

Rubianna Resources Limited

ABN 50 139 546 428

Annual Financial Report

for the period ended 30 June 2010

Corporate Information

ABN 50 139 546 428

Directors

Alex Nutter (Non Executive Chairman)
Len Skotsch (Managing Director)
Terry Smith (Non Executive Director)
Angus Middleton (Non Executive Director)

Company Secretary

Graeme Smith

Registered Office

23 Altona Street
WEST PERTH WA 6005

Principal Place of Business

Unit 5, 8 Clive Street
WEST PERTH WA 6005
Telephone: +61 8 9322 2061
Facsimile: +61 8 9322 2071

Postal Address

PO Box 926
WEST PERTH WA 6872

Solicitors

House Legal
86 First Avenue
MT LAWLEY WA 6050

Share Register

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

Auditors

Rothsay Chartered Accountants
96 Parry Street
PERTH WA 6000

Internet Address

www.rubianna.com.au

Stock Exchange Listing

Rubianna Resources Limited shares are listed on the Australian Securities Exchange (ASX code: RRE).

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Directors' Report

Your directors submit their report for the period ended 30 June 2010.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Alex Nutter, BSc, MSc, DIC, FAusIMM, MAIG (Non Executive Chairman, appointed 30 September 2009, member of the Audit Committee)

Alexander Henry Nutter previously served as Technical Director of Grange Resources Limited. Mr Nutter has over 40 years experience in mineral exploration, resource evaluation and project feasibility in Australia, West Africa and the Asia-Pacific region. He has held senior positions in the mining industry and has been responsible for the discovery and/or acquisition of several mineral resources for both international and Australian public companies. He served as an Executive Director of Grange Resources Limited for a period of 12 years. Mr Nutter is a Geologist and holds degrees from Southampton, Leeds and London universities.

Mr Nutter is a former director of Grange Resources Limited in the last 3 years.

Len Skotsch, BSc, GradDip(Bus), MBA, AusIMM (Managing Director, appointed 15 October 2009)

Len Skotsch has a Bachelor of Applied Science majoring in Geology, a Graduate Diploma in Business and an MBA, all from Curtin University and is also a member of the AusIMM. Len has a strong background in exploration geology especially in gold. He started his career as a Petroleum Geologist for Australian Occidental and then moved to gold exploration where he worked for City Resources and Barrack Mines as a Project Geologist. From 1993 – 97 Len was the Senior Exploration Geologist for Mt Edon Gold Mines following which he became the Exploration Manager at Tectonic Resources and at Troy Resources where several economic gold discoveries were made. In 2007, Len joined Grange Resources as the General Manager Exploration to float their gold and copper assets into a new company. Most recently he has been involved in feasibility studies on Grange's Southdown project.

Mr Skotsch has not held any former directorships in the last 3 years.

Terry Smith, MIE (Aust) (Non Executive Director, appointed 30 September 2009, Chairman of the Audit Committee)

Mr Smith is a Chartered Professional Engineer with extensive engineering business interests across Australia employing over 200 people.

Since 1965 when he commenced his career in the Western Australian Construction industry he has gone on to establish and build several successful businesses including those that have grown in parallel with his core engineering business.

He is a Life Member and former President of the West Australian division of the National Electrical and Communications Association and his company has been regularly honoured for Excellence in State Awards and also a National Export Excellence Award in 1998.

Terry gained his Engineering qualifications at the then West Australian Institute of Technology (now Curtin University).

Mr Smith has not held any former directorships in the last 3 years.

Angus Middleton, (Non Executive Director, appointed 30 September 2009, Member of the Audit Committee)

Mr Middleton is a fund manager and former stockbroker who has extensive experience in the Australian resources sector and in particular in relation to capital raisings for exploration companies.

He is currently a Director of SA Capital Pty Ltd, a corporate advisory firm specialising in equity raisings and underwriting, and the Managing Director of SA Capital Funds Management Limited, an Adelaide based investment fund. SA Capital has been involved in advising and raising equity for corporations in the form of venture capital, seed capital, private equity, pre-initial public offering and initial public offerings.

Prior to becoming a fund manager he was a stockbroker for 25 years and a member of the Adelaide Stock Exchange and then the Australian Stock Exchange. Mr Middleton is also a non-executive director of ASX listed Magna Mining NL and Black Ridge Mining NL.

Mr Middleton has not held any former directorships in the last 3 years.

Dennis Wilkins was a director from 18 September 2009 to 15 October 2009.

COMPANY SECRETARY

Graeme Smith, BEc, MBA, MComLaw, FCPA, FCIS, MAusIMM (Appointed 18 September 2009)

Graeme Smith is a finance professional with over 20 years experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practising Accountants and the Chartered Institute of Secretaries and Administrators.

Mr Smith has held CFO and Company Secretary positions with other Australian mining and mining service companies. Mr Smith is a director of Buxton Resources Limited and Genesis Minerals Limited.

Directors' Report continued

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

As at the date of this report, the interests of the directors in the shares and options of Rubianna Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Alex Nutter	-	1,500,000
Len Skotsch	-	2,000,000
Terry Smith	26,000,000 ¹	500,000
Angus Middleton	120,000	500,000

¹Shares held by Everett Smith & Co, a company of which Mr Terry Smith is a director and shareholder.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were the acquisition of mining tenements, and the exploration of these tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

Rubianna Resources was registered on the 18th September 2009 and, after a successful \$6M IPO, preceded by a seed capital issue to raise \$420,000, listed on the ASX in December 2009.

During the period total exploration expenditure incurred by the Company amounted to \$744,628. In line with the Company's accounting policies, all exploration expenditure, other than acquisition costs, are written off as they are incurred. Net administration expenditure incurred amounted to \$427,860. This has resulted in an operating loss after income tax for the period ended 30 June 2010 of \$1,172,488.

At 30 June 2010 cash assets available totalled \$4,638,551.

Operating Results for the Period

Summarised operating results are as follows:

	2010 Revenues \$	Results \$
Revenues and loss from ordinary activities before income tax expense	136,569	(1,172,488)

Shareholder Returns

	2010
Basic loss per share (cents)	(2.2)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Company occurred during the financial period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 19, have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Directors' Report continued

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the period under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Rubianna Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Rubianna Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

Details of remuneration

Details of the remuneration of the directors, the key management personnel (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Rubianna Resources Limited are set out in the following table.

The key management personnel of Rubianna Resources Limited include the directors and company secretary as per page 3 above.

Given the size and nature of operations of Rubianna Resources Limited, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Directors' Report continued

Key management personnel and other executives of Rubianna Resources Limited

	Short-Term		Post Employment		Share-based Payments	Total
	Salary & Fees	Non Monetary	Superannuation	Retirement benefits		
	\$	\$	\$	\$	\$	\$
Directors						
Alex Nutter						
2010	25,826	1,591	2,324	-	-	29,741
Len Skotsch						
2010	119,642	1,591	10,768	-	-	132,001
Terry Smith						
2010	16,890	1,591	-	-	-	18,481
Angus Middleton						
2010	16,890	1,591	-	-	-	18,481
Dennis Wilkins (resigned 15 October 2009)						
2010	-	-	-	-	-	-
Other key management personnel						
Graeme Smith						
2010	-	-	-	-	-	-
Total key management personnel compensation						
2010	179,248	6,364	13,092	-	-	198,704

Service agreements

On 29 September 2009 the Company entered into an Executive Service Agreement with Mr Len Skotsch.

Under the Agreement, Mr Len Skotsch is engaged by the Company to provide services to the Company in the capacity of Managing Director and CEO.

Mr Skotsch is to be paid an annual salary of \$235,000 (exclusive of superannuation entitlement).

The Agreement was effective from 8 December 2009 and continues until terminated by either Mr Skotsch or the Company. Mr Skotsch is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Mr Skotsch.

Share-based compensation

There was no share-based compensation issued to key management personnel during the period.

DIRECTORS' MEETINGS

During the period the Company held eleven meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	B
Alex Nutter	11	11
Len Skotsch	9	9
Terry Smith	11	11
Angus Middleton	9	11
Dennis Wilkins (resigned 15 October 2009)	2	2

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the period.

Directors' Report continued

SHARES UNDER OPTION

At the date of this report there are 10,250,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the period	-
Movements of share options during the period	
Issued, exercisable at 20 cents, on or before 1 December 2012	7,250,000
Issued, exercisable at 20 cents, on or before 29 March 2013	3,000,000
Total number of options outstanding as at 30 June 2010 and the date of this report	10,250,000

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
1 December 2012	20	7,250,000
29 March 2013	20	3,000,000
Total number of options outstanding at the date of this report		10,250,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial period, the Company has paid premiums insuring all the directors of Rubianna Resources Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$12,133.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Rothsay Chartered Accountants or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Rothsay Chartered Accountants received or are due to receive the following amounts for the provision of non-audit services:

	2010
	\$
Investigating Accountants Report for the IPO prospectus	8,000

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the directors.

Len Skotsch

Managing Director

Perth, 29 September 2010



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The Directors
Laconia Resources Limited
23 Altona Street
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2010 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 29th September 2010



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

To the extent that they are relevant to the organisation, the Company has adopted the Eight Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the company's present position in relation to each of the Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	N/A	At the time of adoption of the Corporate Governance Principles and Recommendations the company only employed one executive being the Managing Director. The Managing Director is effectively under a constant process of performance evaluation as measured by the Company's market capitalisation/share price at a point in time compared to previous periods or points in time. No other process is currently adopted for evaluating the performance of senior executives however, the Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	Matters reserved for the Board can be viewed on the Company website.
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors	N/A	Given the Company's background, the nature and size of its business and the current stage of its development the board comprises four directors, three of whom are non-executive (including the independent Chairman) however only two directors are classified as independent. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	A	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	The position of Chairman and Managing Director are held by separate persons.
2.4	The board should establish a nomination committee	A	The full Board is the Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Company it is not considered that a separate Nomination Committee would add any substance to this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	Disclosed under the Nomination Committee Charter which is available on the Company's website.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A (in part)	The skills and experience of the Directors are set out in the Company's Annual Report and on the website.
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the company's integrity	A	The Company has established a Code of Conduct which can be viewed on its website.

A = Adopted

N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
	- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices		
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	A	The Company has formulated a securities trading policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	A	
4.2	The audit committee should be structured so that it: - consists only of non-executive directors - consists of a majority of independent directors - is chaired by an independent chair, who is not chair of the board - has at least three members	A	
4.3	The audit committee should have a formal charter	A	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	The Board receives monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting.

A = Adopted

N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 6:	Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual report, Quarterly Reports, the Company Website and the distributions of specific releases covering major transactions and events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.
Principle 7:	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	The Company has formulated a Risk Management Charter which is included in its Corporate Governance Statement on the Company Website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	A	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	Assurances received from CEO and CFO (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	A	A Remuneration Committee has been formed with the Charter available on the Company's website.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	Refer to the Annual Report and the Corporate Governance section of the Company's website.

A = Adopted

N/A = Not adopted

Statement of Comprehensive Income

PERIOD ENDED 30 JUNE 2010

Notes

The Company
2010
\$

REVENUE	4	136,569
EXPENDITURE		
Depreciation expense		(4,594)
Employee benefits expense		(193,570)
Exploration expenses		(744,628)
Administration costs		(366,265)
LOSS BEFORE INCOME TAX		(1,172,488)
INCOME TAX BENEFIT / (EXPENSE)	6	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF RUBIANNA RESOURCES LIMITED		(1,172,488)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	21	(2.2)

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AT 30 JUNE 2010

Notes

The Company
2010
\$

CURRENT ASSETS		
Cash and cash equivalents	7	4,638,551
Trade and other receivables	8	52,564
TOTAL CURRENT ASSETS		4,691,115
NON-CURRENT ASSETS		
Plant and equipment	9	77,494
Mining properties	10	3,241,350
TOTAL NON-CURRENT ASSETS		3,318,844
TOTAL ASSETS		8,009,959
CURRENT LIABILITIES		
Trade and other payables	11	284,387
TOTAL CURRENT LIABILITIES		284,387
TOTAL LIABILITIES		284,387
NET ASSETS		7,725,572
EQUITY		
Issued capital	12	8,581,260
Reserves	13(a)	316,800
Accumulated losses	13(b)	(1,172,488)
TOTAL EQUITY		7,725,572

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

PERIOD ENDED 30 JUNE 2010

	Notes	Contributed Equity \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
The Company					
BALANCE AT INCORPORATION		-	-	-	-
Loss for the period	13(b)	-	-	(1,172,488)	(1,172,488)
TOTAL COMPREHENSIVE LOSS		-	-	(1,172,488)	(1,172,488)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period		9,470,552	-	-	9,470,552
Transaction costs		(889,292)	-	-	(889,292)
Options issued to suppliers	22	-	316,800	-	316,800
BALANCE AT 30 JUNE 2010		8,581,260	316,800	(1,172,488)	7,725,572

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

PERIOD ENDED 30 JUNE 2010

Notes

The Company
2010
\$

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(512,271)
Expenditure on mining interests		(735,077)
Interest received		136,444
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	20	(1,110,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment		(82,088)
Payment of office security deposit		(16,517)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(98,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of ordinary shares		6,420,552
Payments of share issue costs		(572,492)
NET CASH INFLOW FROM FINANCING ACTIVITIES		5,848,060
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,638,551
Cash and cash equivalents at incorporation		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	4,638,551

The above Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements are for Rubianna Resources Limited as an individual entity. The financial statements are presented in the Australian currency. Rubianna Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2010. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of Rubianna Resources Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Financial statement presentation

The Company has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity are presented in the statement of comprehensive income.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(c) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(d) Income tax

The income tax expense or revenue for the year is the tax payable on the current year'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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 substantially 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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(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. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets - reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company 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 to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

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

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(i) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners 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 period, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for addresses for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company will apply the amended standard from 1 July 2010. As the Company has not made any such rights issues, the amendment will not have any effect on the Company's financial statements.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Company is yet to assess its full impact. The Company has not yet decided when to adopt AASB 9.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Company will apply the amended standard from 1 July 2011. The amendments are not expected to have a significant impact on the financial statements of the Company.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the entity issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Company will apply the interpretation from 1 July 2010, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Company.

(p) Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(q) Comparative information

The Company was incorporated as Rubianna Resources Pty Ltd on 29 June 2009 and subsequently converted to a public company and changed its name to Rubianna Resources Limited on 11 September 2009. This is the first annual reporting period for the Company, being the period from incorporation to 30 June 2010, and as such, there is no comparative information included in these financial statements.

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

(ii) Price risk

Given the current level of operations the Company is not exposed to price risk.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company \$4,638,551 is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the period depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 2.8%.

Sensitivity analysis

At 30 June 2010, if interest rates had changed by +/- 100 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Company would have been \$49,000 lower/higher as a result of lower/higher interest income from cash and cash equivalents.

Notes to the Financial Statements continued

2. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company 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.

3. SEGMENT INFORMATION

For management purposes, the Company has identified only one reportable segment being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

The Company
2010
\$

Exploration segment

Segment revenue	-
Reconciliation of segment revenue to total revenue before tax:	
Interest revenue	136,569
Total revenue	136,569
Segment results	(744,628)
Reconciliation of segment result to net loss before tax:	
Other corporate and administration	(427,860)
Net loss before tax	(1,172,488)
Segment operating assets	3,261,050
Reconciliation of segment operating assets to total assets:	
Other corporate and administration assets	4,748,909
Total assets	8,009,959

Notes to the Financial Statements continued

30 JUNE 2010

The Company
2010
\$**4. REVENUE****From continuing operations***Other revenue*

Interest

136,569

5. EXPENSES**Loss before income tax includes the following specific expenses:**

Minimum lease payments relating to operating leases

20,313

Defined contribution superannuation expense

17,996

6. INCOME TAX**(a) Income tax expense**

Current tax

-

Deferred tax

-

-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense

(1,172,488)

Prima facie tax benefit at the Australian tax rate of 30%

(351,746)

Movements in unrecognised temporary differences

(34,350)

Tax effect of current period tax losses for which no deferred tax asset has been recognised

386,096

Income tax expense

-

(c) Unrecognised temporary differences**Deferred Tax Assets (at 30%)***On Income Tax Account*

Capital raising costs

137,398

Carry forward tax losses

386,096

523,494

Deferred Tax Liabilities (at 30%)

-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand

97,478

Short-term deposits

4,541,073

Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows

4,638,551

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

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

Notes to the Financial Statements continued

30 JUNE 2010

The Company
2010
\$

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Sundry receivables	52,564
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9. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment

Cost	82,088
Accumulated depreciation	(4,594)
Net book amount	77,494

Plant and equipment

Opening net book amount	-
Additions	82,088
Depreciation charge	(4,594)
Closing net book amount	77,494

10. NON-CURRENT ASSETS – MINING PROPERTIES

Tenement acquisition costs carried forward in respect of mining areas of interest

Opening net book amount	-
Capitalised tenement acquisition costs	3,241,350
Closing net book amount	3,241,350

The ultimate recoupment of costs carried forward for tenement acquisition is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	220,697
Other payables and accruals	63,690
	284,387

12. ISSUED CAPITAL

(a) Share capital

	Notes	2010 Number of shares	\$
Ordinary shares fully paid	12(b), 12(d)	70,200,010	8,581,260
Total issued capital		70,200,010	8,581,260

(b) Movements in ordinary share capital

Beginning of the financial period	-	-
Issued during the period:		
– Issued at incorporation	10	2
– Issued to Promoters	5,500,000	550
– Issued as consideration for tenement acquisition	30,500,000	3,050,000
– Issued to seed investors	4,200,000	420,000
– Issued at IPO for 20 cents per share	30,000,000	6,000,000
Less: Transaction costs	-	(889,292)
End of the financial period	70,200,010	8,581,260

Notes to the Financial Statements continued

30 JUNE 2010

12. ISSUED CAPITAL (cont'd)

(c) Movements in options on issue

	Number of options 2010
Beginning of the financial period	-
Issued, exercisable at 20 cents, on or before 1 December 2012	7,250,000
Issued, exercisable at 20 cents, on or before 29 March 2013	3,000,000
End of the financial period	<u>10,250,000</u>

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2010 is as follows:

	The Company 2010 \$
Cash and cash equivalents	4,638,551
Trade and other receivables	52,564
Trade and other payables	(284,387)
Working capital position	<u>4,406,728</u>

13. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve

Balance at beginning of financial period	-
Option expense	316,800
Balance at end of financial period	<u>316,800</u>

(b) Accumulated losses

Balance at beginning of financial period	-
Net loss for the period	(1,172,488)
Balance at end of financial period	<u>(1,172,488)</u>

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

14. DIVIDENDS

No dividends were paid during the financial period. No recommendation for payment of dividends has been made.

Notes to the Financial Statements continued

30 JUNE 2010

The Company
2010
\$

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term benefits	185,612
Post employment benefits	13,092
Other long-term benefits	-
Termination benefits	-
Share-based payments	-
	198,704

Detailed remuneration disclosures are provided in the remuneration report on pages 5 and 6.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

There have been no options provided as remuneration to key management personnel.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial period by each director of Rubianna Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2010	Balance at start of the period	Granted as compensation	Exercised	Other changes	Balance at end of the period	Vested and exercisable	Unvested
Directors of Rubianna Resources Limited							
Alex Nutter	-	-	-	1,500,000	1,500,000	1,500,000	-
Len Skotsch	-	-	-	2,000,000	2,000,000	2,000,000	-
Terry Smith	-	-	-	500,000	500,000	500,000	-
Angus Middleton	-	-	-	500,000	500,000	500,000	-
Dennis Wilkins (resigned 15 October 2009)	-	-	-	-	-	-	-
Other key management personnel of the Company							
Graeme Smith	-	-	-	-	-	-	-

All vested options are exercisable at the end of the period.

Notes to the Financial Statements continued

30 JUNE 2010

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(iii) Share holdings

The numbers of shares in the Company held during the financial period by each director of Rubianna Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2010

	Balance at start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Rubianna Resources Limited				
Ordinary shares				
Alex Nutter	-	-	-	-
Len Skotsch	-	-	-	-
Terry Smith	-	-	26,000,000	26,000,000
Angus Middleton	-	-	120,000	120,000
Dennis Wilkins (resigned 15 October 2009)	-	-	-	-
Other key management personnel of the Company				
Ordinary shares				
Graeme Smith	-	-	-	-

(c) Loans to key management personnel

There were no loans to key management personnel during the period.

16. REMUNERATION OF AUDITORS

The Company
2010
\$

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Audit services

Rothsay Chartered Accountants - audit and review of financial reports
Total remuneration for audit services

25,000

25,000

(b) Non-audit services

Rothsay Chartered Accountants – independent accountants report
Total remuneration for other services

8,000

8,000

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

18. COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year

577,000

later than one year but not later than five years

2,308,000

2,885,000

Notes to the Financial Statements continued

30 JUNE 2010

The Company
2010
\$

18. COMMITMENTS (cont'd)

(b) Lease commitments: Company as lessee*Operating leases (non-cancellable):*

Minimum lease payments

within one year

36,900

later than one year but not later than five years

55,350

Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities

92,250

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement allow for a market rent review after one year and a CPI increase after two years. An option exists to renew the lease at the end of the three-year term for an additional term of three years. The lease allows for subletting of all lease areas.

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on page 6 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year

58,750

later than one year but not later than five years

-

58,750

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

20. STATEMENT OF CASH FLOWS

Reconciliation of net loss after income tax to net cash outflow from operating activities

Net loss for the period

(1,172,488)

Non-Cash Items

Depreciation of non-current assets

4,594

Tenement acquisition settled by the issue of equity instruments

3,050,000

Change in operating assets and liabilities

(Increase) in trade and other receivables

(36,047)

(Increase) in mining properties

(3,241,350)

Increase in trade and other payables

284,387

Net cash outflow from operating activities

(1,110,904)

21. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(1,172,488)

Number of shares
2010

(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

52,705,273

Notes to the Financial Statements continued

30 JUNE 2010

21. LOSS PER SHARE (cont'd)

(c) Information on the classification of options

As the Company has made a loss for the period ended 30 June 2010, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

22. SHARE-BASED PAYMENTS

(a) Options issued to suppliers

The Company issued options during the year as part consideration for capital raising services. The options granted have an exercise price of 20 cents and an expiry date of 29 March 2013.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	The Company 2010	
	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial period	-	-
Granted	3,000,000	20.0
Forfeited/cancelled	-	-
Exercised	-	-
Expired	-	-
Outstanding at year-end	3,000,000	20.0
Exercisable at year-end	3,000,000	20.0

The weighted average remaining contractual life of share options outstanding at the end of the financial period was 2.75 years, and the exercise price is 20 cents.

The weighted average fair value of the options granted during the year was 10.6 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2010
Weighted average exercise price (cents)	20.0
Weighted average life of the option (years)	3.0
Weighted average underlying share price (cents)	17.0
Expected share price volatility	103.3%
Weighted average risk free interest rate	4.0%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	The Company 2010 \$
Options issued to suppliers as part of share issue transaction costs	316,800

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the financial period ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations 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.

Len Skotsch

Managing Director

Perth, 29 September 2010



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RUBIANNA RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Rubianna Resources Limited (the Company") which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

**Audit opinion**

In our opinion the financial report of Rubianna Resources Limited is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the period 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.

Audit opinion

In our opinion the remuneration report of Rubianna Resources Limited for the period ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham Swan
Partner

Dated  September 2010

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2010.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	1	10
1,001	-	5,000	27	96,911
5,001	-	10,000	100	957,152
10,001	-	100,000	283	12,587,340
100,001		and over	81	56,558,597
			492	70,200,010
The number of shareholders holding less than a marketable parcel of shares are:			12	28,042

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

			Listed ordinary shares	
			Number of shares	Percentage of ordinary shares
1	EVERETT SMITH & CO PTY LTD		26,000,000	37.04
2	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD		2,696,400	3.84
3	LACONIA HOLDINGS PTY LTD		2,500,000	3.56
4	VEBLEN GROUP PTY LIMITED		2,500,000	3.56
5	MR TERRENCE LONG <TELCO FAMILY A/C>		1,200,000	1.71
6	MRS JOANNA OLENE BROWN		1,175,000	1.67
7	SAGGIO INVESTMENTS PTY LTD <SAGGIO INVESTMENT A/C>		1,050,000	1.50
8	FISKE NOMINEES LIMITED		1,000,000	1.42
9	DEQUETTEVILLE NOMINEES PTY LTD <SHORT-TERM TRADING A/C>		978,000	1.39
10	SAGGIO INVESTMENTS PTY LTD <THE SAGGIO INVESTMENT A/C>		950,000	1.35
11	RANGEWEST PTY LTD		750,000	1.07
12	DR NEIL TANUDISASTRO		700,000	1.00
13	MR JEFFREY JOHN GREER <JJ GREER & SON S/F A/C>		691,164	0.98
14	MS ROZA BACELAS		625,000	0.89
15	MR MICHAEL JOHN WALKER		600,000	0.85
16	JOHN C ANDERSON PTY LTD <INCHNADAMPH S/F A/C>		550,000	0.78
17	DW CORPORATE PTY LTD		500,000	0.71
18	MR WILLIAM JAMES HALLIDAY + MRS DIANE MARGARET HALLIDAY <THE BENELONG S/F A/C>		500,000	0.71
19	MR TERENCE EDWARD SMITH + MR JOHN FREDERICK EVERETT <ESCO SUPER FUND NO 2 A/C>		420,397	0.60
20	MELBOURNE BUSINESS CONSTRUCTION GROUP PTY LTD <GEORGE THEONAS INVEST A/C>		351,860	0.50
			45,737,821	65.13

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
EVERETT SMITH & CO PTY LTD	26,000,000

ASX Additional Information

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Western Australia	M51/291	100
Western Australia	M51/411	100
Western Australia	M51/420	100
Western Australia	E51/844	100
Western Australia	E51/1105	100
Western Australia	E51/1142	100
Western Australia	E51/1244	100
Western Australia	E51/1246	90
Western Australia	E51/1345	100
Western Australia	E51/1346	100
Western Australia	E51/1347	100
Western Australia	E51/1348	100
Western Australia	E51/1349	100
Western Australia	E52/2387	100
Western Australia	E51/1394 - application	100
Western Australia	E51/1423 - application	100