Rubianna Resources Limited

ABN 50 139 546 428

Annual Financial Report

for the year ended 30 June 2014

Corporate Information

ABN 50 139 546 428

Directors
Terry Smith (Non-Executive Chairman)
Philip Crutchfield (Non-Executive Director)
Ian Hobson (Non-Executive Director)

Company Secretary
Ian Hobson

Registered Office
Suite 5, 95 Hay Street, Subiaco WA 6008

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

Postal Address
PO Box 926
WEST PERTH WA 6872

Solicitors
Kings Park Corporate Lawyers
Unit 8, 8 Clive Street
WEST PERTH WA 6005

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

Auditors
Rothsay Chartered Accountants
Level 1, Lincoln Building
4 Ventnor Avenue
WEST PERTH WA 6005

Internet Address
www.rubianna.com.au

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

Contents

Review of Operations

Corporate

The Company completed a placement of 17 million shares to raise $170,000 and undertook a non-renounceable rights issue which completed on 7 July 2014 and raised approximately $543,000. The Significant Events after the Balance Sheet date section of this report also covers the Non-Renounceable rights offer in more detail.

A board restructure took place which saw the resignation of Steve Batty and Graeme Smith and the appointment of Ian Hobson and Philip Crutchfield QC. More detail of the directors' qualifications and experience is dealt with under Directors below. The company now has no employees, and the board is reviewing the company's operations.

Costs of Operations

As a result of the board restructure and cost reduction exercise, approximately $450,000 in annual costs have been stripped from the annual operations cash burn. The costs reduction exercise included the rationalisation of the company's tenement holding.

Project Review

The board has initiated a strategic review of all of Rubianna's current projects.

As part of this review and following interest from a number of parties, the board has sought expressions of interest for the joint venture or potential sale of certain projects. The process will allow the board to consider the best options over each project to maximise shareholder value.

Key Projects

Ruby Well & North Ruby Well - Gold

The ASX announcements 29 November 2013 and 1 May 2014 have an in-depth review of the Ruby Well and North Ruby Well project. The salient features of the project are as follows:

- Existing total resource of 229,000t@ 2.9g/t AU for approx. 21,300oz
- Recent drilling extends Ruby Anna East prospect at depth
- Gold intercepts identify high-grade potential at depth at Harder-to-Find prospect
- Mineralisation confirms new mineralised trend at Georges prospect
- Quartz veining intersected in all 63 holes

Recent drill results: (see ASX announcement 1 May 2014)

- 9m @2.87 g/t Au from 126metres
- 2m @9.95 g/t Au from 140metres (including 1m@17.76 g/t Au from 141metres)
- 3m @9.35 g/t Au from 72metres (including 1m@24.93 g/t Au from 73metres)

Killara & Diamond Well – Copper, Gold, Base Metals

The geological aspects of the Killara and Diamond Well projects are dealt with in-depth in the ASX announcement 29 November 2013. The highlights are as follows:

- Similar host to Ventnor's Thaduna & Green Dragon Copper deposits
- Proterozoic mineralisation similar to Aditya Birla's Nifty copper deposit
- Recent drilling (8 RC drill holes) identified anomalous horizons (ASX announcement 9 May 2013}
- Regional geochemical coverage over 25km of strike

Kookynie - VMS Copper

The highlights of the Kookynie project are summarised as follows

- 36 hole drill programme for 5,000 metres completed September 2013
- Drilling identified significant sulphide system at Dingus and Angus prospects
- Multiple mineralised horizons intercepted over 4 km of strike
- Geochemical pathfinders, alteration and sulphides intercepted at Huey, Dewey, Louie and Scrooge prospects

The ASX announcement dated 21 October 2013 deals with results of the drilling in greater detail.

Planned Future Work

No future work has been planned or will be undertaken until the review of projects and licences has been undertaken. Minimum expenditure requirements will be met accordingly.

The company is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of mineral resources, all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

MINERAL RESOURCES AND ORE RESERVES STATEMENT

Rubianna Resources Limited ("Rubianna") or ("the Company") has reported a Mineral Resource in accordance with JORC 2012 guidelines at its Ruby Well Project (ASX Release 2 July 2013).

The Company has nominated its annual review date as 30 June. The Company's Mineral Resources are tabulated below. None of the Mineral Resources for the Ruby Well Project have changed in any way from the Mineral Resources tabled in the 2 July 2013 ASX Release.

Ruby Well Project Domain	Resource Category	Tonnes	Au g/t	Ounces
Bloodstone (Figure 2)	Indicated	86,000	2.6	7,200
	Inferred	9,000	2.0	600
	subtotal	95,000	2.6	7,800
Ruby Anna East (Figure 3)	Indicated	23,000	6.1	4,500
	Inferred	26,000	1.8	1,400
	subtotal	49,000	3.8	5,900
Ruby Anna	Inferred	32,000	1.7	1,700
Golden Hope	Inferred	53,000	3.4	5,900
Total Ruby Well Project	Indicated	109,000	3.7	11,700
	Inferred	120,000	2.5	9,600
	Total	229,000	2.9	21,300

Table 1: Ruby Well Project Resource > 0.8g/t Au and above 425mRL – June 2014

**All tonnage, grade and ounce values have been rounded to relevant significant figures. Slight errors may occur due to this rounding of values.*

CORPORATE GOVERNANCE - RESERVES AND RESOURCES CALCULATIONS

Due to the nature, stage and size of the Company's existing activities, Rubianna believes there would be no efficiencies gained by establishing a separate mineral resources and ore reserves committee responsible for reviewing and monitoring the Company's processes for estimating Mineral Resources and Ore Reserves and for ensuring that the appropriate internal controls are applied.

However, the Company ensures that any Mineral Resource and Ore Reserve estimations are prepared by competent persons and are reviewed and verified independently.

Competent Person Statement:

The information in this report that relates to Mineral Resources for Ruby Well is based on and fairly represents information and supporting documentation compiled by Mark Zammit, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mark Zammit is employed by Cube Consulting Pty Ltd. Mark Zammit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking (detailed below) to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mark Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Rubianna Resources Limited

Directors' Report

Your directors submit their report for the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's directors in office during the 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

Terry Smith, MIE (Aust) (Non-Executive Chairman, Chairman of the Audit Committee)

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

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

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

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

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

Dr Steven Batty, (Managing Director) – Resigned 8 July 2014

Steven Batty is a geologist who has worked in various management and exploration roles, over the past 19 years in Australia and overseas exploring for a range of commodities.

Steven was appointed Exploration Manager for Rubianna in 2011, General Manager in October of 2011 and became Managing Director and CEO in April 2012.

Steven's career includes exploration roles at Honeymoon Well with Norilsk and Cooljarloo with Tiwest, while he previously managed the geophysical consulting division (Australia-Asia-Pacific & Africa) for Fugro Airborne Surveys.

Graeme Smith, BEc, MBA, MComLaw, FCPA, FCSA, MAusIMM (Non-Executive Director) - Resigned 21 July 2014

Graeme Smith is a finance professional with over 25 years' experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practicing Accountants and the Chartered Institute of Secretaries and Administrators.

Mr Smith has held CFO and Company Secretary positions with other Australian mining and mining service companies. Mr Smith is a former director of Genesis Minerals Limited and Buxton Resources Limited in the last 3 years.

Gordon Dunbar was a director at the beginning of the financial year and resigned on 1 July 2013.

Ian Hobson B.Bus FCA ACIS MAICD (Non-Executive Director) – Appointed 8 July 2014

Ian Hobson holds a bachelor of business degree and is a Chartered Accountant and Chartered Secretary. He provides company secretarial and corporate, management and accounting advice to a number of listed public companies involved in the resource, mining services and oil and gas industries. Ian has had 28 years professional experience working in Perth, London and Toronto.

During the past 3 years, Mr Hobson has also served as Director of the following ASX listed companies :

- Credo Resources Limited (resigned 31 January 2012).

Philip Crutchfield QC (Non-Executive Director) – Appointed 18 July 2014

Philip Crutchfield is a senior barrister practising commercial law. He was admitted to practice as a barrister and solicitor in 1988.

COMPANY SECRETARY

Graeme Smith - Resigned 21 July 2014

Ian Hobson – Appointed 8 July 2014

Directors' Report continued

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

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

	Ordinary Shares	Options over Ordinary Shares
Terry Smith	35,869,208[(1)]	-
Philip Crutchfield	22,000,000	-
Ian Hobson	-	-

(1) 35,869,208 shares held by Everett Smith & Co, a company of which Mr Terry Smith is a director and shareholder.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was exploration of its Murchison Project tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

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

FINANCE REVIEW

During the year total exploration expenditure incurred by the Company amounted to $1,104,541 (2013: $1,435,278). In line with the Company's accounting policies, all exploration expenditure, other than acquisition costs, are written off as they are incurred. Acquisition costs written off during the year as a result of sale or surrender of tenements amounted to $1,809,965 (2013 - $nil). Administration and other expenditure incurred amounted to $469,709 (2013: net $100,328). This has resulted in an operating loss after income tax for the year ended 30 June 2014 of $2,382,643 (2013: $1,535,606).

At 30 June 2014 cash assets available totalled $321,630 (2013: 409,484).

Operating Results for the Year

Summarised operating results are as follows:

	2014	
	Revenues $	Results $
Revenues and loss from ordinary activities before income tax expense	**434,820**	**(2,382,643)**

Shareholder Returns

	2014	2013
Basic loss per share (cents)	**(2.90)**	**(1.93)**

Risk Management

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Company announced a fully underwritten 1:1 non renounceable rights issue at $0.005 (0.5 cents) per share on 10 June 2014, to raise $542,978. The 108,595,605 shares offered under the non-renounceable rights issue were issued on 7 July 2014.

Directors' Report continued

20,000,000 options exercisable at $0.01 each and expiring 30 November 2018 which formed part of the Underwriting fees in relation to non- renounceable rights issues were approved in general meeting on 11 August 2014 and issued on 25 August 2014.

17,500,000 Options exercisable at 7.5 cents, on or before 30 November 2018 were cancelled on 23 September 2014.

No other matters or circumstances, besides those disclosed at note 20 and below, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

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

Directors' Report continued

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

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

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

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

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

The executive directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.25% for the 2014 financial year (9.0% for 2013 financial year), and do not receive any other retirement benefits.

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

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Non was sought during the 2014 financial year. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Company currently has no performance based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

No relationship exists between shareholder wealth, key management personnel remuneration and Company performance.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

Voting and comments made at the Company's 2013 Annual General Meeting

Of the votes returned for the 2013 AGM, the Company received approximately 90% of votes "in favour" of its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Company are set out in the following table.

The key management personnel of Rubianna Resources Limited include the directors as per page 5 above.

Directors' Report continued

Key management personnel of Rubianna Resources Limited

	Short-Term		Post-Employment		Share-based Payments	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits		
	$	$	$	$	$	$
Directors						
Terry Smith						
2014	**30,000**[1]		**-**	**-**	**-**	**30,000**
2013	30,000	2,087	-	-	-	32,087
Dr Steven Batty						
2014	**200,000**	**-**	**18,500**	**-**	**-**[2]	**218,500**
2013	245,833	2,087	22,125	-	15,750	285,795
Graeme Smith						
2014	**12,252**	**-**	**-**	**-**	**-**[3]	**12,252**
2013	-	-	-	-	-	-
Gordon Dunbar						
2014	**-**	**-**	**-**	**-**	**-**	**-**
2013	32,250	2,087	-	-	-	34,337
Total key management personnel compensation						
2014	**242,252**	**-**	**18,500**	**-**	**-**	**260,752**
2013	308,083	6,261	22,125	-	15,750	352,219

(1) This amount has been accrued but not paid.

(2) During the year Dr Batty received 11,000,000 options with vesting hurdles. Dr Batty resigned on 8 July 2014. Vesting hurdles were related to tenure of office. A value has not been included in the calculation of Total remuneration. The value of the options calculated for tabling for shareholder approval for the grant of options in general meeting was $99,494.

(3) During the year Graeme Smith received 6,500,000 options with vesting hurdles. Mr Smith resigned on 21 July 2014. Vesting hurdles were related to tenure of office. A value has not been included in the calculation of Total remuneration. The value of the options calculated for tabling for shareholder approval for the grant of options in general meeting was $59,224.

Service agreements

Dr Steven Batty

In June 2012 the Company entered into an Executive Service Agreement with Dr Steven Batty.

Under the Agreement, Dr Steven Batty was engaged by the Company to provide services to the Company in the capacity of Managing Director and Chief Executive Officer.

Dr Batty was originally paid an annual salary of $250,000 (exclusive of superannuation entitlement).

The Agreement was effective from 1 April 2012 and continued until 1 June 2013 when it was reduced to $200,000 as part of a 20% salary cut. The agreement continues until terminated by either Dr Batty or the Company. Dr Batty is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Dr Batty. Dr Batty resigned on 8 July 2014.

Share-based compensation

Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of key management personnel of Rubianna Resources Limited to increase goal congruence between key management personnel and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

Directors' Report continued

The following options were granted to or vesting with key management personnel during the year, there were no options forfeited during the year:

	Grant Date	Granted Number	Vested Number	Date Vesting and Exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)[(4)]	Exercised Number	% of Remuneration
Directors									
Dr Steven Batty	10/12/2013	5,500,000	-	10/12/2014	30/11/2018	0.075	0.00905	-	4
Dr Steven Batty	10/12/2013	5,500,000	-	10/12/2015	30/11/2018	0.075	0.00905	-	4
Graeme Smith	10/12/2013	3,250,000	-	10/12/2014	30/11/2018	0.075	0.00905	-	4
Graeme Smith	10/12/2013	3,250,000	-	10/12/2015	30/11/2018	0.075	0.00905	-	4
2013									
Dr Steven Batty	04/07/2012	500,000	500,000	04/07/2012	30/06/2014	10.0	3.15	Nil	5.5%

(4) The value for purposes of shareholder approval in accordance with AASB 2: Share Based Payments.

The vesting hurdles of the options cannot be achieved as both Dr Batty and Mr Smith have resigned from the Company. In the absence of the options vesting, the options granted during the year have been deemed to not form part of total remuneration.

KEY MANAGEMENT PERSONNEL DISCLOSURES

Equity instrument disclosures relating to key management personnel

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

Options provided as remuneration, together with terms and conditions of the options are detailed in the table above

(ii) Option holdings

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

2014	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Rubianna Resources Limited							
Terry Smith	-	-	-	-	-	-	-
Steven Batty	800,000	11,000,000	-	(11,300,000)	11,500,000	500,000	-
Gordon Dunbar	500,000	-	-	-	500,000[1]	500,000	-
Graeme Smith	-	6,500,000	-	(6,500,000)	6,500,000	-	-

2013	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Rubianna Resources Limited							
Terry Smith	500,000	-	-	(500,000)	-	-	-
Steven Batty	300,000	500,000	-	-	800,000	800,000	-
Gordon Dunbar	500,000	-	-	-	500,000	500,000	-

(1) Represents the balance held at date of resignation.

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

Directors' Report continued

(iii) Share holdings

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

2014	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Rubianna Resources Limited				
Ordinary shares				
Terry Smith	**27,297,780**	**-**	**8,571,428**	**35,869,208**
Steven Batty	**300,000**	**-**	**75,000**	**375,000**
Gordon Dunbar	**875,000**	**-**	**-**	**875,000**[1]
Graeme Smith	**-**	**-**	**-**	**-**

(1) Represents the balance held at date of resignation.

2013	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Rubianna Resources Limited				
Ordinary shares				
Terry Smith	**27,143,133**	**-**	**154,647**	**27,297,780**
Steven Batty	**200,000**	**-**	**100,000**	**300,000**
Gordon Dunbar (appointed 13 September 2011)	**875,000**	**-**	**-**	**875,000**

Loans to key management personnel

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

Directors' Report continued

DIRECTORS' MEETINGS

During the year the Company held eight meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	**B**
Terry Smith	8	8
Dr Steven Batty	8	8
Graeme Smith	8	8

Notes

A – Number of meetings attended.

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

SHARES UNDER OPTION

At the date of this report there are 43,250,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	1,700,000
Movements of share options during the year	
Expired 31 August 2013, exercisable at 30 cents	(400,000)
Issued, exercisable at 7.5 cents, on or before 30 November 2018	22,750,000
Total number of options outstanding as at 30 June 2014	**24,050,000**
Movements of share options after the reporting date:	
Expired 30 June 2014, exercisable at 10 cents	(800,000)
Issued, exercisable at 1.0 cents, on or before 30 November 2018	20,000,000
Cancelled, exercisable at 7.5 cents, on or before 30 November 2018	(17,500,000)
Total number of options outstanding as at the date of this report	**25,750,000**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
30 November 2014	20	500,000
30 November 2018	7.5	5,250,000
30 November 2018	1.0	20,000,000
Total number of options outstanding at the date of this report		**25,750,000**

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

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Rubianna Resources Limited paid a premium of $6,372 to insure the directors and secretary of the company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Rothsay Chartered Accountants, or associated entities during the year.

Directors' Report continued

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Signed in accordance with a resolution of the directors.

Ian Hobson
Director
Perth, 29 September 2014

ROTHSAY
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Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Rubianna Resources Limited
PO Box 926
West Perth WA 6872

Dear Sirs

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

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 29th September 2014

Corporate Governance Statement for the Year Ended 30 June 2014

The Board of Directors

The constitution of Rubianna Resources Ltd (ASX: RRE or the Company) provides that the number of Directors shall not be less than three (3) and not more than nine (9). There is no requirement for any shareholding qualification.

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

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

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a Director (other than Managing Director, and only one (1) Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

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

Role of the Board

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

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

Appointments to Other Boards

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

Independent Professional Advice

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

Continuous Review of Corporate Governance

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

ASX Principles of Good Corporate Governance

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

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal Corporate Governance Committees will be given further consideration.

The following table sets out the Company's position as at 30 June 2014 in relation to each of the Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	At the time of adoption of the Corporate Governance Principles and Recommendations the Company only employed one (1) Executive being the Managing Director. The Managing Director is effectively under a constant process of performance evaluation as measured by the Company's market capitalisation/share price at a point in time compared to previous periods or points in time. No other process is currently adopted for evaluating the performance of Senior Executives however, the Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further Senior Executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	Matters reserved for the Board can be viewed on the Company website.
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**N/A**	The Board compromises three (3) Directors, two (2) of whom are Non-executive (including the Chair), however only one (1) Director is classified as independent (Graeme Smith). The Board believes that this is both appropriate and acceptable given the Company's background, the nature and size of its business and the current stage of its development.
2.2	The chair should be an independent director	**N/A**	Terry Smith is a major shareholder of the Company. The Board believes that this is both appropriate and acceptable given the Company's background, the nature and size of its business and the current stage of its development.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	The position of Chair and Managing Director are held by separate persons.
2.4	The board should establish a nomination committee	**A**	The full Board carries out the duties of the Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Company it is not considered that a separate Nomination Committee would add any substance to this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**A**	Disclosed under the Nomination Committee Charter which is available on the Company's website.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A**	The skills and experience of the Directors and their period of office are set out in the Company's Annual Report (Directors' Report) and on the Company's website. Independency is assessed following completion of a Directors' Independency Questionnaire which is updated annually by each Director. The independency status is disclosed annually in the Annual Report (Directors Report section) and on the Company's website (Company's Management – Directors Biographies).

Corporate Governance Statement continued

A = Adopted
N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code	**A**	The Company has established a Code of Conduct which can be viewed on its website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them	**A**	The Company has adopted a diversity policy which can be viewed on its website.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	**N/A**	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	**A**	The proportion of women employees in the whole organisation is 0%. There are currently no women in Senior Executive positions. There are currently no women on the Board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	The full board carries out the duties of the Audit Committee.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	**N/A**	Sourcing alternative Directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.
	• consists of a majority of independent directors	**N/A**	Only one (1) of the Directors of the Company is classed as independent. Sourcing alternative Directors to strictly comply with this Principle is

Corporate Governance Statement continued

			considered expensive with costs out weighing potential benefits.
	• is chaired by an independent chair, who is not chair of the board	**N/A**	Terry Smith is both the Chair of the Audit Committee and the Chair of the Board Sourcing alternative Directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.
	• has at least three members	**A**	
4.3	The audit committee should have a formal charter	**A**	The Audit Committee Charter is available on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
	•		
A = Adopted *N/A = Not adopted*			

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	Directors must obtain the approval of the Chair of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receives monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting. The Company's Continuous Disclosure Policy is available on the Company's website.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions and events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	The Company has formulated a Risk Management Charter which is included in its Corporate Governance Statement on the Company Website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**A**	

A = Adopted

Corporate Governance Statement continued

N/A = Not adopted

	ASX Principle	Status	Reference/comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	Assurances received from Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	A Remuneration Committee has been formed with the Charter available on the Company's website. The Remuneration Committee is comprised of the full Board.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**N/A**	Only one (1) of the Directors of the Company is classed as independent Sourcing alternative Directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.
	• is chaired by an independent chair	**A**	
	• has at least three members.	**A**	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	The Remuneration Committee Charter includes guidelines for the structure of Non-executive Directors' remuneration and that of Executive Directors and Senior Executives.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	The Executive Directors and Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

A = Adopted
N/A = Not adopted

Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2014	Notes	The Company	
		2014	2013
		$	$
REVENUE	4	**434,820**	**26,133**
EXPENDITURE			
Administration expenses		**(286,486)**	**(405,766)**
Depreciation expense		**(16,482)**	**(21,956)**
Employee benefits expenses		**(56,585)**	**(134,021)**
Exploration expenses		**(1,104,541)**	**(1,435,278)**
Exploration Expenditure written off		**(1,809,965)**	**-**
Finance costs	5	**(110,156)**	**(24,891)**
Share-based payment expenses	20	**-**	**(25,000)**
LOSS BEFORE INCOME TAX		**(2,949,395)**	**(2,020,779)**
INCOME TAX BENEFIT	6	**566,752**	**485,173**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF RUBIANNA RESOURCES LIMITED		**(2,382,643)**	**(1,535,606)**
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	21	**(2.90)**	**(1.93)**

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

Statement of Financial Position

AT 30 JUNE 2014

	Notes	The Company 2014 $	The Company 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	**321,630**	**409,484**
Trade and other receivables	8	**68,608**	**42,407**
TOTAL CURRENT ASSETS		**390,238**	**451,891**
NON-CURRENT ASSETS			
Plant and equipment	9	**4,504**	**17,506**
Mining properties	10	**1,528,885**	**3,338,850**
TOTAL NON-CURRENT ASSETS		**1,533,389**	**3,356,356**
TOTAL ASSETS		**1,923,627**	**3,808,247**
CURRENT LIABILITIES			
Trade and other payables	11	**229,283**	**105,000**
Borrowings	12	**-**	**478,413**
TOTAL CURRENT LIABILITIES		**229,283**	**583,413**
TOTAL LIABILITIES		**229,283**	**583,413**
NET ASSETS		**1,694,344**	**3,224,834**
EQUITY			
Issued capital	13	**10,671,324**	**9,830,410**
Reserves	14(a)	**385,611**	**374,371**
Accumulated losses	14(b)	**(9,362,591)**	**(6,979,947)**
TOTAL EQUITY		**1,694,344**	**3,224,834**

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

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2014

The Company	Notes	Contributed Equity $	Share-based Payments Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2012		**9,603,660**	**349,371**	**(5,444,343)**	**4,508,688**
Loss for the year	14(b)	**-**	**-**	**(1,535,606)**	**(1,535,606)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(1,535,606)**	**(1,535,606)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13(c)	**97,500**	-	-	**97,500**
Value of conversion rights on convertible note	13(b)	**129,250**	-	-	**129,250**
Options issued to employees	22(a)	**-**	**25,000**	**-**	**25,000**
BALANCE AT 30 JUNE 2013		**9,830,410**	**374,371**	**(6,979,949)**	**3,224,834**
Loss for the year	14(b)	**-**	**-**	**(2,382,642)**	**(2,382,642)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(2,382,642)**	**(2,382,642)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13(c)	**908,000**	**11,240**	**-**	**919,240**
Costs of share issue transactions	13(b)	**(67,086)**	**-**	**-**	**(67,086)**
Options issued to employees	22(a)	**-**	**-**	**-**	**-**
BALANCE AT 30 JUNE 2014		**10,671,324**	**385,611**	**(9,326,591)**	**1,694,344**

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

Statement of Cash Flows

YEAR ENDED 30 JUNE 2014

	Notes	The Company 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(123,751)**	(478,271)
Expenditure on mining interests		**(1,104,540)**	(1,503,262)
Interest received		**8,115**	26,258
Grants and other receipts		**246,705**	-
Income tax refund		**566,752**	485,173
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20(a)	**(406,719)**	(1,470,102)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(3,480)**	-
Proceeds from sale of mining interests		**180,000**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**176,520**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**170,000**	-
Costs of share issues		**(27,655)**	-
Repayment of borrowings		**-**	-
Proceeds from borrowings		**-**	600,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		**142,345**	600,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(87,854)**	(870,102)
Cash and cash equivalents at the beginning of the financial year		**409,484**	1,279,586
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**321,630**	409,484

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

Notes to the Financial Statements

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements are for Rubianna Resources Limited as an individual entity. The financial statements are presented in the Australian currency. Rubianna Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Rubianna Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period. Refer to note 1(t).

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(b) Segment reporting

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

(c) Revenue recognition

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

(d) Income tax

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

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

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

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

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

Notes to the Financial Statements continued

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

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

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

(i) Investment allowances and similar tax incentives

The Company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and income tax expense (increases income tax benefit).

(e) Leases

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

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

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

(h) Investments and other financial assets

Classification

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

Notes to the Financial Statements continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Financial assets - reclassification

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

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

Recognition and derecognition

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

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

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

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

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

Notes to the Financial Statements continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(i) Plant and equipment

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

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

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 25% and 40% per annum.

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

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

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

(j) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that are written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Notes to the Financial Statements continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Trade and other payables

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

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(m) Employee benefits

Wages and salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(n) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 23.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(o) Issued capital

Ordinary shares are classified as equity.

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

Notes to the Financial Statements continued

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

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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

(q) Goods and Services Tax (GST)

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

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

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

(r) Critical accounting judgements, estimates and assumptions

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

(s) New accounting standards and interpretations

The following new and revised Accounting Standards and Interpretations have, where applicable, been adopted in the current year but have had no significant effect on the amounts reported or disclosures.

Reference	Summary
AASB 10	**Consolidated Financial Statements** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

Notes to the Financial Statements continued

Reference	Summary
AASB 11	**Joint Arrangement** AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by AASB 2014-3 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business
AASB 12	**Disclosure of Interests in Other Entities** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	**Fair Value Measurement** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
Interpretation 20	**Stripping Costs in the Production Phase of a Surface Mine** This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

Notes to the Financial Statements continued

Reference	Summary
	The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.
AASB 2012-2	**Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities** AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle** AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 2011-4	**Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure requirements [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 1053	**Application of Tiers of Australian Accounting Standards** This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments

Reference	Summary
	The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.

Notes to the Financial Statements continued

(t) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on The Group follows:

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 9	*Financial Instruments*	The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement	1 Jan 2018	1 July 2018
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets.* The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014

Notes to the Financial Statements continued

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ►AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ►AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ►AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ►AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ►AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ►AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework* (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.	Part A: period ending on or after 20 Dec	Period ending 30 June 2014

Notes to the Financial Statements continued

	Framework, Materiality and Financial Instruments	Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments.*	2013 Part B: periods beginning on or after 1 January 2014 Part C: reporting periods beginning on or after 1 January 2015	Period beginning 1 July 2014 Period beginning 1 July 2015
Reference	**Title**	**Summary**	**Application date of standard**	**Application date for Group**
AASB 2014-4 Amendments to AASB 116 and AASB 138	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The AASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodies in the asset. The AASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
IFRS 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services) The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance	1 January 2017	1 July 2017

Notes to the Financial Statements continued

		obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.		

The potential effect of these standards and interpretations is yet to be fully determined.

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

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

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company 321,587 (2013 : $409,484) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 2.02% (2013: 3.3%).

2. FINANCIAL RISK MANAGEMENT

Sensitivity analysis

At 30 June 2013, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $3,403 lower/higher (2013: $7,965 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

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

Notes to the Financial Statements continued

(c) Liquidity risk

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

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

(d) Fair value estimation

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

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

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

30 JUNE 2014	The Company	
	2014	2013
	$	$

3. SEGMENT INFORMATION

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

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

4. REVENUE

	2014 $	2013 $
From continuing operations		
Other revenue		
Interest	**8,115**	26,133
Grants	**244,615**	-
Sale of tenements	**180,000**	-
Other	**2,090**	-
	434,820	26,133

5. EXPENSES

Loss before income tax includes the following specific expenses:

	2014 $	2013 $
Minimum lease payments relating to operating leases	**53,080**	67,894
Defined contribution superannuation expense	**42,541**	49,915
Finance costs:		
Interest for financial liabilities not at fair value through profit or loss	**48,000**	17,228
Accretion expense on convertible note	**62,156**	7,663
Total finance costs	**110,156**	24,891

Notes to the Financial Statements continued

30 JUNE 2014

	The Company	
	2014	**2013**
	$	**$**
6. INCOME TAX		
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
(Under)/over provision	(566,752)	(485,173)
	(566,752)	(485,173)
(b) Numerical reconciliation of income tax expense to prima facie tax benefit		
Loss from continuing operations before income tax expense	(2,382,643)	(2,020,779)
Prima facie tax benefit at the Australian tax rate of 30%	(714,793)	(606,234)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	-	7,500
Exploration expenditure written off	542,989	-
Sundry items	-	902
	(171,804)	(597,832)
Movements in unrecognised temporary differences	1,086	(60,543)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	(170,788)	658,375
(Under)/over provision	(566,752)	(485,173)
Income tax benefit	(566,752)	(485,173)
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Capital raising costs	19,270	40,153
Sundry items	14,369	17,240
Carry forward tax losses	2,809,336	3,014,011
	2,842,975	3,071,404
Deferred Tax Liabilities (at 30%)		
Sundry items		-
Capitalised tenement acquisition costs	458,666	1,001,655
	458,666	1,001,655

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

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

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2014	2013
Cash at bank and in hand	301,630	379,484
Short-term deposits	20,000	30,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	321,630	409,484

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

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

Notes to the Financial Statements continued

30 JUNE 2014	The Company	
	2014	2013
	$	$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Sundry receivables	68,608	42,407
9. NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	107,167	103,687
Accumulated depreciation	(102,663)	(86,181)
Net book amount	4,504	17,506
Plant and equipment		
Opening net book amount	17,506	39,462
Additions	3,480	-
Depreciation charge	(16,482)	(21,956)
Closing net book amount	4,504	17,506
10. NON-CURRENT ASSETS – MINING PROPERTIES		
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening net book amount	3,338,850	3,241,350
Capitalised tenement acquisition costs	-	97,500
Acquisition costs written off	(1,809,965)	
Closing net book amount	1,528,885	3,338,850

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

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	38,918	14,996
Other payables and accruals	190,365	90,004
	229,283	105,000

12. CURRENT LIABILITIES – BORROWINGS

	2014	2013
Unsecured		
Convertible notes	-	478,413

The Company had issued one convertible note with a face value of $600,000 during the 2013 financial year to Everett Smith & Co Pty Ltd, a company controlled by Mr Terry Smith, with an interest rate of 8% per annum. The note was converted during the year into ordinary shares of the Company at the option of the holder. The conversion rate was 8,571,428 shares for the note held, which is based on a share price of 7 cents per share. The convertible note is presented in the balance sheet as follows:

	2014	2013
Face value of note issued	-	600,000
Other equity securities – value of conversion rights (note 13)	-	(129,250)
	-	470,750
Interest expense	-	13,581
Interest paid/payable	-	(5,918)
Current liability	-	478,413

Notes to the Financial Statements continued

30 JUNE 2014

13. ISSUED CAPITAL

(a) Share capital

	Notes	2014 Number of shares	2014 $	2013 Number of shares	2013 $
Ordinary shares fully paid	13(c), 13(e)	**108,595,605**	**10,542,074**	**80,024,177**	**9,701,160**
(b) Other equity securities					
Value of conversion rights – convertible note	13(f)		**129,250**		**129,250**
Total issued capital			**10,671,324**		**9,830,410**
(c) Movements in ordinary share capital					
Beginning of the financial year		**80,024,177**	**9,701,160**	**78,724,177**	**9,603,660**
Issued during the year:					
– Issued as consideration for tenement acquisition		**-**	**-**	**1,300,000**	**97,500**
– Issued at a deemed 2.6 cents per share		**500,000**	**13,000**	**-**	**-**
– Issued as consideration for drilling		**2,500,000**	**125,000**	**-**	**-**
– Placement at 1 cent each		**17,000,000**	**170,000**	**-**	**-**
– Conversion of convertible note at 7 cents each		**8,571,428**	**600,000**	**-**	**-**
– Costs of issues during the year			**(67,086)**	**-**	**-**
End of the financial year		**108,595,605**	**10,542,074**	**80,024,177**	**9,701,160**

(d) Movements in options on issue

	Number of options 2014	Number of options 2013
Beginning of the financial year	**1,700,000**	**14,660,004**
Issued, exercisable at 10 cents, on or before 30 June 2014	**-**	**800,000**
Issued, exercisable at 7.5 cents, on or before 30 November 2018	**22,750,000**	**-**
Expired on 31 August 2013, exercisable at 30 cents	**(400,000)**	**-**
Expired on 1 December 2012, exercisable at 20 cents	**-**	**(7,250,000)**
Expired on 31 December 2012, exercisable at 10 cents	**-**	**(3,510,004)**
Expired on 29 March 2013, exercisable at 20 cents	**-**	**(3,000,000)**
End of the financial year	**24,050,000**	**1,700,000**

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

(f) Other equity securities

The amount shown for other equity securities is the value of the conversion rights relating to the convertible note, details of which are shown in note 12.

Notes to the Financial Statements continued

30 JUNE 2014

	The Company	
	2014	**2013**
	$	**$**

13. ISSUED CAPITAL (cont'd)

(g) Capital risk management

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

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

Cash and cash equivalents	**321,630**	**409,484**
Trade and other receivables	**68,608**	**42,407**
Trade and other payables	**(229,283)**	**(105,000)**
Borrowings	**-**	**(478,413)**
Working capital position	**160,965**	**(131,522)**

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve		
Balance at beginning of financial year	**374,371**	**349,371**
Convertible note and Option expenses	**11,240**	**25,000**
Balance at end of financial year	**385,611**	**374,371**

(b) Accumulated losses

Balance at beginning of financial year	**(6,979,949)**	**(5,444,343)**
Net loss for the year	**(2,382,642)**	**(1,535,606)**
Balance at end of financial year	**(9,362,591)**	**(6,979,949)**

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued. On conversion of the convertible note during the year a perceived value arose which was transferred to the share based payments reserve.

15. DIVIDENDS

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

Notes to the Financial Statements continued

30 JUNE 2014

	The Company	
	2014	2013
	$	$

16. REMUNERATION OF AUDITORS

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

	2014 $	2013 $
Audit services		
Rothsay Chartered Accountants - audit and review of financial repor t	27,500	29,500
Total remuneration for audit services	27,500	29,500

17. CONTINGENCIES

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

18. COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments as at 30 June are as follows:

	2014 $	2013 $
within one year	750,200	667,700
later than one year but not later than five years	673,511	884,611
later than five years	520,010	560,010
	1,943,721	2,112,321

Subsequent 30 June 2014 a review of the Company's exploration assets was undertaken. The company has surrendered some of these assets after reporting date as a result of the review.

(b) Lease commitments: Company as lessee

	2014 $	2013 $
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	54,210	54,210
later than one year but not later than five years	27,105	81,315
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	81,315	135,525

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

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company announced a fully underwritten 1:1 non renounceable rights issue at $0.005 (0.5 cents) per share on 10 June 2014, to raise $542,978. The 108,595,605 shares offered under the non-renounceable rights issue were issued on 7 July 2014.

20,000,000 options exercisable at $0.01 each and expiring 30 November 2018 which formed part of the Underwriting fees in relation to non- renounceable rights issues were approved in general meeting on 11 August 2014 and issued on 25 August 2014.

17,500,000 Options exercisable at 7.5 cents, on or before 30 November 2018 were cancelled on 23 September 2014

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

Notes to the Financial Statements continued

30 JUNE 2014

	The Company	
	2014	**2013**
	$	**$**
20. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(2,382,643)**	**(1,535,606)**
Add back : Proceeds from sale of tenements (investing activities)	**(180,000)**	**-**
	(2,562,643)	**(1,535,606)**
Non-Cash Items		
Depreciation of non-current assets	**16,482**	**21,956**
Accretion expense on convertible note	**62,156**	**7,663**
Costs associated with conversion of convertible note	**20,000**	**-**
Exploration expenditure written off	**1,809,965**	**-**
Non cash settlement of creditors and liabilities	**149,240**	**-**
Share-based payments expense	**-**	**25,000**
Change in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	**(26,201)**	**54,607**
Increase/(Decrease) in trade and other payables	**124,282**	**(43,722)**
Net cash outflow from operating activities	**(406,719)**	**(1,470,102)**

(b) Non-cash investing and financing activities

During the period the Company issued 3,000,000 (2013:1,300,000) ordinary shares with a deemed value of $138,000 (2013: $97,500) as consideration for services rendered to the Company (2013: tenement acquisition). This amount has been accounted for in accordance with the Company's accounting policies.

21. LOSS PER SHARE

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

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(2,382,643)**	(1,535,606)

	Number of shares	
	2014	**2013**
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	**82,144,725**	79,457,876

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2014 (2013: loss) and all options on issue were "out of the money" during the year, they are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

22. SHARE-BASED PAYMENTS

(a) Employees Share Option Plan

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise prices of the options granted range from 7.5 cents to 30 cents per option with expiry dates up to 30 November 2018. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Notes to the Financial Statements continued

30 JUNE 2014

22. SHARE-BASED PAYMENTS (cont'd)

(b) Options issued to suppliers

No options were issued to suppliers during the year (2013:nil).

Set out below are summaries of the share-based payment options granted per (a) and (b):

	The Company			
	2014		2013	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	**1,700,000**	**17.6**	**3,900,000**	**21.0**
Granted	**22,750,000**	**7.5**	**800,000**	**10.0**
Forfeited/cancelled	**-**	**-**	**-**	**-**
Exercised	**-**	**-**	**-**	**-**
Expired	**(400,000)**	**30.0**	**(3,000,000)**	**20.0**
Outstanding at year-end	**24,050,000**	**7.8**	**1,700,000**	**17.6**
Exercisable at year-end	**1,300,000**	**13.8**	**1,700,000**	**17.6**

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 4.32 years (2013: 0.9 years), and the exercise prices range from 7.5 to 20 cents.

The weighted average fair value of the options granted during the year was 0.91 cents (2013: 3.1 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs[1]:

	2014	2013
Weighted average exercise price (cents)	7.5	10.0
Weighted average life of the option (years)	5.0	2.0
Weighted average underlying share price (cents)	2.6	7.0
Expected share price volatility	70%	101.3%
Weighted average risk free interest rate	2.9%	2.4%

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

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

(c) Expenses arising from share-based payment transactions

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

	The Company	
	2014	2013
	$	$
Options issued to employees as part of share-based payment expenses	**-**[1]	**25,000**

(1) The inputs were those used to calculate a value for purposes of shareholder approval for grant of options. No value was calculated and recorded at date of grant during the year due to the inability of holders to achieve vesting hurdles in the event of their termination of contract or resignation.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 21 to 44 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Ian Hobson
Director
Perth, 29 September 2014

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RUBIANNA RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Rubianna Resources Limited (the Company") which comprises the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Audit opinion

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

a) (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the period ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Rubianna Resources Limited for the period ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham Swan
Partner

Dated 29th September 2014

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 24 September 2014.

(a) Distribution of equity securities

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

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	11	1,118
1,001 - 5,000	20	61,867
5,001 - 10,000	55	518,827
10,001 - 100,000	227	9,838,989
100,001 and over	143	206,770,409
	456	**217,191,210**
The number of shareholders holding less than a marketable parcel of shares are:	194	2,976,254

(b) Twenty largest shareholders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1.	EVERETT SMITH & CO PTY LTD	34,696,428	15.98
2.	P D CRUTCHFIELD PTY LTD <CRUTCHFIELD SUPER FUND A/C>	15,000,000	6.91
3.	MR ADRIAN JOSEPH LUCIANO	7,800,000	3.59
4.	LYELL PTY LTD <HAYMAN A/C>	7,702,000	3.55
5.	MR PHILIP DAVID CRUTCHFIELD	7,000,000	3.22
6.	READS IT PTY LTD <THE WINTER FAMILY A/C>	7,000,000	3.22
7.	STONE PONEYS NOMINEES PTY LTD <CHAPMAN SUPER FUND A/C>	7,000,000	3.22
8.	LYELL PTY LTD <GENESIS SUPER FUND A/C>	6,200,000	2.85
9.	EPIC CAPITAL PTY LTD	4,598,000	2.12
10.	HEMKEN PTY LTD <HEMKEN P/L EMPLOYEES S/F A/C>	4,000,000	1.84
11.	SAGGIO INVESTMENTS PTY LTD <THE SAGGIO INVESTMENT A/C>	4,000,000	1.84
12.	FISKE NOMINEES LIMITED	3,755,945	1.73
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,696,186	1.70
14.	MR LARRY DIAMOND + MRS ASHLYN DIAMOND <DIAMOND SMSF A/C>	3,010,000	1.39
15.	MR DAVID GERALD MANUEL	3,000,000	1.38
16.	LACONIA HOLDINGS PTY LTD	2,625,000	1.21
17.	BLUE SPEC MINING PTY LTD	2,500,000	1.15
18.	VEBLEN GROUP PTY LIMITED	2,500,000	1.15
19.	MR JOHN ASHLEY WINTERS + MRS LISA YAEL KAPLAN-WINTERS <THE WINTERS SUPER FUND A/C>	2,300,000	1.06
20.	MRS ELOISE TODARO	2,256,922	1.04
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**130,640,481**	**60.15**
Total Remaining Holders Balance		**86,550,729**	**39.85**

(c) Substantial shareholders

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

	Number of Shares
Everett Smith & Co Pty Ltd	34,696,428
P D CRUTCHFIELD PTY LTD <CRUTCHFIELD SUPER FUND A/C>	22,000,000

ASX Additional Information

(d) Voting rights

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

(e) Schedule of interests in mining tenements

Mines Department Reference	Project	Status	Grant Date	Expiry	Interest
E51/1611	Ruby Well	Application			0%
E51/1612	Ruby Well	Application			0%
E51/1142	Curley's	Granted	15/11/2006	14/11/2016	100%
E51/1423	Curley's	Granted	7/01/2011	6/01/2016	100%
E52/2387	Ruby Well North	Granted	12/04/2010	11/04/2015	100%
L51/0094	Ruby Well	Granted	13/05/2014	12/05/2035	100%
M51/0291	Ruby Well	Granted	10/03/1989	9/03/2031	100%
E52/2867	Marymia	Granted	30/07/2014	29/07/2019	100%
E40/0324	Kookynie	Granted	28/08/2014	27/08/2019	100%
E40/0260	Kookynie	Granted	4/08/2010	3/08/2015	100%
E51/1246	Quartz Well	Surrendered	4/08/2008	3/08/2018	0%
E51/1345	Killara	Granted	3/08/2010	2/08/2015	100%
E51/1347	Killara	Granted	3/08/2010	2/08/2015	100%
E51/1348	Killara	Granted	3/08/2010	2/08/2015	100%
E51/1349	Killara	Granted	3/08/2010	2/08/2015	100%
E51/1542	Killara	Surrendered	5/11/2013	4/11/2018	0%
E51/1545	Killara	Surrendered	5/11/2013	4/11/2018	0%
E51/1549	Killara	Surrendered	5/11/2013	4/11/2018	0%
E51/1550	Killara	Surrendered	5/11/2013	4/11/2018	0%

(f) Unquoted Securities

At 24 September 2014, the Company has a total of 25,750,000 unlisted options as follows:

Number of Options	Number of Holders	Exercise Price	Expiry Date
500,000	1	$0.200	30 November 2014
5,250,000	2	$0.075	30 November 2018
20,000,000	11	$0.010	30 November 2018
25,750,000	**14**		

Unlisted Option Holders holding greater than 20% of a class of unlisted option:

	No. of Options Held	% Held
Unlisted options exercisable at $0.20 expiring on 30 November 2014		
Gordon & Diana Dunbar	500,000	100%
Unlisted options exercisable at $0.075 expiring on 30 November 2018		
Matthew Svensson	3,000,000	57%
Kieran Sheehan	2,250,000	43%
Unlisted options exercisable at $0.01 expiring on 30 November 2018		
CRUZING INVESTMENTS PTY LTD <WINTERS A/C>	8,000,000	40%