



Rubicon Resources Limited

ABN 38 115 857 988

Financial Statements for the year ended 30 June 2007

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RUBICON RESOURCES LIMITED

ABN 38 115 857 988

CORPORATE DIRECTORY

DIRECTORS

John Shipp
Non-Executive Chairman

Peter Eaton
Managing Director

Ian Buchhorn
Non-Executive Director

COMPANY SECRETARY

Robert S Middlemas

PRINCIPAL REGISTERED OFFICE

Level 2, 91 Havelock Street
West Perth
Western Australia 6005

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AUDITOR

Butler Settineri (Audit) Pty Ltd
35 – 37 Havelock Street
West Perth
Western Australia, 6005

SHARE REGISTRY

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross
Western Australia, 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au

STOCK EXCHANGE LISTING

The Company's shares are quoted on the Australian Stock Exchange. The Home Exchange is Perth.

ASX CODE

RBR - ordinary shares

RUBICON RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place since the Company's initial date of listing on the Australian Stock Exchange on 2 February 2007 to the end of the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

1. BOARD OF DIRECTORS

1.1 Role of the Board and Management

The Board of Rubicon Resources Limited is responsible for its corporate governance, that is, the system by which the Company is managed. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors and key executives in the performance of their roles. The Code of Conduct is detailed in Section 3.1 of this report.

The Board represents shareholders' interests in developing and then continuing a successful mineral resources business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Company is managed in such a way to best achieve this desired result. Given the size of the Company's exploration and development activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary/Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring the performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and exploration expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

The Board convenes regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team.

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and implementing the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's operational results and financial position.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors' Report. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgement.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Shipp the Non-Executive Chairman is considered independent. Mr Buchhorn is a Non-Executive Director and is not considered to be independent. From the Company's perspective Directors are considered to be independent when they are independent of management and free from any business or other relationship which could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The Board considers that the current structure is sufficient despite not complying with the ASX Corporate Governance Council Recommendation 2.1.

At present the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent Non-Executive Directors.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be re-assessed.

The Board acknowledges that a greater proportion of independent Directors is desirable over the longer term and will be seeking to demonstrate that it is monitoring the Board's composition as required.

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

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to re-appointment by shareholders not later than the third anniversary following their last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A managing director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. Leadership of the Company - overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
2. Strategy Formulation - working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities - overseeing the development of the Company's strategic plans (including exploration programmes and initiatives) and approving such plans as well as the annual budget.
4. Shareholder Liaison - ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management - overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of the Company.
6. Company Finances - approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.

7. Human Resources - appointing, and, where appropriate, removing the Managing Director as well as reviewing the performance of the Managing Director and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees - in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority - delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.5 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.6 Trading in the Company Shares

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

'Inside information' is information that:

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

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

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

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 2 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the *Corporations Act 2001* and the *ASX Listing Rules*, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

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

1.4.7 Attestations by Managing Director and Company Secretary

In accordance with the Board's policy, the Managing Director and the Company Secretary/Chief Financial Officer made the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. BOARD COMMITTEES

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

The Board has however established a framework for the management of the Company including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

2.1 Audit Committee

The Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

The Board in its entirety reviews the audited annual financial statements and the audit reviewed half-yearly financial statements and any reports which accompany published financial statements.

The Board in its entirety considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Board is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

The Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director, reviewing the Rubicon Resources Limited Employee Option Share Option Plan, reviewing superannuation arrangements, reviewing the remuneration of Non-Executive Directors and undertaking an annual review of the Managing Director's performance, including, setting with the Managing Director goals for the coming year and reviewing progress in achieving those goals.

The Company is committed to remunerating its executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

2.3 Nomination Committee

The Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Board also oversees management succession plans including the Managing Director and his direct reports, and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience in the mining and exploration industry, appropriate to the Company's market. In addition, Directors should have the relevant blend of personal experience in:

- accounting and financial management;
- legal skills; and
- Managing Director – appropriate business experience.

3. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision-making. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company:

- will act honestly, in good faith and in the best interests of the whole Company;
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;
- will not disclose non-public information except where disclosure is authorised or legally mandated;
- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the Company;
- will encourage fair dealing by all employees with the Company's suppliers, competitors and other employees;
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;
- will give their specific expertise generously to the Company;
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

3.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All Directors and employees are expected to:

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

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must advise that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established the Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, government authorities, creditors and the community as whole. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of the consolidated entity's assets or resources.

Responsibilities to the Community

As part of the community the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs;
- encourages all employees to engage in activities beneficial to their local community; and
- supports community charities.

The Company supports the Indigenous Community:

- is committed to conducting its business in accordance with applicable heritage laws and regulations and encourages all employees to have regard for the specific rights of indigenous communities when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to the indigenous community.

Responsibility to the Individual

The Company is committed to keeping private information which has been provided by employees and investors confidential and protecting it from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between their personal interests and the interests of the Company.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Ethics and Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

4. DISCLOSURE OF INFORMATION

4.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- (a) A reasonable person would not expect the information to be disclosed or it is material but due to a specific valid commercial reason is not to be disclosed; and
- (b) The information is confidential; or
- (c) One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. The information is generated for internal management purposes;
 - v. The information is a trade secret;
 - vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
 - vii. It would harm the Company's potential application or possible patent application; or
 - viii. The information is scientific data that release of which may benefit the Company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

4.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

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

- Announcements lodged with ASX;
- ASX Quarterly Reports;
- Half Yearly Report and Annual Report; and
- Presentations at the Annual General Meeting/General Meetings.

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

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

5. RISK MANAGEMENT

5.1 Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Company Secretary having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

5.2 Integrity of Financial Reporting

The Company's Managing Director and Company Secretary report in writing to the Board that:

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

5.3 Role of Auditor

The Company's auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

6. PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance during each financial year. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

DIRECTORS' REPORT

The Directors present their report on Rubicon Resources Limited at the end of, or during the year ended 30 June 2007.

DIRECTORS

The names and details of the Directors of Rubicon Resources Limited during the financial year and until the date of this report are:

John Shipp – *Assoc. Camborne School of Mines, FAusIMM*

Non-Executive Chairman

Appointed 17 July 2006

John Shipp is a mining engineer with nearly 40 years of international experience in Australia, Africa, Fiji and Europe involving open cut and underground mining for gold and base metals in a range of environments. Prior to joining the Rubicon Board he was President of Barrick Gold Corporation's Australia Africa Business Unit and was recently involved in the corporate acquisition of Placer Dome to form what is now the largest gold mining company in the world. Before this he had been General Manager of both the KCGM Superpit in Kalgoorlie and the Boddington joint venture, respectively Australia's largest and second largest gold mines. Mr Shipp has also been involved in plant design, construction and commissioning. In recent years his direction has been towards business development and the determination of strategic direction at corporate level.

During the three year period to the end of the financial year, Mr Shipp held a directorship in Navigator Resources Limited (7 August 2006 to present).

Peter Eaton – *B.Sc (Hons), MAusIMM*

Managing Director

Appointed 3 July 2006

Mr Eaton is a geologist with more than twenty-five years of experience in exploration, mining and acquisitions roles in Australia and internationally (principally in the Asia-Pacific region). Prior to joining Rubicon, he was General Manager – Geology and Business Development with Aditya Birla Minerals Limited and was the technical lead in the recent \$300m capital raising and ASX listing of that company. During his tenure, Birla Minerals completed a feasibility study on, and commissioned the Nifty underground copper mine. Mr Eaton previously held senior technical management positions with WMC Limited, including site-based chief geologist roles and senior regional exploration roles and has also had significant corporate experience in a number of listed exploration companies, including the previous role of Managing Director.

Ian Buchhorn – *B.Sc (Hons), Dipl. Geosci (Min. Econ), MAusIMM*

Non Executive Director

Appointed 19 August 2005

Mr Buchhorn is a Mineral Economist and Geologist with 33 years experience. He was the founding Managing Director of Heron Resources Limited for a period of 11 years until early 2007 and now continues as Executive Director Strategy. Mr Buchhorn previously worked with a number of international mining companies and has worked on nickel, bauxite and industrial mineral mining and exploration, gold and base metal project generation and corporate evaluations. For the last 20 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and has operated as a Registered Mine Manager.

During the three year period to the end of the financial year, Mr Buchhorn continues to hold directorships in Heron Resources Limited (17 February 1995 to present) and Polaris Minerals NL (18 September 2006 to present). He previously held directorships in Avoca Resources Limited (8 June 2001 to 15 February 2005) and Pioneer Nickel Limited (17 January 2003 to 30 June 2006).

Mr Norman Mathew Longworth BSc (Hons), MAusIMM, was appointed as a Non Executive director on 19 August 2005 and resigned on 3 July 2006. Mr Craig Leslie Readhead B.Juris. LL.B. was appointed as a Non Executive director on 19 August 2005 and resigned on 29 November 2006 and Mr Allan Trench BSc (Hons), PhD, MSc (Min Econ), MBA (Oxon) was appointed as a Non Executive Director on 19 August 2005 and resigned on 29 November 2006.

DIRECTORS' REPORT

COMPANY SECRETARY

Robert Samuel Middlemas – B.Com, ACA, Grad. Dip. Acc.

Mr Middlemas was appointed Company Secretary and Chief Financial Officer on 17 July 2006. Mr Middlemas is a chartered accountant with more than 15 years experience in various financial and company secretarial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial and secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of mineral exploration and development principally in Western Australia.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The net loss after income tax for the financial year was \$560,681 (2006: \$1,447).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

REVIEW OF OPERATIONS AND ACTIVITIES

A detailed review of the Company's activities during the financial year is set out in the section titled "Review of Operations" in this Annual Report.

During the period since listing on the ASX to the end of the financial year, the Company has used its cash reserves in a way consistent with its business objectives detailed in its Initial Public Offer Prospectus dated 13 December 2006.

Corporate and Financial Position

As at 30 June 2007 the Company had cash reserves of \$7.7 million.

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the Company's mineral assets located in Western Australia and Queensland through exploration success;
- (ii) Undertake exploration activities on its existing Projects; and
- (iii) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Company.

EMPLOYEES

The Company employed 7 employees as at 30 June 2007 (2006: 1 employee).

DIRECTORS' REPORT

EARNINGS/LOSS PER SHARE

	Cents
Basic loss per share	(1.37)
Diluted loss per share	(1.37)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review except for:

- On 7 November 2006 the Company completed a 100,000 for 1 share split, to increase the number of shares on issue in the Company to 10,000,000, in preparation for an Australian Stock Exchange listing.
- On 9 November 2006 the Company issued 750,000 to founding directors Mr Peter Eaton and Mr John Shipp at an issue price of 10 cents per share to raise a total of \$75,000. These shares were issued as part of employment contracts for the directors.
- On 10 January 2007 the Company issued 15,000,000 new shares to Heron Resources Limited ("Heron"), at a deemed issue price of 10.3 cents per share (\$1,537,931) representing exploration and acquisition costs undertaken by Heron at the time the tenements were deemed to be purchased. The issue was in accordance with the terms of the Heron Tenement Purchase Agreement dated 5 December 2006, under which Rubicon purchased 183 exploration tenements and the mineral rights over 35 additional tenements.
- On 2 February 2007, the Company listed on the Australian Stock Exchange following the successful raising of \$10,000,000 in new funds through the issue of 50,000,000 ordinary shares at an issue price of 20 cents each. The proceeds raised are to be applied towards significant exploration programmes on the Company's tenements.
- On 21 February 2007, the Company issued 250,000 new shares to Xserv Pty Ltd, at an issue price of 20 cents per share as part payment for the purchase of the Olly Dam tenement (E25/326) at its Yindarlgooda Project.

OPTIONS OVER UNISSUED CAPITAL

Unlisted Options

During the financial year and following shareholder approval obtained on 7 November 2006 the Company granted the following unlisted options over unissued shares to the following Directors as part of their remuneration. All options have a 1 year period of vesting, and each has been subject to ASX imposed escrow provisions until 2 February 2009:

<i>Director</i>	<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Value per Option at Grant Date</i>	<i>Value of Options Granted</i>	<i>Expiry Date</i>
P Eaton	1,500,000	25 cents each	5.49 cents	\$82,350	7 November 2010
	500,000 (a)	25 cents each	4.94 cents	\$24,700	7 November 2010
	1,000,000 (b)	30 cents each	3.80 cents	\$38,000	7 November 2010
	1,000,000 (c)	40 cents each	1.33 cents	\$13,300	7 November 2010
J Shipp	500,000	25 cents each	5.49 cents	\$27,450	7 November 2010
	150,000 (a)	25 cents each	4.94 cents	\$ 7,410	7 November 2010
	300,000 (b)	30 cents each	3.80 cents	\$11,400	7 November 2010
	300,000 (c)	40 cents each	1.33 cents	\$ 3,990	7 November 2010
I Buchhorn	250,000	25 cents each	5.49 cents	\$13,725	7 November 2010

(a) vest upon VWAP of Rubicon shares trading above 25 cents for 30 consecutive days

(b) vest upon VWAP of Rubicon shares trading above 30 cents for 30 consecutive days

(c) vest upon VWAP of Rubicon shares trading above 40 cents for 30 consecutive days

RUBICON RESOURCES LIMITED

DIRECTORS' REPORT

OPTIONS OVER UNISSUED CAPITAL (Continued)

Unlisted Options

In addition during the financial year the Company granted the following unlisted options over unissued shares to the following employees and consultants. All employee options have a 1 year period of vesting:

<i>Issued To</i>	<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Value per Option at Grant Date</i>	<i>Value of Options Granted</i>	<i>Expiry Date</i>
R Middlemas	250,000	25 cents each	5.49 cents	\$13,725	7 November 2010
K Cassidy	500,000	25 cents each	5.49 cents	\$27,450	7 November 2010
Intersuisse (a) Corporate Pty Ltd	1,000,000	25 cents each	7.93 cents	\$79,300	31 December 2011

(a) Options issued as part of Corporate Advisory fee upon successful listing on ASX listing. These options are subject to a 2 year ASX imposed restriction agreement to 2 February 2009.

Since 30 June 2007 and up until the date of this report the Company granted a further 850,000 unlisted options to employees under the Rubicon Employee Share Option Plan. All options convert into fully paid Rubicon shares at an exercise price of 25 cents each at any time prior to 7 November 2010. All options have a 12 month vesting period from the date of issue on 23 July 2007.

As at the date of this report unissued ordinary shares of the Company under option are:

<i>Number of Options on Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
4,500,000	25 cents each	7 November 2010
1,000,000	25 cents each	31 December 2011
1,300,000	30 cents each	7 November 2010
1,300,000	40 cents each	7 November 2010

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001*, and the register may be inspected free of charge.

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

CORPORATE STRUCTURE

Rubicon Resources Limited (ACN 115 857 988) is a company limited by shares that was incorporated on 19 August 2005 and is domiciled in Australia.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the Company's licence conditions and all exploration activities comply with relevant environmental regulations.

INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
John Shipp	Non-Executive Chairman Appointed on 17 July 2006	350,000	1,250,000
Peter Eaton	Managing Director Appointed on 3 July 2006	550,000	4,000,000
Ian Buchhorn	Non-Executive Director Appointed on 19 August 2005	6,075,535	250,000

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the numbers of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	<i>Meetings Attended</i>	<i>Meetings held while a director</i>
J Shipp (appointed 17 July 2006)	9	9
P Eaton (appointed 3 July 2006)	10	10
I Buchhorn	10	10
C Readhead (resigned 29 November 2006)	5	6
A Trench (resigned 29 November 2006)	4	6
M Longworth (resigned 3 July 2006)	1	1

REMUNERATION REPORT

Recommendation 9.2 of the *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations* states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Company and executive officers of the Company during the year.

Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

RUBICON RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these options is expensed.

Non-Executive Directors

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 a General Meeting. The annual aggregate amount of remuneration paid to Non-Executive Directors was approved by shareholders on 7 November 2006 and is not to exceed \$200,000 per annum. Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration 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 have all received options.

Managing Director and Senior Management

The remuneration of the Managing Director is dictated by his executive service agreement.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Issuance of unlisted options

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Managing Director are based on the recommendation of the Managing Director, subject to the approval of the Board in the annual budget setting process.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Service Agreement

The Managing Director, Mr Peter Eaton is employed under contract. The current Service Agreement commenced on 26 June 2006.

Under the terms of the present contract:

- The Service Agreement has no fixed term.
- Mr Eaton may resign from his position and thus terminate the contract by giving three months written notice. On resignation any options that have not yet vested will lapse.
- The Company may terminate the contract by providing three months written notice or provide payment in lieu of notice by the Company. Any options that have vested, or will vest during the notice period will be available for exercise, whilst the options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately lapse.
- If the Managing Director and the Company agree to terminate the contract by mutual consent, or if the Managing Director is removed, or if the Company enters into a deed of arrangement with creditors, placed under the control of receivers or is in breach of regulations, the Company will pay a sum to the Managing Director calculated in accordance with section 200G9(3) of the *Corporations Act 2001*.

Details of the nature and amount of each element of the emoluments of each Director of Rubicon Resources Limited paid/accrued during the year are as follows:

	Primary		Post Employment	Equity Compensation	
Director	Base Emolument/Fees	Motor Vehicle	Superannuation/ Salary Sacrifice Contributions	Options	Total
	\$	\$	\$	\$	\$
J Shipp (Non-Executive Chairman)	36,536	0	24,955	32,628 (i)	94,119
P Eaton (Managing Director)	203,800	4,024	36,000	102,819 (i)	346,643
I Buchhorn (Non-Executive Director)	0	0	14,583	8,912 (i)	23,495

(i) Options issued during the year have a 12 month vesting period, and consequently will be expensed over the vesting period on a pro-rata basis in 2006/2007 and 2007/2008. There are no performance conditions attached to these options.

There were no payments made to C Readhead, A Trench or M Longworth during the year.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Details of the nature and amount of each element of the emoluments of each Executive Officer of Rubicon Resources Limited paid during the year are as follows:

	Primary		Post Employment	Equity Compensation	
Executive Officer	Base Emolument/Fees	Motor Vehicle/Other	Superannuation/ Salary Sacrifice Contributions	Options	Total
	\$	\$	\$	\$	\$
R Middlemas (i) (Company Secretary)	82,200	0	0	8,912 (iii)	91,112
K Cassidy (ii) (Exploration Manager)	89,745	0	8,077	17,824 (iii)	115,646

(i) Mr Middlemas's fees were paid to Sparkling Investments Pty Ltd.

(ii) Mr Cassidy joined the Company on 6 November 2006.

(iii) Options issued during the year have a 12 month vesting period, and consequently will be expensed over the vesting period on a pro-rata basis in 2006/2007 and 2007/2008. There are no performance conditions attached to these options.

Other than the Directors and executive officers disclosed above there were no other executive officers who received emoluments during the financial year ended 30 June 2007.

INDEMNIFYING OFFICERS AND AUDITOR

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Company's auditors Butler Settineri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 18 and forms part of this Directors' Report.

NON-AUDIT SERVICES

The external auditors (Butler Settineri (Audit) Pty Ltd) prepared an Independent Accountants Report for inclusion in the Prospectus dated 13 December 2006 and received a fee of \$8,039 for this work undertaken during the year ended 30 June 2007. There were no other non-audit services provided during the financial year, and the directors do not believe this work undertaken will adversely impact the auditor's independence.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court 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. The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report.

DATED at Perth this 19th day of September 2007.

Signed in accordance with a resolution of the Directors.



P Eaton
Managing Director



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Rubicon Resources Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Butler Settinieri (Audit) Pty Ltd
BUTLER SETTINERI (AUDIT) PTY LTD

Paul J Chabrel
PAUL J CHABREL
Director

Perth
Date: 19 September 2007

BUTLER
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Directors:
Colin Butler
FCA
Paul Chabrel
FCA
Lucy Gardner
CA

RUBICON RESOURCES LIMITED

INCOME STATEMENT

For the year ended 30 June 2007

		THE COMPANY	
	<u>NOTE</u>	<u>2007</u>	<u>2006</u>
		\$	\$
Other income – Interest Income	2	<u>220,994</u>	-
Employee expenses		418,140	-
Non-Executive Directors' fees		76,074	-
Insurance expenses		11,303	-
Company Secretarial fees		82,200	-
Corporate expenses		79,004	-
Depreciation	3	6,969	-
Rent		43,233	-
Employee costs recharged to capitalised exploration		(281,146)	-
Expense of share-based payments	3	222,585	-
Other expenses		<u>123,313</u>	1,447
Loss before income tax		781,675	1,447
Income tax	5	<u>-</u>	-
Net loss attributable to members of the Company	13	<u>560,681</u>	1,447
Basic earnings/(loss) per share (cents per share)	19	(1.37) cents	(0.01) cents
Diluted earnings/(loss) per share (cents per share)	19	(1.37) cents	(0.01) cents

Discussion and Analysis of the income statement

The Company's activities increased significantly with the recruitment of a management team prior to the completion of the Initial Public Offering (IPO) and successful listing on the ASX in February 2007 and the subsequent recruitment of additional exploration staff due to the increase in exploration activities following the listing. This has resulted in a significant increase in the employee expenses and the recharge to exploration.

The interest income increase is due to the new funds received from the IPO of \$10 million in February 2007. Most other costs are related to the corporate and administration of operating a public listed Company.

There were a number of employee and other options issued prior to the IPO (refer Directors report), and these have been valued using the Black Scholes Option valuation model, and expensed in the year in accordance with the relevant Accounting standard, as share based payments.

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

RUBICON RESOURCES LIMITED

BALANCE SHEET

As at 30 June 2007

	<u>NOTE</u>	<u>2007</u>	<u>2006</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	7,728,850	7,229
Other receivables	6	34,724	-
Other assets	7	29,367	-
TOTAL CURRENT ASSETS		7,792,941	7,229
NON-CURRENT ASSETS			
Plant and equipment and motor vehicles	8	112,255	-
Capitalised mineral exploration expenditure	9	2,863,770	228,429
TOTAL NON-CURRENT ASSETS		2,976,025	228,429
TOTAL ASSETS		10,768,966	235,658
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	177,945	237,005
Provisions	11	62,068	-
TOTAL CURRENT LIABILITIES		240,013	237,005
TOTAL LIABILITIES		240,013	237,005
NET ASSETS		10,528,953	(1,347)
EQUITY			
Contributed equity	12(a)	10,868,496	100
Share Option Reserve	14	222,585	-
Accumulated losses	13	(562,128)	(1,447)
TOTAL EQUITY		10,528,953	1,347

Discussion and Analysis of the Balance Sheet

The Company raised \$10m through an Initial Public Offering (IPO) and successful listing on the ASX in February 2007. Part of the proceeds were used to pay the costs of the IPO (\$0.79m) and repay loans from Heron Resources (\$0.47m), with the balance of expenditure used predominantly for exploration (refer Cashflow Statements for further cash movements).

As part of the IPO process, the Company purchased over 200 exploration tenements from Heron Resources Limited (refer Operations report), funded through the issue of 15,000,000 new shares with an equivalent value of \$1.63m (including stamp duty costs). Substantial exploration was undertaken during the period from February to the end of June 2007, reflecting the additional increase in balance sheet value of the capitalised mineral exploration expenditure.

The increase in Contributed equity represents the new shares issued under the IPO and to Heron Resources, less the costs of the IPO.

The Share Option reserve represents the options issued during the year, valued by the Black Scholes Option valuation model.

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

RUBICON RESOURCES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	<u>NOTE</u>	<u>2007</u>	<u>2006</u>
		\$	\$
Total equity at the beginning of the year		<u>(1,347)</u>	-
Loss for the year	13	<u>(560,681)</u>	(1,447)
Total recognised income and expense for the year		<u>(562,028)</u>	(1,447)
Share Option Reserve		222,585	.
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	12(b)	<u>10,868,396</u>	100
Total equity at the end of the year		<u><u>10,528,953</u></u>	<u>(1,347)</u>

Discussion and Analysis of Statement of Changes in Equity

The increased loss for the year was the result of the recruitment of a management team prior to the Initial Public Offering (IPO) and successful listing on the ASX in February 2007, accompanied by increased corporate and administration costs relating to the operation of a publicly listed company and the associated costs of supporting the Company's expanded exploration activities (refer Income Statements).

The increase in Contributed equity represents the new shares issued under the IPO, and to Heron Resources less the costs of the IPO.

The Share Option reserve, represents the options issued during the year, valued based on the Black Scholes Option.

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

RUBICON RESOURCES LIMITED

CASH FLOW STATEMENT

For the year ended 30 June 2007

	<u>NOTE</u>	<u>2007</u>	<u>2006</u>
		\$	\$
Cash flows from operating activities			
Interest received		220,994	-
Payments to suppliers and employees (inclusive of goods and services tax)		(423,199)	295
Net cash used in operating activities	20(b)	<u>(202,205)</u>	<u>295</u>
Cash flows from investing activities			
Payments for exploration and evaluation		(764,035)	(18,066)
Payments for plant and equipment and motor vehicles		(119,224)	-
Net cash used in investing activities		<u>(883,259)</u>	<u>(18,066)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		10,075,000	-
Payments for transaction costs relating to the issue of shares		(794,535)	-
Loans (repaid)/advanced during period		(473,380)	25,000
Net cash provided by financing activities		<u>8,807,085</u>	<u>25,000</u>
Net increase in cash held		7,721,621	7,229
Cash at the beginning of the financial year		<u>7,229</u>	<u>-</u>
Cash at the end of the financial year	20(a)	<u>7,728,850</u>	<u>7,229</u>

Discussion and Analysis of the Cash Flows

The Company raised \$10m through an Initial Public Offering (IPO) and successful listing on the ASX in February 2007, with part of the proceeds used to pay the costs of the IPO (\$0.79m) and repay loans from Heron Resources (\$0.47m).

As part of the IPO process, the Company purchased over 200 exploration tenements from Heron Resources Limited (refer Operations report), funded through the issue of 15,000,000 new shares with no cash flows recorded but an agreed equivalent value of \$1.63m (including stamp duty costs). Substantial exploration was undertaken during the period from February to the end of June 2007 (\$0.76m) along with the recruitment of four new exploration geologists.

The main income for the period is from interest on the funds on deposit since February, and the main non-exploration costs were made up of corporate and other administration costs of operating a publically listed Company.

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

RUBICON RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Rubicon Resources Limited ("Rubicon" or "Company"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Rubicon Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the official list of the Australian Stock Exchange.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 17 September 2007.

(b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or a liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Tenement bonds in the form of cash deposits are held as security with the Mines Department authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(f) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets are depreciated over their expected economic life using the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant and equipment 20 - 33%
- Motor vehicles 22.5%

(g) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables 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.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. 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.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated 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.

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.

Costs of site restoration and rehabilitation are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

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

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). 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 are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

RUBICON RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Contributed Equity

Issued capital is recognised as 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 of the share proceeds received.

(l) Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(m) 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.

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 over the term of the lease.

(n) Share-based payment transactions

The Company provides benefits to employees (including Directors and Consultants) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors, consultants and senior executives.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Rubicon Resources Ltd ("market conditions").

The cost of equity settled securities 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").

Where the Company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 10381

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Company has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company's financial instruments.

(ii) AASB-I 10 Interim Financial Reporting and Impairment

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The Company has not recognised any impairment losses and consequently it will have no impact on the Company's financial statements.

	<u>2007</u> \$	<u>2006</u> \$
2. OTHER INCOME		
Other Income		
Interest	<u>220,994</u>	-
3. (a) EXPENSES		
Contributions to employees superannuation plans	50,692	-
Depreciation - Plant and equipment	3,761	-
- Motor vehicles	3,208	-
Share Based Payment expense	222,585	-
Provision for employee entitlements	<u>15,068</u>	-
4. AUDITORS' REMUNERATION		
Audit – Butler Settineri (Audit) Pty Ltd		
Audit and review of the financial statements (a)	13,750	2,500
Other Services – Independent Accountants Report	<u>8,039</u>	-
	<u>21,789</u>	2,500

(a) 2006 audit fee paid by Heron Resources Limited when Rubicon was a wholly owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

5. INCOME TAX

No income tax is payable by the Company as it has incurred losses for income tax purposes for the year, so current tax, deferred tax and tax expense is \$Nil (2006 - \$Nil).

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	<u>2007</u> \$	<u>2006</u> \$
Loss from continuing operations	<u>(560,681)</u>	<u>(1,447)</u>
Tax at the tax rate of 30% (2005: 30%)	(168,204)	(434)
Tax effect of amounts which are deductible in calculating taxable income:		
Other allowable expenditure	66,776	-
Deductible capital raising costs	(47,674)	-
Deferred tax asset not brought to account	<u>149,102</u>	434
Income tax expense	<u>-</u>	<u>-</u>

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	302,166	-
Potential tax benefit at 30%	<u>90,650</u>	<u>-</u>

(c) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Provisions/Accruals	6,620	-
Tax losses available for offset against future taxable income	302,166	-
Income tax expense	<u>308,786</u>	<u>-</u>

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	<u>308,786</u>	<u>-</u>
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(d) Franking credits balance

The Company has no franking credits available as at 30 June 2007 (2006: \$Nil).

6. OTHER RECEIVABLES

Current

GST recoverable	<u>34,724</u>	<u>-</u>
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7. OTHER ASSETS

Current

Prepayments	<u>29,367</u>	<u>-</u>
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RUBICON RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

	<u>2007</u> \$	<u>2006</u> \$
8. PLANT AND EQUIPMENT AND MOTOR VEHICLES		
Plant and office equipment		
At cost	94,224	-
Accumulated depreciation	<u>(3,761)</u>	-
	<u>90,463</u>	-
Motor vehicles		
At cost	25,000	-
Accumulated depreciation	<u>(3,208)</u>	-
	<u>21,792</u>	-
	<u>112,255</u>	-

Reconciliation

Reconciliation of the carrying amounts for each class of plant and equipment and motor vehicles are set out below:

Plant and office equipment

Carrying amount at beginning of the year	-	-
Additions	94,224	-
Depreciation	<u>(3,761)</u>	-
Carrying amount at the end of the year	<u>90,463</u>	-

Motor vehicles

Carrying amount at beginning of the year	-	-
Additions	25,000	-
Depreciation	<u>(3,208)</u>	-
Carrying amount at the end of the year	<u>21,792</u>	-

9. CAPITALISED MINERAL EXPLORATION EXPENDITURE

Non-Current

In the exploration phase

Cost brought forward	228,429	-
Add: Tenements purchased under the Heron Tenement Purchase Agreement leading to the IPO of the Company (including stamp duty and rehabilitation)	1,683,370	-
Add: 250,000 ordinary shares issued and cash paid of \$50,000 in relation to the acquisition of the Olly Dam tenement	100,000	-
Add: Expenditure incurred during the year (at cost)	851,971	228,429
Exploration expenditure written off	<u>-</u>	-
	<u>2,863,770</u>	228,429

RUBICON RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

	<u>2007</u>	<u>2006</u>
	\$	\$
10. TRADE AND OTHER PAYABLES		
Current (Unsecured)		
Trade creditors	120,985	-
Other creditors and accruals	<u>56,960</u>	-
	<u>177,945</u>	-
Included within trade and other creditors and accruals is an amount of \$70,611 relating to exploration expenditure.		

11. PROVISIONS

Current

Rehabilitation	47,000	-
Employee entitlements	<u>15,068</u>	-
	<u>62,068</u>	-
Number of employees at year end	<u>7</u>	<u>1</u>

12. CONTRIBUTED EQUITY

(a) Ordinary Shares

76,000,000 (2006: 100) fully paid ordinary shares	<u>10,868,496</u>	100
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(b) Share Movements During the Year

	2007		2006	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	100	100	-	-
<i>New share issues during the year</i>				
Incorporation of the Company 19 August 2005	-	-	100	100
Share Split 100,000 for 1	9,999,900	-	-	-
Shares issued to Directors prior to IPO	750,000	75,000	-	-
Shares issued to Heron under the Heron Tenement Purchase Agreement	15,000,000	1,537,931	-	-
Shares issued to Investors under IPO at 20 cents issue price	50,000,000	10,000,000	-	-
Less: Share issue costs	-	(794,535)	-	-
Issue of shares upon Olly Dam tenement purchase	250,000	50,000	-	-
	<u>76,000,000</u>	<u>10,868,496</u>	<u>100</u>	<u>100</u>

RUBICON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

12. CONTRIBUTED EQUITY (Continued)

(c) Unlisted Options

During the financial year the Company granted the following unlisted options over unissued shares:

	<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
	3,650,000	25 cents	7 November 2010
	1,000,000	25 cents	31 December 2011
	1,300,000	30 cents	7 November 2010
	1,300,000	40 cents	7 November 2010
TOTAL	7,250,000		

Other than the above the Company granted no other unlisted options over unissued shares. There were no changes to these options during the year (ie Nil exercised and Nil lapsed) and this represents the total unlisted options outstanding as at 30 June 2007.

Since 30 June 2007 the Company granted the a further 850,000 unlisted options with an exercise price of 25 cents and an expiry date of 7 November 2010 to employees under the Employee Share Option Plan.

Rubicon Resources Limited Directors, Officers, Employees and Other Permitted Persons Option Plan ("the Plan")

Details of additional options that could be issued under the Plan are set out in Note 15.

(d) Share Based Payments

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3(a). The outstanding balance of share options balance as at 30 June 2007 is detailed above. The average remaining contractual life for the share options outstanding as at 30 June 2007 is between 3.4 and 4.5 years. The range of exercise prices for options outstanding at the end of the year was between 25 cents and 40 cents. The fair value of options granted during the year was \$342,800.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the options issued during the year ended 30 June 2007:

Number of Options	3,000,000	650,000	1,300,000	1,300,000	1,000,000
Volatility (%)	75%	75%	75%	75%	75%
Risk-free interest rate (%)	5.85%	5.85%	5.85%	5.85%	5.85%
Expected life of option (years)	4	4	4	4	5
Exercise price (cents)	25	25	30	40	25
Deemed share price at grant date (cents)	20	20	20	20	20
Value per option (cents)	5.49	4.94	3.80	1.33	7.93

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

RUBICON RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

12. CONTRIBUTED EQUITY (Continued)

(e) Terms and Conditions of Contributed Equity

Ordinary Shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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

Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	<u>2007</u>	<u>2006</u>
	\$	\$

13. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	1,447	-
Net loss attributable to members	<u>560,681</u>	1,447
Accumulated losses at the end of the year	<u><u>562,128</u></u>	<u><u>1,447</u></u>

14. RESERVES

Share Option Reserve

Balance at the beginning of the year	-	-
Add: Amounts expensed in current year	<u>222,585</u>	-
Balance at the end of the year	<u><u>222,585</u></u>	-

Share Option reserve

The share option reserve comprises any equity settled share based payment transactions. The reserve will be reversed against share capital when the underlying share options are exercised.

15. OPTION PLAN

The establishment of the Rubicon Resources Limited Employee Share Option Plan ("the Plan") was approved by special resolution at a General Meeting of shareholders of the Company held on 7 November 2006. All eligible Directors, executive officers, employees and consultants of Rubicon Resources Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

Options issued under the Plan have up to a 24 month vesting period prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

16. RELATED PARTIES

Full remuneration details for Directors and Executives are included in the Directors report where the information has been audited. The only transaction with a Director or Executive during the financial year (and prior financial period) was the Company purchased a vehicle from Mr P Eaton for an amount of \$25,000, which was based on a third party valuation under normal terms and conditions. There were no other transactions with Directors or Executives.

Movement in Shares

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Specified Directors of the Company or their personally-related entities are as follows:

Directors	Ordinary Shares				Unlisted Options	
	1 July 2006	Purchases	Disposals	30 June 2007	30 June 2007	30 June 2006
Mr J Shipp	-	350,000	-	350,000	1,250,000	-
Mr P Eaton	-	550,000	-	550,000	4,000,000	-
Mr I Buchhorn	-	6,065,433	-	6,065,433	250,000	-
Executives						
Mr R Middlemas	-	408,521	-	408,521	250,000	-
Mr K Cassidy	-	50,000	-	50,000	500,000	-

17. EXPENDITURE COMMITMENTS

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and those which cover the following twelve month period amount to \$1,967,968 (2006: \$29,322). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

	<u>2007</u>	<u>2006</u>
	\$	\$
(b) Operating Lease Commitments		
Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:		
Not later than one year	74,775	-
Between one and five years	292,868	-
More than five years	-	-
	<u>367,643</u>	<u>-</u>

The operating lease relates to the Company's registered office premises in West Perth. The operating lease is for a five year period expiring on 31 May 2012. The operating lease entitles the Company to renew the term of the lease for a further period of five years after the expiry date. During the term of the operating lease the rent is reviewed annually on each successive anniversary date.

(c) Capital Commitments

The Company had no capital commitments at 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

18. SEGMENT INFORMATION

The Company operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the Company is domiciled and operates in one segment being Australia.

	<u>2007</u> \$	<u>2006</u> \$
19. EARNINGS/ (LOSS) PER SHARE		
The following reflects the loss and share data used in the calculations of basic and diluted earnings/ (loss) per share:		
Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	(560,681)	(1,447)
	<u>Number of Shares 2007</u>	<u>Number of Shares 2006</u>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share: <i>Effect of dilutive securities</i>	41,019,178	10,000,000
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/ (loss) per share	41,019,178	10,000,000
Basic and Diluted loss per share (cents per share)	1.37 cents	0.01 cents

***Non-dilutive securities**

As at balance date, 7,250,000 unlisted options (30 June 2006: Nil) which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2007

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

	<u>2007</u> \$	<u>2006</u> \$
20. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Cash and Cash Equivalents		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on hand	200	-
Cash at bank	29,226	7,229
Deposits at call	<u>7,699,424</u>	<u>-</u>
	<u><u>7,728,850</u></u>	<u><u>7,229</u></u>
(b) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities		
Loss from ordinary activities after income tax	(560,681)	(1,447)
<i>Non-cash items:</i>		
Depreciation	6,969	-
Expense of share-based payments	222,585	-
Payments made by parent entity	-	1,742
<i>Change in operating assets and liabilities:</i>		
(Increase) in prepayments	(29,367)	-
(Increase) in receivables	(34,724)	-
Increase in trade creditors	177,945	-
Increase in employee entitlements	<u>15,068</u>	<u>-</u>
Net cash outflows used in operating activities	<u><u>(202,205)</u></u>	<u><u>295</u></u>

(c) Stand-By Credit Facilities

As at 30 June 2007 the Company has a business credit card facility available totaling \$8,000 of which \$5,759 was utilised.

(d) Non Cash Financing and Investing Activities

On 10 January 2007 the Company issued 15,000,000 new fully paid ordinary shares to Heron Resources Limited ("Heron"), at a deemed issue price of 10.3 cents per share (\$1,537,931) representing exploration and acquisition costs undertaken by Heron at the time the tenements were deemed to be purchased (there was no actual cash that changed hands, and therefore there are no amounts included in the cashflow statement). The issue was in accordance with the terms of the Heron Tenement Purchase Agreement dated 5 December 2006, under which Rubicon purchased 218 exploration tenements and the mineral rights over additional tenements.

On 21 February 2007, the Company issued 250,000 new shares to Xserv Pty Ltd, at an issue price of 20 cents per share as part payment for the purchase of the Olly Dam tenement (E25/326) at its Yindarlgoooda Project.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

21. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:

2007

	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
Financial Assets						
Cash and cash equivalents	20(a)	6.25%	2,731,507	4,997,143	200	7,728,850
Other receivables	6	-	-	-	34,724	34,724
Total Financial Assets			2,731,507	4,997,143	34,924	7,763,574
Financial Liabilities						
Payables	10	-	-	-	(177,945)	(177,945)
Total Financial Liabilities			-	-	(177,945)	(177,945)
Net Financial Assets			2,731,507	4,997,143	(143,021)	7,585,629

In 2006, the only financial asset was the cheque account with \$7,229 earning a rate of interest of 1.25%, and the only financial liability was a payable of \$237,500 bearing no interest.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(c) Commodity Price Risk and Liquidity Risk

At the present state of the Company's operations it has minimal commodity price risk. The Company's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

(d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

RUBICON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements

The aggregate employee entitlement liability is disclosed in Note 11.

Directors, Officers, Employees and Other Permitted Persons Option Plan

Details of the Company's Directors, Officers, Employees and Other Permitted Persons Option Plan are disclosed in Note 15.

Superannuation Commitments

The Company contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

Accordingly no actuarial assessment of the plans are required.

Funds are available for the purposes of the plans to satisfy all benefits that would have been vested under the plans in the event of:

- termination of the plans;
- voluntary termination by all employees of their employment; and
- compulsory termination by the employer of the employment of each employee.
- during the year employer contributions to superannuation plans totaled \$50,692 (2006: \$Nil).

23. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2007 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

24. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

RUBICON RESOURCES LIMITED

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 19 to 37, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of its operations, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that Rubicon Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Company Secretary for the financial year ended 30 June 2007.

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

Signed at Perth this 19th day of September 2007.

A handwritten signature in black ink, appearing to be 'P. Eaton', written in a cursive style.

P Eaton
Managing Director

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF RUBICON RESOURCES LIMITED**

Chartered
Accountants



Scope

We have audited the attached financial report, being a general purpose financial report of Rubicon Resources Limited for the financial year ended 30 June 2007 as set out on pages 19 to 38.

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 Australian Accounting Interpretations) and the Corporations Act 2001.

This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

**BUTLER
SETTINERI**

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35-37 Havelock Street
West Perth 6005

**Locked Bag 18
West Perth 6872
Western Australia**

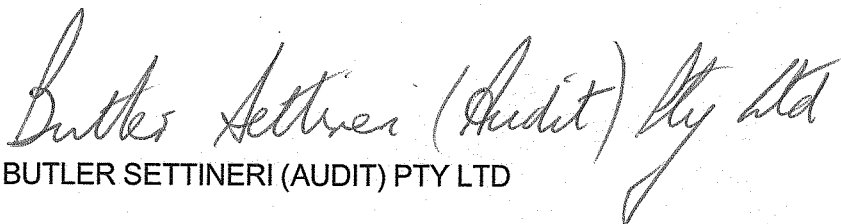
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Directors:
Colin Butler
FCA
Paul Chabrel
FCA
Lucy Gardner
CA

Auditor's Opinion

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

- a) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.


BUTLER SETTINERI (AUDIT) PTY LTD


PAUL J CHABREL
Director

Perth

Date: 19 September 2007