15. RESERVES	2011 $	2010 $
Employee benefits reserve	-	1,373,173
Foreign currency translation reserve	(18,613)	6,135
	(18,613)	1,379,308

Movement in reserves

The movement in each of the reserves has been set out in the Statement of Changes in Equity**.**

Nature and purpose of reserves

Employee benefits reserve
The employee benefits reserve is used to recognise the fair value of services provided to the Company by employees who are paid through the issue of options in the Company.

Details of the options that comprise the employee benefits reserve are as follows:

Nil (2010: 4,750,000) $0.70 options	-	1,373,173
	-	1,373,173

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as described in note 1(d). The accumulated exchange difference is recognised in profit and loss when the net investment is disposed of.

16. ACCUMULATED LOSSES

Balance at the beginning of the financial year	(18,539,326)	(45,604,881)
Net (loss)/profit attributable to members of Leyshon Resources	(779,984)	26,496,835
Transfer from Employee Benefits Reserve	1,373,173	568,720
Balance at the end of the financial year	(17,946,137)	(18,539,326)
Adjusted franking account balance (tax paid basis)	6,913,764	6,913,764

17. EARNINGS PER SHARE

	2011 $	2010 $
From continuing and discontinued operations		
Basic (loss)/profit per share (cents per share)	(0.3)	12.2
Dilutive (loss)/profit per share (cents per share)	(0.3)	12.2
From continuing operations:		
Basic loss per share (cents per share)	(0.3)	(0.9)
Diluted loss per share (cents per share)	(0.3)	(0.9)

The following reflects the earnings and average number of ordinary shares and potential ordinary shares used in the calculations of basic and diluted earnings per share:

	2011 $	2010 $
Net (loss)/profit used in calculating basic earnings per share	(779,984)	26,496,835
Adjustment to exclude profit from discontinued operations	-	28,444,559
Earnings used in calculating basic and diluted earnings per share from continuing operations	(779,984)	(1,947,724)

	Number of Shares 2011	Number of shares 2010
Weighted average number of ordinary shares used in calculating basic earnings per share	231,183,083	217,306,608
Effect of dilutive securities		
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	231,183,083	217,306,608

(a) Conversions, calls, subscriptions or issues after 30 June 2011

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

(b) Non-dilutive securities

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share from continuing and discontinued operations:

	Number of potential shares 2011	Number of potential shares 2010
Options – 70 cents exercise price	-	4,750,000

18. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the year.

19. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

There are no commitments for expenditure at 30 June 2011 (2010: nil). Refer to note 29(d) for a discussion around contingent liabilities.

20. LEASE COMMITMENTS

Operating leases

Leasing arrangements

The operating leases relate to the lease of an office in Beijing, China and an office in Perth, Australia. The current lease in Beijing is for a period of two years commencing 28 March 2009 and the lease in Perth is for a period of 1 year commencing 1 September 2011. The Consolidated Entity does not have an option to acquire the leased assets at the expiry of the lease period.

	2011 $	2010 $
Non-cancellable operating leases		
Not longer than 1 year	97,782	94,746
Longer than 1 year and not longer than 5 years	6,614	87,696
Longer than 5 years	-	-
	104,396	182,442

21. SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2011 %	2010 %
Parent Entity				
Leyshon Resources Limited	Australia			
Controlled Entities				
China Metals Pty Ltd	Australia	Ordinary	100	100
Ikh Zuchi Resources LLC	Mongolia	Ordinary	100	100
South Gobi Coal Company Limited	Cayman Islands	Ordinary	100	100
Xinjiang Exploration & Development Ltd [(1)]	British Virgin Islands	Ordinary	100	-
Chang Xing Ltd [(1)]	British Virgin Islands	Ordinary	100	-
Trident Investment Ltd [(1)]	Hong Kong	Ordinary	100	-
Beijing North Asia Mining Management and Consulting Co., Ltd [(1)]	People's Republic of China	N/A	100	-

(1) Incorporated on behalf of Leyshon Resources Limited

22. SEGMENT INFORMATION

As the Consolidated Entity has only one operating segment, all the necessary reporting disclosures are disclosed elsewhere in the notes to the financial statements.

23. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 21 to the financial statements.

(b) Key management personnel compensation

The directors' and key management personnel of the Consolidated Entity during the year were as follows. Unless otherwise specified each person held their position for the full financial year.

- John WS Fletcher (Chairman)
- Paul C Atherley (Managing Director)
- Richard Seville (Non Executive Director)
- Andrew J Berry III (Non Executive Director)
- Peter Niu - Financial Controller, Leyshon Resources Limited
- Stacey Apostolou – Company Secretary
- Henry Tebar – Exploration Manager

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	2011 $	2010 $
Short-term employee benefits	1,073,441	1,455,873
Post-employment benefits	7,431	5,574
Termination benefits	-	-
Share-based payment	-	-
	1,080,872	1,461,447

Details of individual key management personnel compensation are disclosed in the Remuneration Report.

23. RELATED PARTY DISCLOSURES (cont'd)

(c) Key management personnel equity holdings

Fully paid ordinary shares of Leyshon Resources

	Balance at the start of the year	Purchases	Received on exercise of options	Other changes	Disposals	Balance at the end of the year
2011						
Mr Paul Atherley	29,530,000	-	-	-	-	29,530,000
Mr John Fletcher	2,316,324	-	-	-	-	2,316,324
Mr Richard Seville	750,000	-	-	-	-	750,000
Mr Andrew Berry III	-	-	-	-	-	-
Mr Peter Niu	28,026	-	-	-	-	28,026
Ms Stacey Apostolou	100,000	-	-	-	-	100,000
Mr Henry Tebar	-	-	-	-	-	-
2010						
Mr Paul Atherley	29,000,000	530,000	-	-	-	29,530,000
Mr John Fletcher	2,202,824	113,500	-	-	-	2,316,324
Mr Richard Seville	-	750,000	-	-	-	750,000
Mr Andrew Berry III	-	-	-	-	-	-
Mr Peter Niu	28,026	-	-	-	-	28,026
Ms Stacey Apostolou	100,000	-	-	-	-	100,000
Mr Henry Tebar	-	-	-	-	-	-

Options exercisable @ $0.70 each on or before 30 November 2010 or 30 June 2011 (as appropriate)

	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
2011							
Mr John Fletcher – 2010 Options	1,000,000	-	-	(1,000,000)	-	-	-
Mr Richard Seville - 2010 Options	1,000,000	-	-	(1,000,000)	-	-	-
Ms Stacey Apostolou – 2010 Options	2,000,000	-	-	(2,000,000)	-	-	-

	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
2010							
Mr John Fletcher – 2010 Options	1,000,000	-	-	-	1,000,000	-	1,000,000
Mr Richard Seville - 2010 Options	1,000,000	-	-	-	1,000,000	-	1,000,000
Ms Stacey Apostolou – 2010 Options	2,000,000	-	-	-	2,000,000	-	2,000,000

23. RELATED PARTY DISCLOSURES (cont'd)

Options exercisable @ $0.40 or $0.55 (as appropriate) each on or before 30 November 2009

	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
2011							
	-	-	-	-	-	-	-
2010							
Mr Vic McLaglen - $0.40 Options	550,000	-	-	(550,000)	-	-	-
Mr Vic McLaglen- $0.55 Options	550,000	-	-	(550,000)	-	-	-

(d) Other transactions with key management personnel (and their related parties) of Leyshon Resources

There were no other transactions with key management personnel (and their related parties) during the year (2010: Nil).

(e) Transactions with other related parties

Transactions between Leyshon and its subsidiaries

Inter-company Account
Leyshon provides working capital to its controlled entities. Transactions between Leyshon and other controlled entities in the wholly owned group during the financial year ended 30 June 2011 consisted of:

(i) Working capital advanced by Leyshon;
(ii) Working capital repaid to Leyshon; and

The above transactions were made interest free with no fixed terms for the repayment of principal on the working capital advanced by Leyshon.

At balance date amounts receivable from controlled entities totalled $731,134 (2010: $440,518).

(f) Parent entities

The parent entity in the consolidated entity and the ultimate parent entity is Leyshon Resources Limited.

24. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no significant events occurring after balance date requiring disclosure in the financial statements.

25. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2011 $	2010 $
Cash and cash equivalents	52,901,790	46,193,725

(b) Reconciliation of loss for the year to net cash provided (used) by operating activities

(Loss)/profit for the year	(779,984)	26,496,835
Depreciation and amortisation	13,794	13,046
(Decrease)/increase in provision for employee entitlements	(1,222)	18,660
Unrealised foreign exchange differences	13,933	283,646
Gain from sale of interest in Black Dragon Mining	-	(28,444,559)
Share based payment expense	-	-
(Increase)/decrease in trade and other receivables and other assets	406,877	(1,075,367)
(Decrease)/increase in payables	149,297	(99,897)
Net cash used by operating activities	(197,305)	(2,807,636)

(c) Non cash transactions

30 June 2011

During the financial year:

a) On 30 November 2010, 4,000,000 options with an exercise price of 70 cents expired.
b) On 30 June 2011, 750,000 options with an exercise price of 70 cents expired.
c) Grant of options – there were no options granted by the Company during the year.

30 June 2010

During the financial year:

a) On 30 November 2009, 700,000 options with an exercise price of 40 cents expired.
b) On 30 November 2009, 550,000 options with an exercise price of 55 cents expired.
c) Grant of options – there were no options granted by the Company during the year.

26. JOINTLY CONTROLLED ENTITY

The Group was not a venturer in any jointly controlled entities at 30 June 2011 (2010: nil),

27. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring risk, and management of capital.

The Company and the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counter-party.

27. FINANCIAL RISK MANAGEMENT (cont'd)

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other equivalents

As the Group operates primarily in exploration activities, it does not have trade receivable and therefore is not exposed to credit risk in relation to trade receivables.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables (mainly relates to staff advances and security bonds) and investments. The management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2011 $	**2010 $**
Loans and receivables	743,088	1,145,616
Cash and cash equivalents	52,901,790	46,193,725
	53,644,878	47,339,342

Impairment losses
None of the Groups' other receivables are past due (2010: Nil)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

As a result of the Company completing the sale of the Group's interests in Black Dragon Mining Company Limited, during the prior year, which held the Zheng Guang development project, an amount of more than A$34 million cash and cash equivalents was received. Accordingly it is unlikely that the Group will need to raise additional capital in the next 12 months to meet its currently known obligations.

27. FINANCIAL RISK MANAGEMENT (cont'd)

The following are the maturities of financial assets including estimated interest receipts and excluding the impact of netting agreements of the Group:

	2011 $	2010 $
Less than 6 months	53,644,878	47,339,342
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	53,644,878	47,339,342

The following are the maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	2011 $	2010 $
Less than 6 months	183,873	158,455
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	183,873	158,455

All financial liabilities of the Group and Company are non-interest bearing.

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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, whilst optimising the return. The Group manages market risk by ensuring it only holds short-term, predominantly fixed interest financial instruments with maturities of less than six months.

Currency Risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Australian Dollar (AUD). The currencies in which these transactions primarily are denominated are USD, GBP, HKD and RMB.

The Group has not entered into any derivative financial instruments to hedge such transactions.

The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

27. FINANCIAL RISK MANAGEMENT (cont'd)

Exposure to Currency Risk

The Group's exposure to foreign currency risk at balance date based on notional amounts was as follows:

	A$				
	RMB	USD	HKD	GBP	**Total**
30 June 2011					
Financial Assets					
Cash and cash equivalents	60,762	100,408	36,043	661	**197,874**
Financial Liabilities					
Amortised cost	(105,515)	-		-	**(105,515)**
Net balance sheet exposure	(44,753)	100,408	36,043	661	**92,359**
30 June 2010					
Financial Assets					
Cash and cash equivalents	43,159	120,563	-	1,162	**164,884**
Financial Liabilities					
Amortised cost	(39,314)	(9,800)	-	(3,360)	**(52,474)**
Net balance sheet exposure	3,845	110,763	-	(2,198)	**112,410**

Sensitivity analysis

A 20 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

30 June 2011	**Other Equity A$**	**Profit or loss A$**
RMB	-	(8,951)
USD	-	20,082
HKD	-	7,209
GBP	-	132
	-	18,472

30 June 2010	**Other Equity A$**	**Profit or loss A$**
RMB	-	769
USD	-	22,153
HKD	-	-
GBP	-	440
	-	22,482

27. FINANCIAL RISK MANAGEMENT (cont'd)

A 20 percent weakening of the Australian dollar against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 90 day rolling periods.

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate	Total
	%	$	$	$
2011				
Financial Assets				
Cash and cash equivalents	6.13%	52,901,790	-	52,901,790
Financial Liabilities				
Financial liabilities		-	-	-
		52,901,790	-	52,901,790
2010				
Financial Assets				
Cash and cash equivalents	6.03%	46,193,725	-	46,193,725
Financial Liabilities				
Financial liabilities		-	-	-
		46,193,725	-	46,193,725

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Other Equity A$	Profit or loss A$
30 June 2011		
Variable rate instruments	-	529,018
30 June 2010		
Variable rate instruments	-	461,937

27. FINANCIAL RISK MANAGEMENT (cont'd)

Commodity Price Risk

The Group is still operating primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not yet subject to commodity price risk.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in Notes 14, 15 and 16 respectively.

28. SHARE BASED PAYMENTS

The Company does not have a formal employee share option plan, however the Board has from time to time granted shares or options to employees and officers on a discretionary basis as it is considered that this provides a cost-effective and efficient means of remunerating and incentivising employees. In addition, shareholders have in General Meeting approved the granting of all incentive options to Directors. The share based payment expenses have been recognised in respect of the fair value of shares or options granted as remuneration.

Valuation of Securities

30 June 2011

There were no share based payments or options granted by the Company during the year.

30 June 2010

There were no share based payments or options granted by the Company during the year.

29. PARENT ENTITY DISCLOSURES
Financial Statements

(a) Financial Position

	2011 $	2010 $
Assets		
Current assets	39,482,398	33,093,092
Non-current assets	9,992,105	9,700,989
Total assets	**49,474,503**	**42,794,081**
Liabilities		
Current liabilities	111,272	171,253
Total liabilities	**111,272**	**171,253**
Equity		
Issued capital	71,102,376	64,175,728
Retained losses	(21,739,145)	(22,926,073)
Employee benefits reserve	-	1,373,173
Total equity	**49,363,231**	**42,622,828**

(b) Financial performance

Loss for the year	(186,239)	(1,224,550)
Other comprehensive income	-	-
Total comprehensive income	**(186,239)**	**(1,224,550)**

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries	**-**	**-**

(d) Contingent liabilities of the parent entity

Mount Leyshon Assets

As part of the restructure of the Company in November 2001 that saw the Company cease to be a subsidiary of Newmont Australia Limited (then Normandy Mining Limited) ("Newmont"), the Company and Newmont entered into a Management Agreement on 30 November 2001 in respect of the closure of the Mt Leyshon mine ("Management Agreement"). It was intended and agreed that Newmont would implement a mine closure plan and be responsible for all ongoing environmental obligations associated with the Mt Leyshon assets.

Pursuant to the terms of the Management Agreement, Newmont agreed to be responsible in perpetuity for the Company's rehabilitation obligations arising out of the Mt Leyshon mine site and has agreed to provide an indemnity to the Company in respect of all environmental obligations in relation to or as a result of mining activities at Mt Leyshon.

It is not considered that the Company carries any risk of any substantive liability for anything done or omitted to be done, at the Mt Leyshon mine site, prior to 2001.

29. PARENT ENTITY DISCLOSURES (cont'd)

(d) Contingent liabilities of the parent entity (cont'd)

Prior to the restructure of the Company in November 2001, the Company had previously entered into Compensation Agreements with landholders part of whose lands were covered by the Company's mining leases at the Mt Leyshon mine site. The entry into Compensation Agreements with landholders is a statutory requirement for the holder of a mining lease in Queensland. Compensation had been paid in advance under each landholder Compensation Agreement. In each case advance compensation was only paid until 2002 or thereabouts on the basis that production from the Mt Leyshon mine site would have ceased. The Company has a continuing primary responsibility to the landholders under the Compensation Agreements whilst it remains the holder of mining leases in Queensland and Newmont continues to undertake rehabilitation activities.

The Company is seeking to reach a settlement under the Compensation Agreements to remove the necessity for ongoing payments into the future. At this stage, it is likely that the Company will reach settlement on one of the agreements for an amount in the expected range of $1 to $1.5 million over the next 18 months. Discussions in relation to the other agreement are ongoing.

	2011 $	2010 $
(e) Commitments for the acquisition of property, plant and equipment by the parent entity	-	-

CORPORATE GOVERNANCE STATEMENT

Leyshon Resources Limited is committed to creating and building sustainable value for shareholders and protecting stakeholder interests. The Company recognises that high standards of corporate governance are essential to achieving that objective. The Company continues to develop and review its corporate governance practices. This statement summarises the Corporate Governance policies and practices adopted by the Company.

Additional information can be found on the Company's website at www.leyshonresources.com.

Role of the Board

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

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

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

The Board has sole responsibility for the following:

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

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

3. SUBSTANTIAL SHAREHOLDERS

The following details appear in the Company's register of substantial shareholdings as at 30 September 2010:

Substantial Shareholder	Number of Shares	% Interest
Paul Atherley	29,530,000	11.98
IDG – Accel China Growth Fund II LP and its affiliated entity	19,565,217	7.94
Newmont Mining Corporation	12,500,000	5.07

4. UNQUOTED SECURITIES

There are no unquoted securities on issue.

5. VOTING RIGHTS

Fully Paid Ordinary Shares

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

Holders of options do not have voting rights.

6. ON-MARKET BUY BACK

The Company announced an on-market buy back program on 5 October 2011. The program is to last for a maximum period of 12 months.

7. EXPLORATION INTERESTS

The Company has an interest in the following tenements:

PROJECT	TENEMENT	NAME
AUSTRALIA		
MOUNT LEYSHON 100%	ML 1546	GOLDEN STAR
	ML 10144	MT LEYSHON
	ML 10148	PUDDLER CREEK
	ML 10149	WATER DAM GAP CREEK
	ML 10172	EASTERN STAR
	ML 10173	SOUTHERN STAR