



ASX Release
21 August 2012

SCOPING LEVEL OPTIMISATION STUDY RETURNS POSITIVE OUTLOOK

HIGHLIGHTS

Results from the “scoping level” open pit optimisation study suggests a cash surplus of approximately A\$8.3M at a gold price of A\$1,500.

Rubianna Resources Limited (ASX: RRE) is pleased to announce results of a “scoping level” open pit optimisation study for three prospects within the Ruby Well Project area (Figure 1), within its 100% owned Murchison tenements, located northeast of Meekatharra, Western Australia.

This study (refer to Appendix for details) does not provide economic viability or financial information that may be relied upon nor should any inference be made that resources used in the study are mineral reserves. The optimisation has been undertaken as a scoping level assessment to indicate if open pit mining could be viable and whether further drilling should be contemplated to provide more confidence in the resources (to achieve indicated resource status) and whether extensions to the known mineralisation either down dip or along strike are likely to impact on the potential viability of the prospects. The resources¹ used as input for this scoping level study are classified as an **Inferred Mineral Resources** in accordance with the JORC Code (2004). Due to the “inferred” status of the resources, the tonnes and grade that were extracted from the Inferred Mineral Resources (Table 2, Appendix) and used in the scoping level open pit optimisation **should not** be taken to represent an ore reserve. The “scoping level” optimisation extracted the following tonnes and grade to determine the viability of each prospect.

• Bloodstone	43,000t @ 5.1g/t Au	for approximately 7,100 ounces
• Golden Hope	55,000t @ 2.3g/t Au	for approximately 4,100 ounces
• Ruby Anna	25,000t @ 2.0g/t Au	for approximately 1,600 ounces
• TOTAL	123,000t @ 3.2g/t Au	for approximately 12,800 ounces

*small discrepancies may be present due to rounding and due to different software packages and their respective methods of calculation.

The Bloodstone open pit shell extends to approximately 60m below surface while the Golden Hope and Ruby Anna open pit shells are to approximately 50m below surface. The study has identified areas where further drilling may provide additional confidence and has the potential to add further ounces to the current resources and optimisation.

This conceptual exercise (refer to Appendix) has taken into account the effects of ore dilution and recovery, simple options for extraction and processing costs at a gold price of A\$1,500 per ounce. The open pit optimisation model implies a possible cash surplus of approximately A\$8.3M. While a number of uncertainties remain within the optimisation model, the result implies a positive outlook.

Rubianna’s Managing Director, Dr Steve Batty, said “results from this scoping study are very provisional but confirm our expectation that the Bloodstone, Golden Hope and Ruby Anna prospects have the potential to contain sufficient resources to be economically viable. We are currently assessing our options to exploit these resources to generate the maximum return for the Company. These modest results have the potential to generate a healthy return that could fund our on-going gold and base metal exploration programmes”.

Preliminary metallurgical test work is currently in progress. Further drill programmes are required to define, upgrade and extend each of the resources prior to any decision to mine.

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¹ ASX announcement 26/07/2012

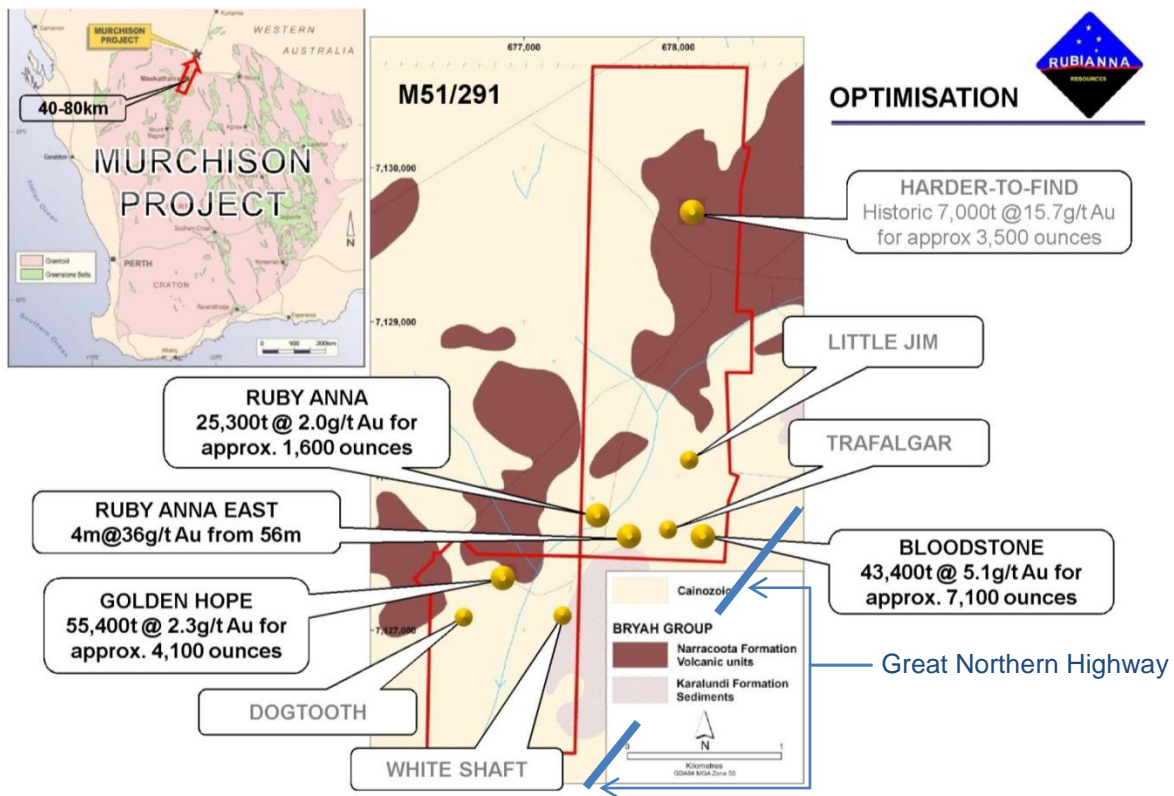


Figure 1: Location map for the Ruby Well project (M51/291) showing the multiple prospects and inferred resources optimised for an open pit.

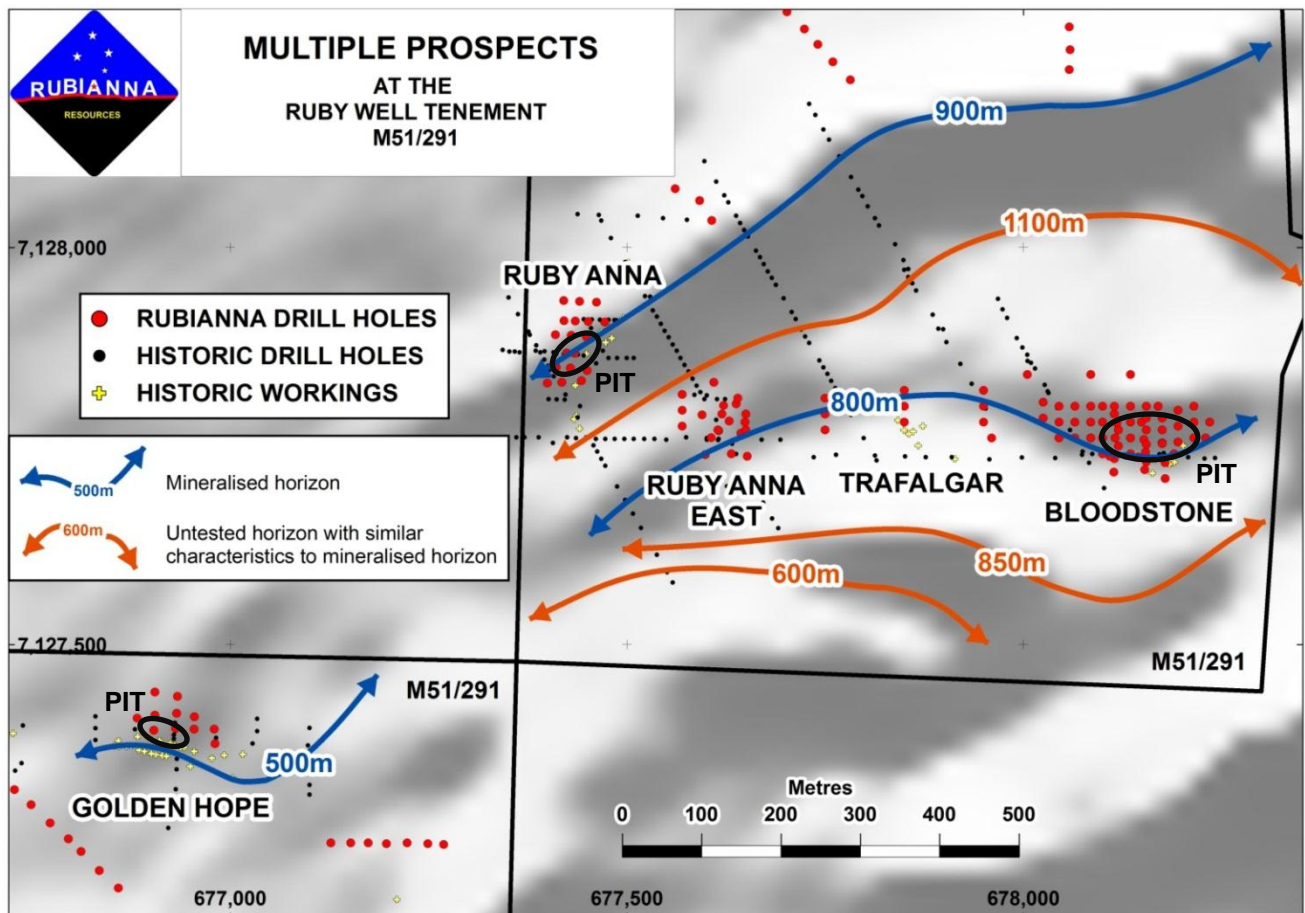


Figure 2: Prospects at Ruby Well (M51/291) highlighting mineralised horizons and currently untested potential in the area. The background airborne magnetic image shows a series of geophysical units that correlate with alternating stratigraphic and/or structural horizons.

COMPETENT PERSON STATEMENT

The Information in this announcement that relates to Mineral Resources has been compiled by Mr Matthew Svensson and Mr Ben Pollard.

Mr Svensson is a Member of the Australasian Institute of Geologists (AIG), while Mr Ben Pollard is a member of the Australian Institute of Mining and Metallurgy. Mr Svensson is a full-time employee of Rubianna Resources (RRE), whilst Mr Pollard is a full-time employee of BMGS Perth Pty Ltd. Mr Svensson and Mr Pollard have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. This qualifies Mr Svensson and Mr Pollard as "Competent Persons" as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Svensson and Mr Pollard consent to the inclusion of information in this announcement in the form and context in which it appears.

APPENDIX - OPTIMISATION SCOPING STUDY SUMMARY

BMGS Perth Pty Ltd (BMGS) were commissioned to run a scoping level open pit optimisation on the Bloodstone, Golden Hope and Ruby Anna resources. BMGS utilised Micromine's pit optimisation module for the work after first importing the Surpac model. The optimisation was based on assumed parameters summarised in Table 1:

Table 1: Optimisation Parameters

PARAMETER	UNIT	VALUE
Mining Cost	(\$/BCM)	6.80
Dilution	(%)	10
Ore Loss	(%)	5
Au Price	(AUD/oz)	1500
State Royalty	(AUD/oz)	37.50
Milling Cost	(\$/t)	30
Haulage	(\$/t)	5
Recovery	(%)	95
Pit Wall Slopes	(degrees)	50

Results show that all of the deposits support pit shells, even at lower gold prices. The cut-off grade was calculated to be 0.9g/t Au and the optimisation @ A\$1500/ounce yielded three pit shells delineating a total of 123kt @ 3.2g/t Au at this lower cut-off for approximately 12,800 ounces of gold. The resources within each pit shell with no lower cut are shown in Table 2. No lower cut was determined to be appropriate for the deposits due to their apparent nuggetty characteristics.

Table 2: Resources within A\$1500 shells by deposit (no lower cut)

	Volume	Tonnes	Au Cut	Ounces
Bloodstone	27,469	68,469	3.41	7,507
Golden Hope	27,281	71,397	1.96	4,500
Ruby Anna	12,438	29,959	1.77	1,705
Grand Total	67,188	169,825	2.38	13,712

This optimisation has been undertaken as a scoping level assessment to determine if open pit mining could be viable and whether further drilling should be completed. The parameters used are considered to be appropriate 'rule of thumb' numbers for this type of exercise.

- The mining cost of \$6.80/bcm (approx. \$2.70/t) is reasonably robust given the mixed oxidation state of material within the pit shells.
- Ore loss and dilution of 5% and 10% respectively are considered default values for many gold mines of similar deposit geometry and spatial orientation.
- No mine and processing cost adjustment factors were used implying that there is no incremental increase in mining or milling throughout any operation to extract gold from these deposits – a common outcome for shallow, short-term ore bodies.
- The gold price of A\$1,500 was used and considered appropriate for this level of study.
- The State Royalty of \$37.50 was selected and represents the WA State Governments gold royalty (2.5%).
- A milling cost of \$30/t was selected inferring a 50% premium to be paid for toll treatment.
- Haulage has been set at \$5/t.
- A gold recovery of 95% was selected.
- Wall angles in all walls of all pits have been set to 50°.

This optimisation work attempts to give an indication of the economic potential of the deposits in question, the results of which **should not** be taken to represent mining reserves or to be particularly rigorous. Re-logging of the geology and/ or further drilling is required to increase resource confidence to 'indicated' and a firm handle on costs be gained before reserves can be calculated.