RedRiver
RESOURCES LIMITED

ABN 35 100 796 754

Annual Report 2009

Corporate Directory

DIRECTORS
David Zohar
John Karajas
Ross Gillon

AUDITORS
BDO Kendalls Audit and Assurance (WA)
128 Hay Street
Subiaco WA 6008

LEGAL ADVISORS
Lawton Gillon
Level 11
16 St Georges Terrace
Perth Western Australia 6000

COMPANY SECRETARIES
Mark Killmier

EMAIL AND WEB
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Perth WA 6000
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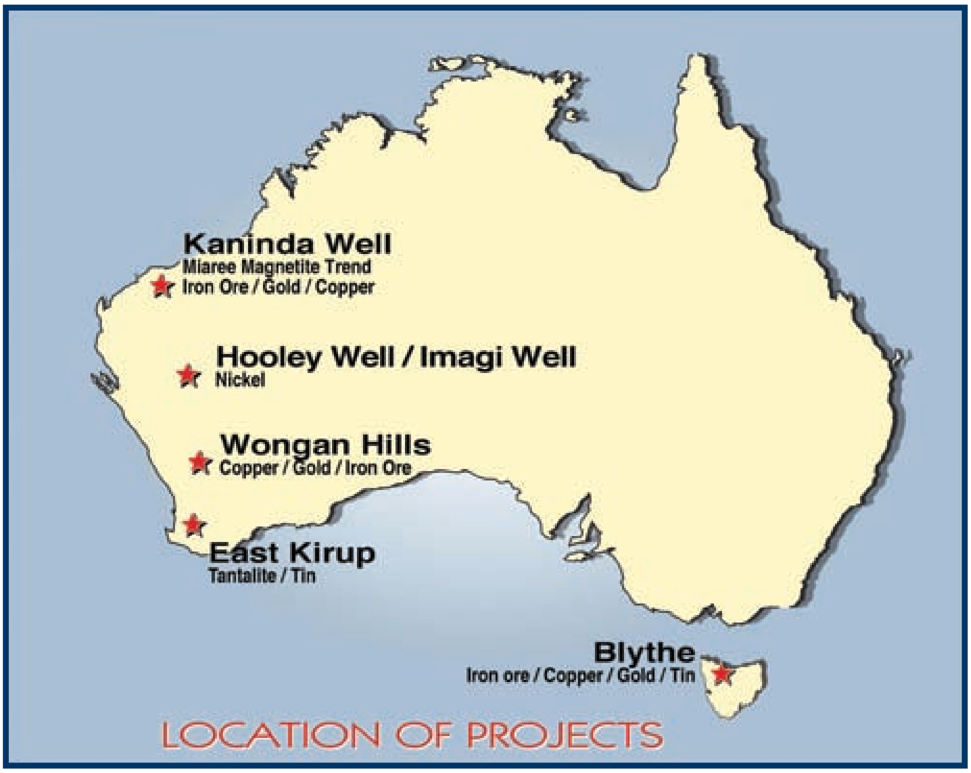
PO Box 3235
256 Adelaide Terrace
Perth WA 6832

COUNTRY OF INCORPORATION
Red River Resources Limited is domiciled and incorporated in Australia

AUSTRALIA
Red River Resources Limited is listed on the Australian Securities Exchange
Ordinary Shares : RVR
Options: RVRO



The photographs contained in this Annual Report are for illustration purposes only and are not necessarily assets of the Company

Contents

Directors' Report 01

The Directors of Red River Resources Limited (the company) submit their report on the consolidated entity consisting of Red River Resources Limited and the entity it controlled at the end of or during the year ended 30 June 2009.

THE BOARD OF DIRECTORS

The names and details of the Directors of Red River Resources Limited in office during the financial year until the date of this report are as follows.

DAVID ALAN ZOHAR

BSc DipEd

Non-Executive Director

David Zohar has undertaken undergraduate studies in Geology and post graduate studies in Accountancy and Commercial Law. He has been active in the exploration industry for over 20 years. He has been a director and/or CEO of a number of exploration companies and has also negotiated numerous agreements with various companies and other participants within the mining industry. He has been involved in the formation and/or listing on the ASX of several public mining companies. Directorships of other listed public companies over the past three years are Uranium Oil and Gas Limited, Iron Mountain Mining Limited, Actinogen Limited, Eagle Nickel Limited, Terrain Minerals Limited and Aluminex Resources Limited.

JOHN KARAJAS

BSc (Hons) MAIG MPESA

Managing Director

John Karajas is an exploration geologist with over 30 years of experience in both the mining and oil industries. After graduating from the University of Western Australia with a BSc (Hons) in 1970, he gained his grounding in the mining industry by working for mining companies, Falconbridge, Anaconda and Hanna Mining. This period extended through to 1982 and was predominantly spent in Western Australia but included three years in Mt Isa. Commodities explored for include nickel, copper/lead/zinc, gold, phosphate, taconitic iron ore, tin/tantalite and lignite/oil shale. Between 1982 and 1985 he gained his initial experience in oil exploration by working for Eagle Corporation and IEDC (Australia). This period was spent in working on sedimentary basins in Western Australia and included basin studies, well-site geology, and other duties related to oil and gas exploration.

From 1986 onwards, he has worked predominantly as a consultant/contract geologist for a wide range of mining and oil industry clients, both within Australia and abroad. Periods of a more managerial nature have included:

1989 – 1991	Technical Director of King Mining Limited
1992 – 1995	Technical Director of Omega Oil NL
1996 – 1997	Exploration Vice President of Icelandic Gold Corporation

He is currently a Member of the Australian Institute of Geoscientists.

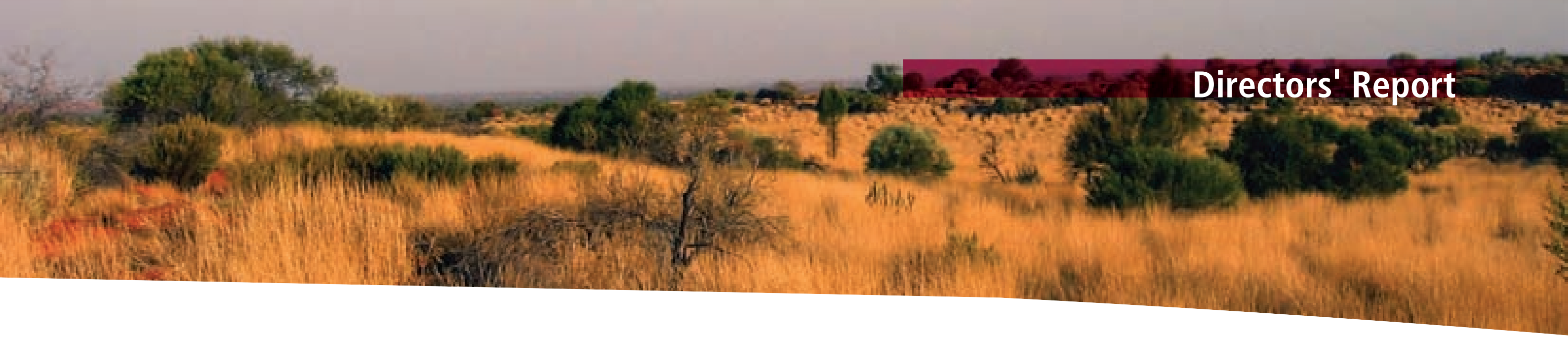
Directorships of listed public companies over the past three years are Uranium Oil and Gas Limited.

ROSS GILLON

Non-Executive Director

Ross is a solicitor and a partner in the Perth legal practice of Lawton Gillon. Ross acts as the non- executive Chairman for Red River Resources Limited.

Directorships of listed public companies over the past three years are Millennium Minerals and Terrain Minerals Limited (Non-executive chairman).



COMPANY SECRETARIES

DAVID ZOHAR (Resigned 20 July 2009) (refer details above)

SUSANNE WATERS (Appointed 2 April 2008) (Resigned 1 October 2008)
Ms Waters has significant experience in the administration and management of mining companies and has been involved in on-site and head office administration for over 12 years. Ms Waters also has experience in Human Resources management and has a Diploma in Occupational Safety Management. Ms Waters was also joint company secretary of United Orogen Limited and Iron Mountain Mining Limited.

MARK KILLMIER (Appointed 20 July 2009)
MBA (UWA), FCPA, GDCorpGovASXLE, B.Ec(Adel)

Mr Killmier has over 27 years experience in Business and Finance, working in the mining, manufacturing and engineering sectors, in Australia and the United Kingdom. He is currently also the Company Secretary of Millennium Minerals Limited, United Orogen Limited, Iron Mountain Mining Limited, Actinogen Limited and Eagle Nickel Limited. Mr Killmier has a MBA from the University of Western Australia, is a Fellow member of CPA (Certified Practising Accountants) Australia, and holds a Graduate Diploma in the Corporate Governance of ASX Listed Entities.

Directorships – Nil

Directors' Interests in Shares and Options of the Company

As at the date of this report the relevant interest of each Director in shares and options of the Company were:

	Fully Paid Ordinary Shares		Listed Options over Ordinary Shares	
Director	Direct	Indirect	Direct	Indirect
David Zohar	4,210,275	7,108,506	-	6,156,000
John Karajas	5,150,000	4,150,000	500,000	-
Ross Gillon	-	250,000	-	-

Principal Activities

The principal activity of the Company during the course of the financial year was mineral exploration.

Dividends

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

REVIEW OF OPERATIONS

The Company made a loss after tax of $1,156,880 (2008: $1,289,540). No dividends were paid and the directors have not recommended the payment of a dividend.

OPERATIONAL OVERVIEW

Despite the downturn in global financial markets the company continued its very active exploration program either in its own right or in conjunction with joint venture partners. Active exploration projects included:

Blythe Project , northern Tasmania: The Red River Resources/Iron Mountain Mining joint venture drilled 3,847m in 78 reverse circulation (RC) drill holes during the September quarter of 2008 bringing the total RC drilling program during 2008 to 111 holes totalling 5,368 m. This was followed by 7diamond drill holes totalling 934m in March to June 2009.

Miaree Project , Pilbara Region, Western Australia: The Red River Resources/Iron Mountain Mining joint venture drilled 58 RC holes totaling 5,800 m in the December quarter of 2008.

Feral Project, Mid West Region, Western Australia: Red River drilled 13 RC holes totalling 600m in September 2008.

Hooley Well Project, Mid West Region, Western Australia: Red River undertook a program of lag sampling and rock chip geochemistry in June 2009 preparatory to an IP geophysical survey designed to delineate drill targets.

East Kirup Project, southwest Western Australia: Red River's joint venture partner, Ord River Diamonds Limited, undertook an airborne magnetic and radiometric survey during 2009.

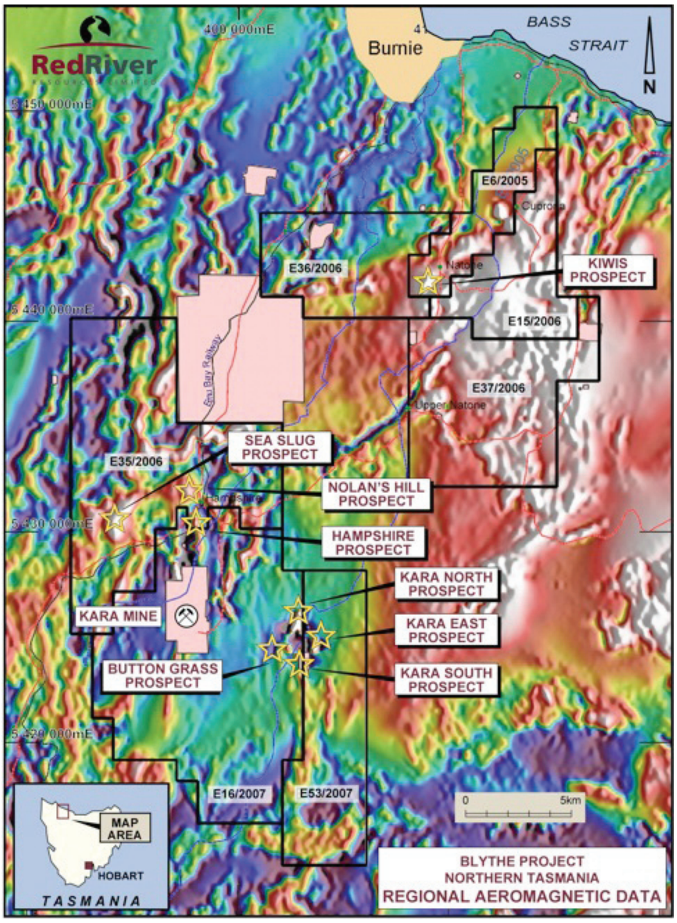


Figure 1

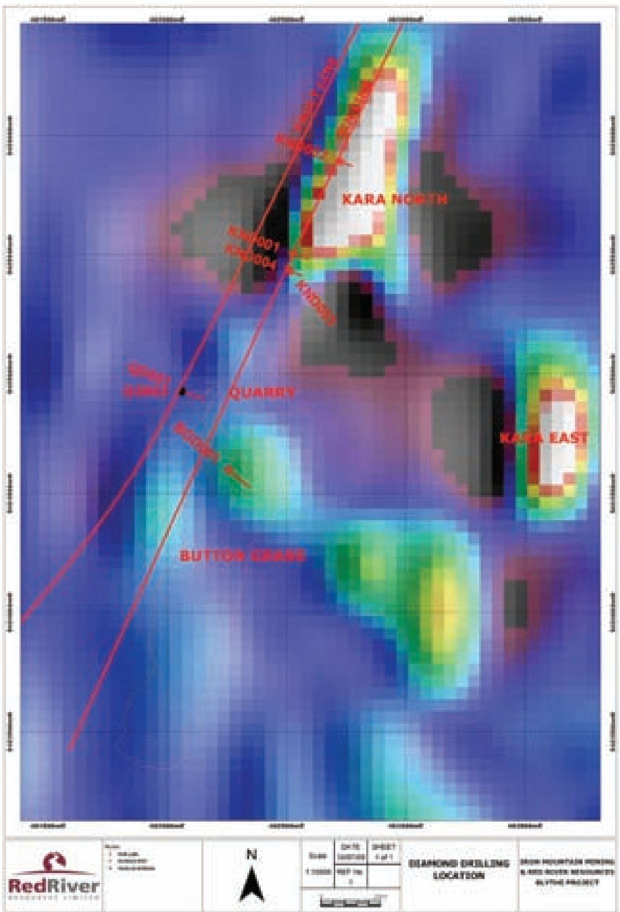
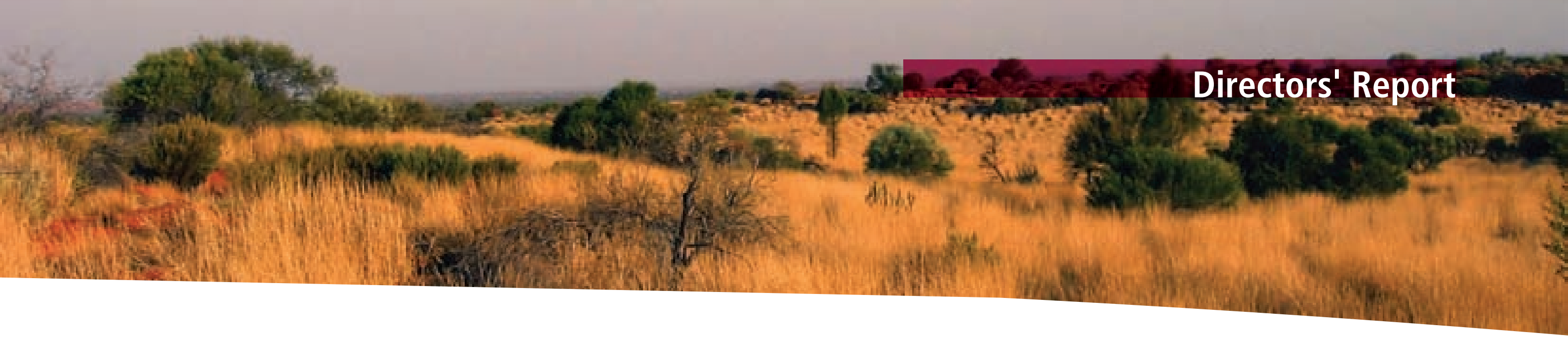


Figure 2



EXPLORATION RESULTS

BLYTHE PROJECT, BURNIE AREA, NORTHERN TASMANIA: EXPLORATION LICENCES EL 6/2005, EL 15/2006, EL 35/2006, EL 36/2006, EL 37/2006, EL 18/2007, AND EL 53/2007.

The project is funded 50:50 by Red River and Iron Mountain Mining Limited. Drilling has been carried out over aeromagnetic highs at the Hampshire, Kara North, Kara East, Kara South, Sea Slug, Nolan's Hill, and Kiwi's Prospects (see Figure 1) as well as over the Button Grass and Quarry Prospects (see Figure 2).

Drilling has successfully delineated magnetite iron ore/tin mineralization at Kara North and Button Grass, and magnetite iron ore at Hampshire. Drilling results from Kara North and Button Grass are given in Tables 1 and 2.

Table 1 – Kara North and Button Grass Magnetite Intersections

Drill Hole Number	Easting	Northing	Azimuth	Dip (°)	Intersection			
					From (m)	To (m)	Thickness (m)	Grade (Fe %)
KNRC001	402841	5425897	000	-90	0	2	2	35.6
KNRC002	402793	5425899	000	-90	0	43	43	41.4
KNRC003	402761	5425902	000	-90	0	3	3	31.7
KNRC003	402761	5425902	000	-90	7	37	30	27.3
KNRC003	402761	5425902	000	-90	44	49	5	30.9
KNRC004	402728	5425892	000	-90	0	6	6	33.3
KNRC006	402803	5425797	000	-90	8	14	6	30.2
KNRC007	402760	5425798	000	-90	0	42	42	53
KNRC008	402720	5425798	000	-90	21	50	50	32.3
KNRC008	402720	5425798	000	-90	64	90	26	32.3
KNRC012	402651	5425712	000	-90	0	15	15	41.5
KNRC014	402733	5425723	000	-90	27	37	10	32.2
KNRC014	402733	5425723	000	-90	42	57	15	37.1
KNRC015	402769	5425732	000	-90	6	34	28	36.5
KNRC016	402818	5425720	000	-90	0	10	10	42.4
KNRC016	402818	5425720	000	-90	16	25	9	23.7
KNRC017	402707	5425654	000	-90	0	3	3	38.3
KNRC017	402707	5425654	000	-90	14	34	20	31.5
KNRC017	402707	5425654	000	-90	59	71	12	27
KNRC018	402742	5425664	000	-90	22	48	26	28.1
KNRC019	402786	5425671	000	-90	17	24	7	30.5
KNRC020	402819	5425654	000	-90	1	34	34	29.6
KNRC20B	402850	5425616	000	-90	0	6	6	38.7
KNRC021	402580	5425582	000	-90	0	31	31	34.5
KNRC021	402580	5425582	000	-90	34	38	4	23.5
KNRC021	402580	5425582	000	-90	59	79	20	28.1
KNRC023	402660	5425582	000	-90	14	66	52	30.6
KNRC026	402781	5425582	000	-90	20	47	27	38.7
KNRC026	402781	5425582	000	-90	50	65	15	26.8
KNRC027	402821	5425578	000	-90	0	33	33	34.1

Table 1 – Kara North and Button Grass Magnetite Intersections (continued)

Drill Hole Number	Easting	Northing	Azimuth	Dip (°)	Intersection			
					From (m)	To (m)	Thickness (m)	Grade (Fe %)
KNRC029	402881	5425501	000	-90	0	5	5	35.3
KNRC030	402843	5425499	000	-90	0	35	35	33.2
KNRC031	402799	5425502	000	-90	15	37	22	26.8
KNRC031	402799	5425502	000	-90	41	60	19	31.8
KNRC033	402840	5425420	000	-90	15	55	55	39.9
KNRC033a	402804	5425420	000	-90	37	57	20	30.6
KNRC033a	402804	5425420	000	-90	61	74	13	31.6
KNRC035	402902	5425407	000	-90	0	29	29	45.9
KNRC035a	402870	5425293	000	-90	0	3	3	44.2
KNRC036	402559	5425502	000	-90	21	55	34	34
KNRC037	402598	5425496	000	-90	0	100	100	38.3
KNRC038	402632	5425506	000	-90	52	70	18	22.7
KNRC043	402507	5425436	000	-90	0	3	3	27.3
KNRC043	402507	5425436	000	-90	25	66	41	28.2
KNRC044	402785	5426029	000	-90	0	18	18	30.3
KNRC045	402839	5426017	000	-90	0	10	10	45.6
KNRC046	402857	5426046	000	-90	0	4	4	48.7
KNRC047	402861	5426096	000	-90	0	8	8	35.5
KNRC049	402834	5425196	000	-90	0	10	10	58.1
KNRC050	402877	5425174	000	-90	0	5	5	32.2
KND 001	402525	5425506	110	-60	7	68	61	28.5
					77	84	7	29.8
					114	136.4	32.4	34.1
KND 002	402727	5425892	110	-60	11.5	76.2	64.7	41.7
KND 003	402512	5425430	320	-60	22.5	34.4	11.9	32.0
					37.6	48.6	11	38.0
					52.5	55	2.5	21.7
KND 004	402512	5425432	90	-60	11.4	17.5	6.1	41.3
					29.5	105	75.5	43.4
BGD 001	402256	5424598	130	-60	21.5	39.5	18	25.6
					59.5	91.7	32.2	38.3
					146.5	149.1	2.7	26.3
					224.5	226.5	2	32.9

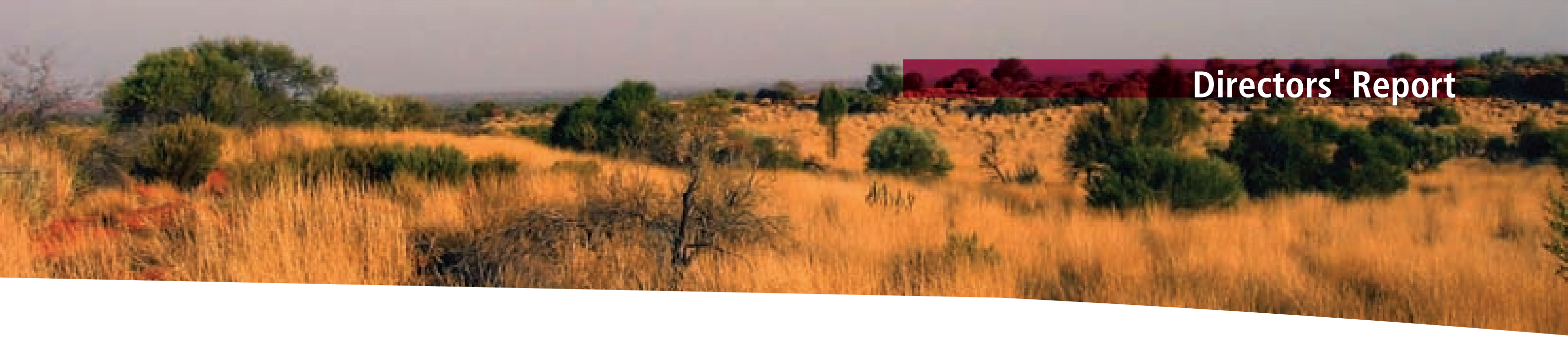


Table 2 – Kara North and Button Grass Tin Intersections

Drill Hole Number	Easting	Northing	Azimuth	Dip (°)	Intersection			
					From (m)	To (m)	Thickness (m)	Grade (Sn %)
KNRC001	402841	5425897	000	-90	0	2	2	0.1
KNRC002	402793	5425899	000	-90	0	13	13	0.13
KNRC002	402793	5425899	000	-90	18	24	6	0.11
KNRC003	402761	5425902	000	-90	0	3	3	0.37
KNRC003	402761	5425902	000	-90	16	26	10	0.15
KNRC003	402761	5425902	000	-90	29	33	4	0.1
KNRC003	402761	5425902	000	-90	44	46	2	0.11
KNRC004	402728	5425892	000	-90	2	13	11	0.12
KNRC005	402839	5425788	000	-90	0	15	15	0.15
KNRC006	402803	5425797	000	-90	0	5	5	0.15
KNRC008	402720	5425798	000	-90	0	17	17	0.18
KNRC008	402720	5425798	000	-90	47	67	20	0.18
KNRC008	402720	5425798	000	-90	75	84	9	0.1
KNRC010	402618	5425658	000	-90	0	16	16	0.32
KNRC010	402618	5425658	000	-90	36	39	3	0.11
KNRC011	402658	5425658	000	-90	30	33	3	0.14
KNRC012	402651	5425712	000	-90	0	15	15	0.21
KNRC013	402699	5425718	000	-90	21	40	19	0.17
KNRC014	402733	5425723	000	-90	18	22	4	0.12
KNRC014	402733	5425723	000	-90	25	28	3	0.13
KNRC014	402733	5425723	000	-90	30	33	3	0.11
KNRC015	402769	5425732	000	-90	6	9	3	0.16
KNRC015	402769	5425732	000	-90	16	20	4	0.15
KNRC017	402707	5425654	000	-90	0	3	3	0.14
KNRC017	402707	5425654	000	-90	32	48	16	0.14
KNRC017	402707	5425654	000	-90	57	69	12	0.11
KNRC018	402742	5425664	000	-90	0	3	3	0.12
KNRC018	402742	5425664	000	-90	10	27	17	0.12
KNRC018	402742	5425664	000	-90	44	46	2	0.12
KNRC019	402786	5425671	000	-90	14	18	4	0.13
KNRC020	402819	5425654	000	-90	4	6	2	0.11
KNRC20B	402850	5425616	000	-90	0	3	3	0.13
KNRC021	402580	5425582	000	-90	0	19	9	0.18
KNRC021	402580	5425582	000	-90	29	80	51	0.15
KNRC023	402660	5425582	000	-90	13	23	10	0.16
KNRC023	402660	5425582	000	-90	32	46	14	0.11
KNRC023	402660	5425582	000	-90	63	66	3	0.11
KNRC026	402781	5425582	000	-90	60	65	5	0.1
KNRC027	402821	5425578	000	-90	0	7	7	0.1
KNRC029	402881	5425501	000	-90	3	5	2	0.11

Table 2 – Kara North and Button Grass Tin Intersections (continued)

Drill Hole Number	Easting	Northing	Azimuth	Dip (°)	Intersection			
					From (m)	To (m)	Thickness (m)	Grade (Sn %)
KNRC030	402843	5425499	000	-90	18	24	6	0.14
KNRC033	402840	5425420	000	-90	0	8	8	0.13
KNRC033a	402804	5425420	000	-90	37	41	4	0.12
KNRC035	402902	5425407	000	-90	0	8	8	0.1
KNRC036	402559	5425502	000	-90	21	62	41	0.22
KNRC037	402598	5425496	000	-90	0	3	3	0.13
KNRC037	402598	5425496	000	-90	9	15	6	0.15
KNRC037	402598	5425496	000	-90	24	67	43	0.14
KNRC037	402598	5425496	000	-90	72	84	12	0.1
KNRC037	402598	5425496	000	-90	90	100	10	0.1
KNRC038	402632	5425506	000	-90	35	70	35	0.14
KNRC043	402507	5425436	000	-90	0	3	3	0.18
KNRC043	402507	5425436	000	-90	25	65	40	0.19
KNRC044	402785	5426029	000	-90	0	13	13	0.26
KNRC045	402839	5426017	000	-90	3	5	2	0.12
KNRC047	402861	5426096	000	-90	0	2	2	0.14
KNRC052	402851	5425286	000	-90	4	9	5	0.14
KND 001	402525	5425506	110	-60	7	68	61	0.17
					73	83	10	0.14
					91	136.4	45.4	0.15
KND 002	402727	5425892	110	-60	0	7	7	0.20
					53	71.6	18.6	0.11
KND 003	402512	5425430	320	-60	29.5	34.4	4.9	0.27
					37.6	49.5	11.9	0.26
					52.5	57	4.5	0.13
KND 004	402512	5425432	90	-60	31	42.2	11.2	0.13
					50.5	57	6.5	0.11
					65	70	5	0.11
					94	97	3	0.12
					100	102.8	2.8	0.11
BGD 001	402256	5424598	130	-60	14.5	22.5	8	0.15
					53.5	63	9.5	0.12
					66.4	75.4	9	0.15
					148	161.4	13.4	0.10
					182.5	188.5	6	0.21
					222.5	226.5	4	0.11

The **Kara North** mineralization extends over a zone 900m long by up to 400m wide and occurs in semi-massive to heavily disseminated magnetite rich skarn adjacent to intrusive granites. By routinely analyzing for tin and then following up with a Niton XRF field survey, the joint venture can now also demonstrate that the magnetite is accompanied by widespread tin, generally in the range of 0.1-0.2% but, in places, it can range up to 0.86%. (See Table 2). Further drilling is required prior to delineating the three dimensional geometry of the mineralization and the calculation of a JORC-compliant mineralized resource.

Similar mineralization has been encountered at the **Button Grass** prospect (see Tables 1 and 2) approximately 900m south of the Kara North prospect. The Button Grass mineralization is set in highly altered skarn and is adjacent to carbonate beds. In the nearby **Quarry** Prospect (see Figure 2), diamond drilling has intersected a highly altered greisenized granite. The strike length of the Kara North-Button Grass-Quarry mineralized system is, at minimum, 2 kilometres long and it is adjacent to a north-easterly trending aeromagnetic linear which is parallel to the geological structure hosting the well-known Mt Bischoff tin mineralization at Waratah to the southwest. The geology and the structural setting of the Kara North area and its vicinity appear to indicate that it holds good prospectivity for the discovery of Renison Bell-type high grade tin mineralization.

Preliminary metallurgical work on magnetite/tin mineralization from Kara North shows that higher grade magnetite zones (e.g. >50% Fe) are capable of yielding a magnetic concentrate grading 67.2% Fe for a weight recovery of 92.9% on crushing and grinding to <250 microns. Lower grade magnetite mineralization (e.g. 30-35% Fe) yield lower weight recoveries (ca 55%) of dirtier magnetic concentrate (50-58% Fe). Mineralogical work is currently underway to gain a better understanding of the metallurgical characteristics of the Kara North mineralization.

The metallurgical work also indicates that the lower tenor tin (in the range 0.1-0.2%) is either ultrafine (<38 microns) or within the crystal lattices of silicates: it shows no beneficiation through gravity separation techniques carried out on fine size fractions down to <38 microns.

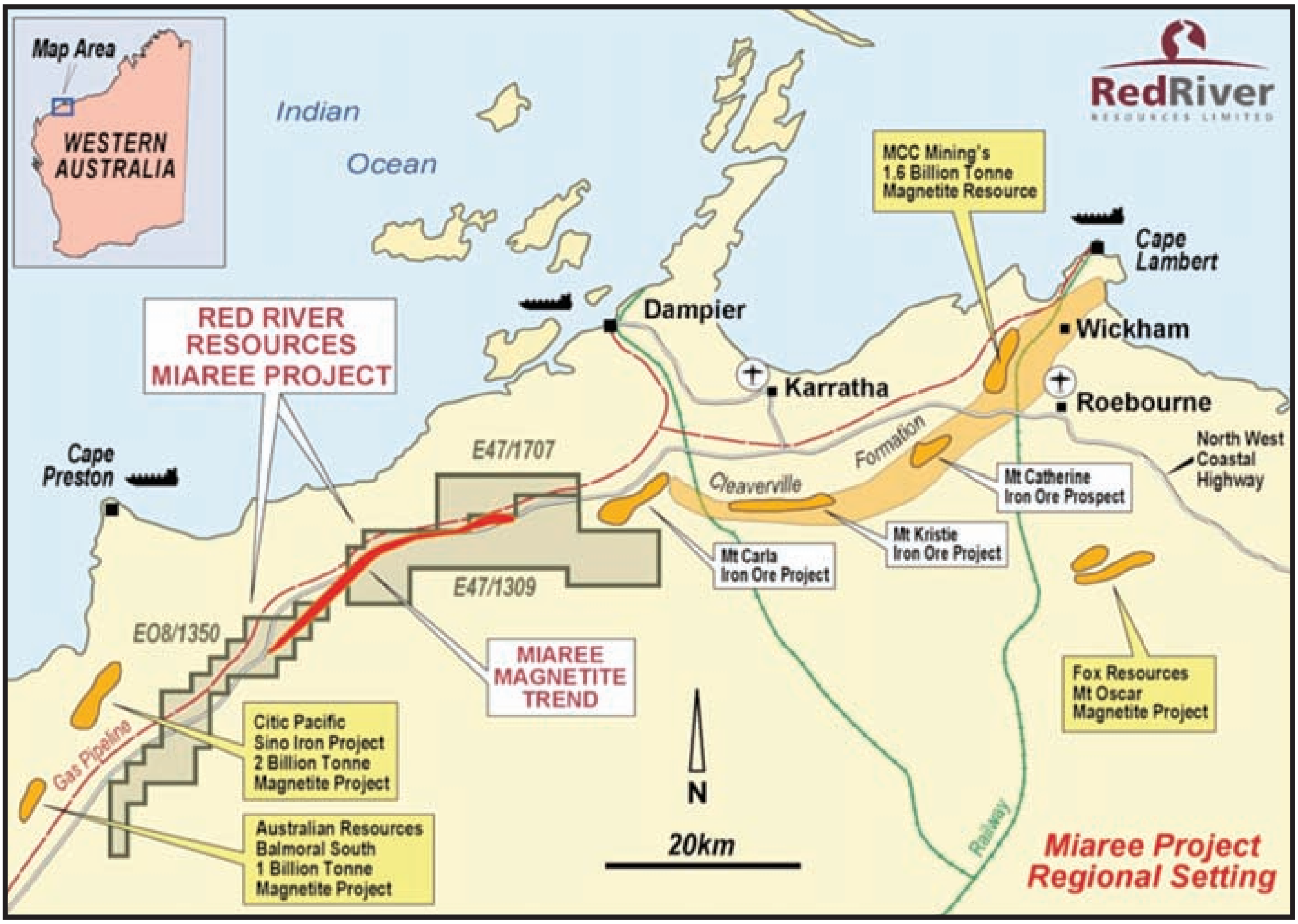


Figure 3

Given these recent drilling results and the preliminary metallurgical outcomes, the Blythe joint venture partners are currently assessing the potential for the design and implementation of a tin specific exploration program. Targeting possible economic tin mineralisation in the immediate vicinity of previously defined magnetite hosted tin occurrences, this program would be based on the Renison Bell model and provide an alternative and/or complimentary option to the detailed drilling of the mineralisation identified at Blythe to date.

Drilling at the **Hampshire Prospect** delineated a westerly-dipping lens of semi-massive to massive magnetite, 270 m long and 5 to 12 m thick, carrying grades of up to 64.8% Fe.

Other structural targets, such as the Valentine Prospect south of the Kara tungsten/magnetite mine, remain to be drill tested.

MIAREE MAGNETITE TREND, KARRATHA AREA, PILBARA REGION, WESTERN AUSTRALIA: EXPLORATION LICENCES 08/1350, 47/1309, 47/1707.

The regional location of the Miarre Magnetite Trend is shown in Figure 3.

In collaboration with joint venture partner Iron Mountain Mining Limited, 58 RC holes totalling 5,800m were drilled on 13 drilling lines in central and western sectors of the Miaree Magnetite Trend in the December 2008 quarter. Drill hole locations are shown in Figure 4.

Analytical results received in February 2009 confirmed the presence of extensive iron mineralization within this prominent aeromagnetic anomaly. The peak of the aeromagnetic anomaly is underlain by beds of iron-rich jaspilite carrying average grades of ca. 30% Fe over true widths ranging between 50-85m(see Figures 5 and 6).

The jaspilite displays common magnetite evidenced by hand magnet and magnetic susceptibility meter readings. Davis Tube determinations carried out during June 2009 show that the jaspilite contains varying iron mineralogy and that not all the iron contained in the formation is in the form of magnetite. Davis Tube recoveries on samples with peak magnetic susceptibility meter readings yield up to 35% clean magnetite concentrate yielding up to 70% Fe in the <38 micron size fraction (see Table4). More typically, though, the Davis Tube magnetic weight recoveries were in the order of 7-14% showing that much of the iron in the formation is contained in mineral types other than magnetite. The presence of pyrhhotite in the jaspilite is indicated by sulphur contents of up to 5% in the Davis Tube concentrates.

The easten sector of the Miaree Magnetite Trend has yet to be drill tested. This sector shows the highest aeromagnetic field strength and may contain considerably higher magnetite content than the area already tested.

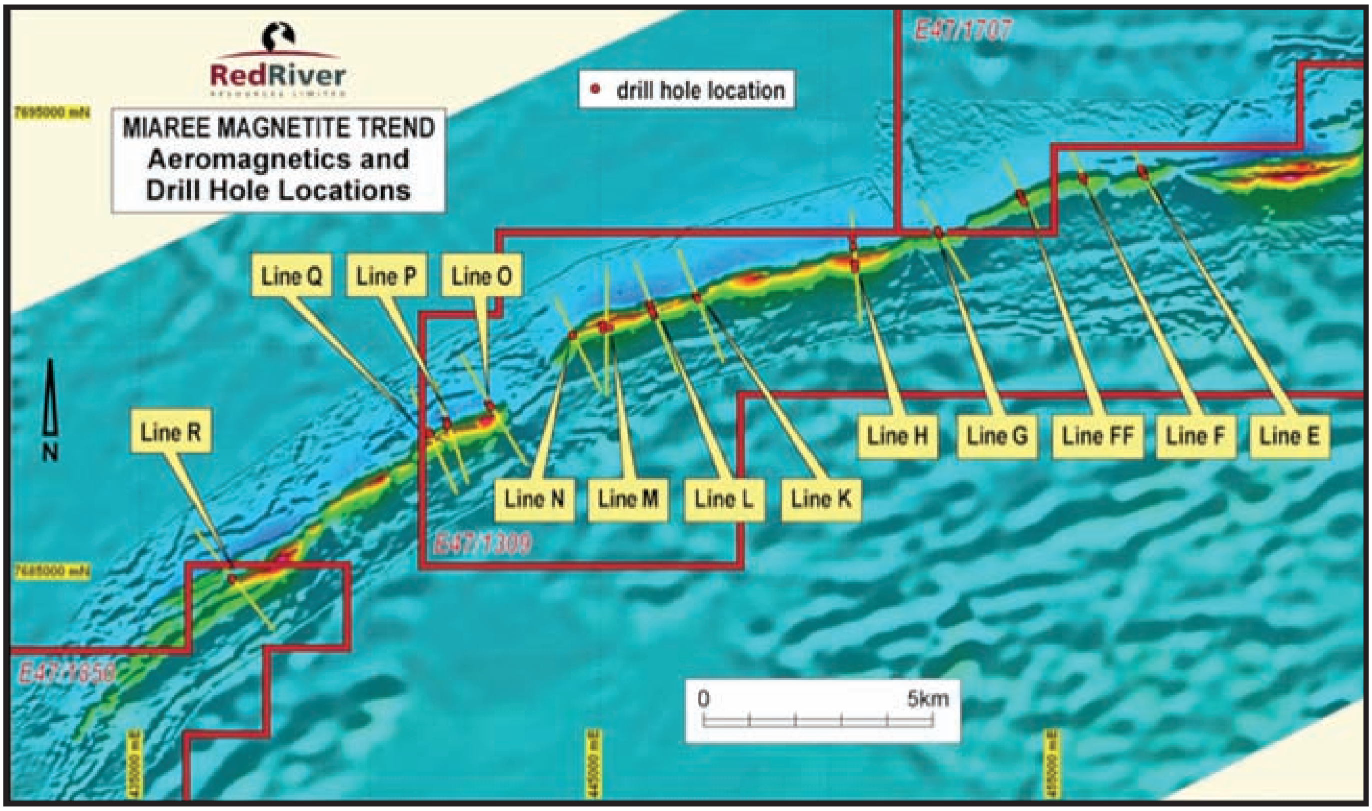


Figure 4

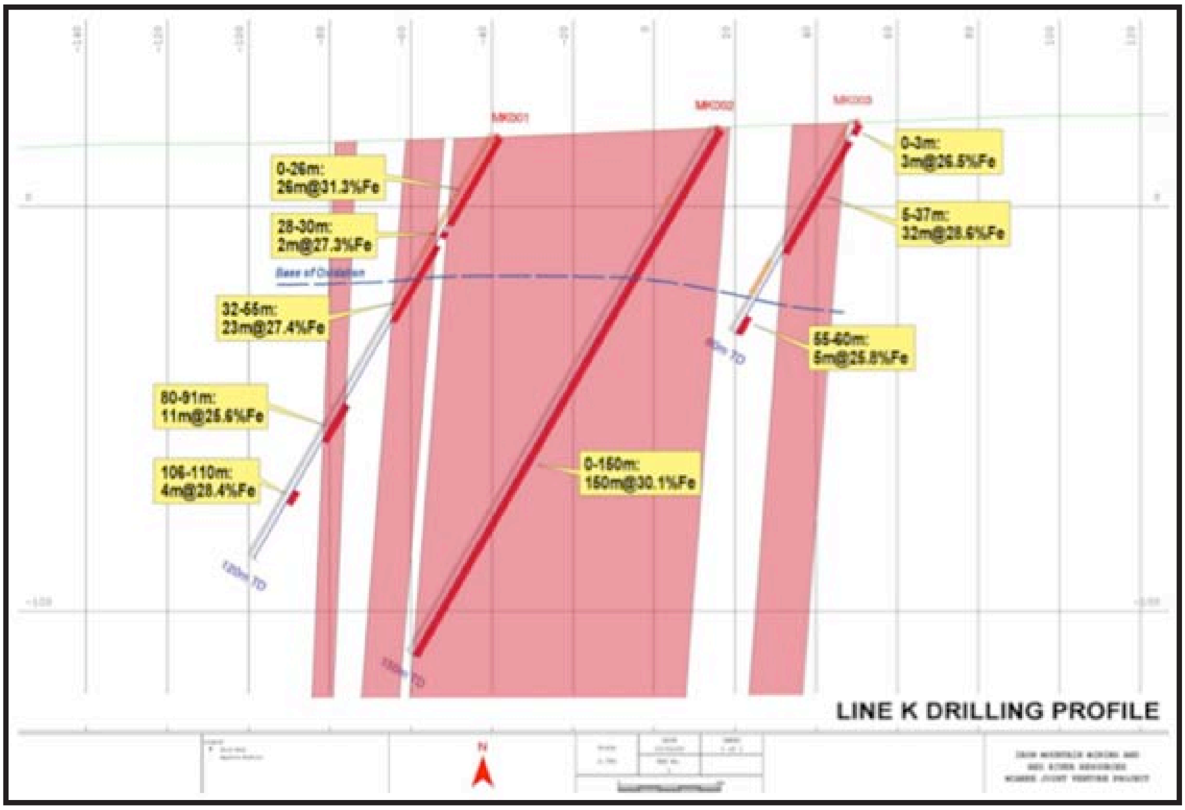


Figure 5

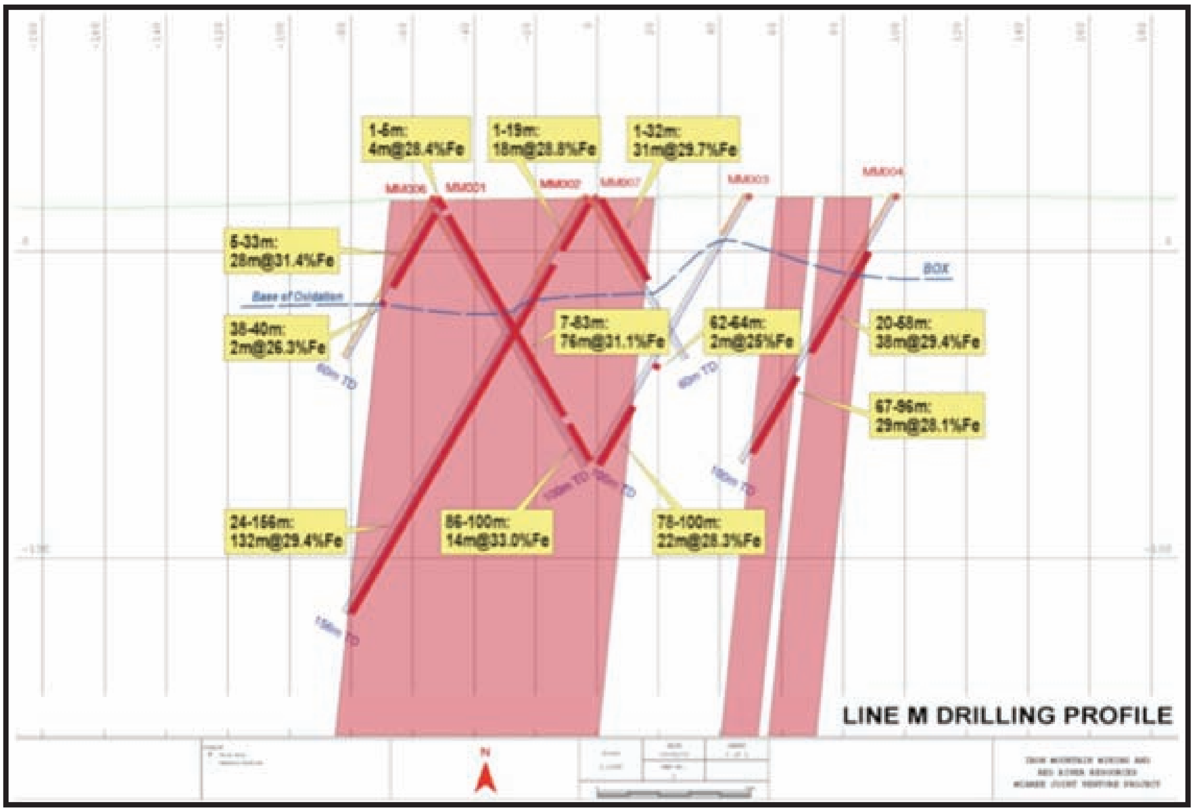


Figure 6

Table 3. Miaree Davis Tube Test Results

Drill hole	Interval	Mag	Total	DTR Wt (%)		Davis Tube Concentrate (%)					
	(m)	Sus	Fe(%)	Recovery	Fe	SiO2	Al2O3	P	FeO	S	LOI
MH 003	130-131	141	36.6	20.84	66.4	3.31	0.14	0.025	27.5	1.64	-2.2
MH 003	47-48	22.5	23.1	2.83	66.6	3.55	0.46	0.009	NSS	0.335	NSS
MH 003	68-69	114	34.9	17.71	67.2	3.45	0.22	0.009	30.1	1.12	-2.58
MH 003	89-90	7.98	13.45	0.16	NSS	NSS	NSS	NSS	NSS	NSS	NSS
MH 003	107-108	8.61	28.2	1.66	59.5	4.1	0.39	0.011	NSS	>5.0	1.27
MH 003	122-123	96.2	35.8	16.05	63	3.08	0.27	0.022	28.5	3.54	-1.19
MH 003	147-148	9.1	27.1	1.51	NSS	NSS	NSS	NSS	NSS	NSS	4.44
MH 005	74-75	113	36.1	15.07	68.2	2.53	0.17	0.018	29.5	0.959	-2.45
MH 005	40-41	92.1	32.8	11.5	68.5	3.65	0.3	0.015	30	0.116	-2.95
MH 005	90-91	51.4	33.5	9.65	66.7	2.82	0.31	0.01	NSS	1.48	-2.05
MH 005	102-103	47	28	8.29	63.8	4.63	0.74	0.008	NSS	1.975	-1.38
MK 002	144-145	279	32.4	33.32	69.1	3.28	0.23	0.006	30.2	0.162	-3.16
MK 002	51-52	34.1	6.4	1.63	NSS	NSS	NSS	NSS	NSS	NSS	-4.95
MK 002	56-57	80.1	31.9	12	69.7	2.33	0.2	0.008	29.7	0.078	-2.94
MK 002	78-79	101	32.3	14.12	69.9	2.28	0.26	0.011	30.2	0.063	-2.75
MK 002	114-115	46.4	29.9	8.66	65.9	2.61	0.41	0.008	NSS	1.95	-1.95
MK 002	134-135	40.2	22.4	7.76	64.2	4.58	0.66	0.007	NSS	1.89	-2.22
ML 005	74-75	131	31.8	18.44	68.4	3.04	0.31	0.008	30.8	0.525	-2.9
ML 005	41-42	63.2	34	11.7	65.6	4.6	0.31	0.012	30.4	1.375	-2.59
ML 005	82-83	78	30.6	13.77	66.5	2.13	0.29	0.009	30	2.01	-1.9
ML 005	97-98	122	30.1	15.44	67.7	2.18	0.32	0.007	27.8	1.165	-1.96
ML 005	114-115	25.6	28.5	9.32	63	2.27	0.35	0.008	NSS	3.72	-0.75
MM 002	92-93	233	36.5	35.5	70	2.13	0.06	0.008	30.3	0.31	-3.32
MM 002	46-47	82.9	32.3	12.45	69.1	2.65	0.17	0.009	28.8	0.338	-2.53
MM 002	62-63	23.9	22.4	1.75	NSS	NSS	NSS	NSS	NSS	NSS	NSS
MM 002	84-85	102	35.9	20.41	69	1.96	0.2	0.008	28.6	0.764	-2.43
MM 002	105-106	35.9	25.5	7.89	66.2	3.16	0.31	0.011	NSS	1.66	-1.64
MM 002	125-126	21.2	24.5	3.05	66.4	2.68	0.48	0.014	NSS	2.66	-1.94
MM 002	155-156	115	31.5	14.89	67.7	3.59	0.37	0.008	30.4	0.603	-2.95
MN 001	70-71	175	31.1	20.18	69.1	3.2	0.26	0.009	30.3	0.085	-2.94
MN 001	46-47	8.66	18.7	0.04	NSS	NSS	NSS	NSS	NSS	NSS	NSS
MN 001	59-60	22.8	24.7	1.14	66.7	3.87	0.56	0.01	NSS	0.95	-2.06
MN 001	102-103	72.5	30.7	1.1	66.7	3.87	0.56	0.01	NSS	0.924	-1.79
MN 001	125-126	80.3	31	6.79	68.7	2.24	0.24	0.007	26.9	0.755	-2.14
MN 001	144-145	62.2	32.2	14.96	67.4	3.07	0.43	0.01	27.8	0.976	-1.98

NSS= Insifficient sample for analysis

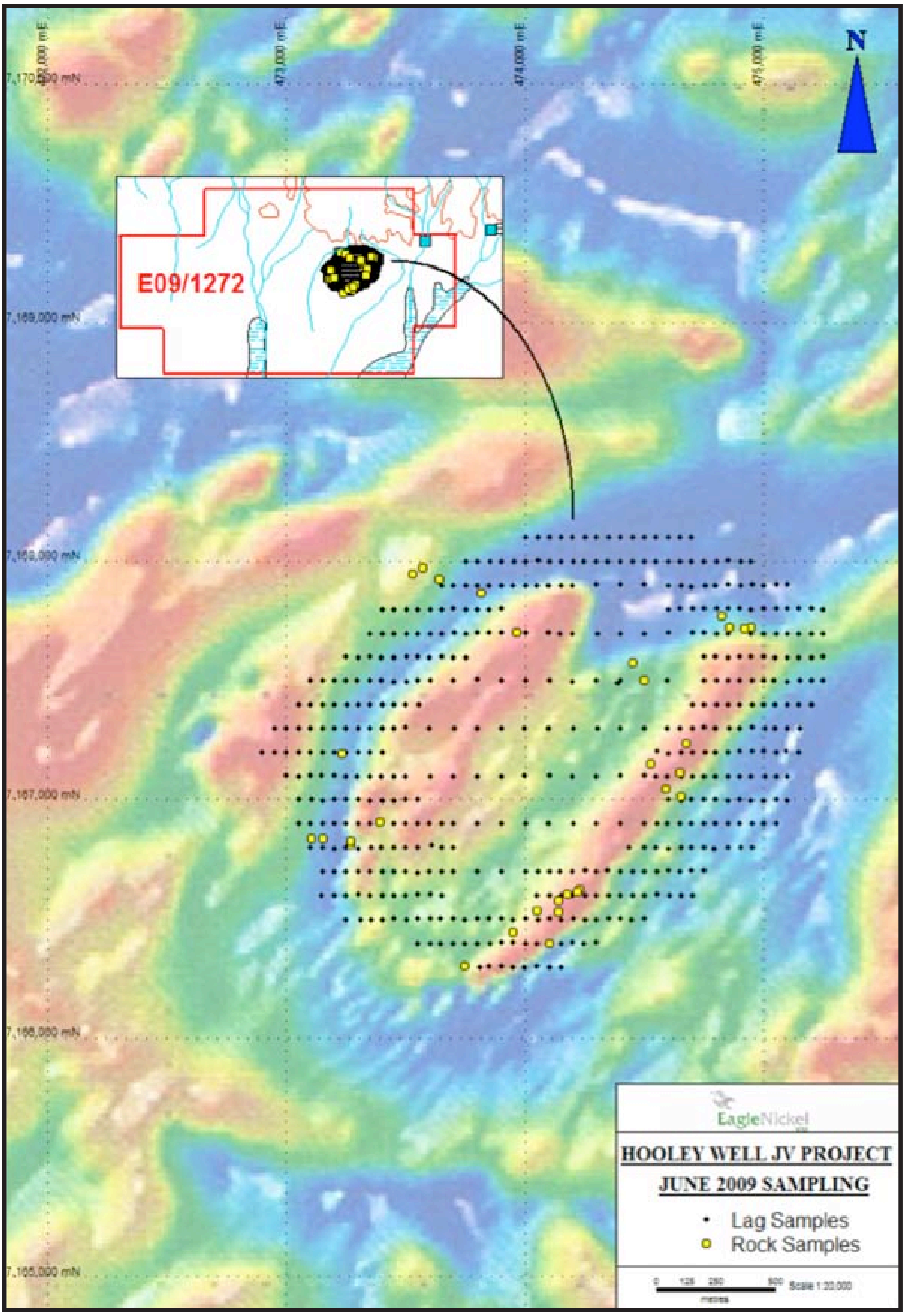

N
473,000 mE
474,000 mE
475,000 mE
7,169,000 mN
7,168,000 mN
7,167,000 mN
7,166,000 mN
7,165,000 mN
E09/1272
EagleNickel
HOOLEY WELL JV PROJECT
JUNE 2009 SAMPLING
Lag Samples
Rock Samples

Figure 7

HOOLEY WELL/IMAGI WELL JOINT VENTURE, MID WEST REGION, WESTERN AUSTRALIA: EXPLORATION LICENCES 09/1272 AND 09/1273.

Under the terms of a Heads of Agreement HOA) entered into on the 20th October 2008, and approved at an Extraordinary General Meeting of shareholders on 7th May 2009, Red River Resources has entered into a joint venture with Eagle Nickel Limited whereby it can earn up to 50% equity in exploration licences E09/1272 (Hooley Well) and E09/1273 (Imagi Well) for an expenditure of $500,000. Both prospects are located in the Mid West region of Western Australia: Hooley Well is located 320 km east of Carnarvon and Imagi Well occurs 240km ESE of that township.

The Hooley Well Prospect is an underexplored ultramafic intrusive 3km long by 2 km wide, that has returned drillhole intersections of up to 22m @ 0.9% nickel, including 4m @ 1.4% nickel, 2% chromium, and 0.11% cobalt.

The Imagi Well Prospect is a large layered ultramafic to mafic igneous intrusive that has yielded up to 4m @ 13.5% chromium in drilling as well as up to 10m @ 11.8% chromium and 15m @ 0.3% nickel, 0.3% chromium, and 0.028% cobalt in trenching.

Exploration will be focused on the discovery of nickel and related mineralization.

Under the terms of the HOA, Red River Resources may earn a 50% interest in the exploration licences by expending $500,000 on exploration over a period of four years commencing from 20th October 2008.

Red River Resources may withdraw from the agreement at any time provided that it has expended not less than $100,000 on exploration.

Red River Resources may earn an interest of 30% on the expenditure of $300,000 and the company can earn a further 20% interest in the tenements on the expenditure of a further $200,000.

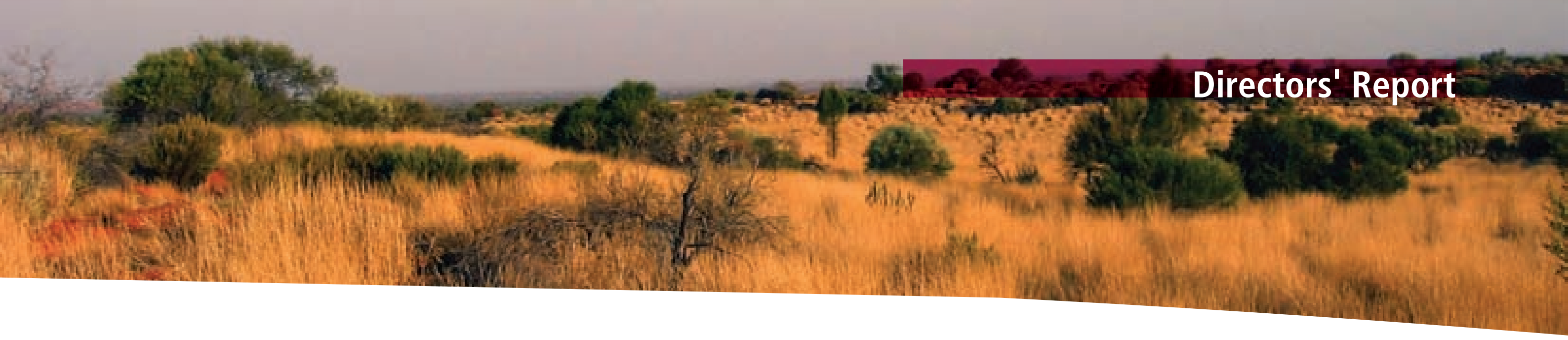
All tenements applied for by either Red River Resources or Eagle Nickel within 10 km of either of the exploration licences shall become assets of the Joint Venture.

Red River Resources will be the Manager of the Joint Venture during the earning period.

Exploration at Hooley Well commenced in June 2009 and comprised an extensive program of lag sampling geochemistry (see Figure 7) accompanied by rock chip sampling.

EAST KIRUP PROJECT, SOUTHWEST WESTERN AUSTRALIA: EXPLORATION LICENCES 70/2516, 70/2522, 70/2435.

Ord River Diamonds Limited engaged UTS Geophysics to undertake an airborne magnetic and radiometric survey over the tenements. A total of 3,113 line kilometers was flown during the survey at 100 and 200 metre line spacing at a nominal sensor height of 30 metres. The result of the survey has outlined better definition of geological targets prospective for tantalite/tin mineralization.



FERAL IRON ORE PROJECT, MID WEST REGION WESTERN AUSTRALIA: EXPLORATION LICENCE 70/2227.

An RC drilling program comprising 13 holes for a total of 600m was drilled in September 2008. The drilling failed to encounter direct shipping grade hematite iron ore despite drilling a strong gravity anomaly with surface outcropping massive hematite. The drilling showed that the hematite is a veneer rimming gabbroic intrusive rocks.

Red River Resources withdrew from the Feral joint venture in late 2008.

Tenement Schedule

The company has an interest in the following tenements:

Tenement Name	Holders (Shares)	Area Blocks	Grant Date	Expiry Date	Rent ($)	Minimum Expenditure ($)
EL 6/2005	Iron Mountain Mining Ltd	22 sq km	8/9/2005	8/9/2010	$966	$15,400
EL 15/2006	Iron Mountain Mining Ltd	30 sq km	27/6/2006	26/6/2011	$1,317	$15,000
EL 35/2006	Red River Resources	89 sq km	27/02/2007	26/02/2012	$3,906	$44,500
EL 36/2006	Red River Resources Limited	36 sq km	27/02/2007	26/02/2012	$1,580	$18,000
EL 37/2006	Red River Resources Limited	57 sq km	27/02/2007	26/02/2012	$2,502	$28,500
EL 18/2007	Red River Resources Limited	103 sq km	11/07/2007	10/07/2012	$4,521	$51,500
EL 53/2007	Iron Mountain Mining Ltd	47 sq km	20/12/2007	19/12/2012	$2,063	$14,100
E 70/2435	Red River Resources Ltd	8 Blocks	8/3/2006	7/3/2011	$1,477	$30,000
E 70/2516	Red River Resources Ltd	9 Blocks	8/3/2006	7/3/2011	$1,661	$30,000
E 70/2522	Red River Resources Ltd	4 Blocks	8/3/2006	7/3/2011	$738	$20,000
E 09/1272	Eagle Nickel Limited	27 Blocks	31/01/2007	30/01/2012	$4,984	$27,000
E 09/1273	Eagle Nickel Limited	39 Blocks	31/01/2007	30/01/2012	$7,199	$39,000
E 08/1350	Red River Resources Ltd	19 Blocks	23/6/2006	22/6/2011	$3,507	$30,000
E 47/1309	Red River Resources Ltd	64 Blocks	4/5/2007	3/5/2012	$11,813	$64,000
E 47/1707	Red River Resources Ltd	13 Blocks	1/8/2008	31/7/2013	$1,542	$20,000
E 52/2331	Red River Resources Ltd	70 Blocks	25/3/2009	24/3/2014	$8,301	$70,000
E 70/2437	Red River Resources Ltd	6 Blocks	15/01/2004	14/01/2009	$1,503	$50,000
E 70/2443	Red River Resources Ltd	8 Blocks	15/01/2004	14/01/2009	$2,004	$50,000
E 70/2728	Red River Resources Ltd	6 Blocks	14/06/2005	13/06/2010	$1,503	$30,000

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year.

The Company's subsidiary company Red River Macedonia Pty Limited was deregistered on 9 June 2009.

Matters subsequent to the end of the financial year

Other than the matters referred to above, the only other matter or circumstance that has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, is as follows:

WONGAN HILLS PROJECT, MID WEST REGION, WESTERN AUSTRALIA: EXPLORATION LICENCES 70/2437, 70/2443 AND 70/2728.

On 18 August 2009, Red River Resources and Iron Mountain Mining entered into a Joint Venture agreement with Quadrio Resources Limited ("Quadrio"), a subsidiary of Dominion Mining Limited, along the following terms:

1. Quadrio to spend $90,000 on exploration within the Wongan Hills tenements within 12 months.
2. By spending a cumulative $400,000 within 48 months, Quadrio may earn an 80% Participating Interest in the tenements.
3. Upon Quadrio earning an 80% interest, Red River's interest shall be 15%, Iron Mountain's interest shall be 5%.
4. Red River Resources may elect to further dilute to 5% whereby Quadrio must carry the Joint Venture costs of Red River and Iron Mountain until Quadrio makes a decision to mine.
5. Upon decision to mine Red River and Iron Mountain may elect not to contribute and would proceed to entitlement to Net Smelter Return royalties of 1.875% and 0.625% respectively.

The southern, most prospective, part of the joint venture adjoins E70/2343 where exploration work by Dominion has delineated numerous copper and gold drill hole intercepts in the Ninan Cu-Au System as well as the Mystery lead-zinc anomaly which has coincident Au, As and W anomalism and which is elevated in Volcanogenic Massive Sulphide pathfinder elements Indium (In), Bismuth (Bi), and Antimony (Sb). The Ninan and Mystery mineralised zones can be interpreted to occur in a prospective mineralised corridor that extends into the Joint venture tenements. Drill hole intercepts in the Ninan system include:

- 44m @ 0.75% Cu from 36-80m incl. 5m @ 3.79% Cu & 1.87g/t Au from 75-80m (EOH)
- 26m @ 0.72% Cu
- 42m @ 0.40% Cu
- 6m @ 1.4% Cu

The host rock sequences are Archaean greenstones and therefore also hold gold potential.

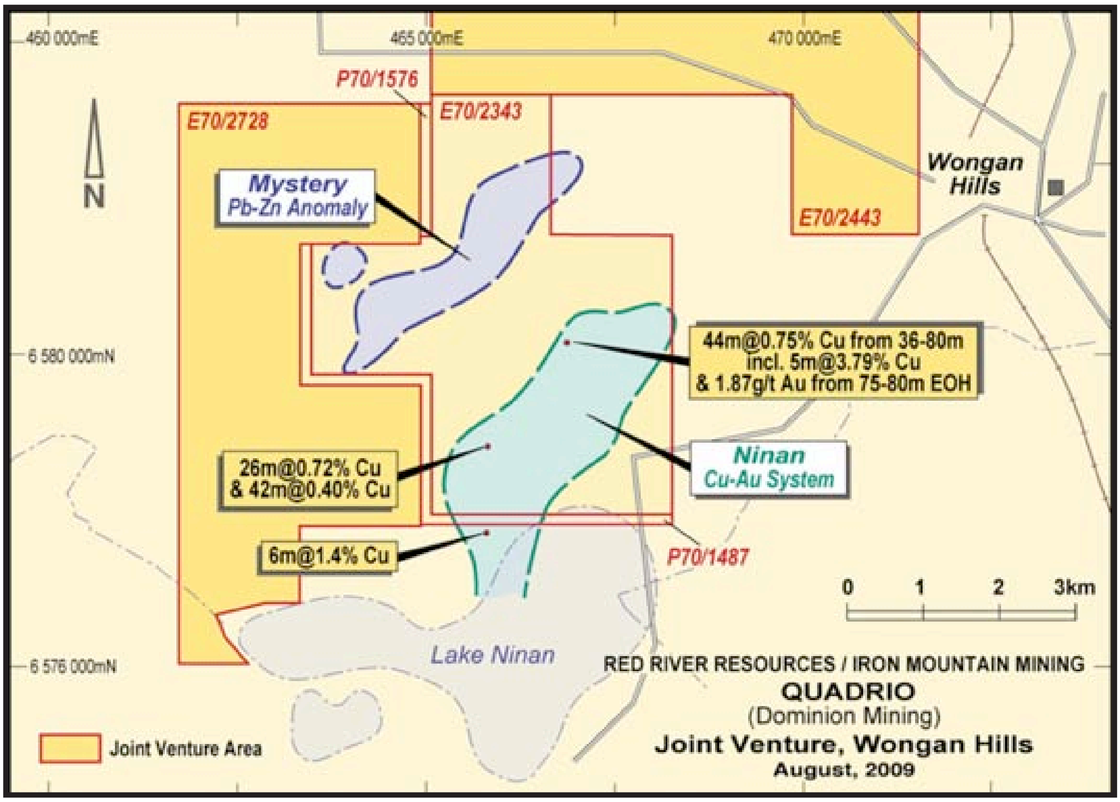
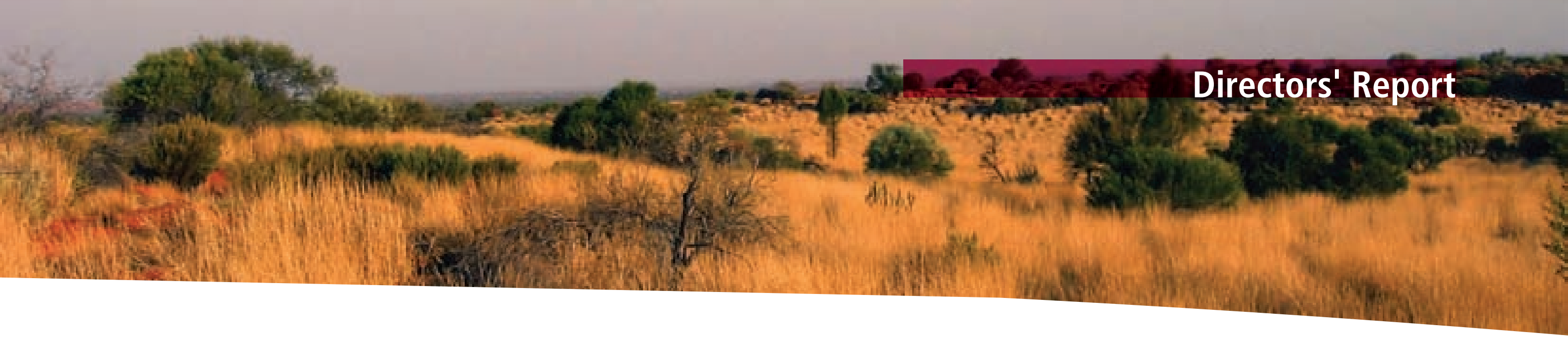


Figure 8



Likely Developments and Expected Results

Information on likely developments in the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe it would be likely to result in unreasonable prejudice to the Company. The Company is to continue to explore for metals on its properties and seek new properties for exploration and evaluation.

Shares Under Option

As at 30 June 2009, there were 34,689,004 options over unissued ordinary shares. Refer to note 14 of the Financial Statements for further details of the options outstanding. All options are exercisable at 20 cents each, on or before 31 March 2010.

No options have been exercised during the year ended 30 June 2009.

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

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

Director	Number of meetings held	Number of meetings attended
David Zohar	4	4
John Karajas	4	4
Ross Gillon	4	4

The information within this report as it relates to geology and mineral resources was compiled by the Managing Director Mr John Karajas. Mr Karajas is a Member of the Australian Institute of Geoscientists. Mr Karajas has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr Karajas consents to the inclusion in the report of the matters based on information in the form and context which it appears.

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3c) of the Corporations Act 2001.

Remuneration policy

The Company's policy for determining the nature and amount of emoluments of board members and senior executives are as follows:

Executive Remuneration

The Company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Company. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Company and its shareholders to do so. The Board's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- Reward reflects the competitive market in which the Company operates
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Non- Executive Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board recommends the actual payments to directors. The maximum aggregate remuneration approved for non-executive directors is currently $100,000. All directors are entitled to have any indemnity insurance paid by the Company (currently nil). Currently each non-executive director is entitled to receive $45,000 per annum (plus statutory superannuation entitlements). Refer below for details of Non-Executive Directors' remuneration.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using either the Black-Scholes or binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $100,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in an employee option plan (none adopted to date).

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages. The Board believes that as the company is in its start up phase of development it is not feasible to establish Key Performance Indicators from which to base Director and Executive remuneration packages. Once the company is more fully established the Board will reconsider this policy.

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

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of directors and executives interests in options at year end, refer note 16(b) of the financial statements.

Directors and Executive Officers Emoluments (Key Management Personnel)

Details of remuneration

Disclosures relating to directors and executive officers (key personnel) emoluments are outlined below and in note 16 to the financial statements. To date, no options have been issued to directors as part of remuneration. Details on employment contracts with key management personnel are outlined in note 16 to the financial statements.

The key management personnel of the Company are the Directors, Company Secretaries and Chief Financial Officer.

Directors
David Zohar (Non-Executive Director)
John Karajas (Managing Director)
Ross Gillon (Non-Executive Director)

Company Secretaries
David Zohar (Resigned 20 July 2009)
Susanne Waters (Resigned 1 October 2008)
Mark Killmier (Appointed 20 July 2009)

Chief Financial Officer
Mark Killmier (Appointed 7 May 2009)

Key management personnel remuneration

2009

Name	Short Term Cash salary and fees $	Post-employment Superannuation $	Share based payments Options $	Share based payments Shares $	Total $
David Zohar	-	32,700	-	-	32,700
John Karajas	177,500	15,975	-	-	193,475
Ross Gillon	40,000	-	-	-	40,000
Mark Killmier[1]	-	-	-	-	-
Susanne Waters[2]	-	-	-	-	-
Total	**217,500**	**48,675**	**-**	**-**	**266,175**

2008

Name	Short Term Cash salary and fees $	Post-employment Superannuation $	Share based payments Options $	Share based payments Shares $	Total $
David Zohar	-	46,225	-	-	46,225
John Karajas	150,000	13,500	-	-	163,500
Geoffrey Balfe	30,000	2,700	-	-	32,700
Ross Gillon	30,000	-	-	-	30,000
Susanne Waters[2]	-	-	-	-	-
Total	**210,000**	**62,425**	**-**	**-**	**272,425**

Notes:

1 Mr Killmier's salary and superannuation entitlements were paid solely by Iron Mountain Mining Limited, a company of which he is a joint Chief Financial Officer, up until 30 June 2009. No amounts were recharged during the year.

2 Ms Waters salary and superannuation entitlements were paid by Iron Mountain Mining Limited, a company which she was joint company secretary for. During the year Red River Resources Limited paid Iron Mountain Mining Limited nil (2008: $3,500)for secretarial services provided by Ms Waters.

Equity Instrument Disclosure relating to Key Management Personnel

At balance date the relevant interest of each Key Management Personnel in ordinary fully paid shares and options of the Company were:

Director/KMP	Fully Paid Ordinary Shares Balance at beginning of the year	Shares Issued - direct	Transfers/ Ceasing to be a director	Balance at 30 June 2009
David Zohar	11,190,991	-	127,790	11,318,781
John Karajas	9,300,000	-	-	9,300,000
Ross Gillon	250,000	-	-	250,000
Mark Killmier	-	-	-	-
	20,740,991	**-**	**127,790**	**20,868,781**

No shares are held nominally.

Director/KMP	Share Options			
	Balance at beginning of the year	Shares Issued –direct	Transfers/ Ceasing to be a director	Balance at 30 June 2009
David Zohar	6,069,500	-	86,500	6,156,000
John Karajas	500,000	-	-	500,000
Ross Gillon	-	-	-	-
Mark Killmier	-	-	-	-
	6,569,500	**-**	**86,500**	**6,656,000**

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

No options were exercised during the year.

At 30 June 2008 the relevant interest of each Director in ordinary fully paid shares and options of the Company were:

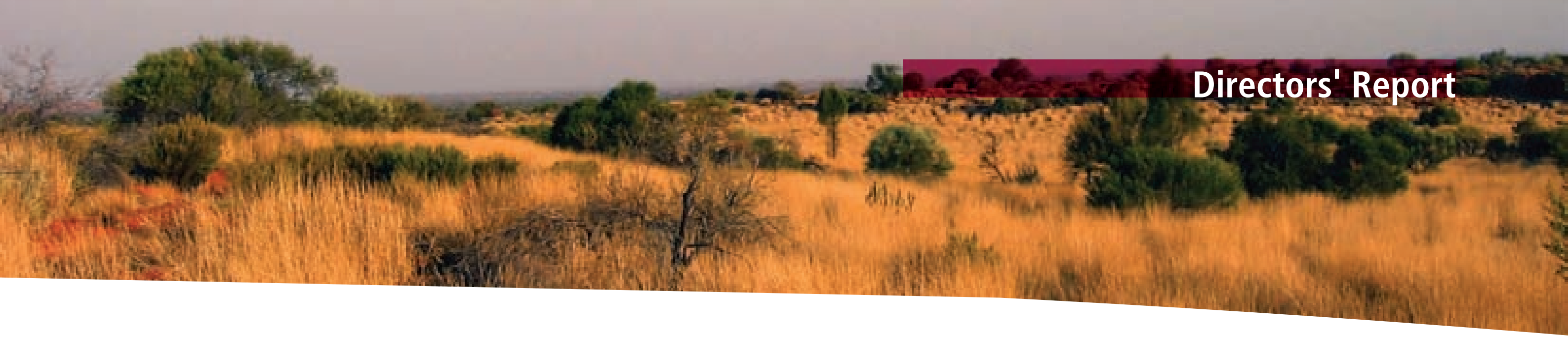
Director/KMP	Fully Paid Ordinary Shares			
	Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2008
David Zohar	10,500,458	-	690,533	11,190,991
John Karajas	9,300,000	-	-	9,300,000
Geoffrey Balfe	-	-	-	-
Ross Gillon	250,000	-	-	250,000
	20,050,458	**-**	**690,533**	**20,740,991**

No shares are held nominally.

Director/KMP	Share Options			
	Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2008
David Zohar	8,547,500	-	(2,478,000)	6,069,500
John Karajas	500,000	-	-	500,000
Geoffrey Balfe	1,000,000	-	(1,000,000)	-
Ross Gillon	-	-	-	-
	10,047,500	**-**	**(3,478,000)**	**6,569,500**

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

No options were exercised during the year.



Additional Information

The table below sets out the performance of the company and the consequences of performance on shareholders' wealth for the period from listing on the Australian Securities Exchange on 15 July 2005 to the end of the current financial period.

	2005	2006	2007	2008	2009
Quoted price of ordinary shares at period end (cents)	20[2]	15.5	32	15.5	6.5
Quoted price of options at period end (cents)	-	7	8	7	0.7
Loss per share	1.35	3	1.99	1.92	1.67
Dividends paid	-	-	-	-	-

Notes:

1. Information is not disclosed for 2004 and prior years as the company was not listed and its securities were not widely available for sale.
2. The quoted price disclosed for 2005 year is the subscription price for the initial public offer.

Service Agreements and remuneration commitments

There are no current employment agreements for Mr Karajas, Mr Gillon or Mr Zohar. Mr Karajas' employment contract expired in 2007. His salary package is $180,000pa plus statutory superannuation. Mr Zohar and Mr Gillon are paid $45,000 (effective 1 July 2009) plus statutory superannuation. Mr Killmier has a service agreement with Iron Mountain Mining Limited which may be terminated with one month's notice from either party. While he is contracted at a rate of $150,000pa (plus statutory superannuation) per five day week, he is currently employed 4 days per week at a rate of $120,000pa plus statutory superannuation, with Red River Resources Limited being charged 25% of this from July 1, 2009.

Securitisation Policy

Red River Resources Limited's security trading policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. Red River Resources Limited's security trading policy defines dealing in company securities to include:

(a) *Subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;*

(b) *Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and*

(c) *Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.*

The securities trading policy details acceptable and unacceptable times for trading in Company Securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company Securities without providing written notification to the Chairman. The Chairman must not deal in Company Securities without the prior approval of the Managing Director. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

The Red River Resources Limited Employee Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to key management personnel and executives. Participants in the Red River Resources Limited Employee Option Plan may not enter into derivative transactions with third parties to eliminate the performance element of the options. This rule is enforced via an annual declaration of compliance by all option plan participants.

End of Audited Remuneration Report

Environmental Regulation

So far as the Directors are aware, there have been no significant breaches of environmental conditions of the Company's exploration licences.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Indemnifying Officers and Auditors

During or since the year ended 30 June 2009, the company has not given any indemnity or entered into an agreement to indemnify, or paid or agreed to pay any insurance premium on behalf of the Directors or Auditors of the company.
Proceedings on Behalf of Company

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

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditors' expertise and experience are important.

No non-audit services were provided by the auditors or entities associated with the auditors.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under S.307C of the Corporations Act 2001 for the year ended 30 June 2009 has been received and is set out on page 53.

Signed in accordance with a resolution of Directors.

John Karajas
Managing Director

25th September 2009
Perth, Western Australia

Income Statements

02

	Note	Consolidated		Parent Entity	
		2009 $	2008 $	2009 $	2008 $
Revenue from continuing operations	4	338,807	304,128	338,807	304,128
Other Income	5	58,726	-	58,726	-
Administration		(192,651)	(216,040)	(192,651)	(216,040)
Exploration costs		(720,887)	(1,085,189)	(720,887)	(1,085,189)
Depreciation		(16,757)	(13,785)	(16,757)	(13,785)
Employment costs (including directors)		(497,344)	(278,654)	(497,344)	(278,654)
Loss on Sale of Fixed Assets		(1,774)	-	(1,774)	-
Impairment of Available for Sale		(125,000)	-	(125,000)	-
(Loss) before Income Tax		**(1,156,880)**	**(1,289,540)**	**(1,156,880)**	**(1,289,540)**
Income tax expense	6	-	-	-	-
(LOSS) FOR THE YEAR		**(1,156,880)**	**(1,289,540)**	**(1,156,880)**	**(1,289,540)**
Basic and diluted loss per share (cents)	27	(1.67)	(1.92)		

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets
03

	Note	Consolidated		Parent Entity	
		2009 $	2008 $	2009 $	2008 $
CURRENT ASSETS					
Cash and cash equivalents	7	2,464,506	3,647,557	2,464,506	3,647,557
Trade and other receivables	8	27,420	23,220	27,420	23,220
TOTAL CURRENT ASSETS		2,491,926	3,670,777	2,491,926	3,670,777
NON-CURRENT ASSETS					
Receivables	9	23,820	23,820	23,820	23,820
Property, Plant & Equipmen	10	41,389	56,599	41,38	56,59
Available for sale financial assets	11	47,000	180,000	47,000	180,000
TOTAL NON-CURRENT ASSETS		112,209	260,419	112,209	260,419
TOTAL ASSETS		2,604,135	3,931,196	2,604,135	3,931,196
CURRENT LIABILITIES					
Trade and other payables	12	58,711	202,984	58,711	202,984
Provisions	13	10,867	495	10,867	495
TOTAL CURRENT LIABILITIES		69,578	203,479	69,578	203,479
TOTAL LIABILITIES		69,578	203,479	69,578	203,479
NET ASSETS		2,534,557	3,727,717	2,534,557	3,727,717
EQUITY					
Contributed equity	14	8,021,799	8,021,799	8,021,799	8,021,799
Reserves	15	33,232	69,512	33,232	69,512
Accumulated losses	15	(5,520,474)	(4,363,594)	(5,520,474)	(4,363,594)
TOTAL EQUITY		2,534,557	3,727,717	2,534,557	3,727,717

The above balance sheets should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ending 30 June 2009

04

Consolidated	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
2008				
Balance at 1 July 2007	**3,495,901**	**(3,074,054)**	**39,512**	**461,359**
Changes in the fair value of available for sale financial assets	-	-	30,000	30,000
Net Income recognised directly in equity	-	-	**30,000**	**30,000**
(Loss) for the year	-	(1,289,540)	-	(1,289,540)
Total recognised income and expense for the year	-	**(1,289,540)**	**30,000**	**(1,259,540)**
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	4,654,250	-	-	4,654,250
Capital Raising Costs	(128,352)	-	-	(128,352)
Balance as at 30 June 2008	**8,021,799**	**(4,363,594)**	**69,512**	**3,727,717**
2009				
Balance at 1 July 2008	**8,021,799**	**(4,363,594)**	**69,512**	**3,727,717**
Changes in the fair value of available for sale financial assets	-	-	(36,280)	(36,280)
Net Income recognised directly in equity	-	-	**(36,280)**	**(36,280)**
(Loss) for the year	-	(1,156,880)	-	(1,156,880)
Total recognised income and expense for the year	-	**(1,156,880)**	**(36,280)**	**(1,193,160)**
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	-	-	-	-
Capital Raising Costs	-	-	-	-
Balance as at 30 June 2009	**8,021,799**	**(5,520,474)**	**33,232**	**2,534,557**

Statement of Changes in Equity

Parent	Contributed Equity $	Accumulated (Losses) $	Option Reserve $	Total $
2008				
Balance at 1 July 2007	**3,495,901**	**(3,074,054)**	**39,512**	**461,359**
Changes in the fair value of available for sale financial assets	-	-	30,000	30,000
Net Income recognised directly in equity	-	-	**30,000**	**30,000**
(Loss) for the year	-	(1,289,540)	-	(1,289,540)
Total recognised income and expense for the year	-	**(1,289,540)**	**30,000**	**(1,259,540)**
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	4,654,250	-	-	4,654,250
Capital Raising Costs	(128,352)	-	-	(128,352)
Balance as at 30 June 2008	8,021,799	(4,363,594)	69,512	3,727,717
2009				
Balance at 1 July 2008	**8,021,799**	**(4,363,594)**	**69,512**	**3,727,717**
Changes in the fair value of available for sale financial assets	-	-	(36,280)	(36,280)
Net Income recognised directly in equity	-	-	(36,280)	(36,280)
(Loss) for the year	-	(1,156,880)	-	(1,156,880)
Total recognised income and expense for the year	-	**(1,156,880)**	**(36,280)**	**(1,193,160)**
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	-	-	-	-
Capital Raising Costs	-	-	-	-
Balance as at 30 June 2009	8,021,799	(5,520,474)	33,232	2,534,557

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statements

for the year ending 30 June 2009

05

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		186,965	-	186,965	-
Payments for exploration and evaluation		(822,468)	(926,939)	(822,468)	(926,939)
Payments to suppliers and employees		(738,183)	(525,393)	(738,183)	(525,393)
Interest received		158,510	250,257	158,510	250,257
Interest paid		-	(216)	-	(216)
Other Income		5,000	50,454	5,000	50,454
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	22	(1,210,176)	(1,151,837)	(1,210,176)	(1,151,837)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for plant and equipment		(3,821)	(66,431)	(3,821)	(66,431)
Payment for available for sale assets		(86,056)	(150,000)	(86,056)	(150,000)
Proceeds from sale of plant and equipment		500	-	500	-
Proceeds from sale of for available for sale assets		116,502	-	116,502	-
NET CASH INFLOWS / (OUTFLOWS) IN INVESTING ACTIVITIES		27,125	(216,431)	27,125	(216,431)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of shares and options/ capital received in advance		-	4,654,250	-	4,654,250
Payment of share issue costs		-	(128,352)	-	(128,352)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		-	4,525,898	-	4,525,898
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,183,051)	3,157,630	(1,183,051)	3,157,630
Cash and cash equivalents at the beginning of the financial year		3,647,557	489,927	3,647,557	489,927
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	2,464,506	3,647,557	2,464,506	3,647,557

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements 06

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to al the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the Corporations Act 2001. The financial report includes separate financial statements for Red River Resources Limited as an individual entity and the consolidated entity consisting of Red River Resources Limited and its subsidiaries. The financials have been prepared on a going concern basis.

Compliance with IFRS

The financial report of Red River Resources Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

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

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red River Resources Limited (company) as at 30 June 2009 and the results of all subsidiaries for the year then ended. Red River Resources Limited is referred to in this financial report as the Company.

Subsidiaries are all those 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. It should be noted that the sole subsidiary company in the group was deconsolidated during the year. Consolidated and parent results are reported for the current year for comparative purposes.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. (refer to note 1(c)).
The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.
Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Red River Resources Limited.

(c) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

(d) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is written off as incurred. Acquisition expenditure is accumulated in respect of each identifiable area of interest held in the name of the Company. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Where the abandoned area has previously been revalued, the previous revaluation increment is reversed against the Asset Revaluation Reserve.

When production commences, the accumulated acquisition and development costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(f) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Trade and other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effect interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Property, Plant & Equipment

Each asset of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

All items of property, plant and equipment (except computer software) are depreciated using the diminishing value method over their estimated useful lives to the Consolidated entity. The depreciation rates used for each class of asset for the current period are as follows:

- Plant & equipment 7.5%
- Motor Vehicles 25%
- Computer Equipment 40% - 66.67%
- Computer Software 40% (depreciated using Prime Cost Method)

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(i) Investments and Other Financial Assets

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets initially recognised at fair value with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

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

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

(j) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(k) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Share-based payments

The Consolidated entity provides benefits to employees (including directors) of the Consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date')

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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

(m) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts.

(n) 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. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Option Fee Income is recognised when payment for the option fee is received. Revenue from the sale of investments is recognised when the relevant sale contract is executed.

(o) Contributed Equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(p) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(q) Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measure at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Joint Ventures

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(t) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(u) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial 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.

(v) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. As the company's subsidiary entity was acquired during the year, no comparatives are reported for the consolidated entity.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. It is likely to result in an increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009).

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. As the group does not currently have any borrowings, nor is it contemplating instigating borrowings or a borrowing facility. It is anticipated that there will be no impact on the financial report of the Group.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(c) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

2. Financial Risk Management

The Consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the Board in their day to day function as the overseers of the business. The Board provides written principles for overall risk areas, as well as defined policies for specific risks such foreign exchange and credit risk.

The Consolidated entity holds the following financial instruments:

	2009 $	2008 $
Financial Assets		
Cash and cash equivalents	2,464,506	3,647,557
Trade and other receivables	21,251	22,220
Receivables	23,820	23,820
Available for sale financial assets	47,000	180,000
	2,556,577	3,873,597
Financial Liabilities		
Trade and other payables	58,711	202,984
	58,711	202,984

(a) Market Risk

(i) Foreign Exchange Risk

The Company and Consolidated entity's operations are limited to domestic activities within Australia.

Company sensitivity

The company's profit would not be materially different due to changes in exchange rates.

(ii) Price risk

The Company and Consolidated entity are exposed to equity securities price risk. This arises from investments held by the consolidated entity and classified on the balance sheet as available-for-sale. The Consolidated entity is not exposed to commodity price risk.

All of the consolidated entity's equity investments are publicly traded and are listed on the Australian Securities Exchange.

The consolidated entity manages equity securities price risk by only investing in companies where the Board has a detailed understanding of its financial and operating position.

The table below summarises the impact of increases/decreases of the all ordinaries index on the consolidated entity's loss for the year and on equity. The analysis is based on the assumption that the all ordinaries index had decreased by 25.97% (2008 – 15.49%) with all other variables held constant and all the consolidated entity's equity instruments moved according to the historical correlation with the index.

The Consolidated entity's equity investments do not form part of any quoted index. Accordingly the consolidated entity has adopted the movement in the all ordinaries index for the purpose of assessing the sensitivity of equity securities price risk as this index is the commonly accepted measure of general quoted equity investment price movement. This methodology and assumptions in measuring equity security price risk is consistent with the prior reporting period.

	Impact on Loss		Impact on Equity	
	2009 $	2008 $	2009 $	2008 $
All ordinaries	(86,045)	nil	107,910	(53,235)

The total loss for the year would decrease as a result of losses on equity securities classified as at fair value through profit or loss. Correspondingly, equity would increase as a result of losses on equity securities classified as available-for-sale in the 2009 year.

Given the nature of the financial assets, the Directors believe the all ordinaries index is the most appropriate benchmark to measure the sensitivity of the price risk of the consolidated entity's listed financial investments, however, it should be noted that the maximum negative impact on the income statement is $47,000.

(iii) Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from funds held on deposit. Funds held on deposit at variable rates expose the Consolidated entity to cash flow interest rate risk. Funds held on deposit at fixed rates expose the Consolidated entity to fair value interest rate risk. During the year the Consolidated entity's funds on deposit were held in Australian Dollars.

As at the reporting date, the Consolidated entity had the following variable rate funds on deposit:

	30 June 2009		30 June 2008	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Funds on deposit	5.62	2,367,316	6.97	3,120,248

Consolidated entity sensitivity

At 30 June 2009, if interest rates had changed by -100/ + 70 basis points (2008 -/+ 80 basis points) from the year-end rates with all other variables held constant, losses for the year would have been $26,146 lower/ $18,302 higher (2008 – change of 80 bps: $24,799 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been $26,146 lower/ $18,302 higher (2008 - $24,799 lower/higher) mainly as a result of a higher/lower interest income from cash and cash equivalents.

The consolidated entity determines the reasonably possible movements in interest rates by reference to external sources of data. In the current year this analysis indicated that a change of 100 basis points down and 70 points up was reasonably possible compared to a change of plus or minus 80 basis points determined in the prior year.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and receivables from Joint Venture and Farm-In operations.

The Consolidated entity's maximum exposure to credit risk at the reporting date was:

	2009 $	2008 $
Financial Assets		
Cash and cash equivalents	2,464,506	3,647,557
Trade and other receivables	21,251	22,220
Receivables	23,820	23,820
Total	2,509,577	3,693,597

The Directors believe that there is negligible credit risk with the cash and cash equivalents, as cash and cash are held at call and short term deposit with a reputable Australian Banking institution. The other receivables relate to amounts owing from government agencies and other listed Australian Companies with substantial current assets. The receivables are within normal trading terms. No security interests are taken to cover financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank bills that are highly liquid and with maturities of less than six months.

Financing arrangements
The consolidated entity does not have any financing arrangements.

Maturities of financial liabilities
The Consolidated entity's only debt is with associated entities relating to trade payables where payments are generally within 30 days.

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the bid price at the close of trade on balance date.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using net asset value.

3. Critical Accounting Estimates and Judgements

Key estimates-impairment

The Consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

During the year ended 30 June 2009, the company made a significant judgement about the impairment of a number of its available-for-sale financial assets.

The Group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The decline in fair value below cost for some of these assets has been considered to be significant and/or prolonged. The Group and the parent entity has recorded a impairment loss during the year ended 30 June 2009, being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial assets to the income statement.

4. Revenue

	Consolidated		Parent Entity	
From Continuing Operations	**2009 $**	**2008 $**	**2009 $**	**2008 $**
Sales Revenue - Services	169,968	3,116	169,968	3,116
Other Revenue				
Interest received	163,839	250,557	163,839	250,557
Joint Venture Fees	5,000	50,455	5,000	50,455
	338,807	304,128	338,807	304,128

5. Other Income

Profit on Sale of available for sale investments	58,726	-	58,726	-
	58,726	-	58,726	-

6. Income Tax

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Net (Loss) before tax	(1,156,880)	(1,289,540)	(1,156,880)	(1,289,540)
Prima facie tax benefit at 30% (2008: 30%)	(347,064)	(386,862)	(347,064)	(386,862)
Tax effect of permanent differences				
Other non-deductible expenses	5,679	5,261	5,679	5,261
Deferred tax benefit not brought to account	341,385	381,601	341,385	381,601
	-	-	-	-
Income Tax Loss				
Deferred tax asset arising from tax losses of the Consolidated entity not brought to account at balance date as realisation of the benefit is not regarded as highly probable.	1,751,769	1,410,384	1,751,769	1,410,384

The benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the consolidated entity realising the benefit from the deductions for the losses.

Deferred tax Assets (at 30%) not bought to account as at 30 June 2009 are made up of:

Tax losses	1,751,769	1,410,384	1,751,769	1,410,384
Provisions and accruals	13,235	9,011	13,235	9,011
Capital raising costs	37,278	73,344	37,278	73,344
	1,802,282	1,492,739	1,802,282	1,492,739

Deferred tax liabilities at 30 June 2009 are $nil (2008 $nil).

7. Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Cash at bank	97,190	527,309	97,190	527,309
Cash funds on short term deposit	2,367,316	3,120,248	2,367,316	3,120,248
	2,464,506	3,647,557	2,464,506	3,647,557

(a) Risk exposure

The consolidated entity and the parent entity's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

8. Trade and other receivables

Goods and services tax refund	7,331	18,170	7,331	18,170
Other Receivables	13,920	4,050	13,920	4,050
Prepayments	6,169	1,000	6,169	1,000
	27,420	23,220	27,420	23,220

Refer Note 2 for financial risk management.

There are no receivables that are past due but not impaired.

9. Receivables

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Mining Bonds	23,820	23,820	23,820	23,820
	23,820	23,820	23,820	23,820

10. Property, Plant & Equipment

Plant and equipment, at cost	11,480	10,659	11,480	10,659
Accumulated depreciation	(8,108)	(4,750)	(8,108)	(4,750)
	3,372	5,909	3,372	5,909
Motor vehicles, at costs	62,927	62,927	62,927	62,927
Accumulated depreciation	(24,910)	(12,237)	(24,910)	(12,237)
	38,017	50,690	38,017	50,690
Total Property Plant & Equipment	41,389	56,599	41,389	56,599

Movements during the year	Plant & equipment ($)	Motor Vehicles ($)	Total ($)
Balance at 1 July 2008	5,909	50,690	56,599
Acquisitions	3,821	-	3,821
Disposals	(2,274)	-	(2,274)
Depreciation expense	(4,084)	(12,673)	(16,757)
Balance at 30 June 2009	3,372	38,017	41,389

	Plant & equipment ($)	Motor Vehicles ($)	Total ($)
Balance at 1 July 2007	3,953	-	3,953
Acquisitions	3,504	62,927	66,431
Depreciation expense	(1,548)	(12,237)	(13,785)
Balance at 30 June 2008	5,909	50,690	56,599

11. Available for sale financial assets

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Shares in listed companies at fair value	47,000	150,000	47,000	150,000
Options in listed companies at fair value	-	30,000	-	30,000
	47,000	180,000	47,000	180,000
At Beginning of Year	180,000	-	180,000	-
Acquisitions	86,056	150,000	86,056	150,000
Disposals	(57,776)	-	(57,776)	-
Fair value adjustments	(6,280)	30,000	(6,280)	30,000
Impairment of available for sale financial assets	(155,000)	-	(155,000)	-
At end of year	47,000	180,000	47,000	180,000

Fair value of investments in listed corporations is assessed as the bid price on the Australian Securities Exchange prior to close of business on balance date.

12. Trade and other payables

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Trade creditors and accruals	58,711	202,984	58,711	202,984
	58,711	202,984	58,711	202,984

13. Provisions

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Employee entitlements	10,867	495	10,867	495
	10,867	495	10,867	495

Movement in provisions

Consolidated – 2009	**Leave Provisions** ($)
Current	
Carrying amount at start of year	495
Unused amounts reversed	-
Additional Provisions recognised	10,372
Carrying amount at end of year	10,867

Consolidated – 2008	**Leave Provisions ($)**
Current	
Carrying amount at start of year	12,500
Unused amounts reversed	(12,500)
Additional Provisions recognised	495
Carrying amount at end of year	495

Employee entitlements expected to be settled within the next 12 months and those expected to be settled over a greater period have not been disclosed separately as it is considered that an insufficient history exists to establish the relevant pattern.

14. Contributed Equity

(a) Share Capital – Ordinary Shares

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
69,326,255 (2008: 69,326,255) fully paid ordinary shares	8,021,799	8,021,799	8,021,799	8,021,799

(b) Movement of fully paid ordinary shares during the current year were as follows:

	2009	
	Number of Shares	$
At 1 July 2008	69,326,255	8,021,799
Share options exercised	-	-
Shares issued	-	-
Less: Capital raising costs	-	-
At 30 June 2009	69,326,255	8,021,799

(c) Movement of fully paid ordinary shares during the prior year were as follows:

	2008	
	Number of Shares	$
At 1 July 2007	46,055,003	3,495,901
Share options exercised	218,750	43,750
Shares issued	23,052,502	4,610,500
Less: Capital raising costs	-	(128,352)
At 30 June 2008	69,326,255	8,021,799

(d) Share Options

The Company has on issue as at 30 June 2009, 34,689,004 options excercisable at $0.20 cents at year end over unissued shares. The Options are exercisable at $0.20 cents each, on or before 31 March 2010.

(e) Movement of share options during the current year was as follows:

	2009	
	Number of Options	$
At 1 July 2008	34,689,004	39,512
Shares options exercised	-	-
At 30 June 2009	34,689,004	39,512

(f) Movement of share options during the prior year were as follows:

	2008	
	Number of Options	$
At 1 July 2007	23,391,500	39,512
Share options issued pursuant to Rights Issue (2:1)	11,516,254	-
Shares options exercised	(218,750)	-
At 30 June 2008	34,689,004	39,512

(g) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

(h) Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern so that the company can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The Consolidated entity considers capital to consist of cash reserves on hand and available for sale financial assets.

The company monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the company will sell assets, issue new securities, raise debt or modify its exploration program to ensure the company's working capital requirements are met.

15. Reserves and Accumulated Losses

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Accumulated Losses				
Accumulated losses at the beginning of the financial year	4,363,594	3,074,054	4,363,594	3,074,054
Net loss for the year	1,156,880	1,289,540	1,156,880	1,289,540
Accumulated losses at the end of the financial year	5,520,474	4,363,594	5,520,474	4,363,594
Option Reserve				
Balance at the beginning of the year	39,512	39,512	39,512	39,512
Increase on option based payments	-	-	-	-
Balance at end of year	39,512	39,512	39,512	39,512
Available for sale investments revaluation reserve				
Balance at the beginning of the year	30,000	-	30,000	-
Change in fair value	(36,280)	30,000	(36,280)	30,000
Balance at end of year	(6,280)	30,000	(6,280)	30,000

16. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation

	The Company	
	2009 $	2008 $
Short-term	217,500	210,000
Post employment	48,675	62,425
Other long-term	-	-
Termination benefits	-	-
Share-based payment	-	-
	266,175	272,425

The detailed remuneration disclosures are provided in the remuneration report on pages 12 to 16.

Service Agreements and remuneration commitments

There are no current employment agreements for Mr Karajas, Mr Gillon or Mr Zohar. Mr Karajas' employment contract expired in 2007. His salary package is $180,000pa plus statutory superannuation. Mr Zohar and Mr Gillon are paid $45,000 (effective 1 July 2009) plus statutory superannuation. Mr Killmier has a service agreement with Iron Mountain Mining Limited which may be terminated with one month's notice from either party. While he is contracted at a rate of $150,000pa (plus statutory superannuation) per five day week, he is currently employed 4 days per week at a rate of $120,000pa plus statutory superannuation, with Red River Resources Limited being charged 25% of this from July 1, 2009.

(b) Equity Instrument Disclosure relating to Key Management Personnel

At balance date the relevant interest of each Key Management Personnel in ordinary fully paid shares and options of the Company were:

Director/KMP	Fully Paid Ordinary Shares Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2009
David Zohar	11,190,991	-	127,790	11,318,781
John Karajas	9,300,000	-	-	9,300,000
Ross Gillon	250,000	-	-	250,000
Mark Killmier	-	-	-	-
	20,740,991	-	127,790	20,868,781

No shares are held nominally.

Director/KMP	Share Options Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2009
David Zohar	6,069,500	-	86,500	6,156,000
John Karajas	500,000	-	-	500,000
Ross Gillon	-	-	-	-
Mark Killmier	-	-	-	-
	6,569,500	-	86,500	6,656,000

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

No options were exercised during the year.

At 30 June 2008 the relevant interest of each Director in ordinary fully paid shares and options of the Company were:

Director/KMP	Fully Paid Ordinary Shares Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2008
David Zohar	10,500,458	-	690,533	11,190,991
John Karajas	9,300,000	-	-	9,300,000
Geoffrey Balfe	-	-	-	-
Ross Gillon	250,000	-	-	250,000
	20,050,458	-	690,533	20,740,991

No shares are held nominally.

	Share Options			
Director/KMP	Balance at beginning of the year	Shares Issued –Direct	Transfers/ Ceasing to be a director	Balance at 30 June 2008
David Zohar	8,547,500	-	(2,478,000)	6,069,500
John Karajas	500,000	-	-	500,000
Geoffrey Balfe	1,000,000	-	(1,000,000)	-
Ross Gillon	-	-	-	-
	10,047,500	-	(3,478,000)	6,569,500

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

No options were exercised during the year.

17. Auditors' Remuneration

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

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
- an audit or review of the financial statements of the entity	24,900	21,285	24,900	21,285
- other services	-	-	-	-
	24,900	21,285	24,900	21,285

18. Events occurring after the reporting date

Other than the matters referred to above, the only other matter or circumstance that has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, is as follows:

WONGAN HILLS PROJECT, MID WEST REGION, WESTERN AUSTRALIA: EXPLORATION LICENCES 70/2437, 70/2443 AND 70/2728.

On 18 August 2009, Red River Resources and Iron Mountain Mining entered into a Joint Venture agreement with Quadrio Resources Limited ("Quadrio"), a subsidiary of Dominion Mining Limited, along the following terms:

1. Quadrio to spend $90,000 on exploration within the Wongan Hills tenements within 12 months.
2. By spending a cumulative $400,000 within 48 months, Quadrio may earn an 80% Participating Interest in the tenements.
3. Upon Quadrio earning an 80% interest, Red River's interest shall be 15%, Iron Mountain's interest shall be 5%.
4. Red River Resources may elect to further dilute to 5% whereby Quadrio must carry the Joint Venture costs of Red River and Iron Mountain until Quadrio makes a decision to mine.
5. Upon decision to mine Red River and Iron Mountain may elect not to contribute and would proceed to entitlement to Net Smelter Return royalties of 1.875% and 0.625% respectively.

   The southern, most prospective, part of the joint venture adjoins E70/2343 where exploration work by Dominion has delineated numerous copper and gold drill hole intercepts in the Ninan Cu-Au System as well as the Mystery lead-zinc anomaly which has coincident Au, As and W anomalism and which is elevated in Volcanogenic Massive Sulphide pathfinder elements Indium (In), Bismuth (Bi), and Antimony (Sb).

The Ninan and Mystery mineralised zones can be interpreted to occur in a prospective mineralised corridor that extends into the Joint venture tenements. Drill hole intercepts in the Ninan system include:

- 44m @ 0.75% Cu from 36-80m incl. 5m @ 3.79% Cu & 1.87g/t Au from 75-80m (EOH).
- 26m @ 0.72% Cu
- 42m @ 0.40% Cu
- 6m @ 1.4% Cu.

The host rock sequences are Archaean greenstones and therefore also hold gold potential.

19. Segment Information

The Consolidated entity operates in the mineral exploration industry in Australia only.

20. Related Party Transactions

(a) Directors

The directors of Red River Resources Limited during the financial period were:-
David Zohar
John Karajas
Ross Gillon

(b) Related party and key management personnel transactions during the year.

(i) Administrative and consulting services related transactions

Director related entities paid for expenses on behalf of Red River Resources Limited throughout the year. The following table details the related company, the total value of services provided and expenses paid for during the year and the balance owing at 30 June 2009 (if any):

Related Company	Value of services for the year ended 30 June 2009 (excl GST)	Balance owing at 30 June 2009 (excl GST)
Actinogen Limited	$7,798	-
Eagle Nickel Limited	$11,808	-
Iron Mountain Mining Limited	$64,494	-
United Orogen Limited	$15,712	-

(ii) Joint venture transactions

The company was a participant in the joint venture arrangement with Iron Mountain Mining Limited of which Mr Zohar is a Director and/or Significant Shareholder. Refer to note 26 for further information on joint ventures.
For the year ended 30 June 2009 $4,000 in legal costs were incurred for services provided by Lawton Gillon, a firm in which Ross Gillon is a partner. As at 30 June 2009 an invoice for this work had not been received or paid.

Red River Resources Limited has on charged Iron Mountain Mining Limited $186,429 (excl GST) for expenses relating to the three joint venture tenements (Blythe, Miaree and Wongan Hills). Refer to note 26 for further details of these joint ventures.

Iron Mountain Mining Limited has on charged Red River Resources Limited $363,470 (excl GST) for expenses relating to the same joint venture agreements.

(iii) Investment in related entities

As at 30 June 2009, Red River Resources Limited holds the following shares in Director related entities of David Zohar: 500,000 ordinary shares and 250,000 options in Eagle Nickel Limited at fair values of $25,000 and NIL respectively (2008: 500,000 ordinary shares and 250,000 options at fair values of $150,000 and $30,000 respectively).

21. Commitments

The following expenditure is required to maintain the exploration tenements over which the Consolidated entity has an interest in:

Tenement Name	Holders (Shares)	Area Blocks	Grant Date	Expiry Date	Rent ($)	Minimum Expenditure ($)
EL 6/2005	Iron Mountain Mining Ltd	22 sq km	8/9/2005	8/9/2010	$966	$15,400
EL 15/2006	Iron Mountain Mining Ltd	30 sq km	27/6/2006	26/6/2011	$1,317	$15,000
EL 35/2006	Red River Resources	89 sq km	27/02/2007	26/02/2012	$3,906	$44,500
EL 36/2006	Red River Resources Limited	36 sq km	27/02/2007	26/02/2012	$1,580	$18,000
EL 37/2006	Red River Resources Limited	57 sq km	27/02/2007	26/02/2012	$2,502	$28,500
EL 18/2007	Red River Resources Limited	103 sq km	11/07/2007	10/07/2012	$4,521	$51,500
EL 53/2007	Iron Mountain Mining Ltd	47 sq km	20/12/2007	19/12/2012	$2,063	$14,100
E 70/2435	Red River Resources Ltd	8 Blocks	8/3/2006	7/3/2011	$1,477	$30,000
E 70/2516	Red River Resources Ltd	9 Blocks	8/3/2006	7/3/2011	$1,661	$30,000
E 70/2522	Red River Resources Ltd	4 Blocks	8/3/2006	7/3/2011	$738	$20,000
E 09/1272	Eagle Nickel Limited	27 Blocks	31/01/2007	30/01/2012	$4,984	$27,000
E 09/1273	Eagle Nickel Limited	39 Blocks	31/01/2007	30/01/2012	$7,199	$39,000
E 08/1350	Red River Resources Ltd	19 Blocks	23/6/2006	22/6/2011	$3,507	$30,000
E 47/1309	Red River Resources Ltd	64 Blocks	4/5/2007	3/5/2012	$11,813	$64,000
E 47/1707	Red River Resources Ltd	13 Blocks	1/8/2008	31/7/2013	$1,542	$20,000
E 52/2331	Red River Resources Ltd	70 Blocks	25/3/2009	24/3/2014	$8,301	$70,000
E 70/2437	Red River Resources Ltd	6 Blocks	15/01/2004	14/01/2009	$1,503	$50,000
E 70/2443	Red River Resources Ltd	8 Blocks	15/01/2004	14/01/2009	$2,004	$50,000
E 70/2728	Red River Resources Ltd	6 Blocks	14/06/2005	13/06/2010	$1,503	$30,000

Commitments for Joint Ventures

As at 30 June 2009 the consolidated entity is a participant in a number of joint ventures as disclosed in note 26. The table below outlines the expenditure commitments as at 30 June 2009 to reach the equity milestones under each joint venture arrangement that the consolidated entity has resolved to meet.

Joint Venture Project	Joint Venture Partner(s)	Equity Milestone (%) and Partner earning	Further expenditure to reach milestone ($)	Expenditure to date ($)	Remaining Expenditure ($)
Blythe (Tas)	Iron Mtn	50% (RVR)	$500,000	$500,000	$NIL
East Kirup (WA)	Ord River Diamonds	(1)25% (ORD) (2)51%(ORD) (3)70%(ORD)	(1)$250,000 (2) $1,000,000 (3)Costs to Bankable Feasibility Study completion	(1)$NIL (2)$NIL (3)$NIL	(1)$250,000 (2)$1,000,000 (3)Costs to Bankable Feasibility Study completion
Hooley Well and Imagi Well (WA)	Eagle Nickel	(1)30% (RVR) (2)50%(RVR)	(1)$300,000 (2)$200,000	$NIL $NIL	(1)$300,000 (2)$200,000
Miaree (WA)	Iron Mtn	(1)25% (IRM) (2)49%(IRM)	(1)$1,250,000 (2)$1,500,000	(1) $1,250,000 (2) $NIL	(1)$NIL (2)$1,500,000
Wongan Hills (WA)	IRM & Quadrio Resources/ Dominion)	80% (Quadrio Resources / Dominion)	$400,000	NIL	$400,000

22. Commitments

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Operating loss after income tax	(1,157,850)	(1,289,540)	(1,157,850)	(1,289,540)
Non cash items				
Depreciation	16,757	13,785	16,757	13,785
Provisions	10,372	(12,005)	10,372	(12,005)
Impairment of available for sale financial asset	125,000	-	125,000	-
Profit on sale of financial assets	(58,726)	-	(58,726)	-
Loss on sale of property, plant & equipment	1,774	-	1,774	-
Changes in assets and liabilities				
(Decrease)/Increase in payables	(144,316)	145,320	(144,316)	145,320
(Increase) in receivables	(3,187)	(9,397)	(3,187)	(9,397)
Net cash flow from/(used in) operating activities	(1,210,176)	(1,151,837)	(1,210,176)	(1,151,837)
Reconciliation of Cash				
Cash balance comprises;				
Cash at bank	97,190	527,309	97,190	527,309
Cash on short term deposit	2,367,316	3,120,248	2,367,316	3,120,248
	2,464,506	3,647,557	2,464,506	3,647,557

Financing facilities available

As at 30 June 2009 the Consolidated entity had no financing facilities available.

Non Cash financing and Investing Activities

There were no non-cash financing and investing activities in 2008/09 and in 2007/08.

23. Contingent Liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2009. Refer joint ventures in note 26.

24. Business Combination

(a) Summary of acquisition

On 20 March 2008 the parent entity acquired 100% of the issued share capital of Red River Macedonia Pty Limited.

The acquired business contributed revenues of nil and net profit of nil to the Group for the period from 20 March 2008 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the year ended 30 June 2008 would not have changed. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2007, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$
Purchase consideration (refer to (b) below):	
Cash paid	1
Direct costs relating to the acquisition	-
Total purchase consideratio	1
Fair value of net identifiable assets acquired (refer to (c) below)	1
Goodwill (refer to (c) below)	

The subsidiary was deregistered on 9 June 2009.

This financial report has been presented on a consolidated basis for comparative purposes.

(b) Purchase consideration

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration				
Less: Balances acquired	-	1	-	1
Cash	-	1	-	-
	-	0	-	1

At the date of this financial report no additional payments are anticipated. If it becomes probable that additional consideration will be payable it will be brought to account as a component of the goodwill arising on the acquisition when the amount can be reliably measured.

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's Carrying amount	Fair Value
Cash	1	1
Net identifiable assets acquired	1	1

25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Equity Holding	
	Country of Incorporation	Class of Shares	2009 %	2008 %
Red River Macedonia Pty Limited	Australia	Ordinary	-	100

Red River Macedonia Pty Limited was deregistered on 9 June 2009 and therefore it ceased to be a part of the Red River Resources Limited consolidated group on that date.

The subsidiary had no active operations or asset and liabilities, hence there is no deconsolidation recognised.

26. Joint Ventures

Blythe – Tasmania

Red River Resources Limited has entered into a Joint Venture Agreement (JV) with Iron Mountain Mining Limited to explore and, if a decision to commence mining is made, to mine, EL 6/2005 and EL 15/2006 and any land within 10 kms of the external boundary of those tenements. Red River has subsequently acquired further rights in the area and the Joint Venture has now grown to encompass EL 6/2005, EL 15/2006 EL 35/2006, EL 36/2006 and EL 37/2006. An additional area EL 18/2007 was under application at the date of this report and has subsequently become a part of the JV.

Under the terms of the JV, Red River is the operator of the tenements and is required to use its best endeavors to maintain the tenements in good standing and comply with all applicable legislative requirements. As Mr Zohar is a director and major shareholder of both Red River and Iron Mountain, shareholder approval was sought and granted to the formation of the JV.

As at 30 June 2009 Red River Resources Limited had contributed sufficient exploration expenditure to earn a 50% interest in the Blythe project. During the financial year ended 30 June 2009, the project continued to be funded 50/50 by the joint venture parties.

Miaree and Wongan Hills Joint Venture with Iron Mountain Mining Limited

Agreement for Iron Mountain Mining Limited to earn up to 70% of iron ore rights at two Red River project areas in Western Australia.

Under the terms of the joint venture agreement, Iron Mountain can earn up to 70% of the iron ore rights over these tenements for a total expenditure of $4.75 million. The joint venture agreement between Red River and Iron Mountain applies to the following tenements:

- Miaree Magnetite Trend: E47/1309, EL08/1350, ELA47/1707
- Wongan Hills: E70/2437, E70/2343, E70/2728.

As Mr David Zohar is a substantial shareholder and Director of both companies, this is a "related party transaction" and therefore requires ratification by shareholder approval at Extraordinary General Meetings of both companies, subject to receipt of an independent experts report stating that the proposed transaction is "fair and reasonable". The shareholders of both companies approved the joint venture at their respective annual general meetings held in November 2007.

Under the terms of the joint venture agreement, Iron Mountain has earnt an initial 25% interest in the Exploration Licenses by paying $50,000 to Red River and spending $1.25 million on exploration.

Iron Mountain may withdraw from the Joint Venture at any time and will be operator of the Joint Venture during the period of exclusive expenditure. Iron Mountain is currently operating the joint venture and meeting all joint venture costs

Iron Mountain can earn a further 25% by spending $1.5 million and then an additional 20% by spending $2 million). In total, Iron Mountain has the option to earn up to 70% by spending a further $3.5 million.

East Kirup Tantalite – Tin Project

Red River has entered a Joint venture agreement with Ord River Diamonds Pty Limited (Ord) on the East Kirup Tantalite – Tin Project in E70/2435, E70/2516 and E70/2522 in the South West Mineral Field of Western Australia. Under the terms of the Joint Venture, Ord may earn up to 70% of the project in the following stages:

1. Expend $250,000 within two years to earn 25%
2. Expend a further $1,000,000 to reach an equity of 51%
3. Complete a Bankable Feasibility study to reach an equity of 70%

Eagle Nickel Joint Ventures

Red River has entered into a Joint Venture agreement with Eagle Nickel Limited (Eagle Nickel) to farm into two of Eagle Nickel's Western Australian nickel projects.

Under a Heads of Agreement (HOA) between the two companies, Red River can carry out exploration at Eagle Nickel's tenements at Hooley Well (E09/1272) and Imagi Well (E09/1273).

As Mr David Zohar is a substantial shareholder and Director of both companies, this is a related party transaction and therefore requires ratification by shareholder approval at an Extraordinary General Meeting, subject to receipt of an independent expert's report stating that the proposed transaction is "fair and reasonable". The HOA was approved at the company's Extraordinary General Meeting held on 7 May 2009.

Under the terms of the agreement, Red River may earn a 50% interest in the exploration licences by expending $500,000 on exploration over a period of four years commencing on the date of the execution of the HOA. Red River may withdraw from the agreement at any time provided that it has expended not less than $100,000 on exploration.

Red River may earn an interest of 30% on the expenditure of $300,000 and the company can earn a further 20% interest in the tenements on the expenditure of a further $200,000. All tenements applied for by either Red River Resources or Eagle Nickel within 10 km of either of the exploration licences shall become assets of the Joint Venture. Red River Resources will be the Manager of the Joint Venture during the earning period.

27. Earnings per share

(a) Basic & diluted earnings per shares

	2009 Cents	2008 Cents
(Loss) from continuing operations attributable to the ordinary equity holders of the company	(1.67)	(1.92)
As the consolidated entity is in a loss position the options in issue are not considered dilutive		

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

	2009 Number	2008 Number
Weighted average number of shares need as the denominator in calculating basic earnings per shares	69,326,255	67,100,261
Net loss used in calculating EPS	(1,157,850)	(1,289,540)

Directors' Declaration

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In the Directors opinion:

1. The financial statements and notes set out on pages 19 to 51, are in accordance with the Corporations Act 2001 including:

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

   (b) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date.

   and

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

3. The remuneration disclosure included in the audited Remuneration Report in the Director's Report comply with Section 300A of the Corporations Act 2001.

4. The directors have been given the declaration by the managing director, John Karajas, as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:

John Karajas
Managing Director

25th September 2009
Perth, Western Australia

Auditor's Report

08

BDO Kendalls

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

We have audited the accompanying financial report of Red River Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

BDO Kendalls

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Red River Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

Chris Burton
Director

Dated this 25th day of September 2009
Perth, Western Australia

Auditor's Independence Declaration

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BDO Kendalls

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ABN 79 112 284 787

25 September 2009

The Directors
Red River Resources Limited
Level 7, 231 Adelaide Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF RED RIVER RESOURCES LIMITED

As lead auditor of Red River Resources Limited for the year ended 30 June 2009, 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 River Resources Limited and the entity it controlled during the period.

C Burton

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

10 ASX Information

Substantial Shareholders

The substantial shareholders as at 28 September 2009 were:

Substantial Shareholder	Number Held	Percentage
B & M JACKSON PTY Limited <THE JACKSON SUPER FUND A/C>	6,958,721	10.04
MR JOHN KARAJAS	5,150,000	7.43
MRS JANSJE KARAJAS	4,150,000	5.99
MR DAVID A ZOHAR	4,062,485	5.86
MR DAVID ZOHAR + MRS JULIE ZOHAR <ZOHAR SUPER FUND A/C>	3,500,000	5.05

Distribution of shareholders as at 28 September 2009

Range of Holding	Holders	Shares
1 - 1,000	21	11,328
1,001 - 5,000	128	415,665
5,001 - 10,000	419	4,032,574
10 001 - 100,000	643	19,974,655
Greater than 100,000	68	44,892,033
	1,279	69,326,255
Shareholders with less than a marketable parcel	176	

Distribution of Listed Option Holders as at 28 September 2009

Range of Holding	Holders	Options
1-1,000	8	5,271
1,001 - 5,000	389	1,839,255
5,001 - 10,000	154	1,209,150
10 001 - 100,000	321	7,600,732
Greater than 100,000	35	24,034,596
	907	34,689,004
Shareholders with less than a marketable parcel	861	

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

ASX Information

Twenty Largest holders of quoted ordinary shares as at 28 September 2009

	Ordinary Shares	
	Number Held	Percentage of issued shares
B & M JACKSON PTY Limited <THE JACKSON SUPER FUND A/C>	6,958,721	10.04
MR JOHN KARAJAS	5,150,000	7.43
MRS JANSJE KARAJAS	4,150,000	5.99
MR DAVID A ZOHAR	4,062,485	5.86
MR DAVID ZOHAR + MRS JULIE ZOHAR <ZOHAR SUPER FUND A/C>	3,500,000	5.05
MS JULIE ZOHAR	3,108,505	4.48
GEOTECH INTERNATIONAL PTY Limited	1,895,000	2.73
IRON MOUNTAIN MINING LIMITED	1,800,000	2.60
MR RALF ANDREAS FINKE	813,192	1.17
MR RYAN BOYD	799,652	1.15
MR ROBERT JOHN STEPHEN BOYD + MRS PATRICIA BOYD	600,000	0.87
MR PETER MICHAEL MALLACH	600,000	0.87
MR MIRO LENDICH <LENDICH SUPER FUND A/C>	500,000	0.72
MS JULIE MENDELSON	500,000	0.72
MS JANICE MITCHELL	500,000	0.72
MR GEOFFREY WILLIAM HARRISON <G&G SUPERANNUATION FUND A/C>	400,000	0.58
DR ZHUKOV PERVAN	388,560	0.56
MR RODERICK COLIN MATHIESON + MRS NADIA EVELYN MATHIESON	330,115	0.48
MRS HAYLEY RENEE ROWLES	312,500	0.45
KANDOO ENTERPRISES PTY Limited <HILIFE SUPERFUND A/C>	304,066	0.44
	36,672,796	**52.90**

Twenty Largest Quoted Option Holders as at 28 September 2009

	Ordinary Shares	
	Number Held	Percentage of issued shares
SWANCOVE ENTERPRISES PTY Limited	5,956,000	29.34
JACOBS CORPORATION PTY Limited	2,000,000	5.77
B & M JACKSON PTY Limited <THE JACKSON SUPER FUND A/C>	1,979,361	5.25
Z P PTY Limited <Z PERVAN SUPER FUND A/C>	1,400,000	5.22
KURRABA INVESTMENTS PTY Limited	1,300,000	4.89
DR ZHUKOV PERVAN	1,100,000	2.61
NEEDMORE INVESTMENTS PTY Limited	1,000,000	1.77
MR PETER JAMES PETROFF <SARAH JAMES AND ALEXANDRIA PET>	1,000,000	1.59
MR RICHARD MATTHEW MACARTHUR ONSLOW	975,000	1.27
KANDOO ENTERPRISES PTY Limited <HILIFE SUPERFUND A/C>	700,000	0.78
MR JOHN KARAJAS	500,000	0.69
PALATIUM PTY Limited <ENGLISH S/F A/C>	455,000	0.69
MR IAN SPANSWICK <IAN SPANSWICK FAMILY A/C>	450,000	0.65
MR STEPHEN SPURRIER	400,000	0.65
MR ROBERT HUGH WATKINS + MS BEVERLEY GAE BESSEN <MARIETTA S/F A/C>	400,000	0.65
MR PETER ZAVERDINOS + MRS CHRISSIE ZAVERDINOS <PETER ZAVERDINOS S/F A/C>	400,000	0.63
MR GRAHAM CAMERON	310,000	0.52
AVON MANAGEMENT COMPANY PTY Limited <DIERMAJER FAMILY S/F A/C>	300,000	0.52
MS JANICE MITCHELL	250,000	0.50
MRS CHRISTINA HELEN MACARTHUR ONSLOW	250,000	0.42
	21,125,361	**60.90**

Unquoted Securities

There are no unquoted securities as at 28 September 2009.

Shares and Options escrowed

No. of Shares	Escrow Period
Nil	Nil

No. of Options	Escrow Period
Nil	Nil

Tenement Schedule

The company has an interest in the following tenements

Tenement Name	Holders (Shares)	Area Blocks	Grant Date	Expiry Date	Company's beneficial interest (%)
EL 6/2005	Iron Mountain Mining Ltd	22 sq km	8/9/2005	8/9/2010	50%
EL 15/2006	Iron Mountain Mining Ltd	30 sq km	27/6/2006	26/6/2011	50%
EL 35/2006	Red River Resources	89 sq km	27/02/2007	26/02/2012	50%
EL 36/2006	Red River Resources Limited	36 sq km	27/02/2007	26/02/2012	50%
EL 37/2006	Red River Resources Limited	57 sq km	27/02/2007	26/02/2012	50%
EL18/2007	Red River Resources Limited	103 sq km	11/07/2007	10/07/2012	50%
EL 53/2007	Iron Mountain Mining Ltd	47 sq km	20/12/2007	19/12/2012	100%
E 70/2435	Red River Resources Ltd	8 Blocks	8/3/2006	7/3/2011	100%
E 70/2516	Red River Resources Ltd	9 Blocks	8/3/2006	7/3/2011	100%
E 70/2522	Red River Resources Ltd	4 Blocks	8/3/2006	7/3/2011	100%
E 09/1272	Eagle Nickel Limited	27 Blocks	31/01/2007	30/01/2012	0%
E 09/1273	Eagle Nickel Limited	39 Blocks	31/01/2007	30/01/2012	0%
E 08/1350	Red River Resources Ltd	19 Blocks	23/6/2006	22/6/2011	75%
E 47/1309	Red River Resources Ltd	64 Blocks	4/5/2007	3/5/2012	75%
E 47/1707	Red River Resources Ltd	13 Blocks	1/8/2008	31/7/2013	75%
E 52/2331	Red River Resources Ltd	70 Blocks	25/3/2009	24/3/2014	50%
E 70/2437	Red River Resources Ltd	6 Blocks	15/01/2004	14/01/2009	75%
E 70/2443	Red River Resources Ltd	8 Blocks	15/01/2004	14/01/2009	75%
E 70/2728	Red River Resources Ltd	6 Blocks	14/06/2005	13/06/2010	75%

Corporate Governance

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Introduction

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable; the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Company's Board Charter, Code of Conduct, Trading Policy, and Company Securities policy documents have been posted on the website.

Board Composition and Remuneration

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report. There is no formal policy or procedure regarding the taking of professional advice by an independent director; however no restrictions are placed on an independent director to take advice on matters arising from their roles as independent directors of the company, or the reimbursement of the costs incurred by the company.

Mr Gillon is considered by the Board to be an independent director. The determination by the Board as to whether individual directors are independent is a matter of judgement. In making this determination the Board has followed the guidance in Box 2.1 of the Recommendations and the Guide to Reporting on Principle 2. The Board considers the relationships the independent directors have with the company do not materiality impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materially to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the company and consider these qualitative factors to be immaterial in the assessment of their independence. There is an agreed procedure by the board of directors to take independent professional advice at the expense of the company.

Disclosure as to the nature and amount of remuneration paid to the Directors of the Company is included in the Directors report and notes to the financial statements in the company's annual report each year. The structure and objectives of the remuneration policy and its links to the Company's performance is disclosed in the annual Directors' Report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

Corporate Reporting

The Managing Director and Chief Financial Officer have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards.
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Code of Conduct

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. The Code of Conduct appears on the company's website.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity, in the best interests of the company and in compliance with the letter and the spirit of the law and company policies.

Any breaches of the Code are reported to the chairman in the first instance for notification to the board.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The company has a policy that information concerning the Company that a reasonable person would expect to have a material effect on the price of the company's securities is continuously disclosed as required under the Australian Stock Exchange (ASX) listing rules.

The company encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the company's website and mailed to those shareholders who request a hard copy.

Explanations for Departures from Best Practice Recommendations

Principle 1 recommendation 1.1, 1.2,1.3
Notification of Departure:

The Company has not: (1) formally disclosed the functions reserved to the Board and those delegated to management; (2) the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management. Previously, due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1
Notification of Departure:

The Board does not have a majority of independent Directors.

Explanation for Departure:

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent directors as it deems appropriate.

As of the date of this report the company has 2 non-independent directors and 1 independent director.

Principle 2 Recommendation 2.2
Notification of Departure:

The Board does not have an independent chairman.

Explanation for Departure:

In the future, as the company grows and increases in size and level of activity, the Board will reconsider the position of the Chairman and whether the appointment of an independent chairman is warranted.

Principle 2 Recommendation 2.4
Notification of Departure:

The full Board carries out the role of a nomination committee. The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Company's operations, where the Company's focus is on the retention of directors and senior executives. In the future, as the company grows and increases in size and level of activity, the Board will reconsider the establishment of a separate nomination committee.

Principle 2 Recommendation 2.5
Notification of Departure:

The Company has not disclosed the process for evaluating the performance of the board, and individual directors.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 2 Recommendation 2.6
Notification of Departure:
The Company has not disclosed whether a performance evaluation for the board, and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 4 Recommendation 4.2, 4.3, 4.4
Notification of Departure:

There is no separate Audit Committee.

Explanation for Departure:

The Company's financial statements are prepared by the company secretary and reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Principle 6 Recommendation 6.1,6.2
Notification of Departure:

The Company does not have a formal documented Shareholder communication policy.

Explanation for Departure:

The Company strongly encourages more communication between the shareholders and the Company and board. All general meetings include briefings by board members to provide a deeper insight into the Company, opportunities for the shareholders to have their questions answered, and following all general meetings, the directors encourage shareholders to chat informally with them . As the Company grows in size, the board is very keen to develop more formal and expansive communications with shareholders.

Principle 7 Recommendation 7.1
Notification of Departure:

The Company has not disclosed its risk management policies and assessment framework.

Explanation for Departure:

While the Company has informal risk management policies and frameworks, it is in the process of formalizing these. One responsibility delegated to the recently appointed Chief Financial Officer is that of formalizing and enhancing the risk management policies and frameworks for recommendation to, and approval by the board. These will then be placed on the Company's website.

Principle 8 Recommendation 8.1
Notification of Departure:

The Company does not have in place a formal process for evaluation of the Board, its committees, individual directors and key executives.

Explanation for Departure:

Due to the small size of the Company, an evaluation of the Board has been carried out on a continuing and informal basis as part of the Company's preparations for the initial public offering, listing on ASX and the start up phase of operations. The Company will put in place a process for evaluating the Board, individual Directors and key executives once its operations have reached a stage where meaningful key performance indicators can be implemented to measure the individual's performance.

Principle 8 Recommendation 8.2
Notification for departure:

The Company does not have a formal remuneration policy and has not established a separate remuneration committee.

Explanation for Departure:

The current remuneration of the Directors is disclosed in the Directors Report included in the Annual Report. Remuneration is currently in accordance with the general principals recommended by the ASX. Non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration. Due to the early stage of development and small size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at 2 Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

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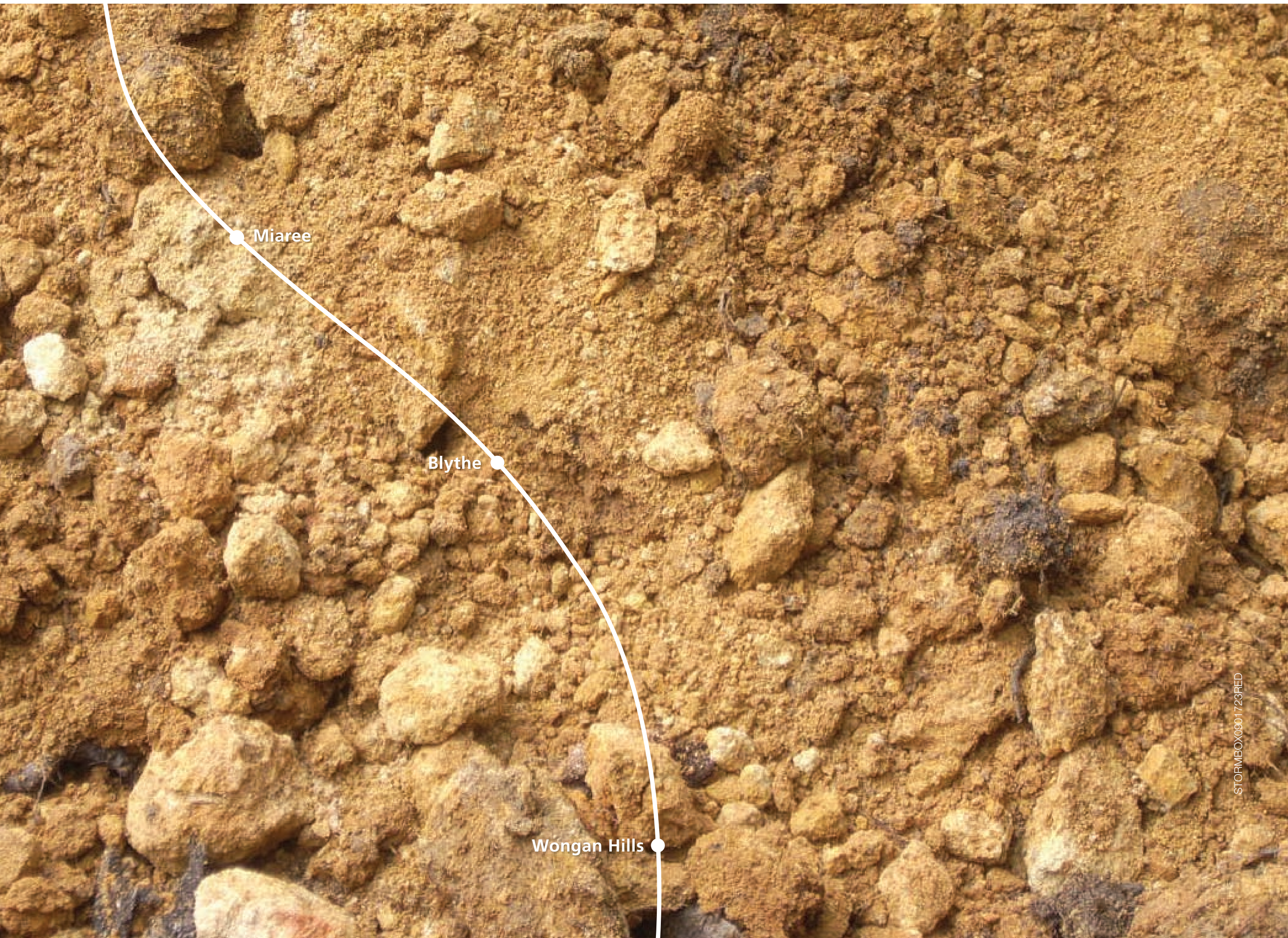

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