

United Uranium Limited
(ACN 123 920 990)

Annual Report

For the Financial Year Ended 30 June 2011

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Xing Yan (Simon)

EXECUTIVE DIRECTOR

George Lazarou

NON-EXECUTIVE DIRECTORS

Eric Kong

Feng Ding

COMPANY SECRETARY

Cecilia Chiu

PRINCIPAL & REGISTERED OFFICE

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SOUTH PERTH WA 6151

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SHARE REGISTRAR

Advanced Share Registry Services

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STOCK EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Codes: UUL; UULOA

DIRECTORS' REPORT

The directors of United Uranium Limited (the "Company") submit herewith the financial report of the company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

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

Mr Xing Yan (Simon)	Executive Chairman
Mr George Lazarou	Executive Director
Mr Eric Kong	Non-Executive Director
Mr Feng Ding	Non-Executive Director (<i>appointed 1 April 2011</i>)

INFORMATION ON DIRECTORS

Xing Yan (Simon)	Executive Chairman
Experience	Mr Yan has over 30 years of senior level management experience in international mining trade. He was part of the management team of China National Minerals and Metals Import & Export Corporation (MINMETALS). He settled down in Western Australia and established a number of successful private enterprises. The contact and knowledge about the two country's business systems, remains him widely sought as a consultant for international trade issues.
Interest in Shares	3,650,000 Fully paid Ordinary Shares
Interest in Options	1,825,000 20 cent options exercisable on or before 30 June 2012 2,000,000 14.15 cent options exercisable on or before 30 April 2014
George Lazarou	Executive Director
Qualifications	BCom, CA
Experience	Mr Lazarou is a qualified Chartered Accountant who has over 17 years' experience, including 5 years as a Partner with second tier firm Bentleys, specialising in the areas of Audit, Advisory and Corporate Services. Mr Lazarou has extensive skills in the areas of audit, corporate services, due diligence, independent expert reports, merger & acquisitions and valuations. Mr Lazarou also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries. Mr Lazarou is also a non-executive director of Cortona Resources Ltd.
Interest in Shares	350,000 Fully paid Ordinary Shares
Interest in Options	175,000 20 cent options exercisable on or before 30 June 2012 2,000,000 14.15 cent options exercisable on or before 30 April 2014

DIRECTORS' REPORT (Continued)**INFORMATION ON DIRECTORS (Continued)**

Eric Kong	Non-Executive Director
Qualifications	MBA
Experience	Mr Kong holds an MBA from University of Western Australia and has extensive corporate experience in Fortune 500 companies in the United States and Asia where he is responsible for strategic planning and business development in Asia Pacific. Mr Kong is an experienced international player with intricate knowledge of global business models, trends and high-level expertise in both eastern and western management styles.
Interest in Shares	79,500 Fully paid Ordinary Shares
Interest in Options	39,750 20 cent options exercisable on or before 30 June 2012 2,000,000 14.15 cent options exercisable on or before 30 April 2011
Feng Ding	Non-Executive Director
Qualifications	BSc, MBM
Experience	Mr Ding is a long standing employee of the Institute of Geology and Minerals. His education achievements include a Degree in Geophysical Exploration and a Postgraduate Degree in Business Management. As Managing Director of a very profitable mining operation (in excess of \$250million AUD profit in 2010) in Shandong Province, Mr Ding has a strong blend of technical, commercial and business skills. He has had involvement in all aspects of prospect identification, exploration, appraisal and development in the mining industry.
Interest in Shares	Nil
Interest in Options	Nil

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Xing Yan (Simon)	-	-
George Lazarou	Cortona Resources Limited	Appointed 12 January 2006
Eric Kong	-	-
Feng Ding	-	-

COMPANY SECRETARY

The following person has held the position of company secretary during or at the end of the financial year:

Cecilia Chiu

Ms Chiu is a Certified Practising Accountant and holds a Bachelor of Commerce degree from the University of Western Australia. She has more than 9 years accountancy experience. Ms Chiu has previously worked as an auditor at Ernst & Young, and for 5 years at Ord Partners in West Perth specialising in mining industry audit and assurance services.

DIRECTORS' REPORT (Continued)**2. PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was uranium exploration. There were no significant changes in the nature of the Company's principal activities during the financial year.

3. OPERATING RESULTS

The loss of the Company after providing for income tax amounted to \$652,340 (2010: loss of \$486,220).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS**Review of Operations****1.1 Projects****McArthur River Project (EL25839)**

During the 3rd quarter of 2010 a gradient array induced polarization (IP) / resistivity was undertaken over the T1 target, with eight 800m long east west lines on 100m line spacing completed across the target zone. The gradient array survey defined a broad heart shaped chargeable zone (peak response 15mV/V in a 2mV/V background) with a coincident less well defined moderately conductive zone (resistivity low of 50 ohm-metres in a background of 100 ohm-metres) (see Figure 1).

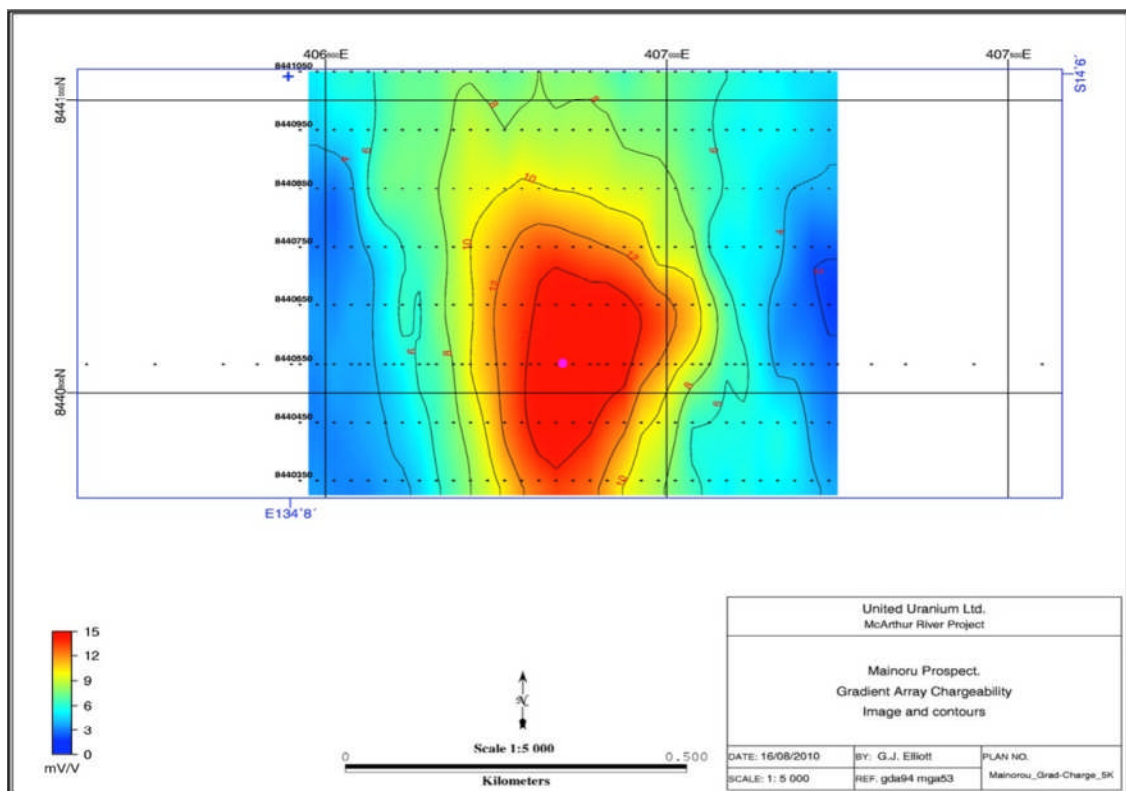


Figure 1: T1 Target – Gradient Array Chargeability Image

A dipole – dipole induced polarization (IP) / resistivity traverse was completed on an east – west orientation across the anomalous zone using a combination of 50m and 100m dipoles to define the depth and thickness of the source. This work clearly identified a chargeable zone at about 100m depth with a thickness of about 30m (see Figure 2).

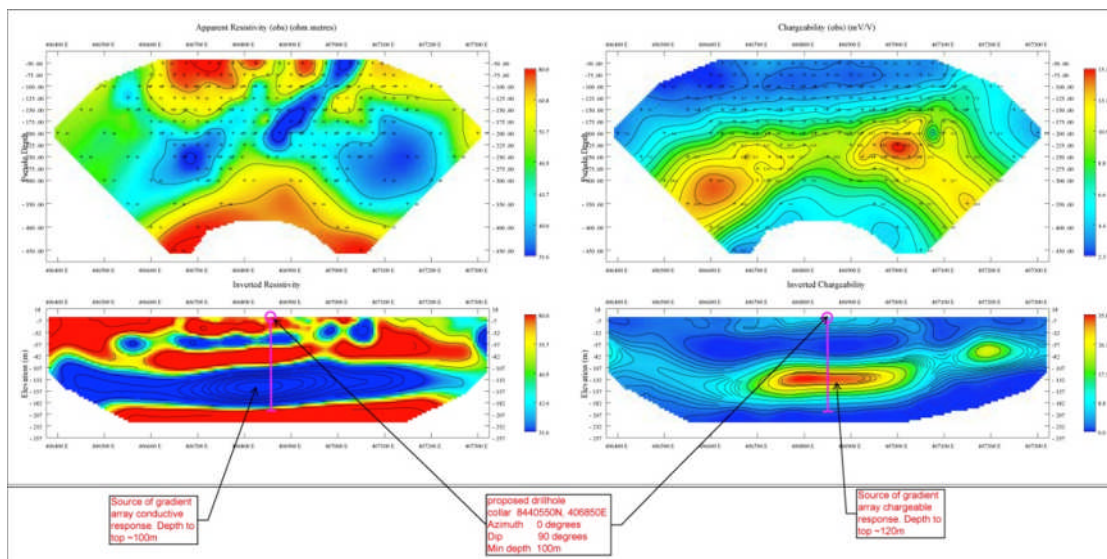
DIRECTORS' REPORT (Continued)**5. REVIEW OF OPERATIONS (Continued)**

Figure 2: T1 Target – Dipole-Dipole Traverse Image

Interpretation of the data by consultant geophysicist Graham J. Elliott defined the target zone at T1 as a flat lying semi-circular body about 100m below surface, 30m thick and at least 300m long by 300m wide. The strongly chargeable and moderately conductive response suggests a disseminated sulphide or graphitic body. There is also a magnetic response of a similar geometry immediately to the north west of the chargeable / conductive zone.

An initial drill program consisting of up to four vertical RC holes designed to test the T1 chargeable / conductive zone and associated magnetic response was completed between 18 and 22 July 2011. The Company is currently awaiting the assay results from this program.

Subject to the outcome of the initial drilling program at T1 it is proposed to conduct ground based electrical geophysical surveys across the T4 target and potentially two other lower order airborne EM anomalies.

Pine Creek Project (EL24815)

All necessary drilling approvals have been received, however, the availability of a suitable drill rig to date, due to a shortage of supply, has hindered the Company's ability to commence its drilling program at Pine Creek. The Company is hopeful it will be able to secure a drill rig shortly.

Dunmarra Basin (EL25838) and Wiso (EL25835)

The Board is currently reviewing its options in regards to both tenements.

1.2 Corporate

- In March 2011, the Company raised \$1.176 million through a placement of 5.6 million shares at 21 cents each to a controlled entity of the No.1 Institute of Geology and Minerals of Shandong Province ("SDGM").
- The Company announced in March 2011 that it has signed a Definitive Joint Venture Agreement, which allows SDGM to earn up to a 50% interest in the tenements EL24815, EL25835, EL25838, EL25839, ELA25836 and ELA25840 by spending a total of \$3 million.
- In April 2011, Mr Feng Ding a long standing General Manager of SDGM was appointed non-executive Director of the Company.
- In April 2011, the Company adopted a new Constitution pursuant to shareholder approval at its General Meeting held on 27th April 2011.
- Pursuant to shareholder approval at the Company's General Meeting held on 27th April 2011, the Company issued a total of 6.5 million 14.15 cents incentive options exercisable on or before 30 April 2014 to Directors and Consultant.

DIRECTORS' REPORT (Continued)**6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the financial year.

7. AFTER BALANCE DATE EVENTS

Except for the below, the Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

- On 18 July 2011 the Company announced the commencement of a drilling program at the McArthur Project.

8. MEETINGS OF DIRECTORS

During the financial year, one meeting of directors was held. Attendances by each director during the year is as follows:

Director	Directors Meetings	
	Number Eligible to Attend	Meetings Attended
Xing Yan	1	1
George Lazarou	1	1
Eric Kong	1	1
Feng Ding	-	-

The Company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

9. FUTURE DEVELOPMENTS

The Company will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

10. ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The directors of the Company are not aware of any breach of environmental regulations for the year under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current nor subsequent financial year. The directors will reassess this position as and when the need arises.

11. REMUNERATION REPORT**Remuneration Policy**

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Company.

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

DIRECTORS' REPORT (Continued)**11. REMUNERATION REPORT (Continued)**

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The Company has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 15 (f) of the financial statements.

Employment contracts of key management personnel

For details of service agreements between key management personnel and the Company, refer note 15 of the financial statements.

DIRECTORS' REPORT (Continued)**11. REMUNERATION REPORT (Continued)****Compensation of directors and executive for the year ended 30 June 2011**

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$
Directors								
(Simon) Xing Yan – Executive Chairman								
2011	125,000	-	-	10,500	-	-	142,632	278,132
2010	100,000	-	-	9,000	-	-	-	109,000
George Lazarou – Executive Director								
2011	84,334	-	-	7,080	-	-	142,632	234,046
2010	62,000	-	-	5,580	-	-	-	67,580
Eric Kong – Non-Executive Director								
2011	43,335	-	-	3,900	-	-	142,632	189,867
2010	42,400	-	-	3,600	-	-	-	46,000
Feng Ding- Non-Executive Director								
2011	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
Executive								
Cecilia Chiu – Company Secretary *								
2011	46,400	-	-	-	-	-	35,658	82,058
2010	45,600	-	-	-	-	-	-	45,600
Total Remuneration								
2011	299,069	-	-	21,480	-	-	463,554	784,103
2010	250,000	-	-	18,180	-	-	-	268,180

* Athena Corporate Pty Ltd, a company Ms Chiu has an interest in, receives fees from United Uranium Limited for corporate, accounting and secretarial services on commercial terms.

Compensation options granted during the year ended 30 June 2011

A total of 6,500,000 compensation options were granted to directors and executive during the financial year.

Share-based compensation to directors and executives during the current financial year

Name	No. granted	Date granted	Fair Value per option at grant date	No. vested	% of grant vested	% of grant forfeited	% compensation for year consisting of options	Expiry date	First exercise date	Last exercise date
(Simon) Xing Yan	2,000,000	27 April 2011	0.0499	2,000,000	100%	-	51%	30 April 2014	27 April 2011	30 April 2014
George Lazarou	2,000,000	27 April 2011	0.0499	2,000,000	100%	-	61%	30 April 2014	27 April 2011	30 April 2014
Eric Kong	2,000,000	27 April 2011	0.0499	2,000,000	100%	-	75%	30 April 2014	27 April 2011	30 April 2014
Feng Ding (Appointed 1 April 2011)	-	-	-	-	-	-	-	-	-	-
Cecilia Chiu	500,000	27 April 2011	0.0499	500,000	100%	-	43%	30 April 2014	27 April 2011	30 April 2014

DIRECTORS' REPORT (Continued)**11. REMUNERATION REPORT (Continued)**

For details on the valuation of the options, including models and assumptions used, please refer to Note 15. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

No compensation options have been exercised or lapsed during the financial year.

Performance income as a proportion of total income

No performance based bonuses have been paid to directors and executives during the financial year.

12. OPTIONS

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

Expiry Date	Exercise Price	Number of Shares
30 June 2012	\$0.20	18,712,576
30 April 2014	\$0.1415	6,500,000

Nil ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

13. INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$6,950. No indemnity has been paid to auditors.

14. PROCEEDINGS ON BEHALF OF 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 these proceedings.

The Company was not a party to any such proceedings during the year.

15. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 13 of annual report.

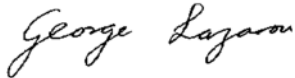
DIRECTORS' REPORT (Continued)**16. NON-AUDIT SERVICES**

The board of directors is satisfied that the provision of non-audit services performed during the year by the Company's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- The nature of the services provided do not compromise the general principles relating to auditors independence as set out in the APES 110 (*Code of Ethics for Professional Accountants*)
- No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2011.

The board of directors is satisfied that no non-audit services were performed during the year by the Company's auditors.

Signed in accordance with a resolution of the Board of Directors.



George Lazarou
Executive Director

Dated this 7th day of September 2011

The review of exploration activities contained in this report is based on information compiled by Ian Prentice, a Director of independent consultants Zephyr Consulting Group Pty Ltd, and a member of the Australian Institute of Mining and Metallurgists. He has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Ian Prentice has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our audit of the financial report of United Uranium Limited for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

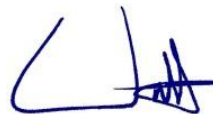
We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 7th day of September 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	30 June 2011	30 June 2010
		\$	\$
Interest Revenue		237,522	163,250
Other Income		100,000	-
Employee benefit expenses		(289,374)	(231,600)
Occupancy expenses		(37,700)	(27,025)
Depreciation expense		(1,659)	(1,251)
Consultancy expenses		(90,541)	(49,099)
Legal and compliance		(70,094)	(57,549)
Exploration expenses incurred		(31,866)	-
Impairment provision financial assets at fair value		-	(150,728)
Impairment provision capitalised exploration expenditure		(247)	(94,562)
Share based payments		(427,897)	-
Administration expenses		(40,484)	(37,656)
Loss before income tax expense	2	(652,340)	(486,220)
Income tax expense	4	-	-
Net loss for the year		(652,340)	(486,220)
Other comprehensive income		-	-
Total comprehensive income		(652,340)	(486,220)
Basic loss per share (cents per share)	18	(1.7)	(1.3)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,716,891	3,970,186
Trade and other receivables	6	79,658	63,635
TOTAL CURRENT ASSETS		4,796,549	4,033,821
NON CURRENT ASSETS			
Exploration and evaluation assets	7	881,964	683,183
Financial assets	8	45,829	45,829
Plant and equipment	9	6,753	5,010
TOTAL NON CURRENT ASSETS		934,546	734,022
TOTAL ASSETS		5,731,095	4,767,843
CURRENT LIABILITIES			
Trade and other payables	10	37,567	84,570
Provision	11	48,990	20,937
TOTAL CURRENT LIABILITIES		86,557	105,507
TOTAL LIABILITIES		86,557	105,507
NET ASSETS		5,644,538	4,662,336
EQUITY			
Issued Capital	12	6,614,312	5,443,324
Reserves	13	482,267	18,713
Accumulated Losses	14	(1,452,041)	(799,701)
TOTAL EQUITY		5,644,538	4,662,336

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Cash Flows from Operating Activities			
- Interest and other income		316,954	125,679
- Payments to suppliers and employees		(464,561)	(380,067)
- Payments for exploration and evaluation		<u>(273,274)</u>	<u>(251,717)</u>
<i>Net cash used in operating activities</i>	19 (ii)	<u>(420,881)</u>	<u>(506,105)</u>
Cash Flows from Investing Activities			
- Purchase of plant and equipment		(3,402)	-
- Refund from share allocation		<u>-</u>	<u>8,060</u>
<i>Net cash provided by/(used in) investing activities</i>		<u>(3,402)</u>	<u>8,060</u>
Cash Flows from Financing Activities			
- Proceeds from issue of shares and options		1,176,000	19,782
- (Payment)/Recovery for share issue costs		<u>(5,012)</u>	<u>(19,003)</u>
<i>Net cash provided by financing activities</i>		<u>1,170,988</u>	<u>779</u>
Net increase/(decrease) in cash held		746,705	(497,266)
Cash at beginning of financial year	5	<u>3,970,186</u>	<u>4,467,452</u>
Cash at end of financial year	5	<u>4,716,891</u>	<u>3,970,186</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2009	5,274,615	186,643	(313,481)	5,147,777
Loss for the year	-	-	(486,220)	(486,220)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(486,220)	(486,220)
Options converted	1,069	18,713	-	19,782
Transfer of option reserve to issued capital	186,643	(186,643)	-	-
Asset revaluation reserve	(19,003)	-	-	(19,003)
Balance at 30 June 2010	5,443,324	18,713	(799,701)	4,662,336
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2010	5,443,324	18,713	(799,701)	4,662,336
Loss for the year	-	-	(652,340)	(652,340)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(652,340)	(652,340)
Options Issued	-	463,554	-	463,554
Shares Issued	1,176,000	-	-	1,176,000
Capital raising costs	(5,012)	-	-	(5,012)
Balance at 30 June 2011	6,614,312	482,267	(1,452,041)	5,644,538

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company of United Uranium Limited and has been prepared in Australian dollars. United Uranium Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(b) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model.

Exploration and evaluation costs

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(b) Critical Accounting Judgements, Estimates and Assumptions (Continued)***Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(c) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. 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:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area 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.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("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 in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(e) Goods and Services Tax (GST) (Continued)**

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.

(f) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(g) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable

future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Income Tax (Continued)**

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(h) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Revenue

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

Revenue is recognised as the interest accrues.

(j) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(k) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(l) Financial Instruments**Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(I) Financial Instruments (Continued)****Classification and subsequent measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(l) Financial Instruments (Continued)**

- iv. *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of Assets

At each the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(m) Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Plant and Equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33.00%
Furniture and Fittings	11.25%
Software	33.00%

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

(n) Comparatives

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

(o) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for Application in Future Periods (continued)

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

- a. the objective of the entity's business model for managing the financial assets; and
- b. the characteristics of the contractual cash flows.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Company.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for Application in Future Periods (continued)

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
 - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
 - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
 - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
 - making sundry editorial amendments to various Standards and Interpretations.
- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for Application in Future Periods (continued)

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

The financial report was authorised for issue on 7th September 2011 by the board of directors.

	2011	2010
	\$	\$
2. LOSS FOR THE YEAR		
Loss before income tax has been determined after following specific expenses:		
Employee benefits expense		
- Salaries and entitlements	<u>289,374</u>	<u>231,600</u>
- Impairment Financial assets at fair value	-	150,728
- Impairment capitalised exploration expenditure	<u>247</u>	<u>95,562</u>
3. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	<u>26,015</u>	<u>21,850</u>
	<u>26,015</u>	<u>21,850</u>
4. INCOME TAX		
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
b. The prima facie tax expense/(benefit) on profit/(loss) before income tax is reconciled to the income tax as follows:		
Prima facie tax expense/(benefit) on profit/(loss) before income tax at 30%	(195,702)	(145,866)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**
4. INCOME TAX (Continued)

	2011	2010
	\$	\$
Add:		
Tax effect of:		
- Revenue losses not recognised	65,085	116,520
- Other deferred tax balances not recognised	-	29,346
- Other non-allowable	138,790	-
	<u>8,173</u>	<u>-</u>
Less:		
Tax effect of:		
- Other allowable items	8,173	-
Income tax	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows:	0%	0%
c. Deferred tax recognized:		
Deferred tax liabilities:		
Exploration expenditure	(264,589)	(204,955)
Other	(19,455)	(14,569)
Deferred tax assets:		
Carry forward revenue losses	<u>284,034</u>	<u>219,524</u>
Net deferred tax	<u>-</u>	<u>-</u>
d. Unrecognised deferred tax assets:		
Carry forward revenue losses	242,891	177,446
Capital raising costs	108,104	24,690
Financial assets	7,996	108,104
Provision and accruals	21,987	11,885
Other	<u>39</u>	<u>117</u>
	<u>381,017</u>	<u>322,242</u>

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
5. CASH AND CASH EQUIVALENTS		
Current		
Cash at Bank	19(i) <u>4,716,891</u>	<u>3,970,186</u>
6. TRADE AND OTHER RECEIVABLES		
Current		
GST Receivable	4,668	8,398
Other Debtors	67,432	46,864
Prepayments	<u>7,558</u>	<u>8,373</u>
	<u>79,658</u>	<u>63,635</u>
7. EXPLORATION AND EVALUATION ASSETS		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	<u>881,964</u>	<u>683,183</u>
Balance at beginning of the year	683,183	549,486
Exploration expenditure capitalised during the year	199,028	228,259
Exploration expenditure impaired	<u>(247)</u>	<u>(94,562)</u>
At reporting date	<u>881,964</u>	<u>683,183</u>
8. FINANCIAL ASSETS		
Non Current		
Financial assets at fair value through profit or loss	<u>45,829</u>	<u>45,829</u>
<i>Unlisted Shares, at recoverable amount</i>		
At cost	50,000	50,000
Provision for impairment	<u>(50,000)</u>	<u>(50,000)</u>
	-	-
<i>Listed Shares at fair value</i>	<u>45,829</u>	<u>45,829</u>
Total Financial assets at fair value through profit or loss	<u>45,829</u>	<u>45,829</u>
9. PLANT AND EQUIPMENT		
Plant and equipment at cost	10,577	7,175
Accumulated depreciation	<u>(3,824)</u>	<u>(2,165)</u>
	<u>6,753</u>	<u>5,010</u>
(a) Movements in carrying amounts		
<i>Plant and Equipment</i>		
At beginning of reporting period	5,010	6,261
Additions	3,402	-
Depreciation expense	<u>(1,659)</u>	<u>(1,251)</u>
At end of reporting period	<u>6,753</u>	<u>5,010</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
10. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	3,979	31,371
Other creditors and accruals	33,588	53,199
	<u>37,567</u>	<u>84,570</u>
Trade creditors are non-interest bearing and are normally settled on 30 day terms.		
11. PROVISIONS		
Current		
Employee benefits	<u>48,990</u>	<u>20,937</u>
12. ISSUED CAPITAL		
43,041,108 (2010: 37,441,108) fully paid ordinary shares of no par value	<u>6,614,312</u>	<u>5,443,324</u>

(a) Movements in fully paid ordinary shares on issue:

	2011		2010	
	\$	Number	\$	Number
At the beginning of the reporting year	5,443,324	37,441,108	5,274,615	37,435,789
Shares issued during the year:				
Option conversions 2 December 2009	-	-	1,069	5,319
Transfer from option reserve	-	-	186,643	-
Placement	1,176,000	5,600,000	-	-
Capital raising (costs)/ refund	(5,012)	-	(19,003)	-
At reporting date	<u>6,614,312</u>	<u>43,041,108</u>	<u>5,443,324</u>	<u>37,441,108</u>

(b) Terms of Ordinary Shares

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

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements of the Company to meet exploration programmes and overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

12. ISSUED CAPITAL (Continued)

The working capital position of the Company at 30 June 2011 and 30 June 2010 are as follows:

	2011	2010
	\$	\$
Cash and cash equivalents	4,716,891	3,970,186
Trade and other receivables	79,658	63,635
Financial assets at fair value through Profit and Loss	45,829	45,829
Trade and other payables	(37,567)	(84,570)
Working capital position	<u>4,804,811</u>	<u>3,995,080</u>

13. RESERVES

Option reserve	<u>482,267</u>	<u>18,713</u>
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Movements in options on issue:

	2011		2010	
	\$	Number	\$	Number
At the beginning of the reporting year	18,713	18,712,576	186,643	3,000,000
Options issued during the year:				
Options issued at \$0.01 each, exercisable at \$0.20 on or before 30 June 2012	-	-	18,718	18,717,895
Directors and Consultants Options, exercisable at \$0.1415 on or before 30 April 2014	463,554	6,500,000	-	-
Transfer to issued capital	-	-	(186,643)	-
Options converted	-	-	(5)	(5,319)
Options expired	-	-	-	(3,000,000)
At reporting date	<u>482,267</u>	<u>25,212,576</u>	<u>18,713</u>	<u>18,712,576</u>

Terms of Options

At the end of reporting year, there were 18,712,576 options over unissued shares exercisable at \$0.20 on or before 30 June 2012 and 6,500,000 options over unissued shares exercisable at \$0.1415 on or before 30 April 2014.

14. ACCUMULATED LOSSES

	2011	2010
	\$	\$
Accumulated losses at the beginning of the reporting year	(799,701)	(313,481)
Net loss attributable to members	<u>(652,340)</u>	<u>(486,220)</u>
Accumulated losses at the end of the reporting year	<u>(1,452,041)</u>	<u>(799,701)</u>

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

The following persons are key management personnel of the Company during the financial year:

Directors

Xing Yan (Simon)	Executive Chairman
George Lazarou	Executive Director
Eric Kong	Non-Executive Director
Feng Ding	Non-Executive Director (Appointed 1 April 2011)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(b) Remuneration policy of key management personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Service agreements

Pursuant to an agreement executed on 26 March 2010, George Lazarou will be paid \$100,000 per annum on a full time basis plus superannuation, for providing services to the Company as an Executive Director. The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an extension letter dated 31 October 2010 the Board have agreed to extend Xing Yan's (Simon) current agreement by an additional year (until 30 April 2012), for providing services to the Company as an Executive Chairman. The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered. On 4 March 2011, a resolution was passed by board of directors to increase Mr Yan's salary to \$150,000 per annum, effective 1 March 2011.

On 4 March 2011, a resolution was passed by board of directors to increase Mr Kong's salary to \$50,000 per annum. It was also resolved to pay Mr Kong \$30,000 per annum for consultancy work in addition to his director's salary, effective 1 March 2011. Mr Kong's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

Pursuant to a letter of appointment executed on 7 April 2011, Mr Ding will be paid \$2,000 per Board meeting attended as a Non-executive Director. Mr Ding's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

(c) Compensation of key management personnel by individual

Compensation details of key management personnel have been disclosed in the Directors' Report. The totals of remuneration paid to directors of the Company during the year are as follows:

	2011	2010
	\$	\$
Salary and fees	252,668	250,000
Superannuation	21,480	18,180
Share-based payments	427,897	-
	<u>702,045</u>	<u>268,180</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(d) Compensation options: Granted and vested during the year

There were 6,500,000 compensation options granted to key management personnel of the Company during the year.

(e) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

(f) Option holdings of key management personnel

2011								
	Balance at 01.07.10	Granted as Remuneration	Exercised/ Expired	Bought & (Sold)	Balance at 30.06.11	Total Vested at 30.06.11	Total Exercisable at 30.06.11	Total Unexercisable at 30.06.11
Xing Yan (Simon)	1,825,000	2,000,000	-	-	3,825,000	3,825,000	3,825,000	-
George Lazarou	175,000	2,000,000	-	-	2,175,000	2,175,000	2,175,000	-
Eric Kong	39,750	2,000,000	-	-	2,039,750	2,039,750	2,039,750	-
Feng Ding (appointed 1 April 2011)	-	-	-	-	-	-	-	-
	2,039,750	6,000,000	-	-	8,039,750	8,039,750	8,039,750	-

2010								
	Balance at 01.07.09	Granted as Remuneration	Exercised/ Expired	Bought & (Sold)	Balance at 30.06.10	Total Vested at 30.06.10	Total Exercisable at 30.06.10	Total Unexercisable at 30.06.10
Xing Yan (Simon)	1,000,000	-	(1,000,000)	1,825,000	1,825,000	1,825,000	1,825,000	-
George Lazarou	1,000,000	-	(1,000,000)	175,000	175,000	175,000	175,000	-
Eric Kong	-	-	-	39,750	39,750	39,750	39,750	-
	2,000,000	-	(2,000,000)	2,039,750	2,039,750	2,039,750	2,039,750	-

(g) Shareholdings of key management personnel

2011					
	Balance at 01.07.10	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.11
Xing Yan (Simon)	3,650,000	-	-	-	3,650,000
George Lazarou	350,000	-	-	-	350,000
Eric Kong	79,500	-	-	-	79,500
Feng Ding (appointed 1 April 2011)	-	-	-	-	-
	4,079,500	-	-	-	4,079,500

2010					
	Balance at 01.07.09	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.10
Xing Yan (Simon)	3,650,000	-	-	-	3,650,000
George Lazarou	350,000	-	-	-	350,000
Eric Kong	79,500	-	-	-	79,500
	4,079,500	-	-	-	4,079,500

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)****(h) Loans to key management personnel**

No loans were made to key management personnel of the company during the financial year.

(i) Other transactions and balances with key management personnel

During the year there has been nil transactions with key management personnel.

16. RELATED PARTY DISCLOSURES**Key management personnel**

Disclosures relating to key management personnel are set out in note 15 and the Directors' Report.

17. FINANCIAL INSTRUMENTS**(i) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Foreign Currency Risk

The Company is not exposed to fluctuations in foreign currencies.

(b) Interest Rate Risk

The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(d) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows. The Company does not have any significant liquidity risk as the Company does not have any collateral debts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

17. FINANCIAL INSTRUMENTS (Continued)

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(ii) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the Statement of Financial Position.

2011

	Floating interest rate \$	Fixed interest maturing in			Non- Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
Financial Assets						
Cash at bank	47,226	4,669,665	-	-	-	4,716,891
Trade & other receivables	-	-	-	-	79,658	79,658
Financial asset at fair value through profit or loss	-	-	-	-	45,829	45,829
	47,226	4,669,665	-	-	125,487	4,842,378
Weighted Average Interest Rate	2.48%	5.88%				
Financial Liabilities						
Trade & other creditors	-	-	-	-	37,567	37,567
	-	-	-	-	37,567	37,567

2010

	Floating interest rate \$	Fixed interest maturing in			Non- Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
Financial Assets						
Cash at bank	91,592	3,878,594	-	-	-	3,970,186
Trade & other receivables	-	-	-	-	63,635	63,635
Financial asset at fair value through profit or loss	-	-	-	-	45,829	45,829
	91,592	3,878,594	-	-	109,464	4,079,650
Weighted Average Interest Rate	4.5%	3.55%				
Financial Liabilities						
Trade & other creditors	-	-	-	-	84,570	84,570
	-	-	-	-	84,570	84,570

Trade and sundry payables are expected to be paid as follows:

	2011 \$	2010 \$
Less than 6 months	37,567	84,570
	<u>37,567</u>	<u>84,570</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

17. FINANCIAL INSTRUMENTS (Continued)

(iii) NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

Net fair value of financial assets:	2011	2010
	\$	\$
Bannerman Resources Limited	45,829	45,829
	<u>45,829</u>	<u>45,829</u>

(iv) INTEREST RATE SENSITIVITY ANALYSIS

At 30 June 2011, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2011	2010
	\$	\$
CHANGE IN PROFIT/(LOSS)		
Increase in interest rate by 2%	(537,937)	(459,009)
Decrease in interest rate by 2%	(766,743)	(491,736)
CHANGE IN EQUITY		
Increase in interest rate by 2%	5,758,941	4,689,547
Decrease in interest rate by 2%	5,530,735	4,656,819

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(v) PRICE SENSITIVITY ANALYSIS

Management believes the estimated fair values resulting from the valuation of listed investments and recorded in the statement of financial position and the related changes in fair values recorded in the statement of comprehensive income are reasonable and the most appropriate at Statement of Financial Position date. At 30 June 2011, the effect on loss as a result of changes in the share price of listed investment, with all other variables remaining constant would be as follows:

	2011	2010
	\$	\$
CHANGE IN PROFIT/(LOSS)		
Increase in fair value of investment by 10%	(647,757)	(470,790)
Decrease in fair value of investment by 10%	(656,923)	(479,956)

2011	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
— listed investments	45,829	-	-	45,829
— unlisted investments	-	-	-	-
	<u>45,829</u>	<u>-</u>	<u>-</u>	<u>45,829</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

17. FINANCIAL INSTRUMENTS (Continued)

(v) PRICE SENSITIVITY ANALYSIS (Continued)

2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
— listed investments	45,829	-	-	45,829
— unlisted investments	-	-	-	-
	45,829	-	-	45,829

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 3 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

18. EARNINGS PER SHARE

	2011 \$	2010 \$
(a) Loss used in the calculation of basic earnings per share	(652,340)	(486,220)
	Number of shares	Number of shares
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic earnings per share:	39,328,231	37,441,108

19. CASH FLOW INFORMATION

(i) Reconciliation of cash and cash equivalent:-

	2011 \$	2010 \$
Cash at Bank	4,716,891	3,970,186

(ii) Reconciliation of cash flows from operating activities with loss after income tax

Loss after income tax	(652,340)	(486,220)
Depreciation expense	1,659	1,251
Impairment financial assets at fair value	-	150,728
Impairment capitalised exploration expenditure	247	94,562
Share-based payments	463,554	-
Cash flows not included in loss after income tax for the year		
- Payments for exploration and evaluation	(199,028)	(236,318)
Changes in assets and liabilities:		
- (Increase)/ Decrease in trade and other receivables	(16,023)	(28,642)
- (Decrease)/ Increase in trade and other payables	(47,002)	(11,992)
- (Decrease)/ Increase in provisions	28,052	10,526
Net cash (outflows) from Operating Activities	(420,881)	(506,105)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****19. CASH FLOW INFORMATION (Continued)****(iii) Non-cash financing and investing activities**

No non-cash financing and investing activities have occurred during the year ended 30 June 2011.

20. SEGMENT INFORMATION**Identification of reportable segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its uranium exploration and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments**(i) Uranium exploration**

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Northern Territory are reported on in this segment.

(ii) Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Basis of accounting for purposes of reporting by operating segments*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

20. SEGMENT INFORMATION (Continued)

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

(i) Segment performance

	Corporate	Uranium Exploration	Total
	\$	\$	\$
30 June 2011			
Revenue			
Interest and other revenue	237,522	100,000	337,522
Total segment revenue	237,522	100,000	337,522

*Reconciliation of segment result to company net (loss)
before tax*

Amounts not included in segment result but reviewed by the Board:

• Depreciation	(1,659)	-	(1,659)
• Impairment provision	-	(247)	(247)

Unallocated items:

• Other			(987,956)
Net loss before tax from continuing operations			<u>(652,340)</u>

30 June 2010

Revenue

Interest revenue	163,250	-	163,250
Total segment revenue	163,250	-	163,250

*Reconciliation of segment result to net profit/(loss) before
tax*

Amounts not included in segment result but reviewed by the Board:

• Depreciation	(1,251)	-	(1,251)
• Impairment provision	(150,728)	(94,562)	(245,290)

Unallocated items:

• Other			(402,929)
Net loss before tax from continuing operations			<u>(486,220)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

20. SEGMENT INFORMATION (Continued)

(ii) Segment assets

	Corporate	Uranium Exploration	Total
	\$	\$	\$
30 June 2011			
Segment assets	4,762,720	881,964	5,644,684
Segment asset increases for the period:			
• Capital expenditure	-	198,781	198,781
• Acquisitions	-	-	-

Reconciliation of segment assets to total assets

Inter-segment eliminations

Unallocated assets:

• Other assets			86,411
Total assets from continuing operations			<u>5,731,095</u>

30 June 2010

Segment assets	4,016,016	683,183	4,699,199
Segment asset increases for the period:			
• Capital expenditure	-	133,697	133,697
• Acquisitions	-	-	-

Reconciliation of segment assets to total assets

Inter-segment eliminations

Unallocated assets:

• Other assets			68,644
Total assets from continuing operations			<u>4,767,843</u>

(iii) Segment liabilities

30 June 2011

Segment liabilities	22,940	-	22,940
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Reconciliation of segment liabilities to liabilities

Inter-segment eliminations

Unallocated liabilities:

• Other liabilities			63,617
Total liabilities from continuing operations			<u>86,557</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

20. SEGMENT INFORMATION (Continued)

30 June 2010	Corporate \$	Uranium Exploration \$	Total \$
Segment liabilities	74,864	-	74,864
<i>Reconciliation of segment liabilities to liabilities</i>			
Inter-segment eliminations	-	-	-
Unallocated liabilities:			
• Other liabilities			30,643
Total liabilities from continuing operations			<u>105,507</u>

(iv) Revenue by geographical region

There is no revenue attributable to external customers for the years ended 30 June 2011 and 2010.

(v) Assets by geographical region

All reportable segment assets are located in one location, Australia.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Except for the below, the Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

- On 18 July 2011 the Company announced the commencement of a drilling program at the McArthur Project.

22. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2011, and the interval between 30 June 2011 and the date of this report.

23. COMMITMENTS

(a) Exploration commitments

The Company will have minimum obligations pursuant to the terms and conditions of prospective tenement licenses in the forthcoming year of exploration and rental commitments as detailed below. These obligations are capable of being varied from time to time, in order to maintain current rights to tenure to mining tenements.

	Exploration Commitment	Rental Commitment
Within 1 year	371,000	15,600
1 to 5 years	-	-
5+ years	-	-

(b) Lease expenditure commitments

There is one operating lease being a rental lease on the Company's premises. The rental lease is for a 12 month period at \$3,500 plus GST per month and expires on 31 October 2011.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 41 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as noted in note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards Board; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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 and is signed for and on behalf of the directors by:



George Lazarou
Executive Director

Dated this 7th of September 2011

Independent Auditor's Report

To the Members of United Uranium Limited

We have audited the accompanying financial report of United Uranium Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company at year end or from time to time during the financial year.

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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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a. The financial report of United Uranium Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of United Uranium Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 7th day of September 2011

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting year, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations. A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at <http://www.asx.com.au/supervision/governance/index.htm>.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

The Board is accountable to shareholders for the performance of the Company. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. The formal letter of appointment covers the matters referred to in the guidance and commentary for Recommendation 1.1. Executive directors are employed pursuant to employment agreements.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of an executive chairman, an executive director, and two non-executive directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The roles of Chairman and the Managing Director are not exercised by the same individual. The role of Managing Director is carried out by Executive Director, Mr Lazarou. The Board Charter summarises the roles and responsibilities of the Chairman, Mr Yan and the Managing Director, Mr Lazarou.

Independence of non-executive directors and the Chairman of the Board

The Board has assessed the independence of the non-executive director and the Chairman using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1. The Chairman, Mr Yan does not satisfy the tests of independence as detailed in the Recommendations.

Although Mr Kong holds 79,500 fully paid ordinary shares in the Company, the Board considers this immaterial. He is regarded as independent as Mr Kong is not a substantial shareholder as defined by the Corporations Act.

Mr Ding is not an independent Non-Executive Director, as he has a substantial shareholding in the Company through HD Mining & Investment Pty Ltd.

The Company is at variance with Recommendations 2.1 and 2.2 in that the majority of directors are not independent and the Chairman is not independent. The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of the company. Furthermore, each individual member of the Board is satisfied that whilst the Company may not comply with Recommendations 2.1 and 2.2, all directors bring an independent judgment to bear on Board decisions.

CORPORATE GOVERNANCE (Continued)

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (Continued)

Nomination and Remuneration Committee

The Company does not have an existing Nomination and Remuneration Committee as recommended in Recommendation 2.4. As the whole Board only consists of four (4) members, it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of a Nomination and Remuneration Committee would 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. Currently the Board as a whole performs this role.

Board renewal and succession planning

The appointment of directors is governed by the Company's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the Company, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. The Company has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

Evaluation of the performance of the Board, its committees and individual directors

The performance of the Board and individual directors are evaluated in accordance with the Performance Evaluation Policies introduced via Board Charter on 1 March 2007. The objective of this evaluation will be to provide best practice corporate governance to the Company. Board Performance Evaluation Policy is available at the Company's website.

Induction and education

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after consultation with the Chairman.

Trading in company shares

The share trading policy sets out the Company's policy regarding the trading in Company securities, which includes shares, options, warrants, debentures and any other security on issue from time to time. This policy is separate from and additional to the legal constraints imposed by the common law, the Corporations Act and ASX Listing Rules.

This policy applies to all Directors and employees of the Company and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors of the Company ("designated officers").

The Share Trading Policy is available on United Uranium's website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has adopted a Code of Conduct which applies to all directors and officers of the Company. It sets out United Uranium's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.

The Code of Conduct is available on United Uranium's website.

CORPORATE GOVERNANCE (Continued)

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING (Continued)

Diversity Policy

The board has adopted a diversity policy which applies to all directors and officers of the Company. The Company is committed to gender diversity across the organisation. Subject to current size and operations of the company, the Board is strongly committed to a long term goal of achieving an equal representation of female and male employees or consultants across the organisation over the next 5 years.

The board is primarily responsible for setting achievable objectives on gender diversity and monitoring the progress of the Company towards them on an annual basis. The Company currently has no employees. During 2011 financial year, the Company had 2 female consultants providing corporate secretarial and accounting services to the Company.

The Diversity Policy is available on United Uranium's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. Below is a summary of the role and responsibilities of an Audit Committee.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of four (4) members, 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. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

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

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

External auditor

The Audit and Risk Committee or as at the date of this report the full Board of the company reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The Company's independent external auditor is Bentley's Audit and Corporate Advisory (WA) Pty Ltd ("Bentley's"). The appointment of Bentley's was ratified by members at the Annual General Meeting held on 26 November 2008.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

CORPORATE GOVERNANCE (Continued)

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE (Continued)

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

The Continuous Disclosure Policy is available on United Uranium's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the Company's commitment to promoting investor confidence by requiring:

- (a) compliance with the continuous disclosure obligations;
- (b) compliance with insider trading laws;
- (c) compliance with financial reporting obligations;
- (d) compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the Company;
- (e) communication with shareholders in a clear, regular, timely and transparent manner; and
- (f) response to shareholder queries in a prompt and courteous manner.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 6.1.

The Shareholder Communications Policy is available on United Uranium's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management Policy

United Uranium recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, the Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control.

Risk oversight

The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of four (4) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. At the date of this report the full Board of the Company is responsible for establishing policies on risk oversight and management.

Reporting and assurance

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

As detailed in responsibilities of the Audit Committee the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

The Risk Management Policy is available on the United Uranium website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies as set out in the Nomination and Remuneration Committee Charter. The Charter reflects the matters set out in the commentary and guidance for Recommendation 8.1.

As the whole Board only consists of four (4) members, the Company does not have a Nomination and 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 a Nomination and Remuneration Committee are currently carried out by the board.

CORPORATE GOVERNANCE (Continued)**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY (Continued)***Non-executive directors' remuneration policy*

The structure of non-executive directors' remuneration is clearly distinguished from that of executives.

Remuneration for non-executive directors is fixed. Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors receive long term incentives in the form of shares or options in the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

Executive directors' remuneration policy

As noted previously, executive directors are employed pursuant to employment agreements. Summaries of these employment agreements are set out in the Remuneration Report.

Further details regarding the remuneration arrangements of the Company are set out in the Remuneration Report.

The checklist below summarises the Company's compliance with the Recommendations.

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 1	Lay solid foundations for management and oversight		
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	Yes	Website and Page 45
Rec 1.2	Companies should disclose the process for evaluation the performance of senior executives.	Yes	Website and Page 45
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Website and Page 45
Pr 2	Structure the board to add value		
Rec 2.1	A majority of the board should be independent directors.	No	Website and Page 45
Rec 2.2	The Chairman should be an independent director.	No	Website and Page 45
Rec 2.3	The roles of chairman and chief executive officer should not be exercised by the same individual.	Yes	Website and Page 45
Rec 2.4	The board should establish a nomination committee	No	Website and Page 46
Rec 2.5	Companies should disclose the process of evaluating the performance of the board, its committees and individual directors.	Yes	Website and Page 46
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2	Yes	Website and Page 46

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 3	Promote ethical and responsible decision making		
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> - the practices necessary to maintain confidence in the company's integrity - the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes	Website and Page 46
Rec 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Yes	Website and Page 47
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Yes	Website and Page 47
Rec 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	Yes	Website and Page 47
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Website and Page 47
Pr 4	Safeguard integrity in financial reporting		
Rec 4.1	The board should establish an audit committee.	No	Website and Page 47
Rec 4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> - consists only of non-executive directors; - consists of a majority of independent directors; - is chaired by an independent chair, who is not the chair of the board; and - has at least three members. 	No	Website and Page 47
Rec 4.3	The audit committee should have a formal charter.	Yes	Website and Page 47
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Website and Page 47

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 5	Make timely and balanced disclosure		
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Yes	Website and Page 47
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Website and Page 47
Pr 6	Respect the rights of shareholders		
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website and Page 48
Rec 6.2	Company should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Website and Page 48
Pr 7	Recognise and manage risk		
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Website and Page 48
Rec 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Website and Page 48
Rec 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Website and Page 48
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Website and Page 48
Pr 8	Remunerate fairly and responsibly		
Rec 8.1	The board should establish a remuneration committee.	No	Website and Page 48
Rec 8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> - consists of a majority of independent directors - is chaired by an independent director - has at least three members - 	No	Website and Page 48

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Rec 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Website and Page 49
Rec 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Website and Page 49

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the company as at 29 August 2011 were as follows:

Number Held as at 29 August 2011	Class of Equity Securities
	Fully Paid Ordinary Shares
1-1,000	24
1,001 - 5,000	169
5,001 – 10,000	182
10,001 - 100,000	250
100,001 and over	34
	34
Totals	659

Holders of less than a marketable parcel: fully paid shares 204

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 29 August 2011:

Shareholder	Number
HD Mining & Investment Pty Ltd	5,600,000
Cheng Rong Wang	4,510,500
Xibo Ma	3,340,000
Xing Yan	2,650,000

Unquoted Securities

The Company has no unquoted securities.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

ADDITIONAL SHAREHOLDER INFORMATION (Continued)**Twenty Largest Shareholders**

The names of the twenty largest ordinary fully paid shareholders as at 29 August 2011 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	Held of Issued Ordinary Capital (%)
HD Mining & Investment Pty Ltd	5,600,000	13.01
Cheng Rong Wang	4,510,500	10.48
Xibo Ma	3,340,000	7.76
Xing Yan	2,650,000	6.16
You Lian Zheng	2,050,963	4.77
You Lian Zheng	1,540,000	3.58
Kam Lan Choo	1,450,000	3.67
Western Investment Holding Pty Ltd	1,000,000	2.32
United Mining Resources Pty Ltd	1,000,000	2.32
Austhong International Group Pty Ltd	1,000,000	2.32
Kelmine Pty Ltd<Tanlee Unit A/C>	990,000	2.30
Mr Lanchun Wu	960,000	2.23
Fonomes Pty Ltd	760,463	1.77
Paso Holdings Pty Ltd	650,000	1.51
FM104.9 Network Pty Ltd	650,000	1.51
Mrs Xiu Zhen Liu	650,000	1.51
Mrs Xiuzhen Liu	416,704	0.97
Bessarlie Pty Ltd<Lazarou Family A/C>	350,000	0.81
Mr Christopher Kennedy	341,138	0.79
Sari Nominees <McLaren S/F A/C>	200,000	0.47
TOTAL	30,109,768	69.96%

The names of the twenty largest holders of 20c options expiring 30 June 2012 as at 29 August 2011 are as follows:

Name	Number of Options Held	Held of Issued Ordinary Capital (%)
Cheng Rong Wang	2,375,000	12.69
Xibo Ma	1,670,000	8.93
Kam Lan Choo	1,625,000	8.68
You Lian Zheng	1,573,817	8.41
M & K Korkidas Pty Ltd <M&K Korkidas Pty Ltd>	1,376,950	7.36
Western Investment Holding Pty Ltd	1,367,895	7.31
Xing Yan	1,325,000	7.08
T Van Schilfgaarde & A Boland <T Van Schilfgaarde S/F a/c>	1,000,000	5.34
You Lian Zheng	770,000	4.11
United Mining Resources Pty Ltd	500,000	2.67
Austhong International Group Pty Ltd	500,000	2.67
FM104.9 Network Pty Ltd	325,000	1.74
Mrs Xiu Zhen Liu	325,000	1.74
Sook Foon Lee	225,000	1.20
Mrs Karen Adele Wagner	216,803	1.16
Xiuzhen Liu	208,352	1.11
Bessarlie Pty Ltd<Lazarou Family A/C>	175,000	0.94
Stoneham Holdings Aus Pty Ltd	125,000	0.67
Stephen Brockhurst <The SM Brockhurst Family A/C>	100,001	0.54
Daniel Marshall	100,000	0.54
TOTAL	15,883,818	84.89%

The names of the twenty largest holders of 14.15c options expiring 30 April 2014 as at 29 August 2011 are as follows:

Name	Number of Options Held	Held of Issued Ordinary Capital (%)
Bessarlie Pty Ltd<Lazarou Family A/C>	2,000,000	30.77
United Mining Resources Pty Ltd	2,000,000	30.77
Atlis West Pty Ltd	2,000,000	30.77
Cecilia Chiu	500,000	7.69
TOTAL	6,500,000	100.00%

SCHEDULE OF MINERAL TENEMENTS

Project	Tenement	Equity
Pine Creek	EL 24815	80%
McArthur	EL 25839	80%
Wiso	EL 25835	80%
Wiso	ELA 25836	80%
Wiso	ELA 25840	80%
Dunmarra	EL 25838	80%