

## Directors' Report

The directors present their report on the consolidated entity consisting of Golden Rim and the entities it controlled at the end of or during the year ended 30 June 2011.

### Directors

The following persons were directors of Golden Rim during the whole of the financial year and up to the date of this Directors' Report:

Rick Crabb  
Craig Mackay  
Gilbert Rodgers  
Glenister Lamont  
Nadir Alhammadi.

### Principal Activities

The principal activities of the consolidated entity during the course of the financial year were mineral exploration and investment. There were no significant changes in the nature of those activities during the financial year.

### Operating Results

During the financial year the consolidated entity incurred a consolidated operating loss after tax after non controlling interest of \$11,612,007 (2010: \$5,884,334), which includes mineral exploration expenditure write off of \$6,249,164 (2010: \$4,098,407).

### Dividends

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

### Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, or the state of affairs of the consolidated entity in future financial years.

### Likely Developments

Details of important developments occurring in this current financial year have been covered in this Directors' Report. The consolidated entity will continue to seek advanced or near production projects. As the outcome of exploration and subsequent development is uncertain, it is impossible to determine the effect on the results of the economic entity's operations.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this Annual Report, as the directors believe it is likely to result in unreasonable prejudice to the consolidated entity.

## Review of Operations

The Review of Operations has been disclosed separately in this Annual Report.

## Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year except as stated elsewhere in this Annual Report.

## Corporate Information

Golden Rim is a public listed company incorporated and domiciled in Australia. Golden Rim has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Set out below is Golden Rim's relationship to its controlled entities.

Associated Gold Mines of Victoria Pty Ltd	100% owned controlled entity
Rimfire Resources Ltd	100% owned controlled entity
Golden Rim SAR Exploration SARL	90% owned controlled entity
Golden Rim Mali SA	100% owned controlled entity
Golden Rim Resources Burkina SARL	100% owned controlled entity

Additionally, Golden Rim has a 35% interest in an alliance company, Royal Falcon (for the purposes of this Annual Report, Royal Falcon is treated as a joint venture company). The Group's share of the assets and liabilities have been incorporated in the consolidated financial report.

## Information on Directors

Details of the directors of the Company in office at the date of this Directors' Report are:

### **Rick Crabb *BJuris(Hons); LLB; MBA; FAICD* Non Executive Chair**

#### Experience and Expertise

Rick Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. Mr Crabb is a Councillor on the Western Australian Division of the Australian Institute of Company Directors. Mr Crabb has been a director of Golden Rim since 22 August 2001.

#### Other Directorships

During the financial year, Mr Crabb was a director of the following other public listed companies:

Paladin Resources Ltd (appointed 8 February 1994)  
 Ashburton Minerals Limited (appointed 1 September 1999)  
 Otto Energy Limited (appointed 19 November 2004)

In the previous 3 years, Mr Crabb held the following former directorships in public listed companies:

Port Bouvard Limited (2 December 1996 to 23 April 2009)  
Royal Resources Limited (23 February 2004 to 11 August 2009)

#### Special Responsibilities

Mr Crabb is the non executive chair of the Board and a member of the Company's Audit Committee. He also chairs the Remuneration Committee.

#### Interests in Shares and Options

Mr Crabb and his associates hold directly and indirectly the following securities in the capital of the Company at the date of this Directors' Report:

Fully paid ordinary shares	20,535,208
Class D Options expiring 31 December 2011 exercisable at \$0.15	4,000,000
Class H Options expiring 21 November 2015 exercisable at \$0.29	3,000,000

#### **Craig Mackay *BApp.Sc-App.Geol; BSc(Hons); MSc; MAusIMM; MAICD* Managing Director**

#### Experience and Expertise

Craig Mackay is a geologist with 24 years experience and holds a Bachelor of Applied Science – Applied Geology, Bachelor of Science (Honours) and Master of Science degrees. He is also a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. Mr Mackay has held positions with a number of major resource companies, including Shell, Acacia Resources Ltd and AngloGold Ashanti Ltd. Mr Mackay has been a director of Golden Rim since 8 October 2004 and Managing Director since 19 February 2007.

#### Other Directorships

Mr Mackay does not hold any other directorships in public listed companies and he has not held any former directorships during the last 3 years.

#### Special Responsibilities

Mr Mackay is the Managing Director of Golden Rim.

#### Interests in Shares and Options

Mr Mackay and his associates hold directly and indirectly the following securities in the capital of the Company at the date of this Directors' Report:

Fully paid ordinary shares	6,459,307
Class D options expiring 31 December 2011 exercisable at \$0.15	2,000,000
Class F options expiring 22 November 2014 exercisable at \$0.27	3,500,000
Class H Options expiring 21 November 2015 exercisable at \$0.29	5,000,000

**Gilbert Rodgers *BBus; CA(Aust); FCPA; FAICD* Executive Director (Finance)**

## Experience and Expertise

Gilbert Rodgers is a Chartered Accountant. He holds the degree of Bachelor of Business and is Fellow of the Australian Institute of Company Directors. He has served as a director of Australian Securities Exchange listed resource companies including Pilbara Mines NL, Africwest Gold NL and Chester Mining Limited. Mr Rodgers has been involved in the mining industry for more than 28 years. Mr Rodgers has been a director of Golden Rim since 22 August 2001.

## Other Directorships

Mr Rodgers does not hold any other directorships in public listed companies.

## Special Responsibilities

Mr Rodgers is responsible for financial management of all Group companies, including budgeting, preparation of statutory reports and tax management. He also supports the Managing Director on strategic planning and investor relations.

## Interests in Shares and Options

Mr Rodgers and his associates hold directly and indirectly the following securities in the capital of the Company at the date of this Directors' Report:

Fully paid ordinary shares	3,068,222
Class D Options expiring 31 December 2011 exercisable at \$0.15	2,000,000
Class F Option expiring 22 November 2014 exercisable at \$0.27	3,500,000
Class H Options expiring 21 November 2015 exercisable at \$0.29	4,000,000

**Glenister Lamont *BEng–Min(Hon), MBA; FAICD; MAusIMM; FFIN* Non Executive Director**

## Experience and Expertise

Glenister Lamont has an Honours degree in Mining Engineering and a Masters of Business Administration from IMD, Switzerland. Mr Lamont is a Fellow of the Financial Services Institute of Australasia, a Fellow of the Australian Institute of Company Directors and a Member of the Australian Institute of Mining and Metallurgy. He has worked as an engineer and manager in gold, base metal and coal mines. Previously as General Manager for Ashton Mining Ltd, he led strategic planning and commercial implementation of business development. Before that, as an Executive Director at UBS, he undertook financial, technical and strategic evaluation of companies and participated in many corporate transactions. Mr Lamont is a professional non executive director and consultant on investor relations. Mr Lamont has been a director of Golden Rim since 17 July 2007.

## Other Directorships

Mr Lamont also holds a directorship on another public listed company, Strategic Energy Resources Ltd (appointed December 2008).

In the previous 3 years, Mr Lamont held the following former directorships in public listed companies:

Top End Uranium Limited (15 May 2007 to 20 November 2008)  
North Australian Diamonds Limited (24 May 2005 to 15 September 2008)

#### Special Responsibilities

Mr Lamont is a member of the Company's Remuneration Committee. He is also a member of and chairs the Audit Committee.

#### Interests in Shares and Options

Mr Lamont and his associates hold directly and indirectly the following securities in the capital of the Company at the date of this Directors' Report:

Fully paid ordinary shares	324,519
Class D Options expiring 31 December 2011 exercisable at \$0.15	2,000,000
Class H Options expiring 21 November 2015 exercisable at \$0.29	1,500,000

#### **Nadir Alhammadi *BAppSc(Avionics); PGradDip (Engineering Business Management)*** **Non Executive Director**

#### Experience and Expertise

Nadir Alhammadi is a director of PAL Technology Services LLC, a member of the Royal Group, which holds almost 15% of Golden Rim's issued shares.

Mr Alhammadi is a United Arab Emirates Citizen. He graduated from Embry Riddle Aeronautical University in Florida, USA in 1990 and holds a Bachelor of Science Degree in Aviation Electronics (Avionics). Mr Alhammadi was awarded a Post Graduate in Engineering Business Management from Warwick University, London in 2002 and participated in The Advanced Management Programme held at INSEAD in Fontainebleau, France in March 2007. In 2007, Mr Alhammadi was appointed Deputy Chief Executive Officer of Presidential Flight. Prior to this, Mr Alhammadi participated in establishing the Company GAMAERO (a joint venture between Gamco & Aerospatiale), formed to support the A320 and A340 fleet. Mr Alhammadi served as Executive Director at GAMAERO. Mr Alhammadi has been a director of Golden Rim since 7 December 2009.

#### Other Directorships

Mr Alhammadi holds a directorship in Abu Dhabi Aviation Co, a public company listed on the Abu Dhabi Securities Exchange (appointed 10 April 2008).

In the previous 3 years, Mr Alhammadi has not held any other directorships in public listed companies.

#### Interests in Shares and Options

Mr Alhammadi directly holds the following securities in the capital of the Company at the date of this Directors' Report:

Fully paid ordinary shares	Nil
Class H Options expiring 21 November 2015 exercisable at \$0.29	1,500,000

It is noted that in relation to special responsibilities of the directors, due to the relative small size of the Company, all directors are generally involved in decision making process of material matters affecting the Company.

## Company Secretary

During the reporting period until 1 December 2010, Hayley Butcher and Gilbert Rodgers held the positions of Joint Company Secretary. Following that date, Ms Butcher became sole Company Secretary. Ms Butcher is a governance professional and Chartered Secretary, holding a Graduate Diploma in Applied Corporate Governance. She is responsible for compliance matters of the Company including Corporations Law, ASX Listing Rules and other statutory requirements as well as corporate governance.

## Meetings of Directors

The following table sets out the number of meetings held during the year ended 30 June 2011 by directors and Board committees, and the attendances.

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Meetings
	Number eligible to attend / attended			
R Crabb	6/6	2/2	2/2	1/1
C Mackay	6/6	-	-	1/1
G Rodgers	6/6	-	-	1/1
G Lamont	6/6	2/2	2/2	1/1
N Alhammadi	6/4	-	-	1/1

## Remuneration Report (Audited)

This Remuneration Report details the nature and amount of remuneration for each of the director's and other senior management personnel of the Company.

## Names and Positions of Key Management Personnel

Names and positions of key management personnel of the economic and parent entity in office at any time during the financial year are as follows:

Key Management Personnel	Position
R Crabb	Chair, Non Executive Director
C Mackay	Managing Director
G Rodgers	Executive Director (Finance)
G Lamont	Director, Non Executive
N Alhammadi	Director, Non Executive
P Olubas	Exploration Manager
H Butcher	Company Secretary

## Compensation Practices

Non executive directors' fees include superannuation. The aggregate fees are fixed and approved by shareholders.

For a portion of the reporting period, the executive directors received consultancy fees for their executive services to the Company. During the report period, the Company restructured the executive director's remuneration arrangements. The executive directors are now employees of the Company.