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Company Secretary

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ASX Code: "RBM"
"RBMO"

e-lodgement
99 Pages

30 September 2008

2008 Financial Report

Please find attached the Financial Report for Redbank Mines Limited and the Consolidated Group for the financial year ended 30 June 2008.

Yours faithfully
Redbank Mines Limited

Susan J Field
Executive Director and Company Secretary



REDBANK MINES LIMITED

ACN 059 326 519

FINANCIAL REPORT

FOR THE YEAR ENDED 30 June 2008

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Directors' Report

Your Directors submit their report for the year ended 30 June 2008.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Mr Kim Warren McGrath, Non-executive Chairman
BEC(Hons) LLB FAICD FTIA CPA, Age 54, Joined the Board in 2005

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

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

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

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

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

Mr Jerome Gino Vitale, Managing Director and Chief Executive Officer
B Comm ACA Sen FINSIA FAICD, Age 52, Joined the Board in 1993

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

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

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

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

Directors' Report

DIRECTORS (CONTINUED)

Ms Susan Jane Field, Executive Director, Chief Financial Officer and Company Secretary
BBus ACA MAICD CD, Age 47, Joined the Board in 2002

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

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

Dr Donald James Searle, Non-executive Director
B.Sc., PhD, MAusIMM, Age 55, Joined the Board in 2006

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

Dr Searle brings to the Company extensive practical experience in all aspects of project development. In a consulting capacity he provides technical input for the Company's copper and gold exploration programmes and in particular for the Redbank project in the Northern Territory.

Mr Michael John Kitney, Non-executive Director
Ass Met (WAIT), Post Grad Dip WA School of Mines (Extractive Metallurgy), M.Sc. (Mineral Economics) Curtin, MAusIMM, Age 57, Joined the Board in 2006

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

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

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

Directorships of other listed companies

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

Directors' Report**PRINCIPAL ACTIVITIES**

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

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

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

REVIEW OF OPERATIONS**(a) Operating Results for the Period**

The consolidated loss for the financial year after income tax expense was \$11,609,067 (2007: \$2,403,491). This was after a provision for impairment of value for the Mt Kasi Project of \$9,222,217. The Consolidated Entity has capitalised exploration and development costs of \$719,546 during the current year (2007: \$1,343,681), refer Note 15(c).

During the year the Company issued 62,927,888 ordinary shares, to raise a total of \$4,332,603 before issue costs (including non cash financing issues as described at Note 23(b) for working capital purposes and to reduce debt. The funds raised were partially applied to complete a preliminary feasibility study on Redbank Copper Project and to conduct an in-fill drilling and exploration programme as part of a definitive feasibility study commenced during the year. The balance of the proceeds from equity issues made during the year, coupled with the sale of a suite of exploration tenements at Mt Haden in Queensland, also enabled the Company to reduce secured debt by \$1,000,000.

Based on the recorded book value of its exploration assets at 30 June 2008, the Consolidated Entity had net assets of \$2,651,085 (30 June 2007: \$10,200,457).

(b) Mining and Exploration

No mining activities took place during the year.

(i) Redbank Copper Project

Operations continued to be limited in scale, comprising the treatment of high grade oxide copper stockpiles at the Redbank Copper Project producing copper in a directly saleable concentrate known as copper cement containing approximately 85% copper (on a dry weight basis).

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

Production for the year was approximately 475 tonnes of contained copper in concentrate (480 tonnes in 2006-2007), with approximately 75% of this being generated in the first half of the fiscal year. Sales revenue for the year was \$3,041,810 (2007: \$3,399,591).

Feasibility Studies and Notice of Intent

In November 2007 the Company announced the results of a pre-feasibility study to evaluate the development options for the project based on mining resources in the top 100 metres from surface. The study showed that the project is technically viable and financially robust at prevailing copper prices as well as the LME forward copper price over the medium term, generating an attractive return on investment and rapid capital payback. Existing mine infrastructure and the limited scale of operations already established to treat stockpiles attract significant capital cost savings and the opportunity to fast track development compared to new start-up operation.

Directors' Report

REVIEW OF OPERATIONS (CONTINUED)

During the second half work commenced on a definitive feasibility study (DFS) based on the preferred copper cementation treatment route for oxide copper resources. In April 2008 a formal Notice of Intent (NOI) was lodged with the Northern Territory Government authorities in respect of the expansion of the present oxide copper leaching operations.

Exploration Activities and Ground Position

As part of the DFS, 1,600 metres of reverse circulation and diamond in-fill drilling was completed in April 2008, mostly within the established mineralised envelopes at Redbank, Azurite and Bluff, three known deposits close to the treatment plant. The programme was successful in increasing the confidence level of most of JORC classified oxide resources from the Inferred to Classified category.

During the year the Company has substantially increased its regional ground position in the Redbank district, with a total of 2,200sq km either granted or under application at year end. The area is prospective for a number of minerals including copper, cobalt, manganese uranium and phosphate.

Mineral Resource Statement Redbank Copper

Following completion of the in-fill drilling, subsequent to year end the Company has reported a revised JORC classified mineral resource of **5,208,000 tonnes at a grade of 1.44% Copper, containing a metal inventory of 75,000 tonnes of copper**. The estimate was generated externally by independent consultants, SRK Consultants. It represents a 6% increase in contained metal over the previous estimate, and importantly a 22% increase in the grade of oxides in the Indicated category of the overall resource (ASX announcement – 17 September 2008).

Project Development Strategy

A three stage project development strategy has been adopted.

Stage 1 (presently under way): site clean-up involving treatment of oxide stockpiles to produce approx 500-700 tpa of copper from vat and heap leaching of high grade stockpiles (5% Cu) and preparation of site for Stages 2 and 3 of the project. Stage 1 is expected to continue until the September quarter 2009 and overlap with Stage 2 of the project.

Stage 2: Heap leaching of freshly mined oxide material from the Bluff, Azurite and Redbank and other deposits to produce 3,000 - 4,000 tonnes of copper per annum. Treatment will be through heap leaching to produce a high-grade copper concentrate in a form known as copper cement. The DFS for this stage was commenced during the second half.

Stage 3: Treatment of sulphide material from the Sandy Flat deposit and subsequently the Bluff and other deposits to produce an additional 3,000 - 4,000 tonnes of copper per annum in concentrates. Treatment would be through a conventional flotation circuit to produce a concentrate suitable as smelter feedstock.

Development will be subject to all normal regulatory approvals and completion of the DFS.

Exploration Joint Venture with Glencore International AG on EL 24654 (Copperado JV)

In December 2007, the Company announced that it had entered into a joint venture agreement with Glencore International AG ("Glencore") to explore an 805 sq km Exploration License EL 24654 close to the Redbank Copper Project. The JV area is located 10km north east of present operations on ERL 94.

Directors' Report**REVIEW OF OPERATIONS (CONTINUED)****Exploration Joint Venture with Glencore International AG on EL24654 (Copperado JV) continued**

The principal terms of the JV are:

- Glencore shall have the option to acquire a 50% interest in the JV area tenement EL24654 after sole funding \$1,000,000 within 2 years;
- Glencore to spend the first \$500,000 in the first field season before it is able to make an election to withdraw;
- Redbank will manage the exploration programme;
- Contributions subsequent to the first \$1,000,000 of expenditure will be on an equity pro rata basis; and
- Glencore and related entities will have the exclusive right to the off-take of base metals derived from the joint venture area.

As at 30 June 2008, approximately \$221,000 had been expended on exploration by Glencore, mainly on the completion of airborne magnetic and radiometric surveys. Initial results identified major structural controls similar to major world-class ore bodies in the Mt Isa belt to the east and the MacArthur Basin to the west and a number of potential uranium targets. Planned exploration activity includes detailed geological interpretation of the initial areas of interest, ground gravity surveys and stream sediment and soil geochemistry programmes.

(ii) Mt Kasi Gold Project**Mineral Resource Statement Mt Kasi**

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

Status of Leases

The Special Prospecting Licence and Special Mining Lease expired on 31 December 2007 and are yet to be renewed. The Company's subsidiary in Fiji has applied for a five year extension however at the date of this report the leases have not been renewed by the interim military administration. Accordingly due to the uncertainty surrounding these leases, a provision for impairment of has been raised for \$9,222,217, being the full amount of the accumulated carrying value of the leases and capitalised exploration expenditure.

A formal appeal has been lodged with the Minister for Mines under the Mining Act, however as at the date of this report, the Department Mineral Resources (DMR) is yet to advise that a formal Appeals Board has been convened to hear the appeal. Until the appeal is heard and a determination made, the Company understands that under the Mining Act, mining leases, prospecting licences and all forms of tenure in respect of mineral exploration covering the same ground may not be issued to any third party by the Minister.

The Company and its Fiji based subsidiary have made a number of submissions to the DMR and the Minister directly, as well as other key decision makers in the interim administration in support of its case to have the leases renewed on acceptable commercial terms.

The Company expects that ultimately the leases will be renewed, as it has met its work obligations and put forward a sound exploration programme going forward designed to identify and prove up additional near mine and regional resources to achieve the necessary critical mass required to advance the project toward production in the medium term. There can be no guarantee however that this will be the case as the decision making process by the Interim Government authorities is subject to discretionary considerations unrelated to the Company's compliance with previous work programmes.

Directors' Report**REVIEW OF OPERATIONS (CONTINUED)**

In the event that the leases are renewed, the Company's exploration strategy will be to drill test near minesite and regional targets that have the potential to provide not only incremental ore tonnages within a 5 to 10 km trucking distance of a processing plant at Mineral Hill, but also gold deposits with significant dimensions and attractive economics in the context of the established mine infrastructure. The short to medium term target is to double the current resource base prior to undertaking feasibility studies.

(c) Changes in state of affairs

Shareholders' equity decreased to \$2,651,085 from \$10,200,457, a decrease of \$7,549,372. This movement was after taking account of the combined effect of a provision for impairment of \$9,222,217 in relation to the Mt Kasi project, equity capital raised during the year of \$4,332,603, capitalised exploration and development expenditure at the Redbank Copper Project of \$719,546 (refer Note 15 (i) and 15 (ii)), and the net operating result from operations.

The issued share capital of the Company at balance date was 183,768,084 ordinary shares and as at the date of this report is 206,363,750 ordinary shares. The total number of unlisted options on issue at balance date was 8,000,000 and at the date of this report is 26,294,444. There were no listed options at balance and at the date of this report. The Company also had 300 B Class shares on issue at balance date, which until 20 December 2008, are conditionally convertible to 3,000,000 ordinary shares.

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

(d) Investments for Future Performance

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

SUBSEQUENT EVENTS

Subsequent to year end and at the date of this report the Consolidated Entity has raised a total of \$407,000 in equity funds before issue costs pursuant to an excluded offer of:

- 18,294,444 shares at a price of 1.8 cents per share plus 18,294,444 unlisted options to acquire a Fully Paid Ordinary Share at an exercise price of 2 cents at any time until 31 August 2009; and
- 4,301,222 Fully Paid Ordinary Shares at a price of 1.8 cents per share.

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

Directors' Report

REVIEW OF OPERATIONS (CONTINUED)

LIKELY DEVELOPMENT AND EXPECTED RESULTS

During the year the Company commenced a definitive feasibility study ("DFS") on the oxides stage of Redbank Coper Project. The results of this study will identify the capital cost and operating cost estimates for this phase of the project. As at the date of this report, a major component of the study, infill drilling within the known mineralised envelope of a number of deposits containing oxide copper resources, had been completed. At the date of this report due to funding constraints, and uncertainties experienced in the capital markets impacting on the Company's ability to raise equity funds, additional metallurgical test work, detailed engineering design and environmental studies and contractor tenders to determine mining costs etc have been deferred. The Company estimates the cost of completing the DFS will be approximately \$500,000.

DIVIDENDS

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

SHARE OPTIONS

As at the date of this report and at reporting date, there were 27,044,444 (2007: 50,760,601) unissued ordinary shares under option. Refer to Note 23(c) of the financial statements for further details of the options outstanding.

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

Shares issued as a result of the exercise of options

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

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

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

	Ordinary Shares Fully Paid	'B' Class Shares	Unlisted Options over Ordinary Shares
Mr K W McGrath	2,150,000	-	-
Mr J G Vitale	1,004,852	240	-
Ms S J Field	633,668	60	-
Dr D J Searle	1,120,000	-	-
Mr M J Kitney	283,334	-	-

EARNINGS PER SHARE

	2008	2007
Basic earnings per share	(8.0) cents	(2.5) cents
Diluted earnings per share	(8.0) cents	(2.5) cents

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

Directors' Report

REMUNERATION REPORT (AUDITED)

Key management personnel compensation

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

- Mr K W McGrath (Non-executive Director and Chairman)
- Mr J G Vitale (Managing Director and Chief Executive Officer)
- Ms S J Field (Executive Director, Chief Financial Officer and Company Secretary)
- Dr D J Searle (Executive Director until May 2008, Non-executive from June 2008)
- Mr M J Kitney (Non-executive Director)
- Mr C R Hall (General Manager, Exploration)
- Mr A Burling (Project Manager, Redbank Copper)

Board Remuneration Policy

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

The Company has an Employee Option Plan. This is one method used to assist in achieving these objectives. All employees including senior executives have the opportunity to qualify for participation in the Redbank Mines Limited Employee Option Plan ("Plan") and selected consultants which currently provides share option incentives where specified criteria are met including criteria relating to the person's potential future contribution to the growth and profitability of the Consolidated Entity. There has been no share options issued under this plan during or since the end of the year (2007: Nil).

Directors' fees have been set by the Board in a prior period and there has been no change to this policy. Consistent with the existing policy, the Chairman is paid Directors' fees at a rate of \$30,000 per annum and other Non-executive Directors are paid at a rate of \$20,000 per annum. As from 1 July 2007, full-time Executive Directors are not paid separate Director's fees.

Executive Remuneration and Performance Measurement

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

A departure from established industry practice is that Company is yet to implement a short term cash bonus system to retain executive talent or long term equity based incentives for management that are linked to agreed performance milestones and criteria. In part this has been due to a highly volatile share price experienced by the Company, which has made it difficult to establish a price for either shares or options that represent an incentive rather than a disincentive.

Directors' Report**REMUNERATION REPORT (AUDITED) (CONTINUED)**

The Board recognises the principle that the implementation of both short term incentives (STI's) and long term incentives (LTI's) for executives is important to enhance the Company's chances of achieving its corporate objectives. At the time of writing, the two Executive Directors of the Company, Mr Vitale and Ms Field, have employment contracts that expire on 30 June 2009. The Board has taken the view that no STI's or LTI's will be implemented for Executive Directors until these contracts are either renegotiated or allowed to lapse. Presently therefore there is no direct relationship between the performance of the Company and the remuneration policy for key management personnel.

Key Management Personnel Compensation

The Company presently has only one senior executive who is not a Director of the Company, namely Mr Craig Hall, project exploration manager for the Redbank Copper Project and previously the Mt Kasi Gold Project.

Mr Hall and Rubicon (or its nominee), as a consultant to the Company, are eligible to participate in the Company's Employee Option Plan approved by shareholders in March 2000, under which the exercise of options is linked to prescribed vesting periods as an incentive to stay with the Company. The maximum number of options that may be issued under the plan is 5% of the Company's issued shares, with the quantum of options issued to qualifying executives being at the discretion of the Board. At the date of this report no options had been issued under the plan, however the Board anticipates that options may be issued under the plan during the course of the current financial year.

Non-executive Directors' Remuneration and Performance Measurement

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

The Board believes that in view of the high risk nature of its activities, and its limited financial resources it is appropriate to also remunerate Non-executive Directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to Non-executive Directors.

Company Performance and Link to Remuneration Policy

There is no relationship between company performance and remuneration policy as the Company currently has no direct cash performance based remuneration component built into Director and Executive remuneration packages. At the date of this report the Nomination and Remuneration Committee is reviewing this situation together with the tenure of executive employment contracts, with a view to putting recommendations forward for shareholder approval at the Company's forthcoming Annual General Meeting to be held in November 2008 so as to create a performance based component for executive remuneration that is in keeping with industry practice.

The tables below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for five years to June 2008.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2005	30 Jun 2004
	\$	\$	\$	\$	\$
Revenue	3,874,638	3,441,935	149,636	605,381	1,421,524
Net loss before tax	(11,609,067)	(2,403,491)	(3,265,425)	(1,466,488)	(2,819,002)
Net loss after tax	(11,609,067)	(2,403,491)	(3,265,425)	(1,466,488)	(2,819,002)

Redbank Mines Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from the date. The results for the year ended 30 June 2004 are reported in accordance with Redbank Mines Limited's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2005	30 Jun 2004
	\$	\$	\$	\$	\$
Share price at start of year	0.13	0.10	0.20	0.36	0.40
Share price at end of year	0.04	0.12	0.10	0.20	0.34
Interim and Final Dividend	-	-	-	-	-
Basic earnings per share	(7.2) cents	(2.5) cents	(6.2) cents	(6.8) cents	(1.3) cents
Diluted earnings per share	(7.2) cents	(2.5) cents	(6.2) cents	(6.8) cents	(1.3) cents

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key management personnel compensation continued

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

2008	SHORT-TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS		Other long term employee benefits	Termination benefits	SHARE BASED PAYMENT				Total
	Salary and Fees	Directors' Fees	Bonus	Non-monetary ⁽¹⁾	Super-annuation	Other Benefit			EQUITY SETTLED				
									Shares	Options ⁽²⁾ ₍₃₎	Cash Settled	Other	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
K W McGrath	-	30,000	-	-	2,700	-	-	-	-	-	-	-	32,700
J G Vitale	250,000	-	-	3,589	22,500	-	7,738	-	-	2,669	-	-	286,496
S J Field	165,000	-	-	3,077	14,850	-	3,571	-	-	1,779	-	-	188,277
D J Searle	137,825	20,000	-	-	-	-	-	-	-	-	-	-	157,825
M J Kitney	40,432	20,000	-	-	-	-	-	-	-	-	-	-	60,432
C R Hall	160,000	-	-	7,482	14,400	-	-	-	-	-	-	-	181,882
Total	753,257	70,000	-	14,148	54,450	-	11,309	-	-	4,448	-	-	907,612

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

⁽²⁾ The options granted pursuant to shareholder approval obtained at general meeting held on 8 April 2005 were valued in 2005 using Black-Scholes Option Model and vest over four consecutive financial periods. Refer additional details below on valuation of remuneration recognised during the period ended 30 June 2008.

⁽³⁾ Not dependent on performance (refer comment headed "Company Performance and Link to Remuneration Policy" within the Remuneration Report for additional detail)

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key management personnel compensation continued

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

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

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

⁽³⁾ Not dependent on performance

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

	Options Granted	Options Exercised	Options Lapsed / Cancelled	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year (1) (2) (3)	Percentage of total remuneration for the year that consists of options	Percentage of Grant Vested	Percentage of Grant Forfeited
	Value at grant date	Value at exercise date	Value at time of lapse					
	\$	\$	\$	\$	\$	%	%	%
J G Vitale	-	-	-	-	2,669	1.06	100	-
S J Field	-	-	-	-	1,779	1.51	100	-

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

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

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

Share options granted to key management personnel

During and since the end of the financial year no share options were granted (2007: no share options were granted) to the key management personnel of the Company.

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

Mr Vitale and Ms Field agreed to cancel the below options effective 30 June 2008. Details of unissued shares or interests that were under option during the year:

Issue Date – 8 April 2005

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

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

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

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

There is currently no board policy in relation to the person granted the option limiting his or her exposure to risk in relation to the securities. The remuneration committee intends to review whether such a policy would be likely to be of benefit during the coming financial year.

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

Directors' Options on issue

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2008	2007 Opening Balance	Granted as Remuneration	Exercised	Lapsed or Cancelled ⁽¹⁾	2008 Closing Balance	Vested at 30/6/08	Vested and exerciseable	Vested and unexercisable	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	450,000	-	-	-	-	-
Ms S J Field	300,000	-	-	300,000	-	-	-	-	-
Total	750,000	-	-	750,000	-	-	-	-	-

⁽¹⁾ As at 30 June 2008 Mr Vitale and Ms Field agreed to cancel the above Directors' Options. These options were fully vested at 30 June 2008 and therefore the cancellation does not have an effect on retained earnings.

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2007	2006 Opening Balance Post Reconstruction of Capital	Granted as Remuneration	Exercised	Lapsed or Cancelled	2007 Closing Balance	Vested at 30/6/07	Vested and exerciseable	Vested and unexercisable	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	-	450,000	300,000	300,000	-	300,000
Ms S J Field	300,000	-	-	-	300,000	200,000	200,000	-	200,000
Total	750,000	-	-	-	750,000	500,000	500,000	-	500,000

⁽¹⁾ Directors Options issued during the 2005 financial period, refer additional detail in table below and at Note 23(d) and 7.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive Directors' Contracts for Services

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

	Quantum of Fixed Cash Component	Quantum of Variable Component
• Jerome G Vitale	\$250,000pa	Nil
Position:	- Chief Executive Officer	
Annual Salary Package:	- equivalent to \$250,000 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a Director to the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Mr Vitale	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders (refer comment headed "Boardroom Remuneration Policy" within the Remuneration Report for additional detail)	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	
	Quantum of Fixed Cash Component	Quantum of Variable Component
• Susan J Field	\$165,000 pa	Nil
Position:	- Chief Financial Officer	
Annual Salary Package:	- equivalent to \$165,000 per annum, subject to annual review	
Superannuation:	- 9% of Annual Salary	
Annual Leave:	- 4 weeks annual leave per year	
Car Bay	- the Company is to provide a car bay	
Indemnity for Liability	- the Company has provided an indemnity to the maximum extent permitted by law, against any Liability (whether actual, contingent, or prospective) incurred by the officer as a Director to the Company or Related Body Corporate.	
Long Service Leave:	- 12 weeks at the end of 7 years continuous employment with pro-rata accrual to apply after 5 years continuous employment	
Termination Period:	- 12 months notice period by the Company, or - 3 months notice period by Ms Field	
Period of Contract	- 5 years ending 30 June 2009	
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Shareholders (refer comment headed "Boardroom Remuneration Policy" within the Remuneration Report for additional detail)	
Professional courses and conferences	- cost to be met by Company as approved from time to time.	

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Non-executive Directors' Contracts for Services

At the date of the report the Company had three Non-executive Directors, Messrs McGrath and Kitney and Dr Searle. The following terms of engagement were agreed and remain consistent with prior years.

Kim W McGrath	Chairman and Non-executive Director
Directors Fees	- \$30,000 per annum
Superannuation:	- 9% of Directors Fees paid or accrued
Michael J Kitney	Non-executive Director
Directors Fees	- \$20,000 per annum
Consultants Fees	- Mr Kitney provides technical services as required through Metallurgical Design, a business of which Mr Kitney is principal. The professional services have been provided based upon an agreed hourly rate of \$150.00 per hour.
Donald J Searle	Non-executive Director
Directors Fees	- \$20,000 per annum
Consultants Fees	- Dr Searle provides technical services as required through Earthsciences Pty Ltd, a company of which Dr Searle is a Director. The professional services have been provided based upon an agreed daily rate of \$1,000.00.

Executive Contract for Other Key Management Personnel

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

Position:	- General Manager, Exploration
Annual Salary Package:	- equivalent to \$160,000 per annum
Overseas Allowance:	- 20% loading on annual salary to be paid for actual time spent overseas
Overseas Roster:	- maximum of 6 weeks away / two weeks off; and - Accrual of 2 days for every 5 days worked
Annual Leave:	- 4 weeks annual leave per year
Termination Period:	- 1 month mutual notice period
Professional Memberships:	- cost to be met by the Company
Share Options:	- eligibility to participate in Employee Option Plan as approved by the Board (refer comment headed "Boardroom Remuneration Policy" within the Remuneration Report for additional detail)
Professional courses and conferences	- cost to be met by Company as approved from time to time.

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

During the year the Company did not pay or declare any bonuses to its employees nor were any bonuses forfeited.

Directors' Report

DIRECTORS' MEETINGS

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

Director	Number Held	Number Attended
K W McGrath	3	3
J G Vitale	3	3
S J Field	3	3
D J Searle	3	3
M J Kitney	3	3

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

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

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

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

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 19 of the financial report.

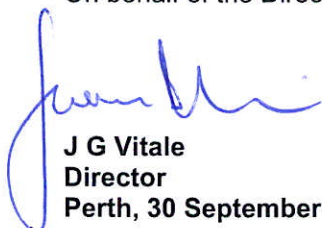
NON AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 32 to the financial statements.

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

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

On behalf of the Directors



J G Vitale
Director
 Perth, 30 September 2008

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

30 September 2008

Dear Board Members

Redbank Mines Limited

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

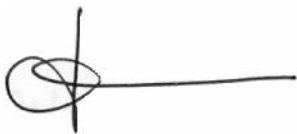
As lead audit partner for the audit of the financial statements of Redbank Mines Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT

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

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

The Company is essentially a high risk mineral and exploration and mine development company. It presently has a project at limited production/feasibility stage (Redbank Copper Project, NT Australia). The Company's rights in relation to and the status of a second project at advanced exploration stage (Mt Kasi Gold Project, Fiji) in which the Company held a 100% until the expiry of its leases on 31 December 2007, is subject to the outcome of a formal appeal over the renewal of the leases lodged with the Minister for Mines in Fiji.

The Company has a small number of employees and, until the Redbank Copper Project achieves full operating status, limited income from the processing of stockpiles of copper oxide ore. Notwithstanding these limitations, the Directors recognise the need for high standards of corporate behaviour and accountability. To this end the Board has adopted an open and transparent disclosure policy in relation to its financial affairs and its affairs generally, which it believes provides shareholders, employees, the investing public and suppliers with full and adequate disclosure of the state of its affairs and the manner in which it conducts its business activities. The Company's governance practices will be kept under review as the nature and size of its activities develop.

Company Background and Context

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

For the first half of the fiscal year, the Company conducted exploration activity in Fiji, a South Pacific nation that is at the time of writing run by a self appointed military commander serving as Prime Minister and his appointees occupying key Cabinet positions. This is the fourth such military coup over the past twenty years that have caused economic disruption, labelled a 'bloodless coup' as there has been no direct loss of life as a result of the military's seizing of power in December 2006. Although there have been no reported sequestrations of assets or businesses from foreign owners under the interim government, foreign investment across all industries has substantially diminished post coup. Travel advisories from Australia and New Zealand have resulted in major downturn in the tourism industry and there has been considerably less certainty in dealing with all arms of government, with reported imposts made of operating export companies to extract new duties and taxes in return for being allowed to continue to operate. During the first half of calendar year 2008, the editors of the two major daily newspapers in the country were expelled with virtually no notice.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

This set of circumstances has had a material impact on the Company during the year in that its rights to conduct mineral exploration and development in Fiji have not been renewed in the ordinary course of business as was the expectation prior to the coup, without any explanation by the authorities. Pending the outcome of a formal appeal lodged with the Minister for Mines, given the uncertainty surrounding the renewal of the leases, the Company has raised a material provision for the impairment of the carrying value of this major asset.

The Company is presently fully focused on rebuilding its fortunes by the development of the Redbank Copper Project located in a low political risk home jurisdiction of Australia.

Laying Solid Foundation for Management and Oversight

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The functions of day to day management of the Company and of project development and operations are delegated by the Board to the Managing Director who has direct accountability to the Board. The Managing Director's direct reports include one Executive Director who undertakes the functions of Chief Financial Officer and Company Secretary, the Exploration Manager and a project specific site manager.

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

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

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

The Board seeks to optimise medium to long term financial gains for shareholders when making business decisions. This is based on the belief that this will ultimately result in the interests of all stakeholders being appropriately addressed, compared to taking a short term view. Given the current size of operations, the Board currently undertakes a more active rather than a passive role.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Company is yet to adopt a formal Board Charter as such as it does not believe that this would add value or change the behaviour of Directors in the discharge of their formal duties as Directors. The Board does however recognise the importance of adopting corporate governance policies that promote investor and capital market confidence in the Company. Emphasis has been placed on ensuring that the internal control and financial management systems adopted are adequate to ensure that a satisfactory level of accountability is established and areas of significant business risk are identified and managed.

Structure of Board to Add Value

At the date of this report the Company has five Directors comprising two Executive Directors, Mr J G Vitale, and Ms S J Field, and three Non-executive Directors, Mr K W McGrath (Chairman), Dr James Searle and Mr Mike Kitney. The two Executive Directors have professional corporate management and project development roles. Until May 2008, Dr Searle was a part-time Executive Director.

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

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

For the purpose of establishing independence, a materiality threshold of \$100,000 per annum has been established in relation to fees charged by Non-executive Directors for technical services rendered.

Mr Kitney and Dr Searle are, respectively, the principals of a metallurgical consulting firm and a geological consulting firm. Through their respective firms, they have in the past and intend in the future to provide the Company with technical advice and services based on arms length commercial terms

Since becoming a Non-executive Director in May 2008, Dr Searle's financial dependency on fees generated from the provision of services to the Company has diminished. However since less than six months since have elapsed since report since this change of status to a Non-executive role, Dr Searle may not be regarded as an independent non Executive Director as at the date of this report.

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

The arrangements for the provision of technical services by Non-executive Directors are typical of companies in the junior resources sector where, on account of the inherently high operating and financial risk, the provision of professional services under consultancy arrangements allows for a better understanding of the

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

company's underlying business and mitigates the risk otherwise attaching to Non-executive Director positions.

Mr McGrath does not provide the Company with any professional services and accordingly, he is regarded by the Board as independent Non-executive Director.

The Company's Constitution provides that the number of Directors must be at least 3 or the number of Directors in office (not counting alternates) when the decision is made, whichever is greater.

There is no maximum number of Directors and no requirement for Directors to own shares in the Company.

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

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

Election and Retirement of Directors

Directors are initially appointed by the full Board subject to election by the shareholders at the next general meeting. No formal Charter has been established for the Nomination and Remuneration Committee. However the criteria for determining the suitability of a candidate for the Board are well understood by all Directors. It includes an assessment of the background, experience and achievement of the individual, credibility within the Company's sphere of activities, intellectual ability to contribute to the discharge of the Board's processes and duties and responsibilities.

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

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

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

With prior approval of the Chairman, individual Directors of the Company are at liberty to seek independent professional advice on any matter to do with the discharge of their duties at the Company's expense. Because the nature and complexity of the Company's present scale of operations is limited however, no formal procedure has been established by the Board for individual Directors to take independent professional advice at the expense of the Company.

The Company does not have a scheme to provide retirement benefits, other than statutory superannuation paid to the Chairman on his Director's fees and, in the case of Executive Directors, statutory long service leave entitlements.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Promote Ethical and Responsible Decision Making**

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors and all senior personnel and guide the Directors, CEO, CFO and other key executives as to the practices necessary to maintain confidence in the Company's integrity and to ensure the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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

The principles of the code are:

- a Director must act honestly, in good faith and in the best interests of the Company as a whole;
- a Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- a Director must recognise the primary responsibility is to the shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company;
- a Director must not make improper use of information acquired as a Director;
- a Director must not take improper advantage of the position as a Director;
- a Director must not allow personal interests or interests of any associated person, to conflict with the interests of the Company;
- a Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board;
- confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law;
- a Director should not engage in conduct likely to bring discredit upon the Company; and
- a Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the code.

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

Policy in Relation to Trading in Company Securities

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

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

'Inside Information' is information that:

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

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

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

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

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

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

Related Party Transactions

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

Safeguard Integrity of Financial Reporting

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

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

The Board has established a formal Audit Committee. Given the limited number of Non-executive Directors on the Board, the Audit Committee comprises only two Directors, a Non-executive Director who is not Chairman of the Board, namely Mr Kitney as chair and Mr McGrath, also a Non-executive Director. These Directors are regarded as independent Directors based on the Company's adopted definition of independent Directors. The Company does not have a formal charter for the Audit Committee but is in the process of developing a formal charter for this committee and is working toward having this formally adopted during the course of the forthcoming reporting period.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Role of External Auditor**

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

Making Timely and Balanced Disclosures

The Company has not adopted formal written policies and procedures as such for in relation to compliance with ASX Listing Rule disclosure requirements. In reality the risk of non compliance with disclosure requirements is mitigated due to the limited exploration and operational activities of the Company and its subsidiaries. The Board does not believe that the adoption of a formal set of written procedures would add any further assurance to ensure compliance with ASX and Statutory reporting requirements.

The Company's full time executive management team comprises two full-time Executive Directors who are familiar with ASX and statutory reporting requirements who in order to mitigate this risk regularly consult with the Non-executive Chairman and legal advisers on meeting disclosure requirements.

Respect the Rights of and Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

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

- announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- presentations at relevant industry and investor conferences.
- Half Yearly and Quarterly Reports;
- presentations at the Annual General Meeting/General Meetings, and
- Annual Report

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

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company's external auditor is required to attend the annual general meeting of the Company and make him or herself available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors' report.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Recognition and Management of Risk**

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

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

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

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

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

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

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

Reliance on One Major Customer

The Company has only one but very large customer to whom it has contracted to sell 100% of its copper produced from the Redbank Copper Mine. This has resulted in economic dependency on that customer in circumstances where there is also disparity of bargaining power. This gives rise to the risk of sub-optimal decisions being imposed on the Company that could negatively impact on its short term liquidity position as well as long term financial outcomes. Notwithstanding, the Company believes there is a ready market for its product in the absence of this agreement.

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)**Encouragement of Enhanced Performance**

The Company has not adopted a formal process of evaluation for the evaluation of its Board as a whole, Board Committees or individual Directors acting in their capacity as Directors. Arguably, this leaves the Company open to the risk that the Board as a whole may under-perform or fail to deliver on stated corporate strategies and objectives.

Remunerate Fairly and Responsibly

The Board has established a formal Remuneration Committee chaired by the Chairman of the Board, Mr K McGrath. He is joined on this committee by Mr Kitney and Mr Vitale. Where appropriate, external professional advice is called upon by this committee. The Company does not have a formal charter for the Remuneration Committee as such is in the process of developing a formal charter for each of these committees and is working toward having these formally adopted during the course of the forthcoming reporting period.

Executive Remuneration and Performance Measurement

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

A departure from established industry practice is that that Company is yet to implement a short term cash bonus system to retain executive talent or long term equity based incentives for management that are linked to agreed performance milestones and criteria. In part this has been due to a highly volatile share price experienced by the Company, which has made it difficult to establish a price for either shares or options that represent an incentive rather than a disincentive to management. The Board recognises the principle that the implementation of both short term and long term incentives for executives is important to enhance the Company's chances of achieving its corporate objectives.

The two Executive Directors of the Company, Mr Vitale and Ms Field have employment contracts that expire on 30 June 2009. The Board has taken the view that no short term incentives (STIs) or long term incentives (LTIs) will be implemented for Executive Directors until these contracts are either renegotiated or allowed to lapse.

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

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

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

Additional ASX Information

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Non-executive Directors' Remuneration and Performance Measurement

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

The Board believes that in view of the high risk nature of its activities, and its limited financial resources, it is appropriate to also remunerate Non-executive Directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to Non-executive Directors.

Recognition of the Legitimate Interest of Stakeholders

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

All employees and Directors are expected to:

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

Employee Health and Safety

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

Employee Training

The Company considers that the attraction and retention of high quality technical and management staff is the key to its future growth and development. Accordingly, the Company is committed to improving skills of all

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

personnel through on-the-job and formal training. Attendance at external training programs, which enhance workplace skills and increase productivity and technical competence, is encouraged.

Additional ASX Information

Environment

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

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

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

Income Statement
for the financial year ended 30 June 2008

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	5	3,041,810	3,399,591	-	-
Cost of sales		(2,734,227)	(3,263,382)	-	-
Gross Profit		307,583	136,209	-	-
Other revenue	5	43,557	23,780	20,125	16,055
Other income	5	789,271	18,564	2,537	4
Exploration and evaluation expenses and project management expenses		(313,451)	(82,063)	(16,888)	(5,761)
Finance costs	5	(349,343)	(339,905)	(276,807)	(295,326)
Depreciation expense		(457,356)	(240,069)	(12,180)	(6,385)
Mark to market Loss	5	(315,221)	(309,435)	-	-
Foreign Currency Loss	5	(224,195)	-	-	-
Care and maintenance – Audesso Mining (Fiji) Limited		(515,672)	(441,507)	-	-
Corporate administration expenses		(917,874)	(762,514)	(906,082)	(734,646)
ASIC, ASX, Share Registry, Annual Report and other compliance costs		(396,252)	(330,520)	(396,252)	(311,580)
Rehabilitation expense		(37,685)	(75,819)	-	(14,000)
Impairment allowance for non recovery of loans	5	(212)	(212)	(4,029,801)	(954,613)
Impairment of non-current assets	5	(9,222,217)	-	-	-
Loss before income tax benefit		(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)
Income tax benefit	6	-	-	-	-
Loss attributable to members of Redbank Mines Limited	5	(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)
Earnings per share:					
Basic Earnings Per Share (Cents per share)	32	(8.0)	(2.5)		
Diluted Earnings Per Share (Cents per share)	32	(8.0)	(2.5)		

Notes to the financial statements are included on pages 35 to 93

Balance Sheet
as at 30 June 2008

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents		65,062	317,571	19,025	309,341
Trade and other receivables	8	677,254	658,539	122,225	122,845
Inventories	9	614,549	615,556	-	-
Other	10	84,715	63,019	33,458	16,964
Total current assets		1,441,580	1,654,685	174,708	449,150
Non-current assets					
Trade and other receivables	11	491,831	494,467	6,597,060	9,101,613
Other financial assets	12	-	-	2,990,058	2,990,058
Plant & equipment	14	1,626,473	1,776,498	137,285	174,379
Deferred exploration, evaluation & development costs	15	6,212,701	14,693,116	-	-
Total non-current assets		8,331,005	16,964,081	9,724,403	12,266,050
Total assets		9,772,585	18,618,766	9,899,111	12,715,200
Current liabilities					
Bank Overdraft		26,083	-	26,083	-
Trade and other payables	17	2,272,976	2,392,813	1,107,518	1,230,290
Borrowings	18	1,728,703	2,902,103	1,728,703	2,902,103
Provisions	19	636,838	200,216	612,094	194,684
Total current liabilities		4,664,600	5,495,132	3,474,398	4,327,077
Non-current liabilities					
Trade and other payables	20	1,047,885	980,867	-	-
Borrowings	21	376,538	360,708	376,538	360,708
Provisions	22	1,032,477	1,581,602	17,113	440,700
Total non-current liabilities		2,456,900	2,923,177	393,651	801,408
Total liabilities		7,121,500	8,418,309	3,868,049	5,128,485
Net assets		2,651,085	10,200,457	6,031,062	7,586,715
EQUITY					
Issued capital	23	71,141,314	67,227,388	71,141,314	67,227,388
Share option reserve	24(a)	1,450,132	1,304,363	1,450,132	1,304,363
Compound financial instrument reserve	24(b)	77,881	77,881	77,881	77,881
Accumulated losses	25	(70,018,242)	(58,409,175)	(66,638,265)	(61,022,917)
Total Equity		2,651,085	10,200,457	6,031,062	7,586,715

Notes to the financial statements are included on pages 36 to 95

**Statement of recognised income and expense
for the financial year ended 30 June 2008**

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
Net income recognised directly in equity		-	-	-	-
Loss for the period		(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)
Total recognised income and expense for the period		(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)

Notes to the financial statements are included on pages 36 to 95.

**Cash Flow Statement
for the Financial Year Ended 30 June 2008**

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers					
- Copper Sales		2,634,769	3,077,727	-	-
Payments to suppliers & employees					
- Administration/corporate		(1,468,078)	(1,188,351)	(1,463,719)	(406,666)
- Rehabilitation costs		(14,739)	(103,992)	(14,739)	(42,173)
Project management costs – Redbank Copper		(2,347,564)	(3,208,822)	-	-
Payments to suppliers & employees of Audesso Limited & its subsidiaries, a wholly owned controlled entity of Redbank Mines Limited		(568,308)	(317,805)	-	-
Payments for exploration, evaluation and project evaluation		(339,926)	(36,234)	(16,889)	(5,761)
Fiji Inland Revenue		(158,298)	-	-	-
Interest and other costs of finance		(470,303)	(269,382)	(397,767)	(268,927)
Net cash used in operating activities	26(c)	(2,732,447)	(2,046,859)	(1,893,114)	(723,527)
Cash flows from investing activities					
Interest received		43,556	23,581	20,125	16,055
Payments for plant & equipment		(337,733)	(963,819)	(19,207)	(17,769)
Proceeds from rental bonds		10,000	-	10,000	-
Proceeds from security bonds		59,722	-	14,020	-
Proceeds from sale of subsidiary		300,000	-	-	-
Capitalised exploration and evaluation		(595,398)	(1,018,652)	-	-
Payments for security deposits		-	(150,750)	-	-
Payments for rental bonds		(69,355)	-	(69,355)	-
Advances to controlled entities		-	-	(5,168,829)	(3,438,214)
Repayments received from subsidiaries		-	-	3,747,268	-
Net cash used in investing activities		(589,208)	(2,109,640)	(1,465,978)	(3,439,928)
Cash flows from financing activities					
Proceeds from share issues		3,332,303	3,521,125	3,332,303	3,521,125
Share issue expenses		(172,186)	(54,438)	(172,186)	(54,438)
Proceeds from borrowings		130,906	1,474,259	130,906	1,474,259
Repayment of borrowings		(248,330)	(1,065,775)	(248,330)	(1,065,775)
Proceeds from Directors' Loans		-	245,000	-	245,000
Repayment of Directors' Loans		-	(80,000)	-	(80,000)
Borrowing costs		-	(270)	-	(270)
Net cash provided by financing activities		3,042,693	4,039,901	3,042,693	4,039,901
Net Decrease in cash and cash equivalents		(278,962)	(116,598)	(290,316)	(123,554)
Cash and cash equivalents at the beginning of the financial year		317,571	434,275	309,341	432,895
Effects of exchange rate changes on the balances of cash held in foreign currencies		370	(106)	-	-
Cash and cash equivalents at the end of the financial year	26(a)	38,979	317,571	(7,058)	309,341

Notes to the financial statements are included on pages 36 to 95

Notes to the Financial Statements for the Financial Year Ended 30 June 2008

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Notes to the Financial Statements for the Financial Year Ended 30 June 2008
1. General Information

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

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

Level 2, BGC Centre
28 The Esplanade
Perth WA 6000

Telephone: +61 8 9322 6045

2. Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these Standards and Interpretations has had no material financial impact on the financial statements of the Group and Company.

Standards and Interpretations issued not yet effective

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

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010

Initial application of the following Standards is not expected to have any material impact on the financial report of the Group and Company:

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010

Notes to the Financial Statements for the Financial Year Ended 30 June 2008

2. Adoption of new and revised Accounting Standards (continued)

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
AASB Interpretation 12 'Service Concession Arrangements', AASB Interpretation 4 'Determining whether an Arrangement contains a Lease' (revised), AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised), AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB Interpretation 13 'Customer Loyalty Programmes'	1 January 2008	30 June 2009
AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2009	30 June 2010
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	1 July 2009	30 June 2010
AASB Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 January 2009	30 June 2010

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies****Statement of Compliance**

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

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

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2008.

Basis of Preparation

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer Note 4 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

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

Going Concern Basis

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

The Company and Consolidated Entity have incurred a net loss after tax for the year ended 30 June 2008 of \$5,615,348 and \$11,609,067 (which includes the recognition of an impairment loss for Fiji tenements of \$9,222,217) respectively (2007: \$2,306,252 and \$2,403,491 respectively) and experienced net cash outflows from operating activities of \$1,893,114 and \$2,732,447 respectively (2007: \$723,527 and \$2,046,859 respectively). As at 30 June 2008 the Company and Consolidated Entity had a net current asset deficiency, excluding \$1,500,000 being the face value of financial debt maturing on 28 February 2009, of \$1,799,690 and \$1,723,020 respectively.

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

- (i) between balance date and the date of this report, the Company has raised a total of \$407,000 before issue costs, through an excluded offer of shares to fund immediate working capital requirements;
- (ii) rectification of the cause of a delay with the coming on-line of a new heap leach planned for the June 2008 quarter. The new heap pad containing approximately 7,000 tonnes of high grade copper ore has now been successfully commissioned and is expected to contribute to production during ensuing quarters;

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

- (iii) Copper production is also expected to be augmented by an additional 8,000 tonnes of high grade ore in stockpiles to be brought under leach during the coming 6 months thereby ensuring continued, as well as improved, cashflow;
- Together items (ii) and (iii) are expected to increase the production rate of copper and cash surplus from operations in the twelve months to 30 June 2009 compared to the 12 months to 30 June 2008;
- (iv) the Consolidated Entity is in discussion with prospective investors including corporate investors to secure sufficient funding for the development of the Redbank Copper Project and repay a secured loan of \$1,500,000 from Macquarie Bank Limited maturing on 27 February 2009, preferably in the form of an investor prepared to underwrite an issue of shares, or alternatively, a joint venture partner or an outright purchaser of the project;
- (v) at the date of this report, under ASX Listing Rule 7.1, the Company has the capacity to issue up to approximately 12,500,000 ordinary shares to raise funds for working capital purposes. In addition, the Company plans to seek the approval of shareholders at its forthcoming Annual General Meeting on 28 November 2008 to permit the issue of an additional number of shares to raise funds to meet working capital requirements;
- (vi) the Directors have reviewed the quantum and timing of all discretionary expenditures including exploration and development costs such as the definitive feasibility study commenced earlier in 2008 and wherever necessary these costs will be deferred to suit the Company's cashflow from operations;
- (vii) in respect of services provided by related parties such as Directors and in respect of salaries and entitlements accrued to Executive Directors, arrangements have been made with these parties to defer all or part of such payments to suit the Company's cashflow from operations.

Preparation costs such as crushing and stacking of ore for the establishment of the heap leach pad referred to at (ii) above have not been recorded as current assets in the Group's balance sheet, however the heap leach is expected to generate operating revenue during the next twelve months.

Effective from 1 December 2006, the Company entered into a life of mine 100% off-take agreement with Glencore International AG ("Glencore") covering current and future copper concentrate production. Under the agreement, Glencore agreed to purchase copper on deferred delivery terms, allowing for uninterrupted revenue flow from copper production during the Northern Territory wet season, with product pricing based on prevailing market price for copper after applicable treatment and refining charges. The off-take agreement with Glencore provides assurance that all mine production can be sold at market based prices. From time to time, disagreements may arise in relation to the supply of a particular shipment or settlement terms applicable to specific invoices raised by the Company under the agreement and timing on the settlement thereof. Where such disagreements arise in connection with the agreement, if the parties are unable to resolve the matter in the ordinary course of business, the agreement provides a process for arbitration between both parties. Subsequent to year end the Company has made a shipment of copper concentrate to a third party. Currently, it is not possible to quantify the value of any claim that may be made against the Company as a result of these circumstances, however the Company believes that costs arising, if any, would be limited to lost profits and exclude the underlying value of product sold to third parties.

On 16 July 2007, the Company announced that it had reached agreement to sell Gold Dredging Pty Ltd, a wholly owned subsidiary holding Mining Leases that comprise the Mt Haden project at Sarina in Queensland, for \$500,000. The cash component of the consideration, being \$300,000, was received by the Company in November 2007. The balance of \$200,000 is receivable in the form of value in shares. The shares are to be transferable and unencumbered listed shares in a company trading either on the ASX or TSX to be nominated by the purchaser prior to completion of the sale; the number of shares is to be determined by reference to the volume weighted average share price during the 10 business days prior to completion of the sale. There is no formal deadline for the issue of these shares, however at the date of this report, the Company has an expectation that this share consideration will be paid during the course of the next twelve months.

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

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

- achieving a minimum rate of copper production in order to provide a revenue base sufficient to achieve appropriate cash flows as forecasted;
- continuation of product sales under the Glencore Off-take Agreement or by alternate sales to third parties on terms at least equivalent to those under the Glencore Off-take Agreement;
- the ability of the Company and the Consolidated Entity to secure additional funding through either the issue of new shares, convertible notes, debt or a combination of all these, or the sale of all or a part equity interest in the Redbank Copper Project. The form and value of such raisings is yet to be determined, and the transaction value of the Redbank Copper Project, in the event that a decision is made to sell all or a part interest in the Project, is dependent on what a willing buyer is prepared to pay based on prevailing market conditions, the commodity price, perceived risks and benefits attaching to the Glencore Off-take Agreement and the status of the Company's relationship with Glencore from time to time, etc;
- the continued support from the current financiers to the Company, in particular Macquarie Bank Limited;
- ongoing and active management of the level and timing of exploration expenditure and other discretionary costs incurred by the Company such as feasibility and development costs, in line with the funds available to the Company.

The Directors have reviewed the Company'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.

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

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

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

A list of subsidiaries appears in Note 14 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)****(b) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period which they are incurred.

(c) Business combinations

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

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

(d) Cash and cash equivalents

Cash comprises cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

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

(e) Employee benefits

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

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

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

(f) Financial assets

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

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

Impairment of assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective rate.

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

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

In respect of available for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and reward of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)****(g) Financial instruments issued by the company**Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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

Compound Instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset and liability) to be designated at fair value through the profit or loss.

Financial Liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 35.

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**Other financial liabilities

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

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

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

Interest

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

Payables

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

Borrowings

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

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

(h) Foreign currency

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

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

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

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

(i) Income taxCurrent Tax

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred taxes arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised and settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

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

Tax Consolidation

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

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

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

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

(j) Inventories

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

(k) Leased assets

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

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

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer Note 2(b).

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

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

(l) Plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

- Mine Plant and equipment 2 to 5 years
- Plant and equipment 3 to 4 years
- Mine Vehicles 3 to 5 years

(m) Provisions

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

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

Provision for restoration and rehabilitation

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

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

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

(n) Revenue

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

Sale of goods

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

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)**

Sales revenue comprises revenue earned from the provision of product free into store (net of agreed treatment and refining charges) to a single customer, namely Glencore International AG, under an offtake sales contract ("Agreement") entered into on 29 November 2006. Under the Agreement the operating subsidiary invoices Glencore in US dollars under deferred physical delivery arrangements at a provisional spot price at the date of invoicing. Final pricing is determined by reference to the average spot price of the quotational period elected by Glencore, being the average price for the nominated quotational period which under the Agreement can be either 1, 3 or 4 months after the month of arrival of their carrying vessel in the port of discharge. At the end of each reporting period the recorded sale is marked to market based on management's best estimate of expected price including any adjustment arising from foreign exchange fluctuations and recognised in the Income Statement. At the end of the quotational period a final invoice is raised based on the then prevailing market price and a final adjustment is made to the Income Statement to reflect the final price received in Australian dollars.

Interest revenue

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

(o) Share based payments

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

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

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

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

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

(p) Goods and services tax

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

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

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

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2008**3. Significant accounting policies (continued)****(q) Exploration, evaluation and development costs**

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

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale;
 - or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

(r) Development

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

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

4. Critical accounting judgements and key sources of estimation uncertainty

In application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Notes to the Financial Statements for the Financial Year Ended 30 June 2008

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of Inter Company Loans

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

Recovery of Capitalised Exploration Evaluation and Development Expenditure

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

Share-based payment transactions

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

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

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
5. Loss from operations					
(a) Revenue from operations consisted of the following items					
Revenue from the sale of copper		3,041,810	3,399,591	-	-
Other revenue					
Interest from other persons		43,557	23,780	20,125	16,055
Other income					
Net foreign currency gain		26,071	18,564	2,537	4
Gain on de-consolidation of subsidiary		500,000	-	-	-
Write back previous provision for rehabilitation		250,000	-	-	-
Joint Venture Management Fee		13,200	-	-	-
Total other income		789,271	18,564	2,537	4
Total income		3,874,638	3,441,935	22,662	16,059

Notes to the Financial Statements for the Financial Year Ended 30 June 2008

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
b) Loss before income tax					
<i>Loss before income tax has been arrived at after charging the following expenses</i>					
Cost of sales		2,734,227	3,263,382	-	-
<i>Depreciation of non-current assets</i>					
Motor vehicles		2,590	2,582	-	-
Mine equipment		374,522	222,960	-	-
Plant and equipment		26,160	14,527	12,180	6,385
Rehabilitation asset		54,084	-	-	-
Total depreciation of non-current assets	14(a)	457,356	240,069	12,180	6,385
<i>Finance costs</i>					
Interest on deferred delivery facility		34,818	23,640	-	-
Interest on convertible refinancing facility		246,061	219,521	246,061	219,521
Interest on underwriting advance		26,385	30,319	26,385	30,319
Other interest expense		31,967	30,758	18,423	9,819
Total interest expense		339,231	304,238	290,869	259,659
Other finance costs		10,112	35,667	(14,062)	35,667
Total finance costs		349,343	339,905	276,807	295,326
<i>Impairment allowance for non recovery of loans:</i>					
Subsidiaries		-	-	4,029,589	954,401
Other entities		212	212	212	212
		212	212	4,029,801	954,613
Exploration and evaluation costs		313,451	138,121	16,888	5,761
Rehabilitation expense		37,685	75,819	-	-
Equity settled share based payments	7	4,448	13,327	4,448	13,327
Employee benefits		1,256,220	691,246	472,985	452,534
Superannuation expense		90,030	52,162	60,848	42,000
<i>Operating lease rental</i>					
- minimum lease payments		115,458	76,420	115,458	76,420
Net Losses					
Unrealised net foreign currency loss		224,195	-	-	-
Impairment loss on plant and equipment	14(a)	22,256	-	-	-
Impairment loss on deferred exploration, evaluation and exploration costs - Fiji	15(b)	9,199,961	-	-	-
Net mark to market loss	3(n)	315,221	309,435	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2008

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
6. Income tax					
(a) Loss before income tax					
<i>The prima facie tax, using tax rates applicable in the country of operation, on operating loss differs from income tax provided in the financial statements as follows:</i>					
Operating loss		(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)
Income tax benefit calculated at 30% (2007: 30%)		3,482,720	721,047	1,684,604	691,875
Tax effect on permanent differences		(1,844)	(5,551)	(1,173)	(631)
Non-deductible expenses					
Unused tax losses and offsets not recognised as deferred tax assets		(471,147)	(579,202)	(1,683,431)	(691,244)
Income tax losses incurred in the jurisdiction of Fiji not brought to account as a deferred tax asset		(3,009,729)	(136,294)	-	-
Income tax benefit attributable to operating loss		-	-	-	-
The following deferred tax assets have not been brought to account as assets	6(i)	17,898,782	17,427,635	15,015,596	13,332,165
The deferred tax assets will only be obtained in the relevant tax jurisdiction if:					
(i) future assessable income tax is derived of a nature and of an amount sufficient to enable the benefit to be realised;					
(ii) the conditions for deductibility imposed by the tax legislation are complied with; and					
(iii) no changes in tax legislation adversely affect the Group in realising the benefit.					
6(i) Includes Australian dollar equivalent of amounts in the jurisdiction of Fiji		7,105,199	4,095,470	-	-
(b) Income tax recognised directly in equity		-	-	-	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2008
6. Income tax continued**Tax consolidation****Relevance of tax consolidation to the Consolidated Entity**

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

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Redbank Mines Limited. The members of the tax consolidated group are identified at Note 13.

Nature of tax funding arrangements and tax sharing agreements

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

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

6(a) Franking credit balance

	Redbank Mines Limited	
	2008	2007
	\$	\$
The amount of franking credits available for future years:		
Franking account balance as at the end of the financial year at 30% (2007:30%)	2,654	2,654

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

7. Key Management personnel compensation

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

K W McGrath (Chairman, Non-executive Director)
 J G Vitale (Managing Director)
 S J Field (Executive Director, Chief Financial Officer and Company Secretary)
 D J Searle (Executive Director until May 2008, Non-executive from June 2008)
 M J Kitney (Non-executive Director)
 C R Hall (General Manager, Exploration and Project Development).

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

	Consolidated		Redbank Mines Limited	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	837,405	705,804	837,405	705,804
Post-employment benefits	54,450	42,000	54,450	42,000
Other long term payments	11,309	11,340	11,309	11,340
Termination payments	-	-	-	-
Share based payment	4,448	13,327	4,448	13,327
	907,612	772,471	907,612	772,471

The options granted pursuant to shareholder approval obtained at general meeting held on 8 April 2005 were valued in 2005 using Black & Scholes Option Model and vest over four consecutive financial periods. Refer additional details below on valuation of remuneration recognised during the period ended 30 June 2008 and are not dependent on performance

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

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

The vesting and exercise of options is not performance based.

Share options granted to key management personnel

During and since the end of the financial year no share options were granted (2007: no share options were granted) to the key management personnel of the Company.

7. Key Management personnel compensation (continued)

Share options on issue with key management personnel at end of the year or exercised during the year
Details of unissued shares or interests under option are:

Issue Date – 8 April 2005

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

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

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

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

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

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
8. Current trade and other receivables					
Trade receivables	8(b)(i)	13,610	194,890	-	-
Allowance for doubtful debts		-	-	-	-
		13,610	194,890	-	-
Other receivables	8(a),(b)	467,973	138,637	114,000	110,575
Goods and Services Tax (GST) recoverable		195,671	325,012	8,225	12,270
		677,254	658,539	122,225	122,845
(a) Australian dollar equivalents					
Includes Australian dollar equivalent of amounts receivable in foreign currencies not effectively hedged:					
- United States dollars		13,610	194,890	-	-
- Fiji dollars		98,742	85,412	-	-

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

(b) Terms and conditions

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

The debtors are to be settled in accordance with the terms of the Offtake Agreement entered into by the Company on 29 November 2006. As detailed at Note 3(n) following the arrival of its copper product at the destination port and its customer's election of the quotational period (either 1, 3 or 4 months after the arrival into its destination port) an adjustment will be made to the outstanding debtor balance to reflect the final price to be received in Australian dollars, at the end of the quotational period.

Depending on the quotational period elected by its customer, the time that the debtors will normally be settled is within 30 to 120 days from the product's arrival into its destination port (refer Note 3(n) for additional details).

- (ii) The Company has not entered into any foreign currency forward exchange hedging contracts for copper sales made in US dollars. As such it is exposed to foreign exchange fluctuations for the quotational period associated with copper deliveries on the terms referred to above.
- (iii) The Company is exposed to fluctuations in short term interest rates for the value of shipments settled on a deferred delivery basis for a maximum period of 3 to 4 months during the Northern Territory wet season.
- (iv) Other trade debtors are non-interest bearing and are generally on 30 day terms.
- (v) Sundry debtors and other receivables are non-interest bearing and provided on an unsecured basis.
- (vi) Other than value added tax recoverable balance in Fiji there are no receivables past due at reporting date.
- (vii) The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 3 to the financial statements.
- (vii) The current trade and other receivables balance are carried at cost, which is deemed to be equivalent to fair value.

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$		
9. Current inventories					
Finished product – at cost		39,994	44,297	-	-
ROM Stockpiles – at cost		446,802	419,639	-	-
Copper in Circuit – at cost		31,305	21,120	-	-
Diesel Fuel – at cost		35,937	30,132	-	-
Raw materials, stores and consumables – at cost		60,511	100,368	-	-
		614,549	615,556	-	-
10. Other current assets					
Prepayments		84,715	63,019	33,458	16,964
		84,715	63,019	33,458	16,964
11. Non-current trade and other receivables					
Funds held on deposit to secure bank guarantees	11(a)	358,048	423,074	90,000	90,000
Security deposits and performance bonds		34,428	31,393	10,000	10,000
Rental bonds		99,355	40,000	99,355	40,000
		491,831	494,467	199,355	140,000
<i>Non-trade receivables from related parties:</i>					
Wholly owned group					
- Unsecured loans to controlled entities	11(b)	-	-	25,398,757	23,933,288
- Impairment allowance for non-recovery	11(d)	-	-	(19,001,052)	(17,971,675)
		-	-	6,397,705	5,961,613
- Secured loans to controlled entities					
- Impairment allowance for non-recovery	11(d)	-	-	7,802,860	7,802,648
		-	-	(7,802,860)	(4,802,648)
		-	-	-	3,000,000
Other parties					
- Unsecured loan to other entity		821,139	820,927	821,139	820,927
- Impairment allowance for non-recovery	11(d)	(821,139)	(820,927)	(821,139)	(820,927)
		-	-	-	-
		491,831	494,467	6,597,060	9,101,613

11. Non-current trade and other receivables (continued)

Terms and conditions relating to the above financial instruments:

- (a) Term deposits have a weighted average term equivalent to 7.8 months (2007: 7.8 months) and have a weighted average fixed interest rate equivalent to 3.99% per annum (2007: 3.99% per annum) for the year.

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

- exploration and mining leases to the extent of \$392,475 (2007: \$454,467) which the company or one of its subsidiaries has entered into;
- rental bond to the extent of \$69,355 (2007: Nil)

and will be continually reinvested until the bank guarantees are released; and

- cash backed security totalling \$30,000 (2007: \$40,000) has been provided to secure rental bonds

- (b) Amounts receivable from related parties are provided on an unsecured basis. The loans have been provided free of interest with no fixed term of repayment (refer Note 35 for details).
- (c) Amounts receivable from related parties are provided on a secured basis. The loans are supported by way of registered fixed and floating mortgages over the assets of Audesso Mining (Fiji) Limited and ICE Interactive Pty Ltd, registered in Fiji and Australia respectively. The loans have been provided free of interest with no fixed term of repayment (refer Note 35 for details).
- (d) Reconciliations of impairment allowance detailed in table below:

Notes	Consolidated		Redbank Mines Limited	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Wholly owned group</i>				
<i>Unsecured loans to controlled entities</i>				
Opening balance at 1 July	-	-	17,971,675	17,017,757
Impairment losses recognised on receivables	-	-	1,338,827	961,644
Amounts written off as uncollectible	-	-	-	-
Amounts recovered during the year	-	-	(309,450)	(7,726)
Impairment loss reversed	-	-	-	-
Closing balance at 30 June	-	-	19,001,052	17,971,675
<i>Secured loans to controlled entities</i>				
Opening balance at 1 July	-	-	4,802,648	4,802,166
Impairment losses recognised on receivables	-	-	3,000,212	482
Amounts written off as uncollectible	-	-	-	-
Amounts recovered during the year	-	-	-	-
Impairment loss reversed	-	-	-	-
Closing balance at 30 June	-	-	7,802,860	4,802,648
<i>Unsecured loans to other parties</i>				
Opening balance at 1 July	820,927	820,715	820,927	820,715
Impairment losses recognised on receivables	-	-	-	-
Amounts written off as uncollectible	212	212	212	212
Amounts recovered during the year	-	-	-	-
Impairment loss reversed	-	-	-	-
Closing balance at 30 June	821,139	820,927	821,139	820,927

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
12. Other non current financial assets					
<i>Investments at cost comprise:</i>					
Shares					
Controlled entities – unlisted	12(a)	-	-	12,852,436	12,852,436
Impairment allowance for non-recovery		-	-	(9,862,378)	(9,862,378)
		-	-	2,990,058	2,990,058
<i>Investment held in other entities</i>					
Shares					
eMAX Entertainment Pty Ltd (previously in voluntary administration) – unlisted	12(b)	1,183,994	1,183,994	1,183,994	1,183,994
Impairment allowance for non-recovery		(1,183,994)	(1,183,994)	(1,183,994)	(1,183,994)
		-	-	-	-
Total investments		-	-	2,990,058	2,990,058

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

- 12(a)** A provision for impairment for 100% of the original cost for all investments in subsidiaries other than the investment in RBM Operations Pty Ltd have been raised in prior years.

The investment in RBM Operations Pty Ltd is a reflection of fair value as assessed at the time of acquisition, being 20 December 2005. The Company assesses the fair value of the investment on at least an annual basis and considers that the fair value remains recoverable and therefore that no impairment provision is required at this time.

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

- 12(b)** As reported in the 2006 and 2007 Financial Report the Company advised that the Deed of Company Arrangement with the creditors of eMAX had been effectuated and the company handed back having extinguished all liabilities. It is expected that the company will now be deregistered and wound up by the Directors during the 2009 financial year.

13. Interests in subsidiaries

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity	
		2008 %	2007 %
RBM Operations Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Volley Oil Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Tennscourt Oil Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Gold Dredging Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Leeturn (No 164) Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
Nationwide Pacific Pty Limited	Australia ⁽ⁱⁱⁱ⁾	100	100
Audesso Limited	Australia ⁽ⁱⁱⁱ⁾	100	100
Audesso Mining (Fiji) Limited	Fiji ⁽ⁱ⁾	100	100
Pacific Islands Gold (Fiji) Ltd	Fiji ⁽ⁱ⁾	100	100
Pacific Islands Gold de Mexico de SACV	Mexico ⁽ⁱⁱ⁾	100	100
ICE Interactive Pty Ltd	Australia ⁽ⁱⁱⁱ⁾	100	100
eMAX Entertainment Pty Ltd	Australia ^(iv)	100	100
Xstream Pty Ltd	Australia ^(iv)	100	100

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

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

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

(iv) during the 2003 financial year these companies were placed into Voluntary Administration ("VA"). Although the parent company still technically owns 100% of the shares on issue during the period of the VA it did not have the ability to control the operations of the company and as such was de-consolidated, effective from 10 September 2002. Refer to additional details at Note 12(a) and (b).

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
14. Plant and equipment					
<i>Plant and equipment</i>	14 (a)				
At cost		496,342	477,135	457,266	438,059
Accumulated depreciation		(461,567)	(435,407)	(432,923)	(420,743)
		34,775	41,728	24,343	17,316
<i>Mine plant and equipment</i>	14 (a)				
At cost		1,248,446	1,084,338	220,000	220,000
Accumulated depreciation		(643,750)	(269,228)	(107,058)	(62,937)
Impairment loss		(22,256)	-	-	-
		582,440	815,110	112,942	157,063
<i>Motor vehicles</i>	14 (a)				
At cost		7,748	7,748	-	-
Accumulated depreciation		(6,530)	(3,940)	-	-
		1,218	3,808	-	-
<i>Rehabilitation asset</i>	14 (a)				
At cost		135,211	-	-	-
Accumulated depreciation		(54,084)	-	-	-
		81,127	-	-	-
<i>Total Assets</i>	14 (a)				
At cost		1,887,747	1,571,065	677,266	658,059
Accumulated depreciation		(1,165,931)	(710,419)	(539,981)	(483,680)
Impairment loss		(22,256)	-	-	-
		699,560	860,646	137,285	174,379
Capital works in progress		926,913	915,852	-	-
Total plant and equipment		1,626,473	1,776,498	137,285	174,379
(a) Reconciliations					
<i>Plant and equipment</i>					
Opening balance at 1 July		41,728	6,548	17,316	5,932
Additions		19,207	49,707	19,207	17,769
Depreciation expense	5	(26,160)	(14,527)	(12,180)	(6,385)
Closing balance at 30 June		34,775	41,728	24,343	17,316

14. Plant and equipment (continued)

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
<i>Mine plant and equipment</i>					
Opening balance at 1 July		815,110	503,679	157,063	201,063
Additions		164,108	536,235	-	-
Written down value asset written-off ⁽ⁱ⁾		(22,256)	-	-	-
Net foreign currency exchange differences		-	(1,844)	-	-
Depreciation expense	5	(374,522)	(222,960)	(44,121)	(44,000)
Closing balance at 30 June		582,440	815,110	112,942	157,063
<i>Motor vehicles</i>					
Opening balance at 1 July		3,808	6,390	-	-
Additions		-	-	-	-
Depreciation expense	5	(2,590)	(2,582)	-	-
Closing balance at 30 June		1,218	3,808	-	-
<i>Rehabilitation asset</i>					
Opening balance at 1 July		-	-	-	-
Additions		135,211	-	-	-
Depreciation expense		(54,084)	-	-	-
Closing balance at 30 June		81,127	-	-	-
<i>Total Assets</i>					
Opening balance at 1 July		860,646	516,617	174,379	206,995
Additions		318,526	585,942	19,207	17,769
Written down value asset written-off ⁽ⁱ⁾		(22,256)	-	-	-
Net foreign currency exchange differences		-	(1,844)	-	-
Depreciation expense	5	(457,356)	(240,069)	(56,301)	(50,385)
Closing balance at 30 June		699,560	860,646	137,285	174,379

⁽ⁱ⁾ Impairment losses are included in the line item 'impairment of non-current assets' in the Income Statement. Due to the uncertainty regarding the renewal of the Mt Kasi tenement leases (refer Note 15 for additional detail) the carrying value of mine plant and equipment in Fiji has been fully provided for. (2007: There was no impairment loss during this period).

14 Plant and equipment (continued)**(b) Aggregate Depreciation**

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

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
Plant and equipment		26,160	14,527	12,180	6,385
Mine plant and equipment		374,522	222,960	-	-
Motor vehicles		2,590	2,582	-	-
Total depreciation expense		403,272	240,069	12,180	6,385
15. Deferred exploration, evaluation and development costs					
<i>Exploration, evaluation and development costs carried forward in respect of mining areas of interest</i>					
<i>- exploration and evaluation phases:</i>					
Fiji		-	9,199,961	-	-
Australia	15(a)	5,962,254	5,461,466	-	-
	15(b)	5,962,254	14,661,427	-	-
<i>- development phase:</i>					
Pre development costs – Redbank Copper Project		250,447	31,689	-	-
		6,212,701	14,693,116	-	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective mining areas. In respect of the Group's Fiji exploration interests that comprise the Mt Kasi Gold Project, the tenements were subject to renewal at 31 December 2007 and at balance date have not been renewed. Although the matter of renewal remains the subject of an appeal with the Minister for Mines, the Directors have taken the decision to fully provide for potential impairment as would be realised in the event that appeal is not successful and the tenements not renewed in the ordinary course of business.

15. Deferred exploration, evaluation and development costs (continued)

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
<i>15(a) exploration and evaluation – Australia</i>					
- Australia exploration and evaluation expenditure		5,461,466	4,494,517	-	-
- tenement acquisition costs		-	-	-	-
- tenement acquisition costs written off		-	-	-	-
- evaluation expenditure incurred during the year		23,531	82,063	16,889	5,761
- evaluation expenditure expensed directly against profit		(23,531)	(82,063)	(16,889)	(5,761)
- expenditure capitalised during the year		500,788	966,949	-	-
Net Carrying Value		5,962,254	5,461,466	-	-
<i>15(b) exploration and evaluation – Fiji</i>					
- Fiji exploration and evaluation expenditure		9,199,961	8,854,918	-	-
- tenement acquisition costs		-	-	-	-
- tenement acquisition costs written off		-	-	-	-
- evaluation expenditure incurred during the year		289,920	-	-	-
- evaluation expenditure expensed directly against profit		(289,920)	-	-	-
- impairment loss		(9,199,961)	-	-	-
- expenditure capitalised during the year		-	345,043	-	-
Net Carrying Value		-	9,199,961	-	-
<i>15(c) exploration and evaluation expenditure</i>					
Balance at the beginning of the year		14,661,427	13,349,435	-	-
- tenement acquisition costs		-	-	-	-
- tenement acquisition costs written off		-	-	-	-
- evaluation expenditure incurred during the year		313,451	82,063	16,889	5,761
- evaluation expenditure expensed directly against profit		(313,451)	(82,063)	(16,889)	(5,761)
- impairment loss		(9,199,961)	-	-	-
- expenditure capitalised during the year		500,788	1,311,992	-	-
Balance at the end of the year		5,962,254	14,661,427	-	-
<i>15(d) pre-development expenditure</i>					
Balance at the beginning of the year		31,689	-	-	-
- pre-development expenditure capitalised during the year		218,758	31,689	-	-
Balance at the end of the year		250,447	31,689	-	-

16. Assets pledged as security

In accordance with security arrangements of liabilities, as disclosed at Notes 18 and 21 to the financial statements, all non-current assets of the Consolidated Entity, have been pledged as security. The Consolidated Entity does not hold title to the equipment under finance lease pledged as security.

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
17. Current trade and other payables					
Trade creditors	17(b)	929,632	1,131,283	410,262	491,862
Other creditors and accruals	17(a) 17(b)	886,030	935,122	240,858	412,020
Accrued Interest	17(c)	-	98,581	-	98,581
Directors and associated entities	17(b)	456,398	227,827	456,398	227,827
		2,272,060	2,392,813	1,107,518	1,230,290
(a) Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged:					
- Fiji Dollars	20(a)	357,128	576,873	-	-

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

- (i) Trade creditors are non-interest bearing and are normally settled between 30 and 90 (2007: 60 and 90) day terms.
- (ii) Other creditors are non-interest bearing and are normally settled between 30 and 90 (2007: 60 and 90) day terms.
- (iii) Directors and related entities are non-interest bearing and are normally settled between 90 and 180 (2007: 90 and 180 day terms).

(c) Fair value

The stated balance is considered to equal to fair value at balance date. The carrying amount of financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

2008

All interest incurred during the period was paid at balance date and as such no accrual is required for the 2008 financial period.

2007

Interest payable accrued in 2007 relates to:

- (i) secured convertible refinancing facility provided to the Company by Macquarie Bank Limited (refer Note 18 and 20). Interest is charged at a 2% margin to the aggregate six (6) month bill rate which was 8.9683% during the period from 28 February 2007 to 28 August 2007; and
- (ii) interest to be charged to the Company for the deferred delivery sales made during the period under the deferred delivery facility pursuant to the Offtake Agreement with Glencore International AG which was entered into on 29 November 2006. Interest is charged at 2.5% margin to three (3) month London Interbank Offered Rate (LIBOR).

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
18. Current borrowings					
<u>Secured:</u>					
At amortised cost (2007: cost):					
Finance lease liabilities	(i)	45,794	165,970	45,794	165,970
<i>Macquarie Bank Limited</i> Convertible Refinancing Facility	(ii)	1,500,000	2,514,063	1,500,000	2,514,063
Total Secured Borrowings		1,545,794	2,680,033	1,545,794	2,680,033
<u>Unsecured:</u>					
At amortised cost (2007: cost)					
Other loan	(iii)	52,909	92,070	52,909	92,070
Stand-by Loan Facility	(iv)	130,000	130,000	130,000	130,000
Total Unsecured Borrowings		182,909	222,070	182,909	222,070
Total Current Borrowings		1,728,703	2,902,103	1,728,703	2,902,103

Terms and Conditions relating to the above financial instruments

2008

- (i) The finance lease liabilities are secured by the assets leased. The finance lease liabilities are payable over a period not exceeding 60 months. The current weighted average effective rate on the loans is 10.4% per annum (2007: 9.8%). For additional details refer to Notes 27(a) and 35(f) to the financial statements.
- (ii) The Macquarie Facility is secured by first ranking fixed and floating charges over the assets of the Company and its subsidiaries together with share mortgages over the shares of each of the subsidiaries, including RBM Operations Pty Ltd.

The maturity date of the facility which was originally 28 February 2008 has been extended for twelve months to 27 February 2009. The extension was provided on the condition that the Company:

- (a) provide security over the shares of RBM Operations Pty Ltd; and
(b) make a principal reduction of \$700,000 by 30 June 2008.

The Company had met both of these conditions as at 30 June 2008.

The Macquarie Facility interest is based on a 5.0% margin (2007: 2.5%) to Large Overdraft Bank Rate quoted on the Reuters (the most recent rate being 13.080%) and at the election of the Company is rolled continually during the term of the loan. The Company has currently elected to roll the Facility for a 180 day term.

- (iii) This represents an insurance premium funding arrangement. The loan is payable over 8 months, is charged an effective annual interest rate of 9.09% (2007:14.8%) and will be paid in full by the end of October 2008 (2007: January 2008).

18. Current borrowings (continued)

- (iv) Ms S J Field and Mr Vitale have continued to provide the Company and the Consolidated Entity with a stand-by loan facility at no fee. Interest has been charged to the Company from 1 July 2007 on the balance drawn down at an interest rate of 4.42%, being a 2% discount to the Australian bank bill rate for the same period. (2007: no fee and interest free to the Company).

2007

- (ii) (The Macquarie Facility is secured by first ranking fixed and floating charges over the assets of the Company and its subsidiaries together with share mortgages over the shares of each of the subsidiaries. The facility matures on 28 February 2008.

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

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

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

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

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

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
19. Current provisions					
Employee benefits	28	141,680	125,216	116,936	119,684
Environmental, restoration and rehabilitation		495,158	75,000	495,158	75,000
		636,838	200,216	612,094	194,684

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
20. Non-current trade and other payables					
Other creditors	20(b)	238,087	149,439	-	-
Fiji Government deferred creditors	20(a) (b)	809,798	831,428	-	-
		1,047,885	980,867	-	-
Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged					
- Fiji dollars	20(b)	1,047,885	980,867	-	-

20(a) A long term deferral of debt obligations to the Fijian Government until six months following re-commissioning of the Mt Kasi Mine was agreed by the Government Cabinet at a meeting held on 20 July 1998. At that time it was decided payments will be required to be made in twelve equal monthly instalments six months after production has commenced at the Mt Kasi Mine. Pending the outcome of the appeal referred to at Note 15, the Company has continued to recognise these non current liabilities.

During the year the Company commenced a monthly reduction instalment programme for a portion of this debt, however these payments were suspended as at 31 December 2007, pending the renewal of mining and exploration leases at the Mt Kasi Gold Project. The Company reclassified this portion of this historical debt to current in the 2007 reporting period and continues to recognise the remaining balance as current, pending the outcome of the appeal referred to at Note 15.

20(b) The payable balance includes an amount payable in Fijian dollars, refer (a) above. The Company has not entered into any foreign currency forward exchange hedging contracts and as such it is exposed to foreign exchange fluctuations until settlement of the outstanding balances.

20(c) The stated balance is considered to equal to the fair value at balance date.

21. Non-current borrowings					
<u>Secured:</u>					
At amortised cost (2007: cost):					
Finance lease liabilities	(i)	376,538	360,708	376,538	360,708
Total Secured Borrowings		376,538	360,708	376,538	360,708

Terms and conditions relating to the above financial instruments

(i) The finance lease liabilities are secured by the assets leased. The finance lease liabilities are payable over a period not exceeding 60 months. The current weighted average effective rate on the loans is 9.8% per annum (2007: 9.8%). For additional details refer to Notes 27(a) and 35(f) to the financial statements.

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
22 Non-current provisions					
Employee benefits	28	17,113	5,803	17,113	5,803
Environmental, restoration and rehabilitation	22(a) 22(b)	1,015,364	1,575,799	-	434,897
		1,032,477	1,581,602	17,113	440,700

22 (a) Provision for environmental restoration and rehabilitation

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

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

22 (b) Movement in provisions

Opening balance at 1 July	1,575,799	1,698,626	434,897	538,070
Restoration and rehabilitation costs	(14,739)	(28,173)	(14,739)	(28,173)
Restoration and rehabilitation provision reclassified as non-current / (current)	(420,158)	(75,000)	(420,158)	(75,000)
Rehabilitation expense	37,685	-	-	-
Write back previous restoration and rehabilitation provision	(250,000)	-	-	-
Recognition restoration and rehabilitation provision	135,211	-	-	-
Foreign exchange translation movement	(48,434)	(19,654)	-	-
Closing balance at 30 June	1,015,364	1,575,799	-	434,897

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
23. Issued capital					
(a) Issued and paid up capital					
186,768,084 ordinary shares fully paid (2007: 120,840,196)	23(b)	71,141,014	67,227,088	71,141,014	67,227,088
300 B Class Shares fully paid (2007: 300)		300	300	300	300
		71,141,314	67,227,388	71,141,314	67,227,388

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

(b) Movement in shares on issue	2008		2007	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	120,840,196	67,227,088	75,730,145	63,794,027
<i>Issues of Fully Paid Ordinary Shares completed during the year</i>				
Placement made under excluded offer on 13 December 2006 at 7.5 cents per share	-	-	7,200,002	540,000
Pursuant to the approval of shareholders received at the Company's Annual General Meeting on 29 November 2006, the Company completed an issue of 450,000 shares at a price of 10 cents per share to Directors on 20 December 2006	-	-	450,000	45,000
1 for 2 Rights Issue pursuant to Prospectus dated 21 December 2006, completed on 29 January 2007	-	-	27,793,382	2,001,123
Public placement pursuant to Prospectus dated 21 December 2006, completed on 31 January 2007	-	-	6,666,667	500,000
Placement made under excluded offer on 31 May 2007 at 16 cents per share	-	-	3,000,000	480,000
Placement made under excluded offer on 25 July 2007 at 11.5 cents per share	10,626,000	1,221,990		
Placement made under excluded offer on 6 December 2007 at 8 cents per share	10,625,000	850,000		
Placement made under excluded offer on 28 February 2008 at 6 cents per share	16,666,666	1,000,000		
Placement made under excluded offer on 11 March 2008 at 6 cents per share	1,010,222	60,613		
Placement made under excluded offer on 17 June 2008 at 5 cents per share	24,000,000	1,200,000		
	183,768,084	71,559,691	120,840,196	67,360,150
Less transaction costs	-	(418,677)	-	(133,062)
	-	71,141,014	-	67,227,088

23. Issued capital (continued)

(c) Share Options

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

2008

Note Reference	Exercise Date/Description	Exercise Price	Opening Balance 1/07/07	Options Granted	Options Exercised	Options Lapsed or Cancelled	Closing Balance 30/06/08
(i)	28 02 08 Options	\$0.38	7,894,737	-	-	7,894,737	-
(ii)	28 02 10 Directors Options	\$0.380	250,000	-	-	250,000	-
(ii)	28 02 10 Directors Options	\$0.500	250,000	-	-	250,000	-
(ii)	28 02 10 Directors Options	\$0.600	250,000	-	-	250,000	-
(iii)	31 05 08 Listed Options	\$0.280	38,115,864	-	-	38,115,864	-
(iv)	31 12 08 Options	\$0.090	4,000,000	-	-	-	4,000,000
(v)	30 01 11 Options	\$0.096	-	4,000,000	-	-	4,000,000
	Total		50,760,601	4,000,000	-	46,760,601-	8,000,000

2007

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

Option on issue at the beginning of the year

There were a total of **50,760,601** unlisted options on issue at the beginning of the financial year, made up as follows:

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

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

23. Issued capital continued

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

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

- (iii) 38,115,864 listed options to subscribe for ordinary shares at 28 cents with an expiry date of 31 May 2008 were issued during January 2006.
- (iv) 4,000,000 options to subscribe for ordinary shares at 9 cents with an expiry date of 31 December 2008 were issued during the prior year. The Options were issued to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006;

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

- (i) In accordance with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005, Macquarie Bank Limited was issued with 157,894,737 American style call options to subscribe for ordinary shares at 1.9 cents. Following the 1:20 reconstruction of capital completed by the Company in December 2005 the Options were restated as 7,894,737 Options to subscribe for ordinary shares at 38 cents at any time on or before after 28 February 2008. The options expired at 5pm WST on 28 February 2008.
- (ii) In accordance with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005, Directors Options were issued to Mr Jerome Vitale and Ms Susan Field on the following basis:

Mr Jerome Vitale

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

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

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

All options have an expiry date of 28 February 2010.

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

- \$15,304 with a value of 0.51 of a cent per share for each 1.9 cent option;

23. Issued capital (continued)

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

Ms Susan Field:

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

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

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

All options have an expiry date of 28 February 2010.

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

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

- (iii) 38,115,864 listed options to subscribe for ordinary shares at 28 cents with an expiry date of 31 May 2008 were issued during January 2006. The options may be exercised at any time and are freely transferable. The options expire at 5pm WST on 31 May 2008 if they have not been exercised by this time they will automatically lapse.
- (iv) In accordance with the terms agreed for the provision of an underwriting facility and as set out in the Company's Prospectus dated 21 December 2006, Glencore International AG were issued with 4,000,000 options to subscribe for ordinary shares at 9 cents with an expiry date of 31 December 2008 were issued during the prior year. The options expire at 5pm WST on 31 December 2008.

2007

The fair value of the share based payment is estimated to be \$78,926 and was based on the fair value of the options using a Black & Scholes Pricing Model and the benefit is recognised as an issue cost by the Company based on the market price as at date of agreement that Glencore would provide the underwriting of the rights issue.

Expected volatility	77%	Vesting period	7 March 2007 – vesting immediately
		Share price at grant date	7.8 cents
Risk-free interest rate	6.07% ^s	Exercise price	9.0 cents
Expiry date	31 December 2008	Fair value per option	2.0 cents

23. Issued capital (continued)***Options over ordinary shares exercised, cancelled or lapsed during the year***

During the year the following options lapsed:

- The 7,894,737 Options issued pursuant to with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005 were not exercised on or before after 28 February 2008 and therefore lapsed during the year; and
- The 38,115,864 listed options issued pursuant to the Prospectus dated 3 November 2005 were not exercised on or before 31 May 2008 and therefore lapsed during the year.
- Mr Vitale and Ms Field agreed to cancel the 750,000 Directors Options issued pursuant to shareholder approval as at 30 June 2008 at the General Meeting held on 8 April 2005. As these Options were fully vested there is no financial impact on the Company's Retained Earnings.

Options over ordinary shares issued during the year

- v) 4,000,000 options to subscribe for ordinary shares at 9.6 cents with an expiry date of 31 January 2011 were issued during the year in consideration for underwriting \$1.0 million of the rights issue and providing financial support pursuant to Prospectus dated 13 December 2007. The Options were issued to Singpac Investment Holdings Pte Ltd, being the nominee of Glencore International AG.

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

At end of the year there were **8,750,000** (2007: 50,760,601) unissued ordinary shares in respect of which options were outstanding.

Fair value of options**2008**

The fair value of the share based payment is estimated to be \$141,321 and was based on the fair value of the options using a Black & Scholes Pricing Model and the benefit is recognised as an issue cost by the Company based on the market price as at date of agreement that Glencore would provide the underwriting of the rights issue.

Expected volatility	119.0%	Vesting period	28 February 2008 – vesting immediately
		Share price at grant date	5.6 cents
Risk-free interest rate	5.67%	Exercise price	9.6 cents
Expiry date	31 January 2011	Fair value per option	3.5 cents

23. Issued capital (continued)**(d) Terms and conditions of issued capital****Ordinary Shares**

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

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid on shares held.

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

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

B Class Shares

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

(a) General Meetings

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

(b) Voting Rights

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

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

(c) Dividend Rights

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

(d) Rights on Winding Up

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

23. Issued capital (continued)*(e) Transfer Rights*

The B Class Shares are not transferable.

(f) Automatic Conversion to Ordinary Shares

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

- (i) the achievement by the Redbank Copper's Project of cumulative EBITDA (earnings before interest, tax, depreciation and amortization) and project specific exploration expenditure of \$2,000,000, based on externally audited accounts pertaining to the project; or
- (ii) if the Company undertakes a return of capital, an in specie distribution of assets or similar transaction within a period of three calendar years from the completion of the acquisition of Redbank Mines which was completed on 20 December 2005.

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

(g) Variation of Rights

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

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
24 Reserves					
Share option reserve	24(a)	1,450,132	1,304,363	1,450,132	1,304,363
Compound financial instrument reserve	24(b)	77,881	77,881	77,881	77,881
		1,528,013	1,382,244	1,528,013	1,382,244
24(a) Share option reserve					
Balance at beginning of financial year		1,304,363	1,212,110	1,304,363	1,212,110
Share based payment	(i)	4,448	13,327	4,448	13,327
Other option issue –underwriter/brokers fee	(iii)	141,321	78,926	141,321	78,926
Balance at end of financial year		1,450,132	1,304,363	1,450,132	1,304,363

- (i) The share based payments arise from the grant of Directors share options with the terms and conditions approved by shareholders at the General Meeting held on 8 April 2005 and that were issued to Directors Mr JG Vitale and Ms S J Field (refer Note 23(c)(ii) for additional details. Amounts will be transferred out of the reserve and into issued capital in the event and at the time that the options are exercised. Further information about share based payments to employees is made at Note 7 to the financial statements.

24 Reserves (continued)**(ii) 2008**

The other option issue of 4,000,000 was made to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 13 December 2007. The fair value of the share based payment was based on the fair value of the options at date of agreement by Glencore to provide the underwriting of the rights issue (refer Note 23(d)(v)).

2007

The other option issue of 4,000,000 was made to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006. The fair value of the share based payment was based on the fair value of the options at date of agreement by Glencore to provide the underwriting of the rights issue (refer Note 23(d)(iv)).

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

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
24(b) Compound financial instrument reserve		77,881	77,881	77,881	77,881

The compound financial instrument reserve arose on the grant of options to Macquarie Bank Limited ("MBL") as approved by shareholders at the General Meeting held on 8 April 2005 being issued as a component of the convertible re-financing facility provided by the bank. These options lapsed unexercised on 28 February 2008.

25. Accumulated Losses

Balance at beginning of year	58,409,175	56,005,684	61,022,917	58,716,665
Net loss attributable to members of Redbank Mines Limited	11,809,067	2,403,491	5,615,348	2,306,252
Balance at end of year	70,218,242	58,409,175	66,638,265	61,022,917

26. Cash flow statement**(a) Reconciliation of cash**

Cash balances comprise:

- cash on hand	65,062	317,571	19,025	309,341
- bank overdraft drawn	(26,083)	-	(26,083)	
	38,979	317,571	(7,058)	309,341

26. Cash flow statement (continued)

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
(b) Financing facilities available					
At reporting date, the following financing facilities had been negotiated and were available:					
<i>Bank overdraft facility (unsecured)</i>					
Total facility		50,000	50,000	50,000	50,000
Used at reporting date		26,083	-	26,083	-
Facility unused at reporting date		23,917	50,000	23,917	50,000
<i>Directors stand-by loan facility</i>					
Total facility		160,000	160,000	160,000	160,000
Used at reporting date		130,000	130,000	130,000	130,000
Facility unused at reporting date		30,000	30,000	30,000	30,000
(c) Reconciliation of the operating loss after tax to the net cash flows from operations					
Loss from ordinary activities after tax		(11,609,067)	(2,403,491)	(5,615,348)	(2,306,252)
Non cash items					
Depreciation of non-current assets		457,356	240,069	12,180	6,385
Profit on deconsolidation of subsidiary		(500,000)	-	-	-
Impairment loss on non-current assets		9,222,217	-	-	-
Interest received		(43,557)	(23,581)	(20,125)	(16,055)
Provision for non-recovery loan to controlled entity		-	-	4,029,589	954,401
Provision for non-recovery loan to other entity		212	212	212	212
Provision for restoration, rehabilitation & environmental expense		(140,277)	(47,827)	(14,739)	(28,073)
Receipt from security deposit		(59,722)	-	(14,020)	-
Receipt from rental bond		(10,000)	-	(10,000)	-
Share based payments		4,448	13,327	4,448	13,327
Non cash borrowing cost		(14,062)	35,677	(14,062)	35,677
Changes in assets and liabilities					
(Increase)/Decrease in trade and other receivables		194,615	(449,000)	620	(9,264)
(Increase)/Decrease in inventory		1,007	56,615	-	-
(Increase)/Decrease in other assets		(21,696)	(43,634)	(16,494)	(3,248)
Increase/(Decrease) in payables		(241,695)	553,555	(243,937)	608,022
Increase in employee entitlements		27,774	21,219	8,562	21,341
Net cash flow used in operating activities		(2,732,447)	(2,046,859)	(1,893,114)	(723,527)

26. Cash flow statement (continued)**(d) Non-cash financing and investing activities****2008**

- (i) On 28 February 2008 the Company completed this excluded offer pursuant to shareholder approval received at the Company's Annual General Meeting held on 28 November 2007. Singpac Investment Holding Pte Limited, being a nominated associated party of Glencore was issued with 16,666,667 shares at an agreed issue price of 6 cents per share.

The proceeds were applied to repay an interim funding facility of \$1.0 million provided by Glencore International AG Limited in November 2007 as an advance against the underwriting pursuant to the Prospectus dated 13 December 2007.

- (ii) In addition to the above the Company issued a total of 4,000,000 unlisted options to subscribe for ordinary shares at any time at an exercise price of 9.6 cents on or before 31 January 2011 to Singpac Investment Holdings Pte Ltd in consideration for Glencore underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 13 December 2007.

2007

- (i) As approved by shareholders at the Company's Annual General Meeting held on 29 November 2006, on 20 December 2006 the Company completed an issue of 450,000 shares to the Directors or their nominees for no cash consideration as part considerations for loans, unpaid salaries, technical consulting fees and Directors' fees at a deemed issue price of 10 cents.
- (ii) The Company issued a total of 4,000,000 unlisted options to subscribe for ordinary shares at any time at an exercise price of 9 cents on or before 31 December 2008 to Glencore International AG in consideration for underwriting \$1.0 million of the rights issue and providing financial support, pursuant to Prospectus dated 21 December 2006.

(e) Sale of shares in subsidiary Gold Dredging Pty Ltd

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
Consideration					
Cash and cash equivalents		300,000	-	-	-
Deferred sale proceeds	8	200,000	-	-	-
	(i)	500,000	-	-	-
Book value of net assets sold					
Non Current Assets					
Deferred exploration, evaluation and development costs		-	-	-	-
Current Liabilities					
Payables		-	-	-	-
Net Deficiency over Assets					
		-	-	-	-
Recognised gain on disposal		500,000	-	-	-

26. Cash flow statement (continued)

- (i) On 1 July 2007 the Company announced that it had entered into an agreement to sell its interest in the Sarina/Mt Haden project in Queensland for \$500,000. On 14 December 2007 the cash consideration of \$300,000 was received by the Company and was utilised to reduce the debt with Macquarie Bank Limited by the same amount. The remaining \$200,000 of consideration receivable by the Company is to be paid by the purchaser with shares to this value. The shares are to be transferable and unencumbered listed shares in a company listed and trading on either the ASX or TSX to be nominated by the purchaser prior to completion of the sale; the number of such shares is to be determined by reference to the volume weighted average share price during the 10 business days prior to the completion date.

The deferred consideration has been recognised as a current receivable as it is expected that it will be received during the current financial period.

	Notes	Consolidated		Redbank Mines Limited	
		2008 \$	2007 \$	2008 \$	2007 \$
27. Expenditure commitments					
(a) Finance leases					
<i>Present value of minimum future lease payments</i>					
No later than 1 year		109,930	264,363	109,930	264,363
Later than 1 year and not greater than 5 years		383,236	377,040	383,236	377,040
Later than five years					
Minimum lease payments		493,166	641,403	493,166	641,403
Less future finance charges		(17,925)	(22,655)	(17,925)	(22,655)
Present value of minimum lease payments		475,241	618,748	475,241	618,748
<i>Included in financial statements as:</i>					
Current borrowings (secured)	19(i)	45,794	165,970	45,794	165,970
Current borrowings (unsecured)	19(iii)	52,909	92,070	52,909	92,070
Non-current borrowings	21	376,538	360,708	376,538	360,708
		475,241	618,748	475,241	618,748
(b) Mineral tenement expenditure commitments					
<i>Estimated lease rentals and exploration expenditure required to meet minimum expenditure requirements of the various Mines Departments in Australia to maintain current rights of tenure to mining and exploration tenements, payable:</i>					
- not later than one year		105,000	560,000	30,000	30,000
- later than one year and not later than five years		-	-	-	-
- later than five years		-	-	-	-
		105,000	560,000	30,000	30,000

27. Expenditure commitments (continued)

This estimate is based on the Group's expected work program for currently granted tenements and will vary depending upon the result of exploration programmes. Should expenditure not reach the required level in respect of each area of interest, the Group's interest could be reduced. The Company intends to seek a joint venture partner to farm-in on its Kimberley projects or sell the tenements. The present intention is that the new partner expends the minimum exploration required to keep the tenements in good standing and for Redbank to retain a free carried interest therein.

(c) Operating leases

In relation to the operating lease for office space the Company renewed its lease term for a further 3 years during the financial period. The Company does not have an automatic option to extend the term beyond this. The Company does not have an option to purchase the leased asset at the expiry of the lease period. The current period of the lease expires on 29 February 2011.

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
Non-cancellable operating lease payments					
- not longer than one year		154,500	64,091	154,500	64,091
- longer that one year and not longer than five years		257,500	-	257,500	-
- Longer than five years					
		412,000	64,091	412,000	64,091
28. Employee benefits and superannuation commitments					
Employee Benefits					
<i>The aggregate employee benefit liability is comprised of:</i>					
Current provisions	19	141,680	125,216	116,936	119,684
Non-Current provisions	22	17,113	5,803	17,113	5,803
		158,793	131,019	134,049	125,487

Number of Employees

As at 30 June 2008, the Consolidated Entity employed 3.5 full time equivalent people in Australia and 6 local employees in Fiji on care and maintenance duties (2007: 3.5 full time equivalent people in Australia and 8 local employees in Fiji).

Employee Option Plan

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

28. Employee benefits and superannuation commitments (continued)***Features of the Plan***

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

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

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

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

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

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

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

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

The market value of ordinary Redbank Mines Limited shares closed at 4.0 cents on 30 June 2008 (2007: equivalent to 12.5 cents).

Superannuation Commitments

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

29. Contingent liabilities and contingent assets

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

(a) Contingent Liabilities***Native Title***

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

29. Contingent liabilities and contingent assets (continued)**(b) Contingent Assets**

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

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

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

30 Subsequent events

The following matter has occurred since the end of the financial year:

1. Capital raisings

Subsequent to year end and at the date of this report the Consolidated Entity has raised a total of \$407,000 in equity funds before issue costs pursuant to an excluded offer of:

- 18,294,444 shares at a price of 1.8 cents per share plus 18,294,444 unlisted options to acquire a Fully Paid Ordinary Share at an exercise price of 2 cents at any time until 31 August 2009; and
- 4,301,222 Fully Paid Ordinary Shares at a price of 1.8 cents per share.

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

31 Earnings per share	Consolidated	
	2008	2007
	\$	\$
(a) Basic earnings per share		
<i>The following reflects the income and share data used in the calculations of basic and diluted earnings per share:</i>		
Net loss	(11,609,068)	(2,403,491)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	143,570,702	94,750,322
Basic earnings per share (cents per share)	(8.0)	(2.5)
Diluted earnings per share (cents per share)	(8.0)	(2.5)
(b) Non dilutive options		
<i>The following potential ordinary shares are not dilutive and therefore are excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share:</i>		
28 February 2008 Macquarie Options	-	7,894,737
28 February 2010 Directors Options	-	750,000
31 May 2008 Listed Options	-	38,115,864
31 December 2008 Unlisted Options	4,000,000	4,000,000
31 January 2011	4,000,000	-

8,000,000	50,760,601
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31 Earnings per share (continued)**(c) Effect of change in accounting policy**

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

	Notes	Consolidated		Redbank Mines Limited	
		2008	2007	2008	2007
		\$	\$	\$	\$
32. Auditors' remuneration					
<i>Amounts received or due and receivable by Deloitte Touche Tohmatsu for:</i>					
- an audit or review of the financial report of the entity and any other entity in the Consolidated Entity		89,960	92,425	89,960	92,425
- other services in relation to the entity and any other entity in the Consolidated Entity		-	-	-	-
		89,960	92,425	89,960	92,425
<i>Amounts received or due and receivable by auditors other than Deloitte Touche Tohmatsu for:</i>					
- an audit of the financial report of subsidiary entities		-	4,400	-	-
		89,960	96,825	89,960	92,425

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

Refer to Note 7 to the financial statements.

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

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

(c) Key management personnel or associates equity holdings

2008				
FULLY PAID ORDINARY SHARES				
	2007 Opening Balance	On/Off Market Purchases and Participation in Share Offers	On/Off Market Disposals	2008 Closing Balance
	Number	Number	Number	Number
Mr K W McGrath	2,150,000	-	-	2,150,000
Mr J G Vitale	1,004,852	-	-	1,004,852
Ms S J Field	633,668	-	-	633,668
Dr D J Searle	1,120,000	-	-	1,120,000
Mr M J Kitney	283,334	-	-	283,334
Mr C R Hall	333,333	-	-	333,333

Total	5,525,187	-	-	5,525,187
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33. Related party disclosures (continued)

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

B CLASS SHARES			
2008	2007 Opening Balance	Movement	2008 Closing Balance
	Number	Number	Number
Mr J G Vitale	240	-	240
Ms S J Field	60	-	60
Total	300	-	300

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

(1) Refer additional details at Notes 7 and 23 to the financial statements.

33. Related party disclosures (continued)

2007 and 2008 LISTED OPTIONS						
	Balance as at 30 June 2006	On/Off Market Disposals	Balance as at 30 June 2007	On/Off Market Disposals	Options Lapsed During the Period	Balance as at 30 June 2008
	Number	Number	Number	Number	Number	Number
Mr K W McGrath	500,000	-	500,000	-	500,000	-
Mr J G Vitale	326,820	-	326,820	-	326,820	-
Ms S J Field	212,627	-	212,627	-	212,627	-
Dr D J Searle	80,000	-	80,000	-	80,000	-
Mr M J Kitney	81,250	-	81,250	-	81,250	-
Mr C R Hall	80,000	-	80,000	-	80,000	-
Total	1,280,697	-	1,280,697	-	1,280,697	-

DIRECTORS' OPTIONS OVER ORDINARY SHARES ⁽¹⁾									
2008	2007 Opening Balance	Granted as Re- munerati on	Exercised	Lapsed or Cancelled	2008 Closing Balance	Vested at 30/6/08	Vested and exerciseable	Vested and unexercise able	Vested during period
	Number	Number			Number	Number	Number	Number	Number
Mr J G Vitale	450,000	-	-	450,000	-	-	-	-	150,000
Ms S J Field	300,000	-	-	300,000	-	-	-	-	100,000
Total	750,000	-	-	750,000	-	-	-	-	250,000

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

- (1) Directors Options issued during the 2005 financial period, refer additional detail in table below and at Notes 23(c) and 7.

33. Related party disclosures (continued)

During the financial year there were no executive options issued to key management personnel and there were no options exercised (2007: nil). There have been no other transactions concerning equity instruments during the financial year with Directors or their personally related entities or specified executives. All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

(d) Transactions involving other related entities

Terms and conditions

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

Transactions eliminated on consolidation

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

Parent entities

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

(e) Transactions with key management personnel of Redbank Mines Limited and the Consolidated Entity

Consulting Services

- (i) During the year consulting fees totalling \$112,150 were charged by Earthsciences Pty Ltd, a company of which Dr D J Seale is a Director (2007: \$131,575). The consulting fees are based upon an agreed daily rate.
- (ii) During the year consulting fees totalling \$25,675 were charged by Nexus, a registered business of Earthsciences Pty Ltd, a company of which Dr D J Seale is a Director (2007: Nil). The consulting fees are based upon an agreed daily rate.
- (iii) During the year professional services totalling \$40,432 were charged by Metallurgical Design, a business of which Mr M J Kitney is a principal (2007: \$57,502). The professional services have been provided based upon an agreed daily rate.

Directors' Stand-by Loan Facility

- (i) Ms S J Field and Mr Vitale have continued to provide the Company and the Consolidated Entity with a stand-by loan facility of \$160,000 at no fee. Interest has been charged to the Company from 1 July 2007 at an interest rate of 4.42%, being a 2% discount to the Australian bank bill rate for the same period (2007: The loan facility was provided interest free). As at 30 June 2008 the loan was drawn down to \$130,000 (2007: \$130,000). (refer details at Notes 18 and 26 (b)).

34. Segment Information

Segment Products and location

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

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

As referred to at Note 15, the tenements in Fiji are currently the subject to review for renewal. In the event that the tenements are not renewed the Company's activities will be limited to Australia.

Segment accounting policies

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

Geographical segment	Australia		Fiji		Consolidated	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Revenue						
Other revenues from customers outside the Consolidated Entity	3,041,810	3,399,591	-	-	3,041,810	3,399,591
Inter-segment revenues	-	-	-	-	-	-
			-		-	-
Unallocated revenue					-	-
Total consolidated revenue					3,041,810	3,399,591
Results						
Segment result	(1,871,178)	(1,947,984)	(9,737,889)	(455,507)	(11,609,067)	(2,403,491)
Unallocated expenses					-	-
Consolidated Entity operating loss					(11,609,067)	(2,403,491)
Assets						
Segment assets	9,651,081	9,278,053	121,504	9,340,713	9,772,585	18,618,766
Liabilities						
Segment Liabilities	4,865,466	5,964,134	2,256,034	2,454,175	7,121,500	8,418,309

35. Financial instruments

35(a) Financial risk management objectives

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

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

During the year the Company conducted exploration activity in Fiji, a South Pacific nation that is at the time of writing run by a self appointed military commander serving as Prime Minister and his appointees occupying key Cabinet positions. Although this is the fourth such military coup over the past twenty years that have caused economic disruption and uncertainty particularly in the tourism industry, no asset sequestrations from foreign investors have been reported and there has been no direct impact on the Company's exploration activities at Mt Kasi or on any of its staff and personnel working on the project. The Fiji tenements are currently the subject of renewal, refer Note 15 for additional detail.

Concentration of financial risk

The Group's key asset currently consists of the Redbank Copper Project in the Northern Territory. The Mt Kasi Gold Project in Fiji which is currently the subject of a renewal process (refer Note 15 for additional details). The Company also has a number of mineral and exploration tenements located within Australia.

35(b) Significant accounting policies

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

35(c) Foreign currency / hedging risk management

At 30 June 2008 neither Redbank Mines Limited nor any of its subsidiaries had entered into any foreign currency forward exchange or forward gold or copper contracts (2007: Nil).

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates in the following twelve months. The sensitivity analysis includes only outstanding monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In relation to financial liabilities, a positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances would be negative. In relation to financial assets, a negative number indicates a decrease in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening Australian dollar against the respective currency there would be an equal and opposite impact on the profit and loss.

35. Financial instruments (continued)

	USD impact				FJD impact			
	Consolidated		Company		Consolidated		Company	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Profit or Loss	(1,237)	(17,717)	-	-	119,499	133,603	-	-
Other equity	-	-	-	-	-	-	-	-

35(d) Categories of financial instruments

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	38,979	317,571	(7,058)	309,341
Loans and receivables	1,169,085	1,153,006	6,719,285	262,845
Financial liabilities				
Amortised cost	5,438,115	6,636,491	6,712,227	4,493,101

35(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency and exchange rate (refer Note 35(c)) and interest rates (refer Note 35(f)). The Group has not during or since the end of the year entered into any form of derivative financial instrument to manage its exposure to interest rate and foreign currency risk.

At a Group and Company level, market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

35(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Company's and the Group's remaining contractual maturity for its non derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

35. Financial instruments (continued)

Consolidated

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
2008						
Non-interest bearing	-	412,113	419,320	805,864	510,931	809,798
Finance lease liability	10.40	18,105	54,316	41,729	411,518	-
Fixed rate instruments	13.08	16,663	32,789	1,714,939	-	-
		446,881	506,425	2,562,533	922,449	809,798
2007						
Non-interest bearing	-	681,259	201,727	1,411,246	279,439	831,428
Finance lease liability	9.8	16,658	49,805	89,616	467,156	-
Fixed rate instruments	8.96	-	111,182	1,096,761	1,500,000	-
		697,917	362,714	2,597,623	2,246,595	831,428

Company

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
2008						
Non-interest bearing	-	47,032	19,320	678,609	272,844	-
Finance lease liability	10.40	18,105	54,316	41,729	411,518	-
Fixed rate instruments	13.08	16,663	32,789	1,714,939	-	-
		81,800	106,425	2,435,277	684,362	-
2007						
Non-interest bearing	-	150,000	150,000	191,862	130,000	-
Finance lease liability	9.8	16,658	49,805	89,616	467,156	-
Fixed rate instruments	8.96	-	111,182	1,096,761	1,500,000	-
		166,658	310,987	1,387,239	2,097,156	-

35. Financial instruments (continued)

The following tables detail the Company's and the Group's remaining contractual maturity for its non derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of financial assets including interest that will be earned on those assets except where the Company / Group anticipates the cash flow will occur in a different period.

Consolidated

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
2008						
Non-interest bearing	-	227,676	-	449,578	-	-
Fixed rate instruments	5.22	-	600	18,222	316,296	194,464
		227,676	600	467,800	316,296	194,464
2007						
Non-interest bearing	-	411,176	194,890	52,473	-	-
Fixed rate instruments	3.99	-	9,272	159	5,997	405,814
		411,176	204,162	52,632	5,997	405,814

Company

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
2008						
Non-interest bearing	-	-	-	122,225	-	-
Fixed rate instruments	5.22	-	600	13,532	125,450	-
		-	600	135,757	125,450	-
2007						
Non-interest bearing	-	-	-	-	-	-
Fixed rate instruments	3.99	-	9,272	159	15,487	405,814
		-	9,272	159	15,487	405,814

35. Financial instruments continued**35(g) Fair value of financial instruments**

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

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

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

35(h) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group manages the risk by electing to take 180 day period bank bill rates on a rolling basis to minimise the exposure for secured borrowings. The interest rate risk is considered to be relatively low as the Macquarie Facility is the only financial liability subject to variable interest rates and this risk is mitigated through the method referred to above.

There has been no change to the Group's exposure to interest rate risks or the manner in which it manages and measures the risk from the previous period.

The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity management section of this Note (refer Note 35(e)).

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the reporting date and the stipulated taking place at the beginning financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's and the Company's net loss would increase by \$4,986 and \$7,910 respectively or decrease by the same amount (2007: increase by \$20,053 and 23,600 respectively or decrease by the same amount).

The Group and Company's sensitivity to interest rates has decreased during the current period mainly because of the \$1,000,000 reduction of the Macquarie facility.

35(i) Commodity price risk

The group is still operating primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not yet subject to commodity price risk.

35(j) Capital risk management

The group manages its capital to ensure that entities in the Group will be able to continue as a going concern in an effort to maximise the return to stakeholders through the optimisation of the debt and equity balance.

35. Financial instruments continued

The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of debt, which includes borrowing disclosed at Notes 18 and 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 23, 24 and 25 respectively.

As the Group is still operating primarily in the exploration and evaluation phase and accordingly not yet generating distributable profits it relies predominantly on the equity markets as a source of funding its strategy.

35(k) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's trade receivables relate to copper sales made during the financial period. All copper sales are subject to the terms of the Offtake Agreement entered into by the Company on 29 November 2006 (refer Notes 3(n) and 8(b)) and as such the credit risk exposure is limited to one customer, namely Glencore International AG.

Glencore is a private group not listed on any public exchange, and although it is known to be one of the largest commodity trading houses in the world, public domain information on its financial position is unavailable. The Group has made reasonable but limited enquiries to assess the creditworthiness of its customer and considers that its primary credit risk is low.

In terms of its relationship with Glencore overall however, the Company recognises there are discernable disadvantages in a small company dealing with a very large enterprise as its sole contracted customer. The present contractual arrangements give rise economic dependency which, coupled with the sheer size of the customer relative to the Company, result in a disparity of bargaining power. These circumstances create the risk that the Company may be unduly pressured to make decisions in the ordinary course of business dealings with its customer that it would otherwise eschew. This may result in less than optimal trading terms being imposed on the Company that could negatively impact on its short term liquidity position as well as long term financial outcomes. The presence of a single customer with exclusive rights to mine output may also discourage other potential investors with an interest in purchasing product and/or taking an equity position in the Company. The Company entered into its contractual arrangements with Glencore in good faith and in the belief that the trading terms offered and the spirit of representations made in relation to ongoing financial support to accelerate the development of the Redbank project outweighed these possible disadvantages.

Directors' Declaration

The Directors declare that:

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

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

On behalf of the Directors



J G Vitale
Director

Perth, 30 September 2008

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

Report on the Financial Report

We have audited the accompanying financial report of Redbank Mines Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 30 to 94.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

Deloitte.

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

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Redbank Mines Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 3 in the financial report which indicates that the company incurred a net loss of \$5,615,348 (consolidated entity ; \$11,609,067) during the year ended 30 June 2008 and, as of that date, the company's current liabilities exceeded its current assets by \$3,299,690 (consolidated entity ; \$3,223,020). These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and the consolidated entity to continue as a going concern and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

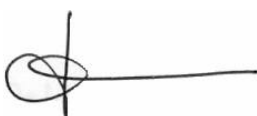
We have audited the Remuneration Report included in pages 8 to 16 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Redbank Mines Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles

Partner

Chartered Accountants

Perth, 30 September 2008