

Redbank Copper Limited

ABN 66 059 326 519

FINANCIAL REPORT

**For the half-year ended
31 December 2010**

Redbank Copper Limited

ABN 66 059 326 519

CORPORATE DIRECTORY

BOARD OF DIRECTORS

| | |
|---------------|------------------------|
| Bruce Morrin | Managing Director |
| Keith Vuleta | Non-executive Director |
| Allan Brown | Non-executive Director |
| Nigel Goodall | Non-executive Director |

COMPANY SECRETARY

Ildiko Wowesny

REGISTERED OFFICE

143 Hay Street,
Subiaco, Western Australia, 6008

Postal Address

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Subiaco East, Western Australia, 6008

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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.

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2010 and any public announcements made by Redbank Copper Limited during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

REDBANK COPPER LIMITED

DIRECTORS' REPORT

The directors present their financial report of Redbank Copper Limited (the "Company") and of the consolidated entity, being the Company and its controlled entities for the half-year ended 31 December 2010.

DIRECTORS

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

| | |
|---------------|---|
| Bruce Morrin | (Managing Director) |
| Keith Vuleta | (Non-executive Director) |
| Allan Brown | (Non-executive Director) |
| Nigel Goodall | (Appointed on 17 December 2010) |
| Ian Price | (Chairman, Resigned 25 February 2011) |
| Roman Lurf | (Appointed on 17 December 2010, Resigned 4 February 2011) |
| Marty Adams | (Appointed on 22 July 2010, Resigned 13 September 2010) |

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

REVIEW OF OPERATIONS AND ACTIVITIES

A 3,490metre shallow Reverse Circulation drill programme was drilled during the last Quarter 2010 at Redbank's 100% owned ERL94 and EL24654 located in the Northern Territory, on six of ten targets for copper mineralisation ahead of the encroaching wet season. Progress results were reported for the first 4 holes drilled at Prince and the first hole drilled at Charlie (ASX Release 17 December 2010) and later for the remainder of the holes (ASX Release 27 January 2011 - Quarterly Activities Report).

Data was received in late 2010 from a 50m x 50m ionic soils grid completed at GC1 and GC2, and has very successfully delineated a significant (ca.300m x 200m) multi element anomaly coincident with and larger than the GC2 outcrop. The target is consistent with a potential zoned base metal body (Cu-Pb-Zn-Ag) and also has a significant multi element signature with Au, Cd, As, Co, Hg, Light Rare Earth Elements and U also anomalous.

Drilling commenced at the GC2 target with one 60m hole completed and a second hole started to 6m before heavy rain signalling the start of the wet season curtailed activities and the site was closed. At this location the oxide zone persists to 20m below surface and the logging noted relatively intense carbonate alteration in the primary zone, along with the occurrence of pyrite/arseno-pyrite mineralisation. No economical concentrations of metals were reported from the limited drilling.

Based on ionic soils sampling the GC2 target is interpreted to represent a significant zone with the potential to host both oxide and sulphide targets. Geophysical work including gravity/IP/EM surveys to depth-model possible zones of mineralisation is planned to the re-commencement of drilling.

During the 6 months the Company continued to advance its land position with the company being the successful applicant for a further 586km² (and 160km² were relinquished) in proximity to the Redbank Project.

The Board has determined that Redbank's approximate three year project would carry increased risk if borrowing money over this short life. The Company recognises the evidence of mineralisation and existing resources on the Redbank tenements but considers that developing a minimum five years of resources for both oxide and sulphides would provide a greater opportunity to successfully raise debt and/or equity funding to commercialise the project.

Accordingly Redbank proposes to commence additional exploration to realise the potential of the tenements and increase both oxide and sulphide open pit resources to a minimum of 5 years of production and then to move to develop production from as soon as the resource target is achieved. The Company believes that exploration progress toward this target could be substantially advanced during the 2011 exploration season.

During the half year the Company received US\$875,000 (AU\$897,402) from the convertible note facility with USA based La Jolla Cove Investors Inc and in accordance with the terms of the facility, 29,480,156 ordinary fully paid shares for a value of US\$470,359 (AU\$495,000) were issued to la Jolla Cove Investors Inc.

The Company has the continuing support of its major shareholder Stirling Resources Ltd providing \$1,905,000 during the half year. Further to a meeting of the shareholders on 21 January 2011, \$2,579,836 of the outstanding loan from Stirling Resources Limited to Redbank Copper Limited was converted into 75,877,529 shares at \$0.036 per share. These shares were issued on 24 January 2011. Stirling Resources Ltd currently holds 41.16% of the issued share capital in the Company.

REDBANK COPPER LIMITED

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events that have occurred subsequent to the end of the half year are contained in note 5 to the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is included on page 4 of this financial report.

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



Keith Vuleta
Director
Perth, Western Australia

16 March 2011

REDBANK COPPER LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Board of Directors
Redbank Copper Limited
Level 1, 143 Hay Street
Subiaco WA 6008

16 March 2011

Dear Board Members

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 review of the financial statements of Redbank Copper Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

REDBANK COPPER LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December 2010

| | 31 Dec 2010 | 31 Dec 2009 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| Continuing operations | | |
| Other income | 36,454 | 17,790 |
| Employee and directors – remuneration expenses | (143,669) | (121,559) |
| Depreciation and amortisation | (66,711) | (35,288) |
| Corporate and administrative expenses | (577,056) | (828,598) |
| Redbank Copper NT care and maintenance | (293,718) | (769,078) |
| Finance costs | <u>(115,174)</u> | <u>(65,506)</u> |
| Loss from continuing operations | (1,159,874) | (1,802,239) |
| Income tax expense | <u>-</u> | <u>-</u> |
| Loss for the period after income tax | <u>(1,159,874)</u> | <u>(1,802,239)</u> |
| Loss for the period | <u><u>(1,159,874)</u></u> | <u><u>(1,802,239)</u></u> |
| Basic and diluted loss per share (cents per share) | (0.71) | (0.21) |

The accompanying notes form part of these financial statements.

REDBANK COPPER LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2010

| | 31 Dec 2010 | 31 Dec 2009 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| Loss for the period | (1,159,874) | (1,802,239) |
| Other comprehensive income for the period | <u>151,648</u> | <u>-</u> |
| Total comprehensive income for the period | <u>(1,008,226)</u> | <u>(1,802,239)</u> |
| Attributable to : | | |
| Owners of the parent | (1,008,226) | (1,802,239) |
| Non-controlling interest | <u>-</u> | <u>-</u> |
| | <u>(1,008,226)</u> | <u>(1,802,239)</u> |

The accompanying notes form part of these financial statements.

REDBANK COPPER LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

| | NOTE | 31 Dec 2010 | 30 Jun 2010 |
|---------------------------------------|------|-------------------|-------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 5,432 | 27,228 |
| Trade and other receivables | | 258,770 | 369,790 |
| Prepayments | | 37,856 | - |
| Inventory | | 319,895 | 240,867 |
| | | <u>621,953</u> | <u>637,885</u> |
| TOTAL CURRENT ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | | 534,958 | 534,958 |
| Plant and equipment | | 1,263,892 | 1,327,354 |
| Mine development expenditure | | 3,369,022 | 2,643,458 |
| Deferred exploration expenditure | | 9,071,057 | 8,256,935 |
| | | <u>14,238,929</u> | <u>12,762,705</u> |
| TOTAL NON-CURRENT ASSETS | | | |
| TOTAL ASSETS | | <u>14,860,882</u> | <u>13,400,590</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 821,303 | 941,708 |
| Interest bearing loans and borrowings | 4 | 3,440,302 | 902,855 |
| Provisions | | 584,117 | 589,929 |
| | | <u>4,845,722</u> | <u>2,434,492</u> |
| TOTAL CURRENT LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | | 665,841 | 736,303 |
| Interest bearing loans and borrowings | 4 | 89,588 | 353,898 |
| Provisions | | 894,340 | 975,526 |
| | | <u>1,649,769</u> | <u>2,065,727</u> |
| TOTAL NON-CURRENT LIABILITIES | | | |
| TOTAL LIABILITIES | | <u>6,495,491</u> | <u>4,500,219</u> |
| NET ASSETS | | <u>8,365,391</u> | <u>8,900,371</u> |
| EQUITY | | | |
| Issued capital | 3 | 85,905,174 | 85,431,928 |
| Accumulated losses | | (80,014,085) | (78,854,211) |
| Reserves | | 2,474,302 | 2,322,654 |
| | | <u>8,365,391</u> | <u>8,900,371</u> |
| TOTAL EQUITY | | <u>8,365,391</u> | <u>8,900,371</u> |

The accompanying notes form part of these financial statements.

REDBANK COPPER LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2010

| | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|---|----------------------------------|------------------------|--------------------------------------|--------------------------------|
| At 01 July 2009 | 75,915,514 | 1,528,013 | (75,489,978) | 1,953,549 |
| Loss for the year | - | - | (1,802,239) | (1,802,239) |
| Total comprehensive income for the period | - | - | (1,802,239) | (1,802,239) |
| Equity Transactions: | | | | |
| Issue of share capital | 7,589,384 | - | - | 7,589,384 |
| Share buy back | (93,460) | - | - | (93,460) |
| Share issue expenses | (326,086) | - | - | (326,086) |
| At 31 December 2009 | 83,085,352 | 1,528,013 | (77,292,217) | 7,321,148 |
| | | | | |
| | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
| At 01 July 2010 | 85,431,928 | 2,322,654 | (78,854,211) | 8,900,371 |
| Loss for the year | - | - | (1,159,874) | (1,159,874) |
| Foreign currency translation difference | - | 151,648 | - | 151,648 |
| Total comprehensive income for the period | - | 151,648 | (1,159,874) | (1,008,226) |
| Equity Transactions: | | | | |
| Issue of share capital | 495,000 | - | - | 495,000 |
| Share issue expenses | (21,754) | - | - | (21,754) |
| At 31 December 2010 | 85,905,174 | 2,474,302 | (80,014,085) | 8,365,391 |

The accompanying notes form part of these financial statements.

REDBANK COPPER LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2010

| | 31 Dec 2010 | 31 Dec 2009 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 24,522 | - |
| Payments to suppliers and employees | (891,387) | (1,088,991) |
| Redbank Copper care and maintenance | (444,010) | (825,110) |
| Payment for copper sales refunds | - | (813,108) |
| Interest received | 11,932 | 9,386 |
| Interest paid | <u>(24,414)</u> | <u>(35,672)</u> |
| Net cash outflow from operating activities | <u>(1,323,357)</u> | <u>(2,753,495)</u> |
| Cash flows from investing activities | | |
| Payments for exploration and evaluation | (803,106) | (1,593,611) |
| Payments for mine project development | (592,013) | (1,286,811) |
| Payments for purchase of plant and equipment | (21,043) | (387,819) |
| Payment for security deposits | - | (3,000) |
| Contributions received from Joint Venture partner | <u>-</u> | <u>171,622</u> |
| Net cash outflow from investing activities | <u>(1,416,162)</u> | <u>(3,099,619)</u> |
| Cash flows from financing activities | | |
| Proceeds from issues of shares | - | 4,917,750 |
| Share issue costs | (21,754) | (284,625) |
| Payment for shares buy back | - | (93,460) |
| Loans advanced to other entities | - | (100,000) |
| Proceeds from convertible notes issued | 897,402 | 410,859 |
| Loans repaid | (24,843) | (15,738) |
| Proceeds of loans from related parties | 1,905,000 | 250,000 |
| Repayment of loans to related parties | <u>-</u> | <u>(625,000)</u> |
| Net cash inflow from financing activities | <u>2,755,805</u> | <u>4,459,786</u> |
| Net (decrease)/increase in cash and cash equivalents | 16,286 | (1,393,328) |
| Cash and cash equivalents at the start of the half year | <u>(10,854)</u> | <u>1,474,082</u> |
| Cash and cash equivalents at the end of the half year | <u>5,432</u> | <u>80,754</u> |

The accompanying notes form part of these financial statements.

REDBANK COPPER LIMITED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Reporting Standard IAS 34 Interim Financial Reporting. The half year does not include the notes of the type normally included in an annual financial report and should be read in conjunction with the most recent financial report.

(b) Basis of Preparation

The financial report has been prepared on a historical cost basis except for the revaluation of certain non-current assets and financial instruments. 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 of the half year financial report are consistent with those of the Company's previous annual financial report ending 30 June 2010 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 amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods.

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 consolidated entity to continue its mineral project evaluation activities, and hence the continued adoption of the going concern assumption, is dependent on the consolidated entity raising additional funding as and when required.

The consolidated entity has incurred a net loss after tax for the period ended 31 December 2010 of \$1,159,874 (2009: \$1,802,239) and experienced net cash outflows from operating activities of \$1,323,357 (2009: outflow \$2,753,495) and net cash outflows from investing activities of \$1,416,162 (2009: outflow \$3,099,619). As at 31 December 2010 the consolidated entity had a working capital deficiency of \$4,223,769 (30 June 2010: \$1,796,607).

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 on the basis that Stirling Resources Limited continues to provide funding to support the consolidated entity's activities or sufficient funding is obtained from alternate sources and accordingly the consolidated entity will be able to continue as a going concern and meet its debts as and when they fall due.

During the period to 31 December 2010 and the period to the date of this report, the Directors have taken steps to ensure the consolidated entity continues as a going concern. These steps include:

- The consolidated entity embarked on an additional exploration programme in late 2010 to focus on discovery and delineation of additional resources in order to grow the mine life of a proposed new copper production facility for the Redbank mine. The consolidated entity considers that developing a minimum five years of resources for both oxide and sulphides would provide a greater opportunity to

REDBANK COPPER LIMITED

successfully raise debt and/or equity funding to commercialise the project. Accordingly Redbank proposes to commence additional exploration to realise the potential of the tenements and increase both oxide and sulphide open pit resources to a minimum of near 5 years of production and then to commence production as soon as the resource target is achieved. The consolidated entity believes that exploration progress toward this target could be substantially advanced during the 2011 exploration season if funding is achieved;

- The consolidated entity has previously successfully negotiated a convertible note facility with La Jolla Cove Investors Inc. During the period to 31 December 2010 US\$875,000 had been received. Since 31 December 2010 to the date of this report US\$375,000 has been received and further funding is expected to continue for the duration of the facility;
- The consolidated entity has been informed that its major shareholder, Stirling Resources Limited (“Stirling”), will continue to provide funding to support the consolidated entity’s activities. However, included in Stirling’s half-year report for the period ended 31 December 2010 is a reference to significant uncertainty around the ability of Stirling to continue as a going concern. In particular, Stirling is dependent upon the continued receipt of 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 consolidated entity.

The ability of the consolidated entity to continue as a going concern is dependent on:

- i) Continued financial support from the consolidated entity’s major shareholder, Stirling Resources Limited, to fund the consolidated entity’s ongoing exploration activities and working capital requirements in the form of new loan funding throughout the period to 15 March 2012 and an undertaking not to require repayment of any amounts provided to the consolidated entity until such time as the consolidated entity has the ability to repay them.
- ii) Based on the consolidated entity’s cash flow forecast prepared to March 2012, the consolidated entity obtaining approximately \$500,000 each month from March 2011 to finance its planned operations;
- iii) Ongoing management of the level of exploration and development expenditure in line with funds available to the consolidated entity; and
- iv) The ability of the consolidated entity to secure additional debt / equity funding if required.

The Directors have reviewed the consolidated entity’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, and in particular, receiving the ongoing financial support of Stirling Resources Limited or obtaining sufficient funding from alternative sources, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its 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 consolidated entity not be able to continue as a going concern.

REDBANK COPPER LIMITED

2. SEGMENT INFORMATION

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.

Segments have been identified for those specifically allocated to the ongoing care and maintenance and mine development work, exploration activities and the remainder allocated to corporate.

The Group 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 |
|---|-----------------------|-------------|-------------|--------------|
| Half year ended 31 December 2010 | \$ | \$ | \$ | \$ |
| Segment revenue | - | - | 36,454 | 36,454 |
| Segment loss | (396,452) | - | (763,422) | (1,159,874) |
| Unallocated expenses | | | | - |
| Loss for the year | | | | (1,159,874) |
| <u>Included within segment loss:</u> | | | | |
| Depreciation and amortisation | (62,712) | - | (3,999) | (66,711) |
| Interest expense | (10,673) | - | (104,501) | (115,174) |
| Interest revenue | - | - | 11,932 | 11,932 |
| Segment Assets | 5,100,274 | 9,071,057 | 689,551 | 14,860,882 |
| Segment Liabilities | (922,904) | - | (5,572,587) | (6,495,491) |
| Additions to non-current assets | - | 1,538,939 | - | 1,538,939 |
| | | | | |
| Segments | Copper Development | Exploration | Corporate | Consolidated |
| Half year ended 31 December 2009 | \$ | \$ | \$ | \$ |
| Segment revenue | 4,588 | | 13,202 | 17,790 |
| Segment loss | (848,005) | | (954,234) | (1,802,239) |
| Unallocated expenses | | | | - |
| Results from operation activities | | | | (1,802,239) |
| Less: discontinued operation | | | | - |
| Results from continuing operations | | | | (1,802,239) |
| <u>Included within segment loss:</u> | | | | |
| Depreciation and amortisation | (30,658) | - | (4,630) | (35,288) |
| Interest expense | (7,276) | - | (58,230) | (65,506) |
| Interest revenue | - | - | 12,802 | 12,802 |
| | | | | |
| Year ended 30 June 2010 | | | | |
| 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) |
| Additions to non-current assets | (643,733) | (107,768) | - | (752,501) |

REDBANK COPPER LIMITED

3. EQUITY SECURITIES ISSUED AND REPURCHASED

| | Half Year 2010 Shares | Half Year 2010 \$ |
|---------------------------|--------------------------------------|----------------------------------|
| Issues of ordinary shares | 29,480,156 | 495,000 |

There were no share options (2009: 10,000,000) issued during the half-year reporting period.

4. BORROWINGS

| | 31 Dec 2010 | 30 Jun 2010 |
|---|--------------------|--------------------|
| CURRENT | | |
| Bank overdraft | - | 38,082 |
| Finance leases | 65,921 | 65,921 |
| Other loan (i) | - | 45,695 |
| Unsecured loan (ii) | 2,732,512 | 753,157 |
| Convertible notes – La Jolla Cove (iii) | <u>641,869</u> | <u>-</u> |
| | <u>3,440,302</u> | <u>902,855</u> |
| NON-CURRENT | | |
| Finance leases | 89,588 | 114,431 |
| Convertible notes – La Jolla Cove (iii) | <u>-</u> | <u>239,467</u> |
| | <u>89,588</u> | <u>353,898</u> |

(i) This represents the company's insurance premium funding arrangement. The loan was paid in full by the end of December 2010 (2009: November 2009) and had 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.

Further to a meeting of the shareholders on 21 January 2011, \$2,579,836 of the loan (and capitalised interest) was converted into 75,877,529 shares at \$0.036 per share. These shares were issued on 24 January 2011.

(iii) For the half year ending 31 December 2010 US\$875,000 (AUD897,402) had been received (2009: US\$375,000 AUD410,868). A partial conversion to equity for the value of AUD\$495,000 (US\$470,359) occurred during the half year. The total value of the convertible notes outstanding as at 31 December 2010 including interest is AUD\$641,869.

REDBANK COPPER LIMITED

5. SUBSEQUENT EVENTS

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

- i) Further to a meeting of the shareholders on 21 January 2011, the loan (and capitalised interest) from Stirling Resources Limited to Redbank Copper Limited (\$2,579,836) was converted into 75,877,529 shares at \$0.036 per share. These shares were issued on 24 January 2011.
- ii) Since 31 December 2010, the Company has received a further \$377,672 from La Jolla Cove Investors from convertible notes. Since 31 December 2010 La Jolla Cove Investors Inc has also converted a further total of \$250,000 of the convertible notes into 11,775,128 shares.
- iii) On 3 March 2011, Audesso Mining (Fiji) Ltd, a non-core wholly owned subsidiary of Redbank Copper Limited was wound up. Consequently, \$17,631 included in Current trade and other payables, \$736,303 of Non-current trade and other payables and \$834,407 of Non-current provisions will be reversed in March 2011 resulting in a total increase to net assets of \$1,588,341.

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

REDBANK COPPER LIMITED

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 Group's financial position as at 31 December 2010 and of their performance for the half year ended on that date; and
2. at the date of this declaration and as set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Keith Vuleta
Director

Perth, Western Australia
16 March 2011

REDBANK COPPER LIMITED

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Review Report to the Members of Redbank Copper Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Redbank Copper Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, condensed income statement, condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redbank Copper Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Redbank Copper Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Redbank Copper Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$1,159,874 and experienced net cash outflows from operating and investing activities of \$2,739,519 during the half-year ended 31 December 2010 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$4,223,769. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants
Perth, 16 March 2011