

REPUBLIC GOLD LIMITED
AND CONTROLLED ENTITIES

ABN 86 106 399 311

INTERIM FINANCIAL REPORT

31 DECEMBER 2009

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Republic Gold Limited and Controlled Entities

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year:

Peter Wicks FCA

Non-Executive Chairman (Appointed 2 November 2005)

Peter is a Chartered Accountant and a Fellow of the Australian Institute of Chartered Accountants. Peter has had extensive experience in the natural resources sector and more recently as a property developer. Peter was a long-term finance director for a large company operating in the oil and gas sector. He was also a director of a number of oil and gas companies listed on the Toronto Stock exchange. Peter has been both an executive and non-executive director of a number of mineral companies, including Perseverance Corporation Pty Ltd where he was a non-executive director from 1994 to 1998.

Mr John Peter Kelly BE (Mining) MAusIMM MAICD

Managing Director (Appointed 22 September 2003)

John is a mining engineer and was part of the executive team for Perseverance from 1991 to 2001. Prior to joining Perseverance, John worked as a Mine Superintendent at two open cut operations in Western Australia for three years and for seven years in the underground operations of Zinc Corporation Limited in Broken Hill. John has Mine Manager Certificates for NSW, WA and Victoria. In his time with Perseverance, John filled the roles of Mine Superintendent, Mine Manager, Executive Director and then Managing Director. In this time, Perseverance demonstrated itself as one of the pre-eminent exponents in Australia of heap leach gold production from smaller low grade gold deposits. John headed the team that took the Fosterville Gold Project from the hands of the receiver in 1992 and then produced approximately 230,000 ounces of gold. John's extensive experience with Fosterville oxide and sulphide mineralisation is directly relevant to the Company's Hodgkinson Basin projects. John has been President of the Victorian Minerals and Energy Council, an Executive Councillor of the Minerals Council of Australia and a founding director of the Australian Gold Council. John was also a non-executive director and non-executive chairman of Monto Minerals NL, a Queensland based heavy minerals explorer. John is a director of Far East Energy Corporation Pty Limited.

Greg Barns BA LLB

Non-Executive Director (Appointed 22 September 2003)

Greg is a barrister in practise in Tasmania and Victoria. Greg has been a high profile participant in the Australian gold sector, particularly over the 3 year period between 2000 and 2002 in his role as CEO of the Robert Champion de Crespigny-inspired Australian Gold Council ("AGC"). Prior to joining the AGC, Greg had no experience in the resources sector but a wealth of experience in both state and federal government. Greg is qualified as a lawyer and has worked as Chief-of-Staff for the former Tasmanian Premier Ray Groom and the Chief-of-Staff for the former Federal Finance Minister John Fahey. In his three years with the AGC, Greg was able to provide the directors of the AGC with advice on political and community issues affecting the Australian gold mining sector. Greg also formed lasting relationships with the Australian financial press and most importantly for the Company with the financial sector, both in Australia and overseas. Greg is a Non-Executive Director of Monaro Mining NL, Richmond Mining Limited and Resco Services Pty Limited. Greg has been the Non-Executive Chairman of Strata Mining Corporation Limited, is a former director of Excalibur Mining Corporation Limited and is a past Chairman of the Australian Republican Movement.

Nebojsa Zurkic BSc (App Geol) MSc (Min & Energy Economics) (Mining) MAusIMM MAIG (RP Geo) MAICD

Technical Director (Appointed 6 November 2007)

Neb Zurkic graduated as a geologist from RMIT in 1989 and in 1995 was awarded a Masters in Mineral and Energy Economics. His primary areas of expertise are deposit modelling, resource estimation and ore control. He has been involved in resource estimation, due diligence reviews and ore control for a range of commodities and geological settings in Australia, Indonesia, Peru and Kazakhstan. Commodities involved have included gold, silver and copper. Neb has extensive experience with MineSight mining software and is a Competent Person under the JORC Code for several types of copper/gold/silver deposits. He is also familiar with SEC and NI 43-101 reporting standards. Neb is fluent in written and spoken Serbian, and has basic conversational Spanish and Bahasa Indonesia.

Neb started his career as a mine geologist in 1990 at one of Australia's lowest grade gold mines at Nagambie in Victoria. In 1993 he moved to Fosterville to take on more senior mine geology roles including taking the lead in the first feasibility study to mine the significantly larger sulphide resource. While at Fosterville, Neb was also involved in due diligence reviews of acquisition targets both in Australia and abroad.

DIRECTORS' REPORT

In 1999 Neb joined Newmont and was part of the team responsible for commissioning the Batu Hijau project in Indonesia. Following the successful commissioning, he was an integral part of the drive to increase mill throughput. Later, Neb initiated and led the project team that identified and quantified sampling biases that culminated in the addition of 4 million equivalent reserve ounces in the 2002 reporting year.

Once the training of Indonesian national geologists was completed, Neb moved to Newmont's Yanacocha mine in Peru in 2004. The mining group was re-structured and expanded to manage the transition from heap leachable oxide ores to deeper sulphide resources; mine production peaked and Yanacocha was the highest producing single site mine in the world in 2004. Neb's prime responsibilities were again resource estimation, near mine deposit optimisation and ore control activities, along with actively being involved in internal audits of reserves at other sites on an ongoing basis. Neb joined AMC in July 2006.

Dato Beng Kai (BK) Choo

Non-Executive Director (Appointed 28 May 2008)

BK is the Group Managing Director of Masmeyer Holdings Sdn Bhd which has 11 subsidiaries. He joined the family-owned property development company in 1996 and after that started up his own company, Masmeyer Holdings Sdn Bhd in 2002. BK has 12 years of business experience majoring in developing and implementing innovative business concepts to achieve greater aims and has successfully established 11 subsidiaries specialising in property development, real estate investment, building construction, timber "lodging" & outdoor advertising.

BK is also actively involved in NGOs such as Penang Choo's Association as Deputy Chairman and World Choo's Association on the Central Committee. In 2007 BK was conferred as AMK - "Order of the Crown of Kedah - Member" and DSAP - "Most Honourable Order of Sultan Ahmad Shah - Knight Commander" which carries the title "Dato". BK was also appointed as a JP - Justice of Peace by the State Government of Kedah, Malaysia in 2008.

BK is fluent in English, Bahasa Malaysia, Mandarin & 3 other local dialects and can write in English, Bahasa Malaysia & Mandarin.

Principal Activities

The principal activities for Republic Gold Limited ("Company") during the course of the half year ended 31 December 2009 was gold, copper, tin and tungsten exploration of its Far North Queensland and Bolivian tenements. There was no significant change in the nature of these activities during the half year.

Operating Results

The result of the group for the half year was a loss of \$1,176,768 (2008: Loss of \$810,965).

Review of Operations

The Company was very active corporately and with its exploration programme during the half year to 31 December 2009.

The Company is in a very healthy financial position at the end of the half year, with cash on hand of approximately \$4.1 million.

During the six months to 31 December 2009, the Group concentrated on developing its gold projects at Amayapampa in Bolivia ("Amayapampa" or the "Project") and in the Hodgkinson Basin in Far North Queensland ("FNQ").

At Amayapampa, metallurgical testwork by Gekko Technologies of Ballarat improved recoveries in the primary mineralisation, the dominant proportion of the resource; social, political and economic consultants visited the Project with a report expected in March 2010; Pre-Construction and training continued at the Project; Consulting structural geologist Dr Steve King visited and the surface sampling programme was completed.

In FNQ, two drilling programmes were carried out at the Tregoora gold project ("Tregoora"), one of 1,958 metres of RC drilling and 748 metres of diamond drilling and the second of 2,252 metres of RC drilling. A number of high grade intersections resulted from both campaigns. In addition, four strategically positioned mining leases were purchased at Tregoora.

Other than as referred to in this report, further information on the likely developments in the operations of the entity and the expected results of those operations would, in the opinion of the Directors, be speculative and would be likely to result in unreasonable prejudice to the entity.

DIRECTORS' REPORT

Corporate Activities

In February 2010, the Group announced the appointment of external financial advisers and technical consultants to assist in the completion of a bankable feasibility study ("BFS") and the procurement of sufficient debt and equity funds to enable the Group to develop and commence production of its one million plus ounce gold project at Amayapampa in Bolivia. At the date of this report, the BFS is yet to be completed and funding negotiations are continuing.


State of Affairs

No significant changes in the group state of affairs occurred during the half year.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the half year ended 31 December 2009

This report is signed in accordance with a resolution of the Board of Directors.



Chairman

Mr Peter Wicks

Dated 16 March 2010

Notes Accompanying The Mineral Resources Statement

Information in this report that relates to Mineral Resources for Republic Gold Limited is based on information compiled by Mr. Nebojsa (Neb) Zurkic Republic Gold's Technical Director a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. It is also based on information estimated by Kerrin Allwood, Republic Gold's Resource consultant, a member of the Australasian Institute of Mining and Metallurgy. Both Neb Zurkic and Kerrin Allwood have a minimum of five years experience in the estimation, assessment and evaluation of Mineral Resources and Ore Reserves. Information in this report that relates to Mineral Resources for Amayapampa is based on information reviewed by John Kelly, Republic Gold's Managing Director, a member of the Australasian Institute of Mining and Metallurgy who has a minimum of five years experience in the estimation, assessment and evaluation of Mineral Resources and Ore Reserves. John Kelly, Neb Zurkic and Kerrin Allwood have significant experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". John Kelly, Neb Zurkic and Kerrin Allwood consent to the inclusion in this report of these matters based on the information in the form and context in which it appears.

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF REPUBLIC
GOLD LIMITED**

In relation to our review of the financial report of Republic Gold Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of:

Melbourne
Sydney
Newcastle
Brisbane

- (i) the auditor independence requirements of the *Corporation Act 2001*; or
- (ii) any applicable code of professional conduct.

LAWLER DRAPER DILLON



GEORGE ATHANS
PARTNER

Level 12, 440 Collins Street
Melbourne

16 March 2009

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Republic Gold Limited and Controlled Entities

Interim Financial Report to December 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Group	
		31.12.2009	31.12.2008
		\$	\$
Continuing operations			
Revenues	2	<u>39,519</u>	<u>320,602</u>
Consultants and contractors expense		190,310	258,244
Share registry, exchange and AGM expense		110,502	141,664
Employee benefits expense		185,987	136,844
Share-based compensation options expense	2	-	184,783
Travel expense		73,771	70,022
Legal and accounting fees		147,847	96,790
Other expenses from ordinary activities		127,508	24,790
Marketing and promotion expense		51,840	18,189
Depreciation and amortisation expense		37,133	17,409
Loss on sale of investment		-	127,705
Impairment charge	2	291,389	55,127
Profit (Loss) before income tax		(1,176,768)	(810,965)
Income tax expense		-	-
Profit (Loss) from continuing operations		(1,176,768)	(810,965)
Profit (Loss) attributable to members of the parent entity		(1,176,768)	(810,965)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(767,923)	1,157,282
Share option expense		-	184,783
Other comprehensive income (no tax applicable) attributable to members of the parent entity		(767,923)	1,342,065
Total comprehensive income (loss) for the period attributable to members of the parent entity		(1,944,691)	531,100
Earnings per share			
Basic earnings (loss) per share (cents per share)		(0.10)	(0.11)
Diluted earnings (loss) per share (cents per share)		(0.10)	(0.11)

Republic Gold Limited and Controlled Entities

Interim Financial Report to December 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	30.06.2009
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,085,515	4,818,901
Trade and other receivables	295,377	582,506
TOTAL CURRENT ASSETS	4,380,892	5,401,407
NON-CURRENT ASSETS		
Deferred exploration expenditure	20,688,745	17,480,249
Intangible assets	8,778,489	8,695,328
Financial assets	194,722	194,722
Property, plant and equipment	338,929	303,737
Receivables	256,884	180,849
TOTAL NON-CURRENT ASSETS	30,257,769	26,854,885
TOTAL ASSETS	34,638,661	32,256,292
CURRENT LIABILITIES		
Trade and other payables	831,693	680,226
Short-term provisions	87,550	87,550
TOTAL CURRENT LIABILITIES	919,243	767,776
NON-CURRENT LIABILITIES		
Long-term provisions	102,655	30,629
TOTAL NON-CURRENT LIABILITIES	102,655	30,629
TOTAL LIABILITIES	1,021,898	798,405
NET ASSETS	33,616,763	31,457,887
EQUITY		
Issued capital	41,618,985	37,515,418
Reserves	2,928,045	3,695,968
Retained earnings (losses)	(10,930,267)	(9,753,499)
TOTAL EQUITY	33,616,763	31,457,887

Republic Gold Limited and Controlled Entities

Interim Financial Report to December 2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Issued Capital Ordinary	Retained Earnings (Losses)	Premium on Consolidation	Translation Reserve	Share Option Reserve	Total
Balance at 1.7.2008	31,745,977	(7,782,490)	2,354,387	(98,243)	663,621	26,883,252
Shares issued during the period (net of capital raising costs)	1,182,685	-	-	-	-	1,182,685
Share options issued as compensation	-	-	-	-	184,783	184,783
Foreign subsidiary translation adjustment	-	-	-	1,157,282	-	1,157,282
Losses for the period	-	(810,965)	-	-	-	(810,965)
Balance at 31.12.2008	32,928,662	(8,593,455)	2,354,387	1,059,039	848,404	28,597,037
Balance at 1.7.2009	37,515,418	(9,753,499)	2,354,387	493,177	848,404	31,457,887
Shares issued during the year (net of capital raising costs)	4,103,567	-	-	-	-	4,103,567
Foreign subsidiary translation adjustment	-	-	-	(767,923)	-	(767,923)
Losses for the period	-	(1,176,768)	-	-	-	(1,176,768)
Balance at 31.12.2009	41,618,985	(10,930,267)	2,354,387	(274,746)	848,404	33,616,763

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	31.12.2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(697,626)	(931,371)
Dividends received	-	-
Interest received	39,519	283,102
Other income	-	37,500
Net cash (used in) provided by operating activities	(658,107)	(660,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(87,901)	(69,991)
Proceeds from sale of investments	-	156,247
Payments for exploration activities	(4,085,786)	(2,880,727)
Net cash received (used in) investing activities	(4,173,687)	(2,794,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,103,567	961,445

Republic Gold Limited and Controlled Entities

Interim Financial Report to December 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	31.12.2008
	\$	\$
Repayment of borrowings	-	(590,750)
Net cash (used in)/provided by financing activities	<u>4,103,567</u>	<u>370,695</u>
Net increase (decrease) in cash held	(728,227)	(3,084,545)
Foreign exchange movement	(5,159)	42,406
Cash at beginning of period	4,818,901	7,351,435
Cash at end of period	<u>4,085,515</u>	<u>4,309,296</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION

This general purpose condensed financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Republic Gold Limited during the half-year in accordance with the continuous disclosure requirements of the ASX listing rules.

The half-year report does not include full disclosures of the type normally included in an annual financial report. The consolidated group has not elected to early adopt any new Accounting Standards or Amendments.

Except as described below the accounting policies applied by the consolidated group in this consolidated interim report are the same as those applied in its 30 June 2009 consolidated financial report. All other policies have been consistently applied.

(a) Presentation of financial statements

The consolidated group has applied the revised *AASB 101 Presentation of Financial Statements* and its associated amending standards from 1 July 2009. As a result, changes reflected in this financial report include:

- Replacement of the consolidated income statement with the consolidated statement of comprehensive income. Items of income and expense not recognised as profit or loss are now disclosed as components of 'other comprehensive income'. These items are no longer reflected as equity movements in the statement of changes in equity.
- Adoption of the single statement approach to the presentation of the consolidated statement of comprehensive income.
- Other financial statements are renamed in accordance with the Standard.

The changes impact financial statement presentation only and there is no impact on earnings per share.

(b) Determination and presentation of operating segments

The consolidated group has applied *AASB 8 Operating Segments* and its associated amending standards from 1 July 2009. The group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the group's chief operating decision makers) in assessing performance and in determining the allocation of resources.

An operating segment is a component of the consolidated group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION

reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment results that are reported for the purpose of management's decisions include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate office assets, head office expenses, and any income tax related balances.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Comparative segment information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 2: LOSS FOR THE PERIOD

	Consolidated Group	
	31.12.2009	31.12.2008
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Income		
Interest income	39,519	283,102
Underwriting fees	-	37,500
	39,519	320,602
Expense		
Share-based compensation options expense (a)	-	184,783
Impairment charge associated with:		
Other receivables	291,389	-
Deferred exploration expenditure	-	55,127

- (a) Options issued to executives were not recognised in income during the half-year ended 31 December 2008. This error had the effect of understating consolidated loss and share option reserve by \$184,783. The error has been corrected by restating each of the affected financial statement line items for the prior year, as described herein.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 3: SEGMENT INFORMATION

The consolidated group is organised into the following operating segments:

- Exploration activities in Australia
- Exploration activities in Bolivia

31.12.2009	Australian Exploration	Bolivian Exploration	Other	Total
Revenue - external	-	-	39,519	39,519
Operating result	-	(291,389)	(885,379)	(1,176,768)
Cash flow on exploration assets	1,614,001	2,471,786	-	4,085,786
Exploration assets	20,930,563	8,536,672	-	29,467,235
As at 31.12.2009				
Total assets	21,245,587	8,992,700	4,400,374	34,638,661
Total liabilities	543,982	99,380	378,536	1,021,898
31.12.2008				
Revenue - external	-	-	320,602	320,602
Operating result	(55,127)	-	(755,838)	(810,965)
Cash flow on exploration assets	1,716,216	1,164,511	-	2,880,727
As at 30.06.2009				
Exploration assets	19,340,538	6,835,040	-	26,175,577
Total assets	19,612,134	7,482,697	5,161,461	32,256,292
Total liabilities	433,745	59,616	305,044	798,405

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**NOTE 4: CONTINGENT LIABILITIES**

The Company has no contingent assets or liabilities as at 31 December 2009 except for:

(A) A deferred, contingent share purchase consideration liability of US\$3 million payable to Vista Gold Corp ("Vista"); a company domiciled in the United States of America in respect to the April 2008 purchase of Vista's Bolivian gold asset portfolio. This liability will only become payable over a 2 year period should the Amayapampa Gold Project in Bolivia proceed to production within 5 years from the date of purchase.

In April 2008, the Company announced the purchase of the Bolivian gold assets of Vista through the acquisition of 100% of the shares in Vista's wholly-owned subsidiary, Vista Gold (Antigua) Corp, a company incorporated in Antigua and Barbuda ("Antigua").

Antigua has a number of 100% beneficially owned subsidiary companies in Bolivia including:

Compania Inversora Vista S.A (La Paz – Bolivia)
Compania Exploradora Vistex S.A. (La Paz – Bolivia); and
Minera Nueva Vista S.A (La Paz – Bolivia) ("Minera")

Minera is the registered holder of the concessions that comprise the Amayapampa Gold Project. Under the terms of the share purchase agreement Republic Gold Limited paid no upfront consideration for the Bolivian companies, but has agreed to pay three equal payments of US\$1 million should the Amayapampa Gold Project proceed to production. Post commencement of mining operations at Amayapampa, the first payment to Vista will be due when the mine is deemed to have reached "commercial production" as defined by the contract. The remaining two payments are scheduled for the first and second anniversaries of the date that commercial production has been reached.

Vista has retained a first right of refusal over the Amayapampa Gold Project, such that Vista has a right to repurchase the Project if the Group has not completed financing to put the Project into production within 5 years of the April 2008 purchase date. Should the repurchase occur, Vista is obliged to pay the Company 75% of the aggregate costs incurred by the Company post the acquisition date in developing the Amayapampa Gold Project. During fiscal 2010, the Company plans to complete the Bankable Feasibility Study required for the Amayapampa Gold Project.

In acquiring the chain of Bolivian companies from Vista Gold Corp including the Amayapampa Gold Project in April 2008, the Company assumed responsibility for litigation commenced against Minera by Mrs Gladys Radic. The claim is in respect to clear title to the Amayapampa mining tenements. The Company believes the litigation is completely without merit.

(B) On 15 September 2008 the Company announced the planned acquisition from a prospector of four granted mining leases adjacent to the Company's Tregoora Gold Project in Far North Queensland. On 29 October 2009 the Company announced it had settled the \$150,000 cash component of the purchase of the four granted mining leases covering an area of 39 hectares. The balance of the consideration payable to the vendor will be satisfied through the issue of fully paid ordinary shares in the Company to the value of \$150,000. Members will vote on a resolution approving the issue of the vendor shares to Mr Noel Adam at a meeting to be held on 30 March 2010.

NOTE 5: GOING CONCERN

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Consolidated Group recorded a loss of \$1,176,768 for the half year ended 31 December 2009 (2008 \$810,965). The loss is due to the accounting policy of expensing costs not directly attributable to the exploration of mineral assets.

The Consolidated Group had cash assets of \$4,085,515 at 31 December 2009. The Consolidated Group's budgeted expenditure for the remainder of the 2010 financial year is approximately \$5.6 million. The Directors acknowledge that, as in prior accounting periods, to continue the exploration and development of the Consolidated Group's mineral exploration projects according to its business plan, including the undertaking of bankable feasibility studies, the budgeted cash outflows from operating and investing activities for the current financial year, will necessitate further capital raisings.

The Group remains dependent on its ability to raise funding in volatile capital markets. However, the Directors continue to believe that the going concern basis of accounting by the Consolidated Group is appropriate for the following reasons:

- The Consolidated Group has successfully completed a capital raising during the half year to 31 December 2009, notwithstanding some of the most challenging conditions in equity markets brought about by the global financial crises. The Company has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the 30 June 2010 financial year.
- The Parent Company currently has two series of listed options on issue following the successful June 2009 Placement and Rights issue. As at 31 December 2009, the Parent Company had 229.7 million share options on issue with an exercise price of \$0.03 and an expiry date of 5 June 2010 (ASX – RAUO). As at 31 December 2009, the Company had an additional 243.5 million share options on issue with an exercise price of \$0.04 and an expiry date of 5 June 2011. (ASX – RAUOA).

As at the date of issuing the 31 December 2009 Interim Financial Report, the exercise price of both the RAUO and RAUOA option series is above the prevailing share market price and a total of 14.8 million of the RAUO series have already converted. Should the RAUO series options be exercised in full prior to expiry, the Company would receive additional capital of \$6.9 million in the 2010 financial year. Should the RAUOA series options be exercised in full prior to expiry the Company would receive additional capital of \$9.7 million prior to 5 June 2011.

- The Consolidated Group has net current assets of \$3.5 million at 31 December 2009 and Australian tenement expenditure commitments of approximately \$2 million, but retains the ability to scale down and/or defer its operations to conserve cash in the event that the capital raisings are delayed or partial.
- The Consolidated Group also retains the ability, if required, to wholly or in part (“farm in”), dispose of interests in mineral exploration and development assets.

In consideration of the above matters, the Directors have determined that it is reasonably foreseeable that the Company and Consolidated Group will continue as going concerns and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the Consolidated Group is unable to continue as a going concern (due to an inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Accordingly, the financial statements do not include adjustments relating to the recoverability and classification of asset amounts or to the amounts and classification of liabilities that might be necessary if the Company and Consolidated Group do not continue as going concerns.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE


- On 15 February 2010, the Group announced a resource upgrade at the Amayapampa Gold Project – 19.4% increase in the mineral resource base to 1,294,000 ounces of gold;
- On 23 February 2010, the Group announced the appointment of external financial advisers and technical consultants to assist in the completion of a bankable feasibility study (“BFS”) and the procurement of sufficient debt and equity funds to enable the Group to develop and commence production of its one million plus ounce gold project at Amayapampa, Bolivia. At the date of this report the BFS is yet to be completed and funding negotiations are continuing; and
- On 24 February 2010, the Group announced developments at the Amayapampa Gold Project, including a potential major increase of the treatment plant throughput rate to 2.7M tonnes per annum.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 14:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Chairman

Mr Peter Wicks

Dated 16 March 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF REPUBLIC GOLD LIMITED**

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Republic Gold Limited (the consolidated entity) which comprises the statement of financial position as at 31 December 2009 and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Melbourne
Sydney
Newcastle
Brisbane

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Republic Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Republic Gold Limited a written auditor's independence declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Republic Gold Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter Regarding Uncertainty of Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 5 in the financial report, which comments on the consolidated entity's continuation as a going concern, depending on its success in obtaining additional capital or other funds. These conditions, along with other matters as set forth in Note 5, indicate the existence of uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

LAWLER DRAPER DILLON



GEORGE ATHANS
PARTNER

Level 12, 440 Collins Street
Melbourne

16 March 2009