RED OCTOBER
RESOURCES LIMITED

ABN 43 147 799 951

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2012

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Directors

Mr Benjamin Bussell – Non-Executive Director
Mr Jeremy Bond – Non-Executive Director
Dr Saliba Sassine – Non-Executive Director

Company Secretary

Mr Matthew Foy

Registered Office

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Perth WA 6000

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Perth WA 6850

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Website: www.redoctober.net

Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Symbols – ROS (ordinary shares)

Australian Company Number
ACN 147 799 951

Australian Business Number
ABN 43 147 799 951

Auditors

BDO (Audit) WA Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers

National Australia Bank
131 Victoria Street
Bunbury WA 6230

Share Registry

Security Transfers Registers
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Domicile and Country of Incorporation
Australia

The Directors submit their report on the consolidated entity (referred to hereafter as the group) consisting of Red October Resources Limited (the "Company" or "Red October") and the entity it controlled for the year ended 30 June 2012.

1. DIRECTORS

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

Mr Ross Smith, Chairman and Managing Director (appointed on 25 February 2011, resigned 21 October 2011)

Ross Smith has fifteen years management experience in a variety roles involving capital raising, company promotion, greenfields project development, general management and team building. Mr Smith has acted as Executive Director, Managing Director and/or CEO within the mining, clean energy and brewing sectors. Mr Smith was the CEO and non-executive director of Enerji Limited (ASX code ERJ). Prior to his time at Enerji Mr Smith held the positions of project manager at ASX listed Tanami Gold NL, Managing Director of ASX listed Colonial Brewing Co and Executive Director of ASX listed Jabiru Metals Ltd.

Mr Ross Nairn, Executive Director (appointed on 25 February 2011, resigned 21 October 2011)
BAppSc (Met) Grad Dip (Bus) Grad Dip (Fin&Inv)

Ross Nairn is a professional metallurgist with 30 years of experience. He holds Post Graduate Diplomas in Business and Applied Finance and has extensive experience managing gold, base metals, sand and diamond processing plants in Australia, Africa and the Middle East with companies such as BHP, Sons of Gwalia and Barrick Gold.

Mr Nairn has not held any other directorships in other listed companies in the previous 3 years.

Dr Saliba Sassine, Non-Executive Director (appointed on 25 February 2011)
BEc. (Hons), PhD, SA Fin

Dr Saliba Sassine is an experienced company executive and director. He is Chairman of S&A Capital Pty Ltd, a boutique investment and project origination group specialising in resources, energy and renewables. Dr Sassine has held positions at Chairman or CEO level in a number of listed and privately held companies and has directed and advised on the activities of a number of start-up and early stage enterprises at pre and post-IPO. Dr Sassine has also worked as a senior ministerial and government adviser in Australia and represented the Western Australian Government on a number of state and national advisory boards and committees. Dr Sassine is a Senior Associate Member of the Securities Institute of Australia. He is Chairman of the Perth Theatre Trust, Chairman of the POWA Institute, and a member of the board of the WA Academy of Performing Arts.

He is currently the Chairman of ASX listed Helicon Group Limited and Gold Mines of Peru Ltd. Dr Sassine has not held any other directorships in other listed companies in the previous 3 years.

Mr Norman McCleary, Non-Executive Director (appointed on 17 May 2011, resigned 27 February 2012)

Mr McCleary has in excess of 30 years' experience in both the finance and mining industries. His background in the resource sector ranges from green fields prospecting, primarily in the Northern Territory, to the construction and development of ASX listed resource companies.

Mr McCleary had a pivotal role in the establishment of the world class rare earths company Arafura Resources (ARU), where his activities ranged from resource acquisition to managerial consulting. He has also advised numerous mining companies and investment groups in regard to the evaluation of geological assets.

Mr McCleary has not held any other directorships in other listed companies in the previous 3 years.

Mr Jeremy Bond, Non-Executive Director (appointed 1 February 2012)
BCom, BEcons, BArts

Mr Bond graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance), Bachelor of Economics (International Banking) and Bachelor of Arts (Political Science). Mr Bond is currently a fund manager and founder of Terra Capital, a small cap natural resource fund based in Australia. This fund invests in both public and private resource deals throughout the world.

Mr Bond is currently a non-executive director of Silver Stone Resources Limited and was formerly a director of Black Mountain Resources Limited (resigned August 2011).

Mr Benjamin Bussell, Non-Executive Director (appointed 27 February 2012)
B.Bus

Mr Bussell is a Senior Accountant with over 12 years' experience in public accounting, corporate accounting and taxation. He is currently the Chief Financial Officer of ASX listed mineral exploration companies Agri Energy Limited, Minerals Corporation Limited and AAQ Holdings Limited and is also currently a director of ASX Listed SWW Energy Limited and Terranova Minerals NL.

Mr Matthew Foy, Company Secretary (appointed 22 February 2011, resigned 30 June 2011, reappointed 27 February 2012)
B.Com, ACIS, SA Fin

Mr Foy was a Senior Adviser at the Australian Securities Exchange (ASX) and is a qualified Chartered Secretary. He reviewed and approved the listing of over 40 companies during his tenure at the ASX.

2. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company or a related body corporate as at the date of this report.

	Fully Paid Ordinary Shares
Mr Benjamin Bussell	-
Mr Jeremy Bond	750,000
Dr Saliba Sassine	250,000
	1,000,000

There are no options held by directors.

3. DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the year.

4. DIRECTORS' MEETINGS

The number of Directors' meetings and of each board committee held during the financial year and the number of meetings attended by each Director were:

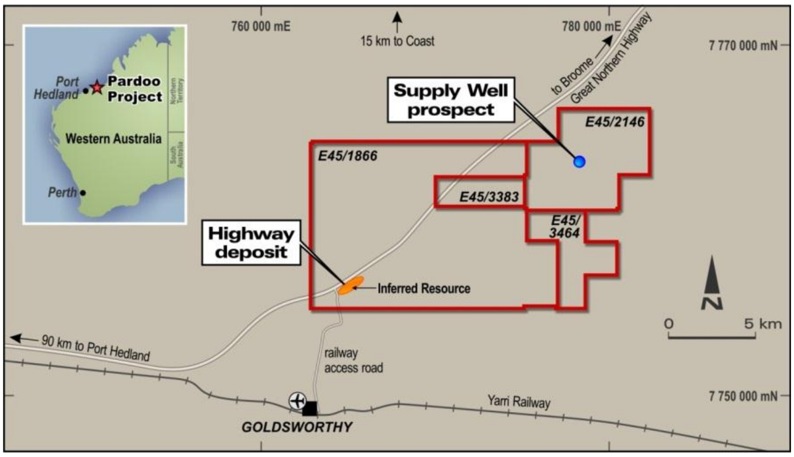
	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Ross Smith	2	2
Mr Ross Nairn	2	2
Mr Norman McCleary	2	2
Dr Saliba Sassine	2	2
Mr Benjamin Bussell	-	-
Mr Jeremy Bond	-	-

For details of the function of the Board, Audit Committee and Remuneration Committee, please refer to the Corporate Governance Statement.

5. PRINCIPAL ACTIVITIES

Red October Resources Limited is an Australian-based exploration company established to acquire, explore, evaluate and exploit global mineral resource projects. The Company seeks to maximise shareholder returns by actively evaluating new acquisitions and joint venture exploration opportunities in the resources sector.

6. REVIEW OF OPERATIONS



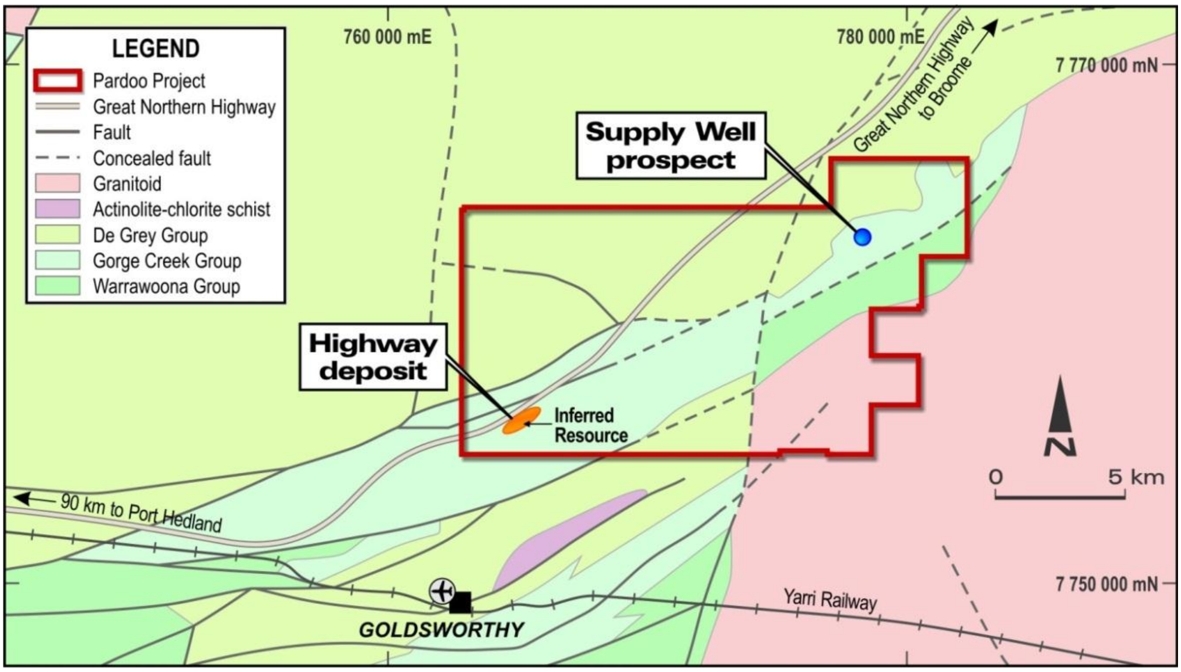
(a) Pardoo Nickel Project

The Company entered into a Farmin Agreement with Segue Resources giving the Company the right to earn up to an initial 70% interest in the nickel and non-iron ore mineral rights in the Pardoo Project located in the Pilbara region of Western Australia by meeting expenditure of at least $10 million within 5 years.

The Pardoo Project consists of four granted exploration licenses; E45/1866, E45/2146, E45/3383 and E45/3464, in the Pilbara Mineral Field. These tenements cover approximately 161.2 km2.

The Pardoo Project straddles the boundary between the East Pilbara Granite-Greenstone Terrane and the Central Pilbara Tectonic Zone, marked in this region by the Pardoo fault, which is part of the De Grey Structural Zone. The east-northeast trending Pardoo Fault separates the Ord greenstone belt in the north from the Goldsworthy greenstone belt in the south. The project is centered on the northern, faulted limb of the Goldsworthy Syncline (Figure 2).

Figure 2: Geological setting of the Pardoo Project (adapted from Smithies, 2004)



The mineralisation at the Highway deposited is hosted within a schist package, comprising biotite, chlorite, quartz, feldspar and carbonate schists. Chert lithologies occur above and below the schist and consist of grey, white and translucent banded and some brecciated chert. Above the chert-schist units the stratigraphy comprises fine grained mafic amphibole-biotite-chlorite schist, with accessory carbonate, magnetite and ilmenite.

During the year end the Company renegotiated the Farmin Agreement with Segue Resources. The Company now has the right to earn up to an initial 50% (previously 70%) interest in the nickel and non-iron ore mineral rights.

(b) Yellowstone Copper Project – Central Kazakhstan

On 27 May 2011 the Company advised it had into a legally binding Memorandum of Understanding to potentially acquire up to a 70% shareholding in Kazakhstan based company, ULY-TAU K Limited Liability Partnership ("**UTK**"), owner of the substantial Tesiktasskoye Copper project near Balkash in Central Kazakhstan ("**Yellowstone"**).

Red October paid US$250,000 on 27 May 2011 for a three month exclusivity year to conduct the due diligence on the project and negotiate a formal joint venture agreement.

On 28 July 2011 the Company announced the terms of the formal agreement ("Company Interest Purchase Agreement") whereby Red October was to acquire 51% of UTK for USD$44m, with a minimum cash payment of USD $14m and the balance in Red October shares (or cash) on the condition that the quantity of Red October shares to be issued as part of the purchase price does not exceed 20% on an undiluted basis of the total issued shares of Red October.

On 18 October 2011 Red October announced that it was not in a position to complete a capital raising sufficient to satisfy the terms of the Company Interest Purchase Agreement and it had agreed to provide UTK access to all technical reports and physical assets funded by the Company during the due diligence process. In exchange, UTK agreed to refund the estimated costs of $350,000 USD, the amount to become payable on the sale of Yellowstone to another party.

(c) Akjilga Silver Project – Tajikistan

In June 2011 the Company made a successful bid of US$12 million for the Akjilga Silver Project in Tajikistan, owned by Kazakhmys PLC (LON: KAZ), a FTSE 100 Company listed on the London Stock Exchange (the "Project"). Red October funded the initial US$2 million deposit through existing cash reserves as it was unable to conduct a capital raising due to market conditions. Given the scale of the Project, it was Red October's intention to spin it out into a new listing or vend the Project direct into another listed entity.

On 18 October the Company advised it had received a Notice of Breach of Contract from the vendors and having been unable to meet the contract requirements to demonstrate its ability to complete the transaction contemplated by the Share Sale Agreement on or before 21 October 2011. On 5 April 2012 the Company advised it had reached agreement with Kytco BV for the release of Red October from any and all conceivable claims past and future in respect of the Share Sale Agreement to acquire the Akjilga Silver Project upon payment of US$100,000 to Kytco.

(d) Convertible Note Funding

On 10 April 2012 the Company entered into a Subscription Agreement with Hemisphere Corporate Services Pty Ltd to provide the Company with funding of $600,000 via an unsecured convertible note. The notes will convert to ordinary shares in the Company at $0.005 subject to the Company obtaining shareholder approval.

The note has a six month term and accrues interest at a rate of 9.25% with interest payable on the date of conversion to shares at the conversion price of $0.005.

(e) Variation of Farmin Agreement with Segue Resources Limited

The Company entered into a Farmin Agreement with Segue Resources Limited on 17 December 2010 giving it the right to earn up to an initial 70% interest in the nickel and non-iron ore mineral rights associated with the Pardoo Project ("Project") in three stages:

(i) A 30% interest can be earned by spending a minimum amount of $2.0m within 3 years from the Commencement Date including a minimum spend of $1.5m, or such other amount greater than $1.5m as required to satisfy the ASX Listing Rules, within 2 years of the Commencement Date; and
(ii) Once a 30% interest is earned then a further 20% (to a total of 50%) interest can be earned by spending a minimum total of $5.0m within 4 years from the Commencement Date; and
(iii) Once a 50% interest is earned then a further 20% interest (to a total of 70%) can be earned by spending a minimum total amount of $10m within 5 years from the Commencement Date.

On 10 April 2012 both parties agreed to vary the agreement such that:

(i) A 30% interest can be earned by spending a minimum amount of $1.0 million on the Project within 2 years from the date of re-instatement of the Company to trading on the ASX ("Commencement Date") with a minimum spend of $250,000 on the Project by the earlier of 6 months from the Commencement Date or 31 December 2012; and
(ii) Once a 30% interest is earned then a further 20% (to a total of 50%) interest in the Project can be earned by spending a further minimum total amount of $2.0m on the Project within 4 years from the Commencement Date.

In consideration for agreeing to the variation the Company will issue to Segue Resources Limited 11,250,000 shares in the Company.

7. FINANCIAL RESULTS

The cash and cash equivalents as at 30 June 2012 totalled $106,932 (2011: $1,385,486). The net asset position as at 30 June 2012 was $3,701 (2011: $1,328,109). The net loss after tax for the year attributable to the members of the Group was $1,320,723 (2011: $3,506,389). The Group is of the opinion that it has used its funds in accordance with the business objectives stated in its prospectus, to earn an initial interest in the Pardoo Project and to actively pursue new projects in the resources sector both in Australia and overseas, by way of acquisition or investment. The Company's shares have been suspended from trading on the ASX since 8 June 2011 and remain suspended.

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group.

9. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the Group's state of affairs in future financial years.

10.FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors intend to focus on the exploration of the Pardoo Project.

Further information on likely developments in the operations of the Group and the expected results of those operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

11.ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group.

12.GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group has not yet fully reviewed the reporting requirements under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse Energy Efficient Reporting Act 2007, but believes it has adequate processes in place to endure compliance with these Acts.

13.REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Structure
- C Details of Remuneration
- D Share-based compensation
- E Equity instruments issued on exercise of remuneration options
- F Value of options to Directors

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel of the Group as follows:

Dr Saliba Sassine – Non-Executive Director	Appointed 25 February 2011
Mr Norman McCleary – Non-Executive Director	Appointed 17 May 2011 (resigned 27 February 2012)
Mr Ross Smith – Chairman & Managing Director	Appointed 25 February 2011 (resigned 21 October 2011)
Mr Ross Nairn – Executive Director	Appointed 25 February 2011 (resigned 21 October 2011)
Mr Benjamin Bussell – Non-Executive Director	Appointed 27 February 2012
Mr Jeremy Bond – Non-Executive Director	Appointed 1 February 2012

A Remuneration Philosophy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

B Remuneration Structure

Executive and Non-Executive remuneration arrangements

The remuneration of Executive and Non-Executive Directors (NED) consists of Directors' fees, payable in arrears. They serve on a month to month basis and there are no termination benefits payable. They do not receive retirement benefits but are able to participate in share option based incentive programmes in accordance with Group policy.

As Executive Directors, Messrs Smith and Nairn were paid Director's fees of $250,000 per annum ($180,000 per annum pre listing) and $200,000 per annum respectively. Payment of Directors' fees took effect for Mr Smith from the date the Group raised $660,000 and issued Non-Voting Redeemable Converting Preference seed shares and from the date of listing for Mr Nairn. Messrs Smith and Nairn resigned as Directors of the Company on 21 October 2012.

As Non-Executive Directors Mr Sassine is paid Director's fee of $40,000 per annum. Mr McCleary was a Non-Executive Director from the start of the Period until 21 October 2011 when he assumed the role of Chief Executive Officer; Mr McCleary was paid a total of $75,269 during the Period. Payment of Directors' fees took effect from the date of appointment for Mr McCleary and from 1 March for Mr Sassine. Mr McCleary resigned as Director of the Company on 27 February 2012.

Directors are paid consulting fees on time spent on Group business, including reasonable expenses incurred by them on business of the Group, details of which are contained in the Remuneration Table disclosed as Section C of this Report. Remuneration of Executive and Non-Executive Directors are based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Group does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting.

C Details of Remuneration

The key management personnel of the Group are the Directors of Red October Resources Limited. There are no other executives or key management personnel. Details of the remuneration of the Directors of the Group are set out below:

30/06/2012	Short-term benefits Salary & fees $	Post-employment benefits Superannuation $	Share-based payment Performance shares $	Total $	Percentage remuneration consisting of options for the year
Directors					
Dr Sassine (i)	23,331	-	-	23,331	0%
Mr Bond (ii)	-	-	-	-	0%
Mr Bussell (iii)	-	-	-	-	0%
Mr Smith (iv)	75,940	-	-	75,940	0%
Mr Nairn (v)	60,754	-	-	60,754	0%
Mr McCleary (vi)	75,269	6,774	-	82,043	0%
Total	**235,294**	**6,774**	**-**	**242,068**	**-**

(i) Dr Sassine (Non-Executive Director) (appointed on 25 February 2011)
(ii) Mr Bond (Non-Executive Director) (appointed on 1 February 2012).
(iii) Mr Bussell (Non-Executive Director) (appointed on 27 February 2012)
(iv) Mr Smith (Executive Director) (resigned 21 October 2011)
(v) Mr Nairn (Executive Director) (resigned 21 October 2011)
(vi) Mr McCleary (Non-Executive Director) (resigned 27 February 2012)

No remuneration was paid to Mr Bond or Mr Bussell during the year due to the company being suspended from trading on the ASX for the entire period of their Directorships.

30/06/2011	Short-term benefits Salary & fees $	Post-employment benefits Superannuation $	Share-based payment Performance shares $	Total $	Percentage remuneration consisting of options for the year
Directors					
Mr Smith (i)	100,161	-	100	100,261	0.10%
Mr Nairn (ii)	29,270	-	-	29,270	0%
Mr McCleary (iii)	4,946	-	-	4,946	0%
Dr Sassine (iv)	13,333	-	-	13,333	0%
Mr Glenn Whiddon (v)	-	-	-	-	0%
Mr Paul Fry (vi)	-	-	-	-	0%
Dr Eric Lilford (vii)	-	-	-	-	0%
Total	**147,710**	**-**	**100**	**147,810**	**-**

(i) Mr Smith (Managing Director) (appointed on 25 February 2011, resigned 21 October 2011)
(ii) Mr Nairn (Executive Director) (appointed on 25 February 2011, resigned 21 October 2011)
(iii) Mr McCleary (Non-Executive Director) (appointed on 17 May 2011, resigned 27 February 2012)
(iv) Dr Sassine (Non-Executive Director) (appointed on 25 February 2011)
(v) Mr Whiddon (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)
(vi) Mr Fry (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)
(vii) Dr Lilford (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)

No remuneration was paid to Mr Whiddon, Mr Fry and Dr Lilford during the year due to them resigning their Directorships prior to the listing of the Company on the ASX.

Service Agreements

There are no executives or key management personnel, other than the directors, engaged by the Group.

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. Non-executive directors are paid $3,000 per month for their services, with any additional consulting paid at a rate of $1,000 per day.

Remuneration and other terms for the Executive Directors and other key management personnel are also formalised in service agreements. There are currently no Executive Directors employed by the Group.

D Share-based Compensation

The Group rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options (the "Plan"). There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Group's performance.

Options granted under the Plan carry no dividend or voting rights. The grant date equals the vesting date for all options. No options were exercised as at the date of this report.

No options over ordinary shares in the Group were provided as remuneration to the Directors and key management personnel of the Group during the year.

No shares were issued in exercise of options granted in the year.

On 1 February 2011, as part of Ross Smith's Executive Services Contract he was issued 10 million Performance Shares in Red October. These Performance Shares will convert on a 1 for 1 basis at no cost into fully paid ordinary shares in Red October as soon as practicable after:

- The volume weighted average share price ("VWAP") of the Company's shares as traded on the ASX must be at or above a price which is at least 2.5 times the IPO subscription price for at least 20 consecutive days; and
- Red October raises at least $2 million of capital at a share price which is not less than 2.5 times the IPO subscription price.

The Performance Shares have no rights (voting, dividend or participation in winding up) other than the right to convert into fully paid ordinary shares based on the vesting conditions noted above. The Fully Paid Ordinary Shares in Red October will be escrowed from the date of conversion for 12 months or such other longer year required by the ASX.

An Independent Valuation was performed on these Performance Shares and at the time of issue they were valued at $0.00001 each. Therefore the value of 10 million Performance Shares is $100. At 30 June 2012 the Group sees the likelihood of the performance milestones as being remote and as such no value has been taken into account.

Mr Smith resigned as a Director of the Company on 21 October 2012.

E Equity Instruments Issued on Exercise of Remuneration Options

No shares were issued during the year to Directors or key management as a result of exercising remuneration options.

F Value of options to Directors

No options were granted, exercised or lapsed during the Year to Directors as part of their remuneration.

End of Remuneration Report

14.SHARES UNDER OPTION

At the date of this report, the unissued ordinary shares of Red October under option are as follows:

	No.	Grant Date	Issued Date	Expiry Date	Exercise Price $
Unlisted Options					
Placement Options	2,000,000	24/02/2011	9/03/2011	1/01/2013	$0.20
	2,000,000				

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

15.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 Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

16.INDEMNIFYING OFFICERS

During the financial year the Group paid a premium to insure the directors and officers of the company and its Australian based controlled entities against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such as an officer or auditor.

17.NON-AUDIT SERVICES

The Board of Directors advises that non-audit services were provided by the Group's auditors during the year. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below:

	2012 $	2011 $
Audit Services		
BDO (WA) Audit Pty Ltd	36,734	22,000
Non-Audit Services		
BDO (WA) Corporate Finance Pty Ltd - Investigating Accountants Report	-	19,017
Total	**36,734**	**41,017**

18.AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 16.

Signed in accordance with a resolution of the Board of Directors

Mr Ben Bussell
Perth, Western Australia
Date: 28 September 2012

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

28 September 2012

The Board of Directors
Red October Resources Limited
Level 8, 225 St Georges Terrace
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF RED OCTOBER RESOURCES LIMITED

As lead auditor for the audit of Red October Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Red October Resources Limited and the entities it controlled during the period.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

The Board of Directors of Red October Resources Limited (the "Company" or "Red October") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Red October and its controlled entity (referred to hereafter as the "Group") on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director and Company Secretary / Financial Controller. The Board ensures that the Managing Director and Company Secretary / Financial Controller are appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Group's officers, contractors and consultants. Due to the size and scale of the Group there is no formal appointment of a Chief Executive Officer.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against budget; and
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expenses.

MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. The Statement below discloses the extent to which the Company has followed the Principles and Recommendations, furthermore, the Board of the Company currently has in place a Corporate Governance Plan which is located on the Company's website.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
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.	The Directors monitor the business affairs of the Group on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. Due to the size of the Company and current operations there is no CEO and it is the intention to appoint a CEO when required, however, the Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making, the authority delegated to the CEO, including limits on how the CEO can execute that authority and provides guidance on the relationship between the Board and the CEO. The matters that the Board has specifically reserved for its decision are: • the appointment and management of the CEO; • approval of the overall strategy and annual budgets of the business; and • compliance with constitutional documents. The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business. Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board reviews the remuneration policies applicable to all Directors and Executive Officers on an as needed basis.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	The Group will explain any departures from best practice recommendations 1.1 and 1.2 in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting year and whether it was in accordance with the process disclosed.
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	The majority of the directors are currently deemed independent with two out of three being independent.

2.2	The chair should be an independent director.	The chairman is currently deemed independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	There is no chief executive officer role being fulfilled. The Group intends to seek out and appoint a chief executive officer in the future; however, due to the current limited size of the Group's operations it may not be appropriate to appoint a chief executive officer for some time.
2.4	The board should establish a nomination committee.	The Group is not of a size at the moment that justifies having a separate Nomination Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	An informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	The Group will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5, in its annual reports. Refer to the Directors Report above.
3.	***Promote ethical and responsible decision-making***	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	A Corporate Code of Conduct is included within the Group's Corporate Governance Plan.
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 measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees.

3.3	Companies should disclose in each annual report the measureable objectives for achieving set by the board in accordance with the diversity policy and progress in achieving them.	The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set objectives for gender diversity.
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	As at 30 June 2012 the Company has no female employee or Board Member.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	Refer to Recommendation 3.1.
4.	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	The Group is not of a size at the moment that justifies having a separate Audit Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors which consists of the Chairman, an executive director and two non-executive directors.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	Matters which typically would be dealt with by an Audit Committee are currently dealt with by the Board of Directors.
4.3	The audit committee should have a formal charter.	Such a charter is not considered necessary for the proper function of the committee given the composition of the Audit Committee and the Board.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	The Group will explain any departures from best practice recommendations 4.1, 4.2 and 4.3 in future annual reports.
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.	The Group has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Group's financial position.

5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	The company secretary who reports directly to the Board has been appointed the disclosure officer and is required to keep abreast of all material information and where appropriate, ensure disclosure of share price sensitive information.
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.	The Company's Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Shareholders are encouraged to attend and participate in general meetings.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	The Board aims to ensure that Security Holders are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through: • The annual report, which is distributed to all shareholders (other than those who elect not to receive it); • The AGM and other shareholder meetings called to obtain approval for Board action as appropriate; • Making available all information released to the ASX website immediately following confirmation of receipt by the ASX; • Encouraging active participation by shareholders at shareholder meetings; Encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.
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.	The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Group's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

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.	The Board's collective experience will enable accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management will be recurring items for deliberation at Board Meetings. A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.
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.	Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and 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 risk.
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	The Group will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its annual reports.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non-executive director's remuneration form that of executive directors and senior executives. The Company's constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors. Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time. The Company will explain any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its future annual reports.

	Note	30-Jun-12 $	30-Jun-11 $
Revenue from continuing operations	8	27,633	39,177
Other expenses	9	(392,501)	(354,995)
Exploration expenditure written off	9	(321,627)	(2,586,084)
Finance costs	9	(10,315)	(4,325)
Impairment of assets		-	(28,138)
Loss on disposal of property, plant and equipment		(74,879)	-
Personnel expenses	9	(335,131)	(147,711)
Professional fees	9	(213,903)	(424,212)
Share based payments		-	(100)
Loss from continuing operations before income tax		**(1,320,723)**	**(3,506,389)**
Income tax benefit/(expense)		-	-
Loss from continuing operations after income tax		**(1,320,723)**	**(3,506,389)**
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		**(1,320,723)**	**(3,506,389)**
Loss for the year is attributable to:			
Owners of the Company		(1,320,723)	(3,506,389)
		(1,320,723)	(3,506,389)
Total comprehensive loss for the year attributable to:			
Owners of the company		(1,320,723)	(3,506,389)
		(1,320,723)	(3,506,389)

	Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share	(3.00)	(14.14)
Diluted loss per share	N/A	N/A

The above consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 26 to 54.

	Notes	30-Jun-12 $	30-Jun-11 $
Current Assets			
Cash & cash equivalents	11	106,932	1,385,486
Trade & other receivables	12	21,388	136,841
Total Current Assets		**128,320**	**1,522,327**
Non-Current Assets			
Plant & equipment	13	27,317	99,001
Exploration & evaluation expenditure	14	178,030	47,011
Total Non-Current Assets		**205,347**	**146,012**
TOTAL ASSETS		**333,667**	**1,668,339**
Current Liabilities			
Trade and other payables	15	125,709	340,230
Borrowings	16	204,257	-
Total Current Liabilities		**329,966**	**340,230**
TOTAL LIABILITIES		**329,966**	**340,230**
NET ASSETS		**3,701**	**1,328,109**
EQUITY			
Equity attributable to the equity holders of the Company			
Contributed equity	17	4,588,633	4,592,318
Share-based payment reserve	18	242,180	242,180
Accumulated losses		(4,827,112)	(3,506,389)
TOTAL EQUITY		**3,701**	**1,328,109**

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 26 to 54.

	Issued Capital $	Share-based Payment Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2011	**4,592,318**	**242,180**	**(3,506,389)**	**1,328,109**
Loss for the year	-	-	(1,320,723)	(1,320,723)
Total comprehensive loss for the year	**-**	**-**	**(1,320,723)**	**(1,320,723)**
Transactions with owners in their capacity as owners:				
Capital raising costs	(3,685)	-	-	(3,685)
At 30 June 2012	**4,588,633**	**242,180**	**(4,827,112)**	**3,701**

	Issued Capital $	Share-based Payment Reserve $	Accumulated Losses $	Total Equity $
At 17 December 2010 (Date of Incorporation)	**-**	**-**	**-**	**-**
Loss for the year	-	-	(3,506,389)	(3,506,389)
Total comprehensive loss for the year	**-**	**-**	**(3,506,389)**	**(3,506,389)**
Transactions with owners in their capacity as owners:				
Issue of share capital	5,160,150	-	-	5,160,150
Capital raising costs	(567,832)	-	-	(567,832)
Share-based payments	-	242,180	-	242,180
At 30 June 2011	**4,592,318**	**242,180**	**(3,506,389)**	**1,328,109**

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on page 26 to 54.

	Note	30-Jun-12 $	30-Jun-11 $
Cash flows from operating activities			
Payment to suppliers and employees		(1,128,774)	(679,278)
Interest received		17,126	38,901
Interest paid		(8)	(214)
Insurance proceeds received		10,507	-
Net cash outflow from operating activities	**25**	**(1,101,149)**	**(640,591)**
Cash flows from investing activities			
Exploration and evaluation expenditure		(299,259)	(729,753)
Deposit paid on Akjilga Silver Project		(99,925)	(1,903,342)
Payments for property, plant and equipment		-	(129,253)
Loans to related parties		-	(50,000)
Repayment of loans by related parties		25,464	4,027
Net cash outflow from investing activities		**(373,720)**	**(2,808,321)**
Cash flows from financing activities			
Proceeds from (payments for) issue of shares/options, net of share issue costs		(3,685)	4,834,398
Proceeds from issue of convertible note		200,000	-
Net cash inflow from financing activities		**196,315**	**4,834,398**
Net increase/(decrease) in cash and cash equivalents		(1,278,554)	1,385,486
Cash and cash equivalents at beginning of year		1,385,486	-
Cash and cash equivalents at end of year		**106,932**	**1,385,486**

The above consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 26 to 54.

1. REPORTING ENTITY

Red October Resources Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited ("ASX"). The addresses of its registered office and principal place of business are disclosed in the Corporate Directory at the beginning of the Annual Report.

The consolidated financial statements of the Company and its subsidiary are for the year ended 30 June 2012.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.
The consolidated financial statements were approved by the Board of Directors on the date the directors' report and declaration was signed.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(c) Comparative financial information

The comparative financial information provided in this report covers the Group's incorporation on 17 December 2010 to 30 June 2011.

(d) Going concern

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

During the year the consolidated entity incurred a net loss of $1,320,723 (2011: $3,506,389) and incurred net cash outflows from operating and financing activities of $1,101,149 (2011: $640,591).

The ability of the consolidated entity to continue as a going concern is dependent on the consolidated entity being able to raise additional funds as required upon successful reinstatement to meet ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required upon reinstatement and are in the process of evaluating the consolidated entity's cash requirements. The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional raisings or being reinstated the consolidated entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of assets and liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. BASIS OF PREPARATION (continued)

(e) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the presentation currency of the Group.

(f) Use of estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Note 27 – Share-based payment arrangements - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

(ii) Note 14 – Exploration & evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 4(f). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income (profit and loss).

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

There is no impact to the Group of any new Accounting Standards.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red October Resources Limited (the "Company" or "Parent Entity") as at 30 June 2012 and the results of all subsidiaries for the year. Red October Resources Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

(ii) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(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 Board of Directors.

(c) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Non-derivative financial assets comprise deposits, loans and receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included in current assets except those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables. They are recognised initially at fair value and subsequently at amortised cost.

(iii) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Cash and cash equivalents *(continued)*

(iii) Impairment of financial assets (continued)
All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised

(e) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount from assets.

(e) Plant and equipment (continued)

Depreciation is calculated on a prime cost method so as to write off the net cost of each asset during their expected useful life of 3 to 7 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds from disposal with the net carrying amount. These gains and losses are included in the statement of comprehensive income.

(f) Exploration and evaluation expenditure

Exploration, evaluation and development costs represent intangible assets and are accumulated in respect of each identifiable area of interest. These costs are carried forward where right of tenure to the area of interest is current and to the extent that costs 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 yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial year in which the decision is made. Each area of interest is also reviewed at the end of each accounting year and accumulated costs are written off to the extent that they will not be recoverable in the future.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(i) Other financial assets

The Group classifies its investments in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.
Investments in subsidiaries are carried at cost, net of any impairment losses.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Borrowings

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet 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 profit and loss as other income or finance costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Borrowings

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

(m) Contributed equity

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.

(n) Employee Benefits

(i) Share-based payment transactions

The share option program allows the consolidated entity employees and consultants to acquire shares of the Company (See note 27). The fair value of options granted is recognised as an employee or consultant expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the year during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

(p) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the 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) 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 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 base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also 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 end of the reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and 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.

Red October Resources Limited and its wholly owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit and 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.

(r) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.
Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(s) New standards and interpretation not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 year and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 10 Consolidated Financial Statements (effective for the annual reporting periods commencing on or after 1 January 2013). AASB 10 introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. The Group is continuing to assess the impact of the standard.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New standards and interpretation not yet adopted (continued)

- AASB 11 Joint Arrangements (effective for the annual reporting periods commencing on or after 1 January 2013). AASB 11 introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method. The Group is continuing to assess the impact of the standard.

- AASB 13 Fair Value Measurement (effective for annual reporting periods commencing on or after 1 January 2013). AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the balance sheet or disclosed in the notes to the financial statements. The Group is continuing to assess the impact of the standard.

- AASB 2011-9 Presentation of Financial Statements (effective for annual reporting periods commencing on or after 1 July 2013). AASB 101, amended in June 2011, introduces amendments to align the presentation items of other comprehensive income with US GAAP. The Group will apply the amended standard from 1 July 2013. When the standard is first adopted, there will be changes to the presentation of the statement of comprehensive income. However, there will be no impact on any of the amounts recognised in the financial statements.

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015). AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is continuing to assess its full impact.

- AASB 12 Disclosure of Interests in Other Entities (effective for annual reporting periods beginning on or after 1 January 2013). AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it consolidates and replaces disclosure requirements contained in many existing Standards. The Group has not yet assessed the impact of this Standard. This Standard is not expected to materially impact the Group.

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New standards and interpretation not yet adopted (continued)

- AASB 119 - Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans, actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods, subtle amendments to timing for recognition of liabilities for termination benefits, and employee benefits expected to be settled (as opposed to due to settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability. This standard has no impact as there are no annual leave provision amounts that are non-current. The Group will apply this from 1 July 2013.

5. FINANCIAL RISK MANAGEMENT

The Group'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 Group'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 Group. The Group uses different methods to measure different types of risk to which it is exposed.

The Board of Directors co-ordinate domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial instruments:

	30-Jun-12	30-Jun-11
	$	$
Financial assets		
Cash and cash equivalents	106,932	1,385,486
Trade and other receivables	21,388	136,841
	128,320	1,522,327
Financial liabilities		
Convertible note	204,257	-
Trade and other payables	125,709	340,230
	329,966	340,230

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than Australian.

The Group has minimal exposure to foreign currency risk at the end of the year.

(ii) Price risk

The Group does not hold investments and therefore is not exposed to equity securities price risk.

(iii) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

	30-Jun-12 $		30-Jun-11 $	
	Weighted average interest rate		Weighted average interest rate	
Financial assets				
Cash and cash equivalents	3.5%	106,932	4.75%	1,385,486

The Group does not have significant interest-bearing assets and percentage changes in interest rates would not have a material impact on the results. Group sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

		Interest rate risk			
		- 100 bps		+ 100 bps	
	Carrying amount	Profit AUD	Equity AUD	Profit AUD	Equity AUD
30 June 2012 Financial Assets					
Cash and cash equivalents	106,932	(132)	(132)	132	132

		Interest rate risk			
		- 100 bps		+ 100 bps	
	Carrying amount	Profit AUD	Equity AUD	Profit AUD	Equity AUD
30 June 2011 Financial Assets					
Cash and cash equivalents	1,385,486	(8,248)	(8,248)	8,248	8,248

5. FINANCIAL RISK MANAGEMENT (continued)

Trade and other payables and trade and other receivables are not subject to interest rate risk.

(b) Credit risk

The Group has no significant concentration of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

Cash at bank	30-Jun-12 $	30-Jun-11 $
National Australia Bank – AA	106,932	1,385,486

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams.

The Group's ability to raise equity funding in the market is paramount in this regard.

The Group manages liquidity by monitoring forecast and actual cash flows.

The table below analyses the group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

2012	<6 months $	>6-12 months $	>12 months $	Total Contractual Cash Flows $	Carrying Amount $
Financial liabilities					
Trade and other payables	125,709	-	-	125,709	125,709
Borrowings	204,257	-	-	204,257	204,257

2011	<6 months $	>6-12 months $	>12 months $	Total Contractual Cash Flows $	Carrying Amount $
Financial liabilities					
Trade and other payables	340,230	-	-	340,230	340,230

6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Due to the short term nature of financial assets and liabilities, varying values approximate fair values.

7. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The Group engages in one business in Australia, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

8. REVENUE

	30-Jun-12	30-Jun-11
	$	$
Revenue		
Interest income	17,126	39,177
Insurance proceeds	10,507	-
Total revenue	27,633	39,177

9. EXPENSES

Loss for the year includes the following specific expenses:

	30-Jun-12	30-Jun-11
	$	$
Other expenses		
Corporate costs	15,528	60,739
Depreciation	15,366	2,113
Telephone and communications expense	1,475	31,101
Travel expenses	144,438	189,591
Other expenses	215,694	71,451
	392,501	**354,995**
Finance costs		
Foreign currency (gain) / loss	6,050	4,111
Interest expense	4,265	214
	10,315	**4,325**
Exploration expenditure written off		
Akilga	247,240	1,987,876
Yellowstone	72,833	546,375
Other	1,554	51,833
	321,627	**2,586,084**
Personnel expenses		
Directors' fees	235,294	147,711
Other	99,837	-
	335,131	**147,711**
Professional fees		
Audit expenses	36,735	22,000
Consultants	27,281	166,543
Legal expenses	149,887	42,292
Recruitment expenses	-	43,377
Success fee – ASX Listing	-	150,000
	213,903	**424,212**

10. INCOME TAX EXPENSES

	30-Jun-12 $	30-Jun-11 $
(a) Income tax expense:		
Current income tax	-	-
Current income tax benefit	-	-
	-	-
(b) Reconciliation of Income tax expense to prima facie tax payable:		
Loss before income tax	(1,320,723)	(3,506,389)
Prima facie income tax at 30%	(396,217)	(1,051,917)
Tax effects of non-deductible expenditure	40,905	(2,459)
	(355,312)	(1,054,376)
Income tax benefit not recognised	355,312	1,054,376
Income tax expense/(benefit)	-	-

(c) Unrecognised deferred tax assets arising on timing differences and losses

	30-Jun-12 $	30-Jun-11 $
Losses	396,217	1,036,454
Deductible temporary differences	(40,905)	17,922
Unrecognised deferred tax assets	**355,312**	**1,054,376**

The tax benefits of the above deferred tax assets will only be obtained if:

a. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b. The consolidated entity continues to comply with the conditions for deductibility imposed by law;
c. No changes in income tax legislation adversely affect the consolidated entity from utilising the benefits

11. CASH AND CASH EQUIVALENTS

a. Reconciliation to cash at the end of the year

	30-Jun-12 $	30-Jun-11 $
Cash at bank and in hand	106,932	1,385,486
	106,932	**1,385,486**

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 5(a)(iii).

12. TRADE & OTHER RECEIVABLES

	30-Jun-12	30-Jun-11
	$	$
Other receivables	16,183	81,451
Loans to key management personnel	-	45,973
Prepayments	5,205	9,417
	21,388	**136,841**

Further information relating to loans to key management personnel is set out in note 19(d).

(a) Trade receivables past due but not impaired

There were no trade receivables past due but not impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 5 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

13. PLANT & EQUIPMENT

2012	**Furniture, fittings and equipment**	**Motor vehicles**	**Total**
	$	**$**	**$**
Plant and equipment at cost	-	31,232	31,232
Less: Accumulated depreciation	-	(3,915)	(3,915)
Total property, plant and equipment	**-**	**27,317**	**27,317**
Reconciliation:			
Balance at the beginning of the year	67,769	31,232	99,001
Depreciation charge	(11,451)	(3,915)	(15,366)
Write down of assets	(56,318)	-	(56,318)
Balance at the end of the year	**-**	**27,317**	**27,317**

13. PLANT & EQUIPMENT (continued)

2011	Furniture, fittings and equipment	Motor vehicles	Total
	$	$	$
Plant and equipment at cost	68,848	31,232	100,080
Less: Accumulated depreciation	(1,079)	-	(1,079)
Total property, plant and equipment	**67,769**	**31,232**	**99,001**
Reconciliation:			
Balance at the beginning of the year	-	-	-
Additions	68,848	60,405	129,253
Depreciation charge	(1,079)	(1,034)	(2,113)
Impairment expense	-	(28,139)	(28,139)
Balance at the end of the year	**67,769**	**31,232**	**99,001**

14. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-12	30-Jun-11
	$	$
Carrying amount of exploration and evaluation expenditure	178,030	47,011
Reconciliation:		
Balance at the beginning of the year	47,011	-
Additions	452,646	2,633,095
Expenditure written off	(321,627)	(2,586,084)
Balance at the end of the year	**178,030**	**47,011**

The ultimate recoupment of exploration and evaluation costs carried forward is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Expenditure on the Yellowstone Copper project and the Akjilga Silver project has been written off in the year following the Company's decision not to proceed with the acquisition of both projects. See note 23(b).

15. TRADE & OTHER PAYABLES

	30-Jun-12	30-Jun-11
	$	$
Trade creditors	91,643	317,838
Accrued expenses	24,610	21,135
Other payables	9,456	1,257
	125,709	**340,230**

Trade and other payables are non-interest bearing liabilities stated at cost and are predominantly settled within 30 days.

16. BORROWINGS

	30-Jun-12	30-Jun-11
	$	$
Unsecured		
Convertible Note	204,257	-
	204,257	**-**

During the year ended 30 June 2012, the Group secured a convertible note facility for $600,000. The note will have a six month term and accrue interest at a rate of 9.25% with interest payable on the date of conversion to shares at the conversion price of $0.005. The first tranche of this facility of $200,000 was drawn down during the year. Noteholders will elect to convert the note and any interest accrued into ordinary fully paid shares at a price of $0.005 per share prior to the Company's reinstatement to the official list of the ASX.

17. ISSUED CAPITAL

(a) Share Capital

	30-Jun-12	
	$	No.
Fully paid ordinary shares	4,588,633	44,100,000

	30-Jun-11	
	$	No.
Fully paid ordinary shares	4,592,318	44,100,000

At 30 June 2012 the Group sees the likelihood of the performance share milestones as being remote and as such no value has been taken into account.

(b) Movements in ordinary share capital

	30-Jun-12		
Issue of ordinary shares during the Year	**$**	**No.**	**Issue price per ordinary share**
Opening balance	4,592,318	44,100,000	
Share raising costs	(3,685)	-	
Balance at 30 June 2012	**4,588,633**	**44,100,000**	

17. ISSUED CAPITAL (continued)

(b) Movements in ordinary share capital (continued)

Issue of ordinary shares during the Year	30-Jun-11 $	No.	Issue price per ordinary share
On incorporation (17/12/2010)	-	-	-
Shares issued to Seed Investors	150	15,000,000	$0.00001
Issue of Convertible Shares	660,000	6,600,000	$0.10
Initial Public Offering	4,500,000	22,500,000	$0.20
Share raising costs	(567,832)	-	-
Balance at 30 June 2011	**4,592,318**	**44,100,000**	

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital risk management

The Company's capital includes share capital, reserves and accumulated losses. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

(b) Options

As at 30 June 2012, the following options over unissued ordinary shares were on issue:

	No.	Grant Date	Issued Date	Expiry Date	Exercise Price $
<u>Unlisted Options</u>					
Placement Options	2,000,000	24/02/2011	9/03/2011	1/01/2013	$ 0.20
	2,000,000				

18. RESERVES

	30-Jun-12	30-Jun-11
	$	$
Share-based payments reserve		
Balance at the beginning of the year	242,180	-
Equity settled share-based payment transactions	-	242,180
Balance at the end of the year	**242,180**	**242,180**

(a) Nature and Purposes of Reserves

(i) Share-based Payment Reserves
This reserve is used to record the value of equity benefits to Directors as part of their remuneration and various Brokers to the Initial Public Offering. When the options are exercised the amount recorded in the Share-based Payment Reserve relevant to those options is transferred to share capital.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel
The following persons were key management personnel of Red October Resources Limited during the Year:

Directors

Dr Saliba Sassine – Non Executive Director	Appointed 25 February 2011
Mr Benjamin Bussell – Non Executive Director	Appointed 27 February 2012
Mr Jeremy Bond – Non Executive Director	Appointed 1 February 2012
Mr Norman McCleary – Non Executive Director	Appointed 17 May 2011 (resigned 27 February 2012)
Mr Ross Smith – Chairman & Managing Director	Appointed 25 February 2011 (resigned 21 October 2011)
Mr Ross Nairn – Executive Director	Appointed 25 February 2011 (resigned 21 October 2011)

There were no key management personnel other than the directors during the year.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	30-Jun-12	30-Jun-11
	$	$
Short-term benefits	235,294	147,710
Post-employment benefits	6,774	-
Share-based payments	-	100
	242,068	147,810

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity instruments disclosures relating to key management personnel

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

No options were provided to directors or other key management personnel as remuneration during the financial year.

(ii) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options.

(iii) Option holdings

There are no options held directly, indirectly or beneficially by the directors or other key management personnel and their related parties.

(iv) Shareholdings

The number of shares held during the year by each director and other key management personnel of the Group, including their personally related parties, are set out below:

	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Ross Smith (i)	1,000,000	-	-	(1,000,000)	**-**
Mr Ross Nairn (ii)	820,000	-	-	(820,000)	**-**
Mr Norman McCleary (iii)	-	-	-	-	**-**
Dr Saliba Sassine	250,000	-	-	-	**250,000**
Mr Jeremy Bond (iv)	-	-	-	750,000	**750,000**
Mr Benjamin Bussell (v)	-	-	-	-	**-**
	2,070,000	**-**	**-**	**(1,070,000)**	**1,000,000**

(i) Mr Smith (Executive Director) (appointed on 25 February 2011, resigned 21 October 2011)
(ii) Mr Nairn (Executive Director) (resigned 21 October 2011)
(iii) Mr McCleary (Non-Executive Director) (resigned 27 February 2012)
(iv) Mr Bond (Non-Executive Director) (appointed on 1 February 2012)
(v) Mr Bussell (Non-Executive Director) (appointed on 27 February 2012)

No shares were beneficially held at 30 June 2012.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity instruments disclosures relating to key management personnel (continued)

2011	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Ross Smith (i)	-	-	-	1,000,000	**1,000,000**
Mr Ross Nairn (ii)	-	-	-	820,000	**820,000**
Mr Norman McCleary (iii)	-	-	-	-	**-**
Dr Saliba Sassine (iv)	-	-	-	250,000	**250,000**
Mr Glenn Whiddon (v)	-	-	-	-	**-**
Mr Paul Fry (vi)	-	-	-	-	**-**
Dr Eric Lilford (vii)	-	-	-	-	**-**
	-	**-**	**-**	**2,070,000**	**2,070,000**

(i) Mr Smith (Executive Director) (appointed on 25 February 2011, resigned 21 October 2011)
(ii) Mr Nairn (Executive Director) (resigned 21 October 2011
(iii) Mr McCleary (Non-Executive Director) (appointed on 17 May 2011)
(iv) Dr Sassine (Non-Executive Director) (appointed on 25 February 2011
(v) Mr Whiddon (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)
(vi) Mr Fry (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)
(vii) Dr Lilford (Non-Executive Director) (appointed 17 December 2010, resigned 25 February 2011)

(d) Loans to key management personnel

	Balance at the start of year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in group at the end of the year
2012	45,973	983	-	-	-
2011	-	308	-	45,973	1

There were no loans to individuals that exceeded $100,000 at any time.

There are no loans outstanding to directors of Red October Resource Limited at year end. The balance of the director loan provided in 2011 that had not been repaid was written off in 2012.

Loans outstanding at the end of the previous included an unsecured loan to a director of Red October Resources Limited of $50,000 which was made for a period of one year and is repayable in equal monthly instalments, deducted from salary. Interest is payable on this loan at a rate of 7.40%

The amount shown for interest not charged in the table above represents the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arms-length basis.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Loans to key management personnel (continued)

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

(e) Other transactions with key management personnel

Other transactions with key management personnel are discussed in related party disclosures at Note 20.

20. RELATED PARTY TRANSACTIONS

a. Parent entities

The parent entity within the Group is Red October Resources Limited.

b. Subsidiaries

Group structure

	Country of incorporation	Class of shares	Ownership interest 2012	Ownership interest 2011
Parent Entity				
Red October Resources Ltd	Australia	Ordinary		
Subsidiary				
Red Hawk Resources Ltd	Australia	Ordinary		100%

Red Hawk Resources Ltd was incorporated on 16 May 2011.

(c) Other related party transactions

Loans are made by the Company to the wholly owned subsidiary for operating costs. Loans outstanding between the Company and its subsidiary have no fixed date of repayment and are non-interest bearing. As at 30 June 2012, the loan to the subsidiary totalled $944 (2011: $944).

During the year, the Group was charged $7,313 (2011: $276,367) by Hemisphere Corporate Services Pty Ltd . Hemisphere Corporate Services Pty Ltd provides corporate consultancy services (including office accommodations) to the Group on normal commercial terms. Ben Bussell and Eugene Lambert are directors of Hemisphere Corporate Services.

During the year, the Group entered into an agreement to issue a convertible note at a face value of $600,000 to Hemisphere Corporate Services Pty Ltd. Ben Bussell is a director of Hemisphere Corporate Services Pty Ltd.

During the year, the Group was charged $nil (2011: $nil) by Segue Resources Ltd. The Group has a famin joint venture agreement with Segue Resources Ltd. Matthew Foy is the Company Secretary of the Group and Segue Resources Limited.

21. REMUNERATION OF AUDITORS

	30-Jun-12 $	30-Jun-11 $
Amounts received or due and receivable by BDO (WA) Audit Pty Ltd for:		
(i) An audit or review of the financial report of the entity.	**36,734**	**22,000**
Amounts received or due and receivable by BDO (WA) Corporate Finance Pty Ltd		
(ii) Other services in relation to the entity and any other entity in the consolidated group - Independent Auditor's Report	**-**	**19,017**
Total auditor remuneration	**36,734**	**41,017**

22. COMMITMENTS

a. Exploration expenditure commitments

On 17 December 2010 the Group entered into a Farm-in Agreement with Segue Resources, giving the Group the right to earn up to an initial 70% interest in the nickel and non-iron ore mineral rights in the Pardoo Project located in the Pilbara region of Western Australia by meeting expenditure of at least $10 million within 5 years.

The Group may earn in in three stages as outline below:

(i) A 30% interest can be earned by spending a minimum amount of $2.0m within 3 years from the commencement date including a minimum spend of $1.5m within 2 years of the commencement date;
(i) Once a 30% interest is earned then a further 20% interest can be earned by spending a minimum total amount of $5.0m within 4 years from the commencement date; and
(ii) Once a 50% interest is earned then a further 20% interest can be earned by spending a minimum total amount of $10m within 5 years from the commencement date.

Under the terms of the agreement the Group is responsible for all rates and rentals payable in respect of the tenements and shall incur sufficient expenditure to meet pro-rata minimum expenditure requirements.

Tenement	30-Jun-12 $ Commitment	30-Jun-11 $ Commitment
E45/2146-I	$70,000	$50,000
E45/1866-I	$102,000	$102,000
E45/3383	$15,000	$15,000
E45/3464	$15,000	$15,000
Total minimum commitment	**$202,000**	**$182,000**

23. CONTINGENT LIABILITIES

No contingent liabilities were noted for the Company for the year ended 30 June 2012.

24. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or
(ii) the results of those operations in future financial years, or
(iii) the Group's state of affairs in future financial years.

25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Reconciliation of net loss after income tax to net cash flows from operating activities.	**30-Jun-12** **$**	**30-Jun-11** **$**
Net loss after income tax	**(1,320,723)**	**(3,506,389)**
Adjustments for:		
Depreciation	15,366	2,113
Exploration and evaluation expenditure written off	321,627	2,586,084
Impairment expenses	-	28,138
Loss on disposal of property, plant and equipment	74,879	-
Share-based payments	-	100
Change in assets and liabilities		
Increase in trade and other receivables	-	(90,868)
Increase in trade and other payables	(192,298)	340,230
Net cash outflow from operating activities	**(1,101,149)**	**(640,591)**

Non cash financing and investing activities
Refer to note 27 for share based payment transactions during the year.

26. EARNINGS PER SHARE

a. Basic loss per share

The calculation of basic loss per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $1,320,723 and a weighted average number of ordinary shares outstanding during the year ended 30 June 2012 of 44,100,000 calculated as follows:

	30-Jun-12 $	30-Jun-11 $
Loss attributable to ordinary shareholders	1,320,723	3,506,389
Weighted average number of ordinary shares	44,100,000	24,805,102
Basic loss per share (cents per share)	(3.00)	(14.14)

Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

27. SHARE-BASED PAYMENTS

No share-based payments were made during the year ended 30 June 2012. No Employee Share Option Plan options were issued during the year ended 30 June 2012.

During the year ended 30 June 2011, the Group issued the following share-based payments.

a. Broker Options

On 24 February 2011 the Group issued 2,000,000 options with an issue price of $0.005 per option as part of the capital raising. The fair value of the equity settled options granted under the options is estimated using Black-Scholes options pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the model used for the Year:

	Granted 24 February 2011
Unlisted Options	
Number of option granted	2,000,000
Issue price	0.005
Dividend yield	Nil
Share price at date of grant	$0.20
Exercise price	$0.20
Expected volatility	120.00%
Risk free interest rate	5.00%
Expiry date	01-Jan-13
Value of each option	$0.121

27. SHARE-BASED PAYMENTS (continued)

b. Managing Director's Performance Shares

On 1 February 2011, as part of Ross Smith's Executive Services Contract he was issued 10 million Performance Shares in Red October. These Performance Shares will convert on a 1 for 1 basis at no cost into fully paid ordinary shares in Red October as soon as practicable after:

- The volume weighted average share price ("VWAP") of the Company's shares as traded on the ASX must be at or above a price which is at least 2.5 times the IPO subscription price for at least 20 consecutive days; and
- Red October raises at least $2 million of capital at a share price which is not less than 2.5 times the IPO subscription price.

The Performance Shares have no rights (voting, dividend or participation in winding up) other than the right to convert into fully paid ordinary shares based on the vesting conditions noted above. The Fully Paid Ordinary Shares in Red October will be escrowed from the date of conversion for 12 months or such other longer period required by the ASX.

An Independent Valuation was performed on these Performance Shares and at the time of issue they were valued at $0.00001 each. Therefore the value of 10 million Performance Shares is $100. At 30 June 2012 the Group sees the likelihood of the performance milestones as being remote and as such no value has been taken into account.

c. Expenses arising from share-based payment transactions

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

	30-Jun-12 $	30-Jun-11 $
(i) Broker options (capital raising cost netted of equity)	-	242,080
(ii) Ross Smith Performance shares (share-based payment reserve)	-	100
	-	242,180

25. PARENT ENTITY FINANCIAL INFORMATION

	30-Jun-12	30-Jun-11
	$	$
Current Assets	128,320	1,521,382
Non-Current Assets	205,347	146,957
Total Assets	**333,667**	**1,668,339**
Current Liabilities	329,966	340,230
Total liabilities	**329,966**	**340,230**
Contributed equity	4,588,633	4,592,318
Reserves	242,180	242,180
Accumulated losses	(4,827,112)	(3,506,389)
Total equity	**3,701**	**1,328,109**
Profit/(loss) for the year	(1,320,723)	(3,506,389)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(1,320,723)**	**(3,506,389)**

a. Guarantees and Contingent Liabilities

Refer to note 23 for details of guarantees and contingent liabilities.

b. Contractual Commitments

Refer to note 22 for details of contractual commitments.

In the opinion of the Directors of Red October Resources Limited (the "Company"):

1. The attached financial statements, notes thereto and the additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001, including:

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

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

   (c) the financial statements also complies with International Financial Reporting Standards as disclosed in note 2 to the financial statements.

2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the Directors

Mr Ben Bussell
Non-Executive Director
Perth, Western Australia
28 September 2012

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RED OCTOBER RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Red October Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Red October Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (a).

Emphasis of Matter

Without modifying our opinion, we draw attention to 2 (d) in the year end financial report which indicates that the consolidated entity incurred a net loss of $1,320,723 and incurred net cash outflows from operating activities of $1,101,149 during the year ended 30 June 2012. These conditions, along with other matters as set forth in Note 2 (d), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at values stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Red October Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 28th day of September 2012

The following additional information was applicable as at 26 September 2012.

There are a total of 44,100,000 ordinary fully paid shares on issue, 28,600,000 of which are listed on the ASX, with the balance of 15,500,000 being restricted securities.

DISTRIBUTION OF SHARE HOLDERS

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 – 1,000	9
1,001 – 5,000	34
5,001 – 10,000	157
10,001 – 100,000	249
100,000 and above	44
TOTAL	**4934**

HOLDERS OF NON-MARKETABLE PARCELS

There are 9 shareholders who hold less than a marketable parcel of shares.

RESTRICTED SECURITIES

15,500,000 ordinary fully paid shares classified by ASX as restricted securities and to be held in escrow for a period of 24 months from the date official quotation.

2,000,000 options exercisable at 20 cents on or before 1 January 2013 classified by ASX as restricted securities and to be held in escrow for a period of 24 months from the date official quotation.

10,00,000 performance shares classified by ASX as restricted securities and to be held in escrow for a period of 24 months from the date official quotation

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

SUBSTANTIAL SHAREHOLDERS

The name of the substantial shareholders and the number of shares to which they are entitled are:

Segue Resources Limited	15,000,000
Karema Cap Pty Ltd	3,769,114

TWENTY LARGEST SHARE HOLDERS (As at 26 September 2012)

No.	Holder Name	Number Held	Percentage
1	SEGUE RES LTD	15,000,000	34.01%
2	KAREMA CAP PL <MALCOLM MCPHAIL S/F>	3,769,114	8.55%
3	J P MORGAN NOM AUST LTD	2,000,000	4.54%
4	GRAZIAN PL <I B MURIE A/C>	1,550,000	3.51%
5	BOSTON FIRST CAP PL	900,000	2.04%
6	VADLAMUDI MEDICAL PL <RAMINENI S/F A/C>	875,000	1.98%
7	BASESHINE HLDGS PL	825,000	1.87%
8	KHAZA NOM PL	750,000	1.70%
9	GARRIJAG PL <HADLEY S/F A/C >	500,000	1.13%
10	BANTRY HLDGS PL <BANTRY FAM A/C>	500,000	1.13%
11	HSBC CUSTODY NOM AUST LTD	500,000	1.13%
12	WESTORIA RESOURCE INV LTD	500,000	1.13%
13	MEAGHER PHILIP A + C D <PA MEAGHER PL S/F>	500,000	1.13%
14	CRAOE INV PL <CAROLYN MEAGHER A/C>	500,000	1.13%
15	MCPHAIL MALCOLM HUGH	480,886	1.09%
16	R A H STC PL <MEH RETMNT FUND A/C>	440,000	1.00%
17	KING PETER W J + T K	403,000	0.91%
18	BASELINE HLDGS PL	375,000	0.85%
19	KEN WOODWARD PLUMBING PL <KEN WOODWARD PLUMB>	300,000	0.68%
20	WESTORIA RESOURCE INV LTD	250,000	0.57%
	Total	**30,918,000**	**70.08%**

OTHER INFORMATION

Red October Resources Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.