-	-	-	-	-
B Siddall	-	-	-	-	-	-
D Searle	-	-	-	-	-	-
I Price	-	-	-	-	-	-
K Vuleta	5,000,000	-	-	(4,500,000)	500,000	500,000
M Kiernan	-	-	-	-	-	-

Option holdings for the following directors are from their respective dates of appointment:
A Brown (appointed 4 December 2009)
I Price (appointed 28 October 2009)
K Vuleta (appointed 9 October 2009)

Option holdings for the following directors are to their respective dates of resignation:
B Siddall (resigned 9 October 2009)
S Field (resigned 19 November 2009)
M Kiernan (resigned 18 June 2010)
D Searle (resigned 18 June 2010)

During the year ended 30 June 2010 there were no individuals (other than the directors) who were responsible for the strategic direction and management of the consolidated entity, hence no executives are named above in respect of this year.

30 June 2009	Balance at 1 July 2008 or at date of appointment	Granted as remuneration	Options exercised	Net change other	Balance at the 30 June 2009	Balance vested at 30 June 2009
Directors						
D Searle	-	-	-	-	-	-
B Morrin	-	-	-	-	-	-
M Kiernan	-	-	-	-	-	-
B Siddall	-	-	-	-	-	-
S Field	-	-	-	-	-	-
M Kitney	-	-	-	-	-	-
K McGrath	-	-	-	-	-	-

Option holdings for the following directors are from their respective dates of appointment:
B Morrin (appointed 20 October 2008)
M Kiernan (appointed 17 December 2008)
B Siddall (appointed 17 December 2008)

Option holdings for the following directors are to their respective dates of resignation:
M Kitney (resigned 28 November 2008)
K McGrath (resigned 28 November 2008)
J Vitale (resigned 31 December 2008)

During the year ended 30 June 2009 there were no individuals (other than the directors) who were responsible for the strategic direction and management of the consolidated entity, hence no executives are named above in respect of this year.

(d) Share holdings of key management personnel
Ordinary Shares in Redbank Copper Limited (number)

30 June 2010	Balance at 1 July 2009 or at date of appointment	On the exercise of options	Net change other *	Share Consolidation	Balance at 30 June 2010
Directors					
B Morrin	2,000,000	-	925,926	(2,633,333)	292,593
S Field	633,668	-	-	(570,301)	63,367
A Brown	-	-	-		-
B Siddall	-	-	-		-
D Searle	-	-	-		-
I Price	-	-	-		-
K Vuleta	900,001	-	-	(810,001)	90,000
M Kiernan	184,191,191	-	(184,191,191)	-	-

* Other changes during the year for Bruce Morrin include on-market purchases and shares issued pursuant to a disclosure document. Other changes for Michael Kiernan is to reflect his resignation from the company on 18 June 2010.

Share holdings for the following directors are from their respective dates of appointment:
A Brown (appointed 4 December 2009)
I Price (appointed 28 October 2009)
K Vuleta (appointed 9 October 2009)

Share holdings for the following directors are to their respective dates of resignation:
B Siddall (resigned 9 October 2009)
S Field (resigned 19 November 2009)
M Kiernan (resigned 18 June 2010)
D Searle (resigned 18 June 2010)

30 June 2009	Balance at 1 July 2008 or at date of appointment	On the exercise of options	Net change other *	Balance at 30 June 2009
Directors				
J Searle	1,120,000	-	-	1,120,000
B Morrin	-	-	2,000,000	2,000,000
M Kiernan	-	-	184,191,191	184,191,191
B Siddall	-	-	-	-
S Field	633,668	-	-	633,668
M Kitney	283,334	-	-	283,334
K McGrath	2,150,000	-	-	2,150,000
J Vitale	1,004,852	-	-	1,004,852

* Other changes during the year include on-market purchases, shares issued pursuant to a disclosure document and recognition of shares held upon appointment as a director of the company.

(e) Share holdings of key management personnel (consolidated)
B Class Shares in Redbank Copper Limited (number)

30 June 2010
There were no B Class shares in Redbank Copper Limited held by key management personnel as at 30 June 2010.

30 June 2009	Balance at 1 July 2008 or at date of appointment	On the exercise of options	Net change other *	Balance at 30 June 2009 or at date of resignation
Directors				
J Searle	-	-	-	-
B Morrin	-	-	-	-
M Kiernan	-	-	-	-
B Siddall	-	-	-	-
S Field	60	-	-	60
M Kitney	-	-	-	-
K McGrath	-	-	-	-
J Vitale	240	-	-	240

* Other changes during the year include on-market purchases and shares issued pursuant to a disclosure document.

Share holdings for the following directors are to their respective dates of resignation –.
S Field (resigned 19 November 2009)
J Vitale (resigned 31 December 2008)

Except for equity issued as part of remuneration, all equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the consolidated entity would have adopted if dealing at arm’s length.

Loans to key management personnel
There were no loans to key management personnel during the financial year. (2009: $0)

Other transactions with directors
Transactions during the year between the consolidated entity and directors or their director-related entities are set out in Note 19(f).

RELATED PARTY DISCLOSURES (continued)

(f) Transactions with related parties

(i) During the year equipment hire fees totalling $40,768 were charged by Earthsciences Pty Ltd, a company of which Dr J Seale is a director (2009: $72,298). The fees are based upon an agreed daily rate.

(ii) During the year consulting fees totalling $52,550 were charged by Mr B Siddall, a director of the Company (2009: $24,150). The consulting fees are based upon an agreed daily rate.

(iii) During the year the Company received advances totalling $1,220,000 (2009: $1,461,306) from Stirling Resources Limited, a company in which Mr M Kiernan was a director. Mr Kiernan resigned as a director on 18 June 2010. This amount was provided unsecured with commercial interest charged. An amount of $860,000 (2009: $1,000,000) was repaid during the year and $735,000 of the principal and $18,157 of accrued interest is outstanding at 30 June 2010.

(iv) On 17 December 2009, the debt facility provided by Stirling Resources Ltd of $1,558,634 (including interest) was converted at $0.017 per share for 91,684,353ordinary fully paid shares in Redbank Copper Ltd.

(v) Convertible notes issued to Stirling Resources Ltd were converted on 14 July 2009 (50,000,000 at $0.02 per share).

(g) Transactions with related parties in the wholly owned group

During the financial year, unsecured loan advances were made between the parent entity and its controlled entities. All such loans were interest free. Intra-entity loan balances have been eliminated in the financial report of the consolidated entity.

19. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding 2010 %	Equity holding 2009 %
Redbank Operations Pty Ltd	Australia (ii)	Ordinary	100	100
Volley Oil Pty Ltd	Australia (i) (ii)	Ordinary	100	100
Tennscourt Oil Pty Ltd	Australia (i) (ii)	Ordinary	100	100
Gold Dredging Pty Ltd	Australia (i) (ii)	Ordinary	100	100
Leeturn (No 164) Pty Ltd	Australia (i) (ii)	Ordinary	100	100
Nationwide Pacific Pty Limited	Australia (i) (ii)	Ordinary	100	100
Audesso Limited	Australia (i) (ii)	Ordinary	100	100
Audesso Mining (Fiji) Ltd	Fiji	Ordinary	100	100
Pacific Islands Gold (Fiji) Ltd	Fiji	Ordinary	100	100
Pacific Islands Gold de Mexico de SACV	Mexico (i)	Ordinary	100	100
ICE Interactive Pty Ltd	Australia (i) (ii)	Ordinary	100	100
eMAX Entertainment Pty Ltd	Australia (iii)	Ordinary	100	100
Xstream Pty Ltd	Australia (iii)	Ordinary	100	100

The issued shares of these entities are held in trust for the Company and the Company is the sole beneficial owner of these entities.

i) Dormant company.

ii) These entities are members of the tax consolidated group of which Redbank Copper is the head entity.

iii) 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 it was de-consolidated, effective from 10 September 2002.

The board has resolved to dispose of any non-core controlled entities. Accordingly, all of the above controlled entities except for Redbank Operations Pty Ltd are in the process of deregistration or liquidation where relevant.

20. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires a "management approach" under which operating segment information is presented on the basis as that used for internal reporting purposes and are reviewed by the Board (chief operating decision maker) in order to allocate resources to the segment and to assess its performance.

The predecessor standard (AASB114 Segment Reporting) required segment information to be reported on a geographical and business basis. Even though ultimately all of the assets of the Company are deployed for these purposes, segments have now been identified for those specifically allocated to the ongoing care and maintenance and mine development work, exploration activities and the remainder allocated to corporate. Previously the Group presented their segments geographically.

The Group now operates in one geographical segment – Australia. Although there are controlled entities within the Group with operations outside Australia, these are no longer operating and are in the process of deregistration or liquidation where relevant.

Segments	**Copper Development**	**Exploration**	**Corporate**	**Consolidated**
Year ended 30 June 2010	**$**	**$**	**$**	**$**
Segment revenue	32,376	-	34,362	66,738
Segment loss	(1,444,411)	-	(1,919,822)	(3,364,233)
Unallocated expenses				-
Profit (loss) for the year				(3,364,233)
Segment Assets	4,377,318	8,256,935	728,254	13,362,508
Segment Liabilities	(629,621)	(64,901)	(3,767,615)	(4,462,137)
<u>Included within segment loss:</u>				
Depreciation and amortisation	(3,897)	-	(8,501)	(12,398)
Interest expense	(20,747)	-	(80,737)	(101,484)
Interest revenue	29,963	-	27,788	57,750
Additions to non-current assets	(643,733)	(107,768)	-	(752,501)

Segments	**Copper Development**	**Exploration**	**Corporate**	**Consolidated**
Year ended 30 June 2009	**$**	**$**	**$**	**$**
Segment revenue	1,459,320	-	59,456	1,518,776
Segment loss	(3,128,130)	-	(2,343,606)	(5,471,736)
Unallocated expenses				-
Profit (loss) for the year				(5,471,736)
Segment Assets	1,348,173	6,492,587	2,116,599	9,957,359
Segment Liabilities	(1,103,404)	-	(6,900,406)	(8,003,810)
<u>Included within segment loss:</u>				
Depreciation and amortisation	(185,375)	-	(45,421)	(230,796)
Impairment of non current assets	(909,329)	-	-	(909,329)
Mark to market loss	(928,073)	-	-	(928,073)
Interest expense	(72,122)	-	(266,686)	(339,013)
Interest revenue	-	-	58,856	58,856
Additions to non-current assets	(174,079)	-	-	(174,079)

	Consolidated 2010 $	Consolidated 2009 $
21. LOSS PER SHARE		
Basic loss per share (cents per share)	2.98	19.17
Dilutive loss per share (cents per share)	2.98	19.17

The following reflects the earnings and average number of ordinary shares and potential ordinary shares used in the calculation of basic and diluted earnings per share:

	2010	2009
Loss used in calculating basic and diluted loss per share	(3,364,233)	(5,471,736)
Weighted average number of ordinary shares used in the calculation of basic loss per share	112,993,149	28,536,288

Effect of dilutive securities:
There is no impact of dilutive shares as the consolidated entity made a loss for the year, hence any dilution would reduce the loss per share. Diluted earnings per share is therefore the same as basic loss per share.

During the year there was a 1 for 10 share consolidation. As a result the basic (and dilutive) earnings per share calculations were retrospectively adjusted. The loss per share was 2.0 cents per share before the consolidation, and the weighted average number of ordinary shares was 285,362,879 before the share consolidation.

22. CONTINGENT LIABILITIES

There are no material contingent liabilities of the Group at the reporting date.

23. SUBSEQUENT EVENTS

The significant events which have occurred subsequent to the end of the year other than have been disclosed in the financial report are:

(i) On 5 July 2010, USD125,000 (AUD 147,639) in Convertible notes were issued to La Jolla Cove Investors under its convertible note facility agreement,

(ii) La Jolla Cove Investors made partial conversions under its convertible note facility. In accordance with the terms of the convertible note, 13,846,503 ordinary fully paid shares for a value of USD 188,318 (AUD 210,000) were issued to La Jolla Cove Investors.

There are no other significant events which have occurred subsequent to the end of the year other than have been disclosed in the financial report.

25. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, receivables, payables and loans.
The Group manages its exposure to key financial risks in accordance with the group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.
The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.
Primary responsibility for identification and control of financial risks is borne between the board members and executive management.

Risk exposures and responses

(a) Interest rate risk

The Group's exposure to market risk for change in interest rates relates primarily to their interest bearing liabilities. The level of debt is disclosed in Note 14.

The Group has negotiated unsecured loan facilities with Stirling Resources Limited, with an interest rate of 2% above the commercial bank overdraft rate advised on a monthly basis. The Group continually monitors interest rate exposure and should interest rates rise significantly, given the cash reserves and future cash flows of the Group, it has an ability to repay the interest bearing facilities.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit higher / (lower)	
Judgements of reasonably possible movements	**2010**	**2009**
Consolidated		
+ 1% (100 basis points)	(4,000)	(16,000)
- 1% (100 basis points)	4,000	16,000

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances for the year.

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. Exposure at balance date is addressed in each applicable note.

The Company aims to minimise concentration of credit risk in relation to trade receivable by undertaking transactions with government corporations and in relation to loans to other parties by regular weekly monitoring of accounts by the group accountant and Managing Director.

Credit risk in trade receivables is managed in the following ways:
- payment terms are 30 days for receivables other than loans.
- a regular risk review takes place on all receivables and loan balances
- a thorough continuing assessment process with all loan receivables

25. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available credit lines.

The Group manages liquidity risk by monitoring forecast cash flows.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2010. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2010.

Maturity analysis of financial assets and liabilities based on management's expectations.

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Company has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

30 June 2010

Consolidated	Weighted average effective interest rate %	< 6 months $	6 - 12 months $	1 - 5 years $	>5 years $	Total $
Financial assets						
Cash and cash equivalents		27,655	-	-	-	27,655
Assets available for sale		-	-	-	-	-
Trade and other receivables	4.37	271,651	-	534,958	-	806,609
Other financial assets		-	-	-	-	-
		299,306	-	534,958	-	834,264
Financial liabilities						
Cash and cash equivalents		38,082	-	-	-	38,082
Trade and other payables		941,708	-	736,303	-	1,678,011
Interest bearing loans and borrowings	10.26	-	902,855	353,898	-	1,256,753
Non-interest bearing loans and borrowings		-	-	-	-	-
		979,790	902,855	1,090,201	-	2,972,846
Net Maturity		(680,484)	(902,855)	(555,243)	-	(2,138,582)

30 June 2009

Consolidated	Weighted average effective interest rate %	< 6 months $	6 - 12 months $	1 - 5 years $	>5 years $	Total $
Financial assets						
Cash and cash equivalents		1,474,082	-	-	-	1,474,082
Assets available for sale		-	25,000	-	-	25,000
Trade and other receivables	2.7	328,501	-	504,170	-	832,671
		1,802,583	25,000	504,170	-	2,331,753
Financial liabilities						
Trade and other payables		2,013,033	-	1,189,827	-	3,202,860
Interest bearing loans and borrowings	6.4	-	458,423	1,528,871	-	1,987,294
Non-interest bearing loans and borrowings		1,000,000	-	-	-	1,000,000
		3,013,033	458,423	2,718,698	-	6,190,154
Net Maturity		(1,210,450)	(433,423)	(2,214,528)	-	(3,858,401)

25. FINANCIAL INSTRUMENTS (continued)

(d) Price risk

The Group's exposure to commodity risk is minimal, however commodity risk will be a factor when copper mining operations recommence.

Equity securities price risk arises from investments in equity securities. The Group has no exposure to equity securities.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The Group has minor operations in Fiji and is exposed to foreign exchange risk arising from currency exposures to Fiji dollars. The Group does not manage this risk.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used.

No foreign currency hedging transactions were entered into during the financial year or prior financial year.
The Group's exposure to foreign exchange risk at 30 June 2010 was a follows:

Group & parent

	30 June 2010 FJD $ AUD $	30 June 2009 FJD $ AUD $	30 June 2010 USD $ AUD $	30 June 2009 USD $ AUD $
Cash & cash equivalents		-		-
Loans & receivables		-		-
Trade & other payables	(1,588,341)	(2,123,083)		-

For the year ended and as at 30 June 2010, if the Fiji dollar currency set out in the table below, strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit higher / (lower) FJD		Post tax profit higher / (lower) USD		Other Equity higher / (lower)	
Judgements of reasonably possible movements	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Consolidated						
+ 10% change in currency	(134,080)	(176,110)		-		-
- 10% change in currency	134,080	176,110)		-		-

(f) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

26. CASH FLOW STATEMENT

	CONSOLIDATED 2010 $	2009 $
a) Reconciliation of cash		
Cash balances comprise:		
Cash at bank	793	110,733
Cash on deposit	25,935	1,362,422
Cash on hand	500	927
Bank overdraft	(38,082)	
	(10,854)	1,474,082

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

	2010 $	2009 $
b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(3,364,233)	(5,471,736)
Depreciation and amortisation	12,398	230,796
Impairment on current assets	-	290,365
Impairment on non-current assets	-	909,329
Write off non-current asset	25,000	-
Provision for rehabilitation and environmental expense	-	22,614
Write back of current liabilities	-	(458,791)
Share based payments	238,415	-
Payments for exploration and evaluation	-	156,578
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables	17,814	299,521
Decrease / (increase) in prepayments	(42,749)	29,753
Decrease / (increase) in inventory	-	126,483
Increase/ (decrease) in payables	(1,009,713)	674,841
Increase/ (decrease) in employee entitlements	(13,152)	(27,546)
Net cash outflow from operating activities	(4,136,220)	(3,217,793)

a) Financing facilities available

At reporting date, the following financing facilities were available:

	2010 $	2009 $
Bank overdraft facility (unsecured)		
Total facility	50,000	50,000
Used at reporting date	(38,082)	-
Facility unused at reporting date	(11,918)	50,000

Non-Cash transactions

During the 2010 financial year the Group entered into the following non-cash financing and investing transactions which are not reflected in the statement of cash flows:

- Convertible notes issued to Stirling Resources Ltd were converted on 14 July 2009 to 1,000,000 fully paid ordinary shares in Redbank Copper Ltd (50,000,000 at $0.02 per share)
- 2,000,000 fully paid ordinary shares were issued to Gino Vitale on 31 July 2009 as part of services rendered as a Director and valued at $0.02 per share
- Assets to the value of $203,500 were acquired via finance leasing
- On 17 December 2009, the debt facility provided by Stirling Resources Ltd of $1,558,634 (including interest) was converted at $0.017 per share for 91,684,353 ordinary fully paid shares in Redbank Copper Ltd
- La Jolla Cove Investors made partial conversions under its convertible note facility. In accordance with the terms of the convertible note, 112,089,370 ordinary fully paid shares for a value of USD 1,136,250 (AUD 1,225,000) were issued to La Jolla Cove Investors.

27. EXPENDITURE COMMITMENTS

(a) Operating leases (non-cancellable)

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Minimum lease payments		
- not later than one year	129,876	188,858
- later than one year but not later than five years	-	129,876
- greater than five years	-	-
	129,876	318,734

(b) Finance leases

	2010 Minimum lease payments $	2010 Present value of lease payments $	2009 Minimum lease payments $	2009 Present value of lease payments $
Consolidated entity and parent entity				
Within one year	65,921	50,906	-	-
After one year but not more than five years	143,795	129,446	-	-
Greater than five years	-	-	-	-
Total minimum lease payments	209,716	180,352		
Less amounts representing future finance charges	29,364	-	-	-
Present value of minimum lease payments	180,352	180,352	-	-

Finance leases consist of leased plant and equipment with terms of between 1 and 5 years.

(c) Tenement expenditure proposed

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.

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Minimum lease payments		
- not later than one year	1,642,000	806,654
- later than one year but not later than five years	-	-
- greater than five years	-	-
	1,642,000	806,654

28. SHARE BASED PAYMENTS

Employee Share Option Plan.

The establishment of the Redbank Copper Limited Employee Share Option Plan was approved by shareholders at the Redbank Copper Limited general meeting of shareholders on 10 July 2009. This plan is designed to provide long term incentives to senior management and employees to deliver long term shareholder returns.

Any option issues are made in accordance with thresholds set in plans approved by shareholders, the share option plan and share purchase plan. Options are granted under the plan for no consideration and carry no dividend or voting rights.

The following share based payment arrangements were in existence during the current reporting year:

Options series	Number (i)	Grant date	Expiry date	Vesting date	Exercise price (i)	Fair value at grant date (i)
					$	$
(1) Issued 22 February 2008	400,000	22/02/08	30/01/11	22/02/08	0.96	0.364
(4) Issued 14 October 2009	250,000	14/10/09	30/06/10	14/10/09	0.50	0.004
(5) Issued 14 October 2009	250,000	14/10/09	30/06/11	14/10/09	1.00	0.003
(6) Issued 14 October 2009	250,000	14/10/09	30/06/12	14/10/09	1.50	0.004
(7) Issued 5 August 2009	2,750,000	5/08/09	30/12/11	5/08/09	0.50	0.045
(8) Issued 5 August 2009	400,000	5/08/09	30/06/12	5/08/09	0.10	0.130
(9) Issued 23 October 2009	400,000	23/10/09	31/12/11	23/10/09	0.50	0.028
(10) Issued 23 October 2009	250,000	23/10/09	30/06/12	23/10/09	0.50	0.039
(11) Issued 22 February 2010	500,000	22/02/10	31/12/11	22/02/10	0.50	0.002

(i) Number of options and exercise price are after the 1:10 share consolidation that occurred during the year.

Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is $0.004 (2009: no options were granted).

Options were priced using either a binomial or Black & Scholes option pricing model. The expected volatility is based on historical share price volatility. No other features of the options granted were incorporated into the measurement of fair value other than the inputs listed below.

Inputs to the model:	Option series							
	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10	Series 11
Grant date share price ($)	0.16	0.16	0.16	0.19	0.19	0.16	0.20	0.10
Exercise price ($)	0.50	1.00	1.50	0.50	0.10	0.50	0.50	0.50
Expected volatility (%)	60%	60%	60%	80%	80%	80%	60%	60%
Option life (years)	0.7	1.7	2.7	2.4	2.9	2.2	2.7	2.2
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%
Risk free interest rate (%)	6%	6%	6%	5.75%	5.75%	5.75%	6%	4.75%

Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2010		2009	
	Number of options (i)	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance at beginning of year	4,000,000	$0.093	8,000,000	$ 0.093
Consolidation - 1 for 10	(3,600,000)		-	
	400,000	$0.93	-	
Granted during the year (i)	5,050,000	$0.50	-	
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(250,000)	$0.50	(4,000,000)	$0.093
Balance at end of year	5,200,000	$0.577	4,000,000	$0.093
Exercisable at end of year	5,200,000	$0.577	4,000,000	$0.093

(i) All the 2010 options movements since the beginning of the year are on a post consolidation basis

Share options exercised during the year

2010

There were no employee options exercised during the 2010 year.

2009

There were no options exercised during the 2009 year

Other share based payments.

During the year 2,000,000 shares with a fair value of $0.019 were issued to Gino Vitale as approved at a meeting of shareholders on 10 July 2009.
The fair value was measured based on the market trading price.

29. PARENT ENTITY INFORMATION

(a) Financial Position

	2010	2009
	$	$
Assets		
Current assets	94,011	1,474,975
Non-current assets	3,244,300	11,766,078
Total assets	3,338,311	13,241,053
Liabilities		
Current liabilities	2,047,189	3,176,399
Non -current liabilities	239,467	1,528,871
Total liabilities	2,286,657	4,705,270
Equity		
Issued capital	85,431,928	75,915,514
Retained earnings	(86,108,702)	(68,907,744)
Reserves		
Compound financial instrument reserve	77,881	77,881
Share option reserve	1,650,547	1,450,132
Total equity	1,051,654	8,535,783

(b) Financial performance

	2010	2009
Profit/(Loss) for the year	(2,061,246)	(2,269,479)
Other comprehensive income	-	-
Total loss for the year	(2,061,246)	(2,269,479)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

	2010	2009
	-	-

(d) Contingent liabilities of the parent entity

	2010	2009
	-	-

(e) Commitments for the acquisition of property, Plant and equipment by the parent entity

	2010	2009
	-	-

DECLARATION BY DIRECTORS

In the opinion of the Directors:

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Company's and Group's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

2. at the date of this declaration and as set out in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Bruce Morrin
Managing Director

Perth, Western Australia
30 September 2010

INDEDPENDENT AUDITOR'S REPORT

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Redbank Copper Limited, which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 14 to 54.

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 2, 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 financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

In our opinion:

(a) the financial report of Redbank Copper Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $3,364,233 (2009: $5,471,736) and experienced net cash outflows from operating activities of $4,136,221 (2009: $3,217,793) during the year ended 30 June 2010 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $1,796,607 (2009: $2,220,458). These conditions, along with other matters as set forth in Note 2, 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.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 4 to 9 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Redbank Copper Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 30 September 2010