



Annual Report  
**2011**

Poised for  
Success in  
West Africa





Golden Rim  
Resources

Golden Rim Resources Ltd  
(Golden Rim or Company)  
and Controlled Entities  
ABN 39 006 710 774

Annual Report  
For the Year Ended 30 June 2011

## Table of Contents

Corporate Directory	3
Chair's Report	4
Review of Operations	5
Directors' Report	16
Remuneration Report	21
Corporate Governance Statement	26
Auditor's Independence Declaration	34
Consolidated Statement of Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	38
Notes to the Financial Statements	39
Directors' Declaration	76
Independent Audit Report to the Members	77
Additional Shareholder Information	79
Tenement Schedule	81

### Terms used in this Annual Report

<b>Board</b>	Board of Directors of Golden Rim
<b>Company</b>	Golden Rim Resources Ltd
<b>Golden Rim</b>	Golden Rim Resources Ltd
<b>Group</b>	Golden Rim and the entities that it controls
<b>Inferred Resource</b>	Defined under JORC ( <i>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves</i> , 2004 edition, prepared by The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia)
<b>reporting period</b>	1 July 2010 to 30 June 2011
<b>Royal Falcon</b>	Royal Falcon Mining LLC
<b>Royal Group</b>	Royal Group of Companies based in Abu Dhabi, UAE, of which PAL Technology Services LLC, a substantial shareholder of Golden Rim, is a member

## Corporate Directory

Directors	Rick Crabb BJuris(Hons); LLB; MBA; FAICD Chair Craig Mackay BApp. Sc-App.Geol; BSc(Hons); MSc; MAusIMM, MAICD Managing Director Gilbert Rodgers BBus; CA(Aust); FCPA; FAICD Executive Director (Finance) Glenister Lamont BEng-Min(Hon); MBA; FAICD; MAusIMM; FFIN Non Executive Director Nadir Alhammadi BAppSc(Avionics); PGradDip (Engineering Business Management) Non Executive Director
Company Secretary	Hayley Butcher BFA; ACIS
Registered Office and Business Address	Level 2, 10 Outram Street West Perth WA 6005 AUSTRALIA T: + 61 8 9481 5758 F: + 61 8 9481 5759 E: info@goldenrim.com.au W: goldenrim.com.au
Exploration Office	Level 1, 19 Prospect Street Box Hill VIC 3128 AUSTRALIA T: + 61 3 9890 2311
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 AUSTRALIA T: + 61 8 9315 2333 W: securitytransfer.com.au
Home Exchange	Australian Securities Exchange Limited Home Branch Perth
ASX Code	GMR
Auditors	Deloitte Touche Tohmatsu Level 14 Woodside Plaza 240 St Georges Tce PERTH WA 6000 AUSTRALIA
Solicitors	Gilbert + Tobin 1202 Hay Street West Perth WA 6005 AUSTRALIA
Bankers	Commonwealth Bank of Australia 1254 Hay Street West Perth WA 6005 AUSTRALIA

## Chair's Report

Dear Fellow Shareholders

Once again, it is with pleasure that I present the 2011 Annual Report of Golden Rim.

Over the past 12 months, Golden Rim closely followed its systematic exploration strategy in West Africa. The Company completed regional geochemical sampling work, mapping, aeromagnetic and radiometric surveys in order to generate both prospective and measured targets for drilling. This major, methodical exercise took the Company's field staff almost all of the last West African field season to complete.

Following on from the regional exploration work, Golden Rim also conducted 5 drilling programs. Exciting drill intercepts were received and will be followed-up along with other drill targets during the forthcoming field season. Around 55,000m of reverse circulation and diamond drilling has been planned for this work.

At the Balogo Project, Burkina Faso, the Company discovered significant copper and gold mineralisation in the Cobra Shear Zone and discovered a new parallel shear zone containing high grade gold, the Netiana Shear Zone. The Netiana Shear Zone discovery was made after the reporting period and announced in August 2011. Golden Rim intends to complete a major follow-up drill program at this Project.

A drill program late in the field season at the Yako Project, Burkina Faso, also returned some very encouraging gold results. The Yako Project sits in the same region as Orezone Gold Corporation's 0.6Moz Sega deposit; Cluff Gold plc's 0.8Moz Kalsaka producing gold mine; and Riverstone Resources Inc's 1.93Moz Karma gold deposit. Golden Rim intends to continue with its systematic geochemical sampling program at the Yako Project along with an aeromagnetic survey and a further drill program.

In Mali, Golden Rim discovered, through trenching, broad zones of stockwork gold mineralisation at the Sepola Project (Linguekoto Prospect). A follow-up drilling program at this Prospect is also planned.

Golden Rim, as with all other business houses was not immune from the recent world economic crisis, but management, as stewards of the Company's purses, controlled the expenses of the Company carefully and this has stood the Company in good stead. Golden Rim had a \$5.3m cash balance at the end of the reporting period and management continues to monitor the economic conditions and the Company's funds on an ongoing basis.

Golden Rim exhibited at the recent Africa Down Under Conference held in Perth and also delivered a presentation. The Company was enthusiastically received by the audience and delegates and it is clear that Golden Rim and its West African exploration story are now pursued by the investing community widely.

On behalf of the Board and shareholders, I extend my thanks and congratulations to Craig Mackay and his team in Australia, Mali and Burkina Faso for an excellent year's work. I sincerely thank all shareholders once again for your continued support and I await with interest for the next field season in West Africa.

Yours sincerely



**RICK CRABB**  
*Chair*

## Review of Operations

The past 12 months has been a period of fast-paced and extensive exploration for Golden Rim.

Within a single field season, Golden Rim has completed exploration on 25 individual exploration permits in Burkina Faso and Mali. In Burkina Faso, the Company has defined target areas and completed drilling programs on permits that had no previous exploration. The programs have produced some of the best intercepts in the Company's history.

Significant gold and copper mineralisation was discovered at the Balogo Project in Burkina Faso. Balogo had no history of previous exploration and its potential was not recognised until October 2010 when regional geochemical work had been completed by the Company. Major progress has been made in 8 months to advance this project to arguably the most important project held by Golden Rim.

Broad new stockwork gold mineralized zones have been discovered in trenching at the Sepola Project in Mali, and Golden Rim is set to expand the current JORC Inferred Resource of 181,000oz with additional drilling.

Golden Rim's exploration approach continues to be systematic. The Company does not rely solely on the location of artisanal gold workings, but utilises surface geochemical sampling, geophysics (both airborne and ground) and geological mapping to define the target areas prior to drilling. This systematic approach may take longer but Golden Rim believes the integration of various datasets is vital as it provides a greater chance of exploration success. For example, our best gold and copper intercepts from our recent drilling at Balogo are located well away from the areas of artisanal mining beneath soil geochemical anomalies.

A large exploration office was established in Ouagadougou, the capital of Burkina Faso. The Company was able to attract high calibre staff including 3 teams of geologists and technicians, a GIS geologist, logistics co-ordinator, and a drilling team for Golden Rim's new power auger rig.

Golden Rim is now one of the larger explorers operating in Burkina Faso and is firmly established as a significant gold and copper explorer with a pipeline of exciting projects in West Africa - currently the fastest growing gold producing region in the World.

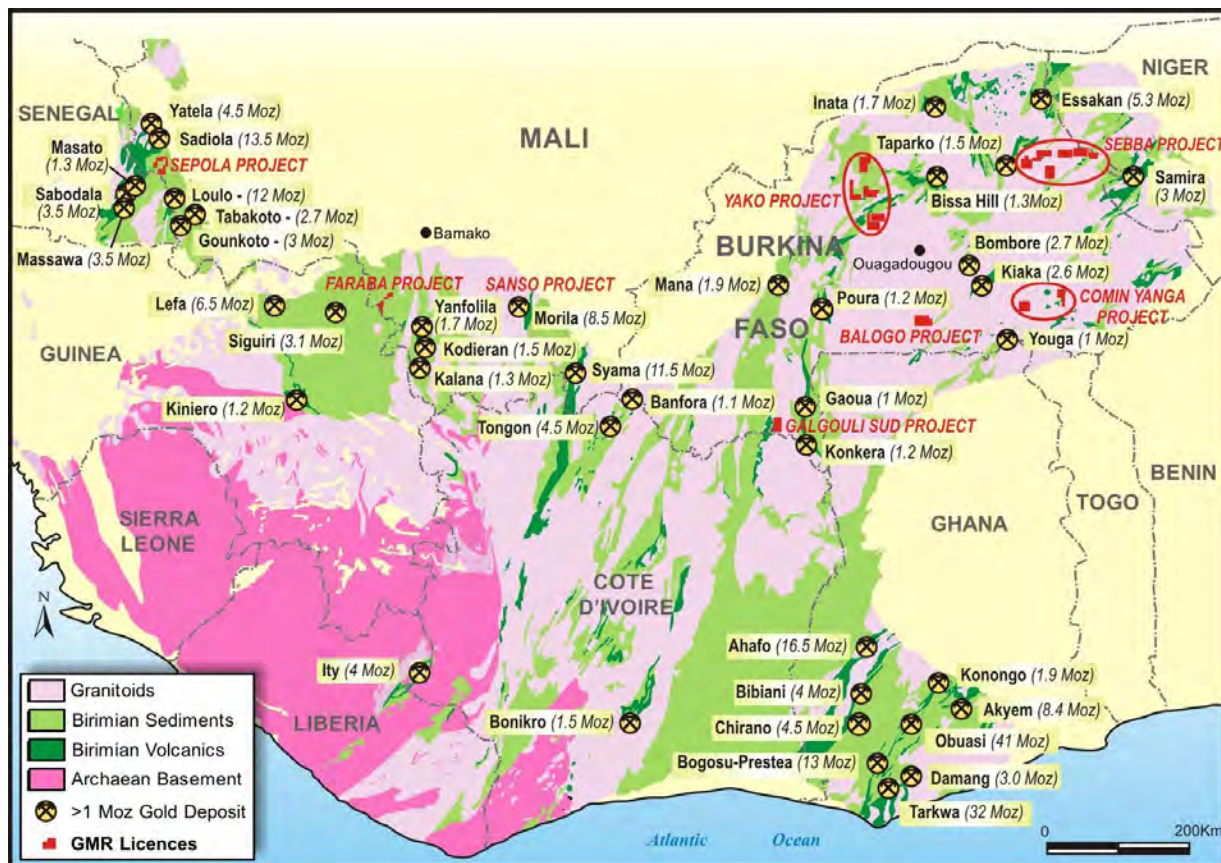


Figure 1. Location of Golden Rim's gold projects in West Africa

Project	RC (metres)	RAB (metres)	Rocks	Soils	Trenches (metres)
Sepola	3,346	0	194	727	3,521
Faraba	0	0	60	1,733	147
Mali Total	3,346	0	254	2,460	3,521
Sebba	2,359	4,906	1,644	14,080	0
Balogo	7,110	0	312	9,832	0
Yako	4,191	0	136	451	0
Galgouli Sth	0	0	141	4,839	0
Comin Yanga	0	0	257	1,545	0
Burkina Faso Total	13,660	4,906	2,490	30,747	0
<b>Totals</b>	<b>17,006</b>	<b>4,906</b>	<b>2,744</b>	<b>33,207</b>	<b>3,521</b>

Summary of work completed during the reporting period

## Balogo Project, Burkina Faso

Prospects: Balogo Hill

- A major program of geological mapping, soil and rock chip sampling was completed on all 3 permits comprising Balogo.
- 9,832 soil samples and 312 rock chip samples were collected.
- Two major gold-in-soil anomalies have been identified. The main gold-in-soil anomaly in the vicinity of the Balogo Hill Prospect is approximately 11km x 2.8km, as defined by the 5ppb gold contour. The central, higher gold tenor part of the anomaly, defined by the 20ppb gold contour, extends for 2.9km x 1.1km. A second parallel gold-in-soil anomaly has been outlined 1km to the NW of the main soil anomaly where the highest gold grade of 2.5 g/t gold was obtained. This second anomaly extends for approximately 6km and is around 500m in width.
- An initial program of scout reverse circulation (**RC**) drilling (32 holes for 3,099m) was completed in April 2011 and intercepted significant copper and gold mineralisation (Figure 2).

### Best intersections included:

11m at 2.15 g/t gold, 2.75% copper from 25m, including 3m at 5.83 g/t gold and 8.15% copper (Hole BRC013)

24m at 1.43 g/t gold, 0.88% copper (end of hole) from 93m (Hole BRC028)

12m at 0.24 g/t gold, 0.61% copper from 19m and 11m at 0.40 g/t gold, 0.50% copper from 55m (Hole BRC001)

6m at 9.97 g/t gold from 68m (Hole BRC005)

8m @ 5.75 g/t gold from 34m (Hole BRC025)

- A high resolution aeromagnetic / radiometric survey was flown over the entire Balogo area in late March 2011. Flight lines were spaced at 200m intervals and the survey was flown at a nominal height of 40m. The magnetic data identified a number of features which indicate the Cobra Shear Zone, within the Balogo Hill Prospect, may have a possible strike extent (mainly under soil cover) for **more than 5km**.
- Following the regional geophysics survey and the recognised association of magnetite with gold and disseminated copper sulphide mineralisation from the RC drilling, a 6km x 1km area was selected for survey by ground geophysics. Gradient array induced polarisation (IP) and a proton precession magnetic surveys were completed. The results of these surveys were highly successful in resolving the magnetic character of the area as well as identifying potential electrical conductors.
- A second phase of RC drilling comprising 35 holes totalling 4,012m was completed in July 2011. Most of these holes lie in the SW part of the Balogo Hill Prospect. Assay results for this drilling are pending.

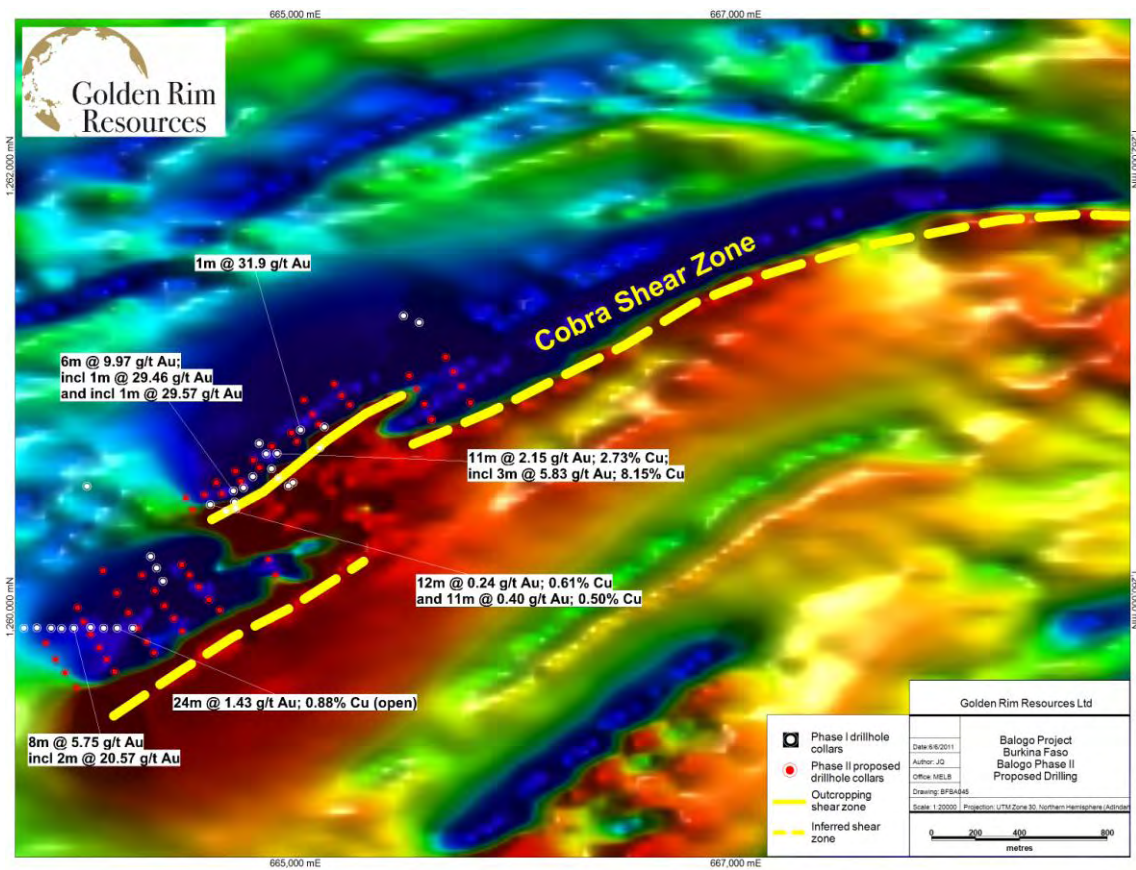


Figure 2. High resolution aeromagnetic image with significant copper and gold intercepts from the initial RC drilling and planned Phase 2 drill holes



Photograph 1. RC drilling at Balogo

## Sebba Project, Burkina Faso

Prospects: Sefa Eddi, Tyena

- During the past 12 months, Golden Rim has completed the following work at Sebba:
  - collected 1,644 rock samples
  - taken 11,042 soil samples covering 160km<sup>2</sup>
  - drilled 3,038 power auger holes totalling 12,066m
  - drilled 28 RC holes for an aggregate of 2,359m
  - completed 102 rotary air blast (RAB) holes totalling 4,906m
  - flown a detailed magnetic / radiometric survey over the entire Sebba area
  - expanded the project area to 1,928km<sup>2</sup>.
- Rock chip samples were collected during mapping of the various permits at Sebba. Gold grades of up to 78.53 g/t were obtained from the Sefa Eddi Prospect.
- Soil and auger samples were taken along the trends of major regional shear zones. Approximately 160km<sup>2</sup> has been covered by soil sampling over approximately 36 strike kilometres of shear zones. Major gold-in-soil anomalies were outlined over the shear zones.
- Scout RC drilling was completed at the Sefa Eddi Prospect.

<b>Significant intercepts included:</b>	3m @ 5.3 g/t gold
	1m @ 9.8 g/t gold
	3m @ 3.5 g/t gold

- The semi-regional program of deep RAB drilling identified anomalous gold mineralisation from the Tyena Prospect.

<b>Results included:</b>	8m at 2.43 g/t gold from 12m (Hole GRA024)
	12m at 1.46 g/t gold from 12m (Hole GRA044)
	12m at 1.34 g/t gold from surface (Hole GRA025)
	12m at 0.95 g/t gold from 16m (Hole GRA034)

- A high resolution aeromagnetic / radiometric survey was flown over most of Sebba in late March 2011. Flight lines were spaced at 200m intervals and the survey was flown at a nominal height of 40m. A detailed structural interpretation has been completed utilising the new aeromagnetic data and this will form the basis for targeting key prospective sites across the project area. The Sebba area now covers 1,928km<sup>2</sup>.

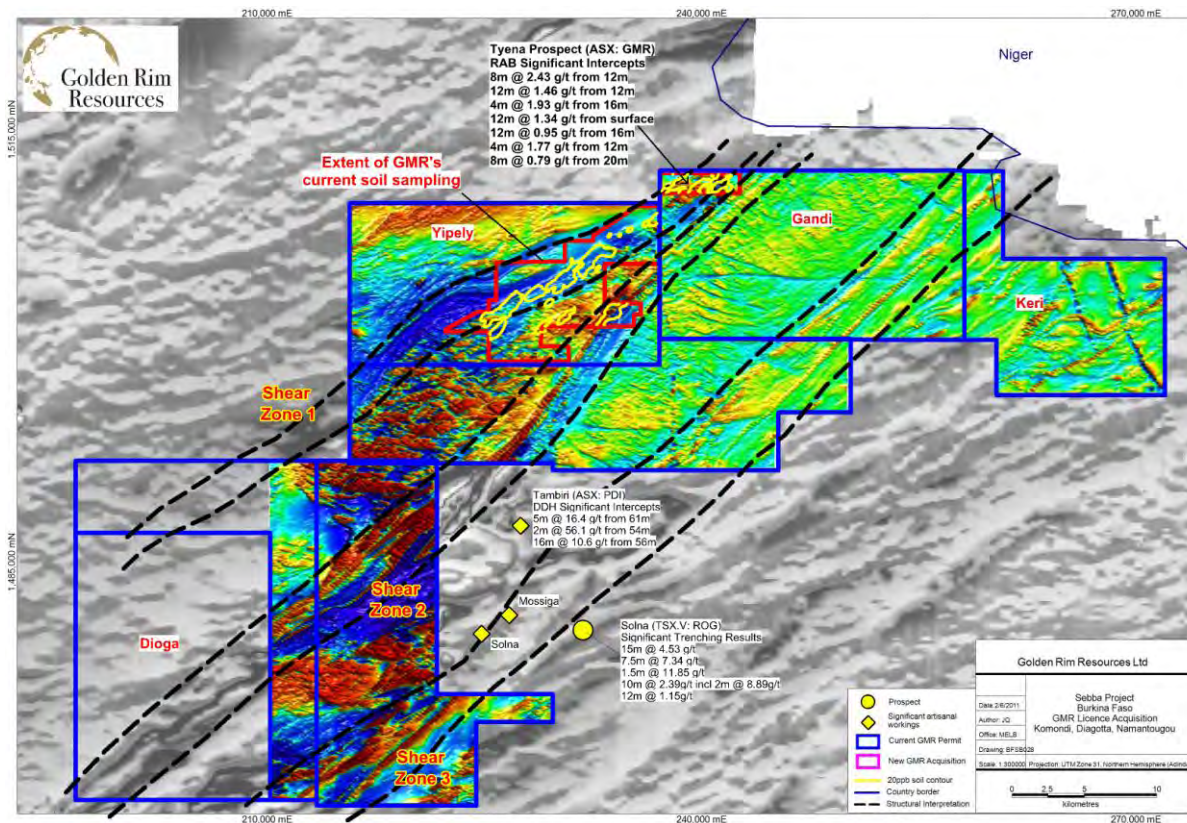


Figure 3. Location of Sebba and Golden Rim’s new high resolution aeromagnetic survey data (colour image) on the regional government aeromagnetics (b/w image)

## Yako Project, Burkina Faso

Prospects: Pelle North, Nongfaire West

- Mapping was completed at the Pelle North and Nongfaire West prospects. Extensive artisanal mining has occurred at both prospects.
- 34 rock samples (results of up to **9.17 g/t gold**) were collected at the Pelle North Prospect. Mineralisation consists of an extensive zone of quartz veining over a strike extent of 700m and around 40m in width.
- 55 rock chip samples (results of up to **49.2 g/t gold**) were collected at the Nongfaire West Prospect. Gold mineralisation is associated with at least 3 parallel zones of quartz veins over an area of 500m x 500m. Mineralisation is open along strike.
- A program of RC drilling was completed at the Pelle North and Nongfaire West prospects in July 2011. A total of 15 holes for an aggregate of 835m were drilled at the Nongfaire West Prospect and 14 holes (882m) were drilled at the Pelle North Prospect. Assay results for these holes are pending.

## Galgouli South Project, Burkina Faso

Prospects: Wewekera

- Located 36km NW of Ampella Mining Limited's Konkera deposit (2.2 Moz gold) in a similar geological setting.
- A total of 4,839 soil and power auger samples were collected over multiple areas with the most significant results (up to 1.12 g/t gold) obtained over an area of **760m x 370m** at the Wewekera Prospect.
- Limited outcrop, but rock chip samples of up to 2.39 g/t gold were obtained in the vicinity of the gold-in-soil anomalism.
- The Wewekera Prospect is located between two WNW-trending structures. One of these is interpreted to be a splay off the shear that hosts Konkera.



Photograph 2. Golden Rim's new power auger rig sampling soils at Galgouli South

## Comin Yanga Project, Burkina Faso

- Reconnaissance mapping and rock chip sampling were completed over the Comin Yanga area.
- A total of 257 rock samples were collected with one sample returning a value of **65.5 g/t gold**. Other significant results obtained included 27.9 g/t gold, 14.3 g/t gold and 6.0 g/t gold.
- Five soil sampling grids were completed with a total of 1,545 samples collected. Several gold-in-soil anomalies were identified.

## Sepola Project, Mali

Prospects: Mogoyafara South, Linnguekoto West

- A program of RC drilling was completed over parts of the Mogoyafara South Prospect in July 2010. A total of 24 holes were completed during the entire program for an aggregate of 3,346m.

**Significant results obtained from the drilling included:**

6m at 2.13 g/t gold from 92m in RCSP 1341  
 3m at 1.02 g/t gold from 25m in RCSP 1340  
 2m at 1.56 g/t gold from 10m in RCSP 1339.Z

- Results from a major program of trenching at the Mogoyafara South Prospect were received.

**Significant trench intercepts included:**

12 m at 3.53 g/t gold from 0m in TMS 17  
 29m at 2.34 g/t gold from 74m in TMS 17  
 13m at 1.36 g/t gold from 120m in TMS 17  
 5m at 1.06 g/t gold in TMS 13

- A major trenching program was completed at the Linnguekoto West Prospect. A total of 16 trenches were completed for an aggregate of 905.5 linear metres. Eight channels were cut into areas with exposed bedrock where trenching was not possible. A total of 142 linear metres of channels were completed.

**Significant trench and channel intercepts included:**

16m at 3.15 g/t gold in Trench TLIN-2.  
 5m at 1.03 g/t gold, 2m at 1.52 g/t gold and 5m at 3.07 g/t gold in Trench TLIN-5.  
 31m at 2.29 g/t gold in Trench TLIN-06 (true width approximately 25m).  
 3m at 4.54 g/t gold in Channel LIN-03.

- The mineralisation located at the Linnguekoto West Prospect includes high density gold-bearing quartz stringer veining or stockworks hosted in a sandstone unit within a sedimentary sequence dominated by siltstones. This is a new style of mineralisation not previously recognised at Sepola. It is considered to be highly significant and a drilling program is currently being planned for this Prospect.



Photograph 3. Gold-bearing stock work veining in greywacke in Trench 2 at the Linnguekoto West Prospect, Sepola

## Faraba Project, Mali

- Soil sampling on a 400m x 100m grid was completed at Faraba with 955 soil and 150 termite mound samples collected. Samples of up to **3.85 g/t gold** were obtained and 5 major gold-in soil anomalies were identified.
- Infill sampling on a 200m x 50m grid was completed to better define the initial gold-in-soil anomalies. A total of 567 soil and 61 termite mound samples were collected. Samples of up to **12.6 g/t gold** were obtained during the infill sampling program.
- A program of air core drilling (approximately 246 holes for 10,000m) is planned to test the major gold-in-soil anomalies. This program will commence when access to the area becomes available after the current wet season.

## Bergslagen Joint Venture, Sweden

Projects: Falun Project, Bersbo Project

- Golden Rim’s Abu Dhabi alliance company, Royal Falcon, secured an initial 51% interest in the Bergslagen Joint Venture after spending US\$3M on exploration at the Falun and Bersbo projects. Royal Falcon has elected to proceed to increase its interest to 75% by spending a further US\$3M over a 3 year period.
- Assays were received for the second phase of drilling completed on the Eastern Zone at Falun.

<b>New intersections included:</b>	15.6m @ 11.9 g/t gold and 2.5% copper
	6.6m @ 14.2 g/t gold and 0.9% copper
	25.8m @ 1.5 g/t gold and 0.8% copper
	1.9m @ 13.2 g/t gold and 0.7% copper

- This drilling extended the high grade gold and copper mineralisation along strike and at depth and the mineralisation remains open.
- Re-assays of old drill core from between 200m and 400m below surface suggested depth continuity of the Eastern Zone.

<b>New deeper intercepts included:</b>	10.3m @ 3.3 g/t gold and 0.3% copper
	6.5m @ 7.3 g/t gold and 0.1% copper
	11.0m @ 12.6 g/t gold and 0.2% copper

- A detailed (200 x 100m) gravity survey for massive sulphide mineralisation over prospective areas in the vicinity of the Falun Mine was completed. A number of gravity anomalies were outlined along strike from the Falun mine.
- The geological models for the Eastern and Western Zones were refined and block modelling for a resource estimate re-commenced. The first resource estimation of the gold-copper mineralised zones at Falun is expected during the second half of 2011.
- Diamond drilling recommenced on the Western Zone at Falun. The program consisted of two diamond holes for a total of 500m (with the potential to drill a third hole) and was designed to delineate the extent of the massive sulphide mineralisation discovered in Hole 20-10 (17.2 m at 2.3 g/t gold, 1.9% copper, 3.8% zinc, 0.8% lead and 56.4 g/t silver) and to test an area of disseminated mineralisation where historic drill hole intercepts include 33.1 m at 4.1 g/t gold, 1.5% copper and 42 g/t silver; 34.9 m at 0.9% copper; and 7.2 m at 1.1 g/t gold, 7.2% copper and 75 g/t silver.
- With the challenging conditions being encountered at surface and cavities at depth, it was decided to investigate the feasibility of drilling the Western Zone from underground. An engineer and mining contractor was engaged to make an assessment. A report on work required to refurbish the areas to allow drilling is pending.

## Corporate Update

- Highly successful two part capital raising was completed which included:
  - 40 million shares placed at 14 cents to raise \$5.6 million (before issue costs)
  - renounceable rights issue made of one new share for every 8 shares held (approximately 39,432,970 shares issued) raising up to approximately \$5.5 million (before issue costs).
- Approximately 90% of eligible shareholders took up their rights issue entitlement.
- Hayley Butcher was appointed sole Company Secretary responsible for compliance of Corporations Law, ASX Listing Rules and other statutory requirements as well as corporate governance. Gilbert Rodgers, former Joint Company Secretary resigned from that position and remains in the Executive Director position, overseeing and providing strategic and financial expertise to the Company. He is also the Director responsible for the financial matters of the Company.

*The information in this public report that relates to exploration results and mineral resources is based on information compiled by Mr Craig Mackay who is a member of The Australasian Institute of Mining and Metallurgy. Mr Mackay is an employee of Golden Rim Resources Ltd. Mr Mackay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mackay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## 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.

The Company does not have a bonus or incentive option scheme for the directors. The Company has an Employee Share/Option Scheme, in which the directors may participate. To date, any options granted by the Board to executives, do not have associated specific performance hurdles.

The Board also has a Remuneration Committee, details of which are contained in the Corporate Governance Statement.

## Remuneration Policy

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and senior executives. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company's annual report.

Directors and senior executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to the Company's or the individual's performance. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive Directors with additional incentive to continue those efforts for the benefit of the Company.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors is subject to approval by shareholders at general meeting.

The Company's remuneration policy for executive directors and senior executives is designed to promote superior performance and long term commitment to the Company.

Executives receive a base remuneration, which is market related. Overall, the remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions, where it is in the best interests of the Company and shareholders, to do so.

The Board's reward policy is designed to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- reward reflects the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

Directors' and senior executives' remuneration is reviewed by the board of directors, having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry.

Long term performance incentives may include options granted at the discretion of the Board and subject to the successful completion of performance hurdles.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

## Service Agreements

For a portion of the reporting period, remuneration and other terms of engagement for the Managing Director and the Executive Director were formalised in consultancy service agreements. During the report period, the Company restructured the executive director's remuneration arrangements.

The remuneration of the executive directors is as follows:

C R Mackay, Managing Director, \$280,000  
G C Rodgers, Executive Director (Finance), \$224,000.

Remuneration levels are not dependent upon the Company's performance as the nature of the Company's and the consolidated entity's operations is exploration and is not generating profit.

## Key Management Personnel Compensation

The remuneration of the non executive directors is as follows:

- R Crabb, Chair, Non Executive Director, \$75,000 pa including 9% superannuation;
- G Lamont, Non Executive Director, \$55,000 pa including 9% superannuation; and
- N Alhammadi, Non Executive Director, \$50,000 pa including 9% superannuation.

Details of the remuneration of each director and key management personnel of Golden Rim, including their personally related entities are set out below.

Table 1: Remuneration for financial year ended 30 June 2011

Name	Short Term		Post Employment		Share Based	% of remuneration as options	Total \$
	Salary & fees \$	Non Monetary benefits \$	Super-annuation \$	Retirement Benefits \$	Shares & Options \$		
R Crabb	60,000	-	15,000	-	423,000	84.94	498,000
C Mackay <sup>1</sup>	251,674	-	13,326	-	863,074	76.51	1,128,074
G Rodgers	200,000	-	12,000	-	722,074	77.06	934,074
G Lamont	50,459	-	4,541	-	211,500	79.36	266,500
N Alhammadi	50,000	-	-	-	211,500	80.88	261,500
P Olubas <sup>2</sup>	184,893	-	11,240	-	134,200	40.63	330,333
H Butcher	104,587	-	9,413	-	204,563	64.21	318,563
<b>Total</b>	<b>901,613</b>	-	<b>65,520</b>	-	<b>2,769,911</b>	-	<b>3,737,044</b>

Table 2: Remuneration for financial year ended 30 June 2010

Name	Short Term		Post Employment		Share Based	% of remuneration as options	Total \$
	Salary & fees \$	Non Monetary benefits \$	Super-annuation \$	Retirement Benefits \$	Shares & Options \$		
R Crabb	60,000	-	15,000	-	-	-	75,000
C Mackay <sup>1</sup>	250,000	-	-	-	237,111	48.68	487,111
G Rodgers	200,000	-	-	-	237,111	54.25	437,111
G Lamont	50,459	-	4,541	-	-	-	55,000
N Alhammadi	25,678	-	2,311	-	-	-	27,989
P Olubas <sup>2</sup>	180,000	-	-	-	-	-	180,000
H Butcher	91,770	-	-	-	58,747	39.03	150,517
<b>Total</b>	<b>857,907</b>	-	<b>21,852</b>	-	<b>532,969</b>	-	<b>1,412,728</b>

1. For a portion of the reporting period, these fees were paid to Earth Science Solutions Pty Ltd, a company which Mr Mackay has an interest.
2. For a portion of the reporting period, these fees were paid to Indicatrix Mining Pty Ltd, a company which Mr Olubas has an interest.

## Compensation Options

Details of options held by each director and key management personnel of Golden Rim as at 30 June 2011 are set out below.

Table 3

Key Management Personnel	Number Granted	Grant Date	Value per Option at Grant Date \$	Exercise price per option \$	Vesting Date	Vested %	Expiry Date	Number of Options Vested
R Crabb	4,000,000	23/11/07	0.076	0.15	23/11/08	100	31/12/11	4,000,000
	3,000,000	22/11/10	0.141	0.29	21/11/10	100	21/11/15	3,000,000
C Mackay	2,000,000	23/11/07	0.076	0.15	23/11/08	100	31/12/11	2,000,000
	3,500,000	23/11/09	0.113	0.27	23/11/10	100	22/11/14	3,500,000
	5,000,000	22/11/10	0.141	0.29	21/11/10	100	21/11/15	5,000,000
G Rodgers	2,000,000	23/11/07	0.076	0.15	23/11/08	100	31/12/11	2,000,000
	3,500,000	23/11/09	0.113	0.27	23/11/10	100	22/11/14	3,500,000
	4,000,000	22/11/10	0.141	0.29	21/11/10	100	21/11/15	4,000,000
G Lamont	2,000,000	23/11/07	0.076	0.15	23/11/08	100	31/12/11	2,000,000
	1,500,000	22/11/10	0.141	0.29	21/11/10	100	21/11/15	1,500,000
N Alhammadi	1,500,000	22/11/10	0.141	0.29	21/11/15	100	21/11/15	1,500,000
P Olubas	1,000,000	23/11/07	0.076	0.15	23/11/08	100	31/12/11	1,000,000
	1,100,000	22/11/10	0.122	0.29	21/11/10	100	21/11/15	1,100,000
H Butcher	600,000	06/10/09	0.134	0.21	06/10/10	100	5/06/14	600,000
	1,500,000	22/11/10	0.122	0.29	21/11/10	100	21/11/15	1,500,000

Options are issued to directors and executives as part of their remuneration. The exercise price of the options is determined at the time of their issuance with consideration given to the Company's underlying share price at the time of issue. The conversion price is usually higher than the price of the shares at the time. The value of options during the year is set out below:

Table 4

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
R Crabb	423,000	-	-
C Mackay	705,000	227,750	-
G Rodgers	564,000	182,200	-
G Lamont	211,500	-	-
N Alhammadi	211,500	-	-
P Olubas	134,200	-	-
H Butcher	183,000	-	-

During the year and to the date of the Directors Report, 4,500,000 unlisted Class C options issued to directors, expiring on 31 December 2010, were exercised. The options had an exercise price of 15 cents each. The following Directors exercised options granted to them as part of their compensation:

Name	No. of options exercised	No. of ordinary shares issued	Amount paid \$	Amount unpaid \$
C Mackay	2,500,000	2,500,000	375,000	-
G Rodgers	2,000,000	2,000,000	300,000	-

## Shares Under Option

The unissued ordinary shares of Golden Rim under option at the date of this Directors' Report are as follows:

- 12,150,000 unlisted Class D options issued to directors and consultants (directly and indirectly), expiring on 31 December 2011 with an exercise price of 15 cents each;
- 600,000 unlisted Class E options issued to a consultant, expiring on 5 October 2014 with an exercise price of 21 cents each;
- 7,000,000 unlisted Class F options issued to directors (directly and indirectly), expiring on 22 November 2014 with an exercise price of 27 cents each; and
- 1,000,000 unlisted Class G options issued to consultants, expiring on 10 July 2015 with an exercise price of 21 cents each.
- 15,000,000 unlisted Class H options issued to directors (directly and indirectly) expiring on 21 November 2015 with an exercise price of 29 cents each.
- 3,900,000 unlisted ESOP Options issued to employees, expiring on 21 November 2015 with an exercise price of 29 cents each.

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

The names of all persons who currently hold options, granted at any time, are entered in the register kept by the Company pursuant to section 216C of the *Corporations Act 2001* and the register may be inspected free of charge.

## Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Environmental Regulation

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non compliance is low, and has not identified any compliance breaches during the year.

## Auditor's Independence

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 34 of this Annual Report.

## Non Audit Services

The Auditor has provided other non-audit services, including domestic and international taxation advice.

The details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 19 to the financial statements. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence.

## Insurance of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and the Company Secretary, Hayley Butcher, against a liability incurred as such a Director or Secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## Corporate Governance Statement

Golden Rim has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition) (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's corporate governance practices may be found on the Company's website at [www.goldenrim.com.au](http://www.goldenrim.com.au), under the section marked "Investors - Corporate Governance".

Golden Rim reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the reporting period. The Principles & Recommendations were amended in 2010 and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. Accordingly, disclosure against the Principles & Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles & Recommendations prior to their amendment in 2010. Golden Rim has however, made a partial early transition to the amended Principles & Recommendations by adopting a Diversity Policy and establishing measurable objectives for achieving gender diversity.

## Disclosure of Corporate Governance Practices

### Summary Statement

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 <sup>3</sup>	n/a	n/a
Recommendation 1.3 <sup>3</sup>	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2 <sup>3</sup>	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2 <sup>3</sup>	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 <sup>3</sup>	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 <sup>3</sup>	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3 <sup>3</sup>	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3 <sup>3</sup>	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

### Board

#### Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

#### Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

#### Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board believes that its composition provides the diversity of skills and experience appropriate to the Company's circumstances. The executive directors have extensive knowledge and

understanding of the Company's history in relation to its projects and business to date. Accordingly, the Board considers that its current structure is the most appropriate to add value to the Company, notwithstanding the lack of an independent majority of directors. In accordance with Company policy, when Board nominations are made, the independence of the candidate is given consideration.

The independent directors of the Company are Glenister Lamont and Rick Crabb (deemed to be independent). Mr Lamont is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Crabb is a substantial shareholder of the Company. Therefore Mr Crabb does not satisfy paragraph 1 of the independence criteria set out in the Company's Policy on Assessing the Independence of Directors. Mr Crabb does however satisfy all other aspects of the independence criteria set out in that Policy. The Board (in the absence of Rick Crabb) believes that he consistently demonstrates a capability to make decisions and take actions which are in the best interests the Company. Further, the board notes that Mr Crabb considers himself to bring independent judgement to the Board's decision making notwithstanding his substantial shareholding. Therefore, the Board considers Mr Crabb to be independent.

The independence of directors is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the materiality threshold set by the Board in respect of its Policy on Assessing the Independence of Directors. The Board considers a relationship to be material if it impacted or impacts 10% or more on the Consolidated Statement of Comprehensive Income in a financial year.

The non-independent directors of the Company are Craig Mackay, Gilbert Rodgers and Nadir Alhammadi.

The independent Chair of the Board is Rick Crabb and the Managing Director is Craig Mackay.

### Independent professional advice (Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

### Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director, other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or 3 years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re)Appointment of Directors is available on the Company's website.

### Nomination Committee (Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings, when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Details of Nomination Committee meetings and attendance are set out in the Directors' Report. The Board has adopted a Nomination Committee Charter, which is available on the Company's website.

### Audit Committee (Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee. The Audit Committee is not structured in compliance with Recommendation 4.2 as it consists of only two members. Given the composition of the Board, the formation of an Audit Committee in accordance with Recommendation 4.2 is not possible, however, the Audit Committee follows Recommendation 4.2 to the extent it is able. The Audit Committee is comprised of the two independent non-executive directors, being Rick Crabb and Glenister Lamont (Chair). The Chair of the Audit Committee is not Chair of the Board.

The Board has adopted an Audit Committee Charter which describes the Audit Committee's role, composition, functions and responsibilities.

Details of the Audit Committee Meetings and attendance are set out in the Directors' Report. Both members of the Audit Committee consider themselves to be financially literate and have industry knowledge. Both Rick Crabb and Glenister Lamont hold Masters of Business Administration and are therefore financially qualified. Furthermore, the Executive Director, Gilbert Rodgers, is a Chartered Accountant and is available to attend Audit Committee meetings in order to assist the Audit Committee with financial matters, if required. Further details of each of the director's qualifications are set out in the Directors' Report.

The Company has established a Procedure for Selection, Appointment and Rotation of External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate

complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

## Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3)

The Board has established a Remuneration Committee. Its members are Rick Crabb (Chair) and Glenister Lamont. Details of the Remuneration Committee meetings are set out in the Directors' Report.

The Board has adopted a Remuneration Committee Charter which describes its role, composition, functions and responsibilities.

Details of remuneration, including the Company's Remuneration Policy, are contained in the Remuneration Report which forms part of the Directors' Report. Non-executive directors are remunerated at market rates for time, commitment and responsibilities and remuneration for non-executive directors is not linked to individual performance. From time to time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentives to continue those efforts for the benefit of the Company.

Executive directors and senior executives receive base remuneration, which is market related. Overall, remuneration to executives is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions. The Board's reward policy is designed to retain appropriately qualified executive talent for the benefit of the Company. Executives' remuneration is reviewed by the Board having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry. Long term performance incentives may include options granted at the discretion of the Board and may be subject to the successful completion of performance hurdles.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Remuneration Committee Charter includes a statement of the Board's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is available on the Company's website.

## Performance evaluation of Senior Executives

(Recommendations: 1.2, 1.3)

The Nomination Committee (or its equivalent) is responsible for evaluating the Managing Director. Other senior executives are evaluated by the Managing Director. The procedure for the evaluation of the Managing Director and other senior executives is determined annually.

During the Reporting Period an evaluation of senior executives took place on an informal basis. A formal process is anticipated to be implemented in the 2011/2012 financial year.

## Performance Evaluation of Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board, Board committees and individual directors. The evaluation is performed over a 3 year cycle. During the first year (Stage 1), each Director completes a questionnaire which is reviewed by the Chair who then conducts interviews with each individual Director. The questionnaire is designed to evaluate the Board and its committees. The following year (Stage 2) the questionnaire is refined with reference to the previous year's outcomes and is used to track progress. During the third year (Stage 3), a more comprehensive approach is implemented to address issues arising from previous questionnaires as well as addressing newly identified areas of focus and may involve contribution from external consultants. Individual director performance will also be evaluated during Stage 3. The actual procedure used for evaluation of the Board, Board committees and individual directors each year is disclosed in the Company's annual report.

During the reporting period, an evaluation of the Board and its committees took place in accordance with the Stage 1 process disclosed above. An evaluation of the individual directors will be held during Stage 3.

## Code of Conduct

(Recommendations: 3.1, 3.3)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website.

## Policy for Trading in Company Securities

(Recommendations: 3.2, 3.3)

The Company has established a Policy for Trading in Company Securities applicable to all directors and employees and, in certain circumstances, contractors and consultants.

A copy of the Company's Policy for Trading in Company Securities is available on the Company's website.

## Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

Summaries of the Company's Policy on Continuous Disclosure and the Company's Compliance Procedures are available on the Company's website.

## Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is available on the Company's website.

## Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Company has adopted a risk management policy, a risk management framework and risk management procedures. Under the Company's risk management framework, the Board oversees the processes by which risks are managed. This includes monitoring of its risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system and to report to the board on the effectiveness of its management measures. Oversight of the Company's risk management policy is provided by the Audit Committee. The Company's risk management process is based on and consistent with the Australian and New Zealand Standard, AS/NZS4360:2004. This process includes the use of a risk register. Risks and their management are monitored and reviewed at least quarterly by management and the risk register is updated accordingly.

The Company's risk management framework is intended to provide guidance in relation to effective risk management practice including policy considerations, structure, accountabilities, monitoring and reporting requirements across all of the Company's projects and operations. The framework is designed to seamlessly integrate risk management into strategic and business planning, entrenching the effective treatment of risk as part of the Company's culture. This involves the following core elements:

- the identification and assessment of risks and opportunities;
- the management of those risks and opportunities so as to provide a reasonable level of expectancy that risk levels will not exceed approved limits; and
- ongoing monitoring and communicating of risk associated with any activity, function or process.

The Managing Director reports to the Board, as a standard agenda item, on the following categories or risks identified through the risk management process:

- Sovereign risk
- Compliance
- Stakeholder relationships
- Human capital
- Market related
- Occupational Safety and Health
- Operational
- Strategic

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration 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 risk.

A summary of the Company's Risk Management Policy is available on the Company's website.

Signed 27 September 2011 for and on behalf of the Board in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Gilbert Rodgers', with a horizontal line underneath.

**Gilbert Rodgers**  
**Executive Director (Finance)**

The Board of Directors  
Golden Rim Resources Ltd  
Level 2, 10 Outram Street  
West Perth WA 6005

27 September 2011

Dear Board Members

### **Golden Rim Resources Ltd**

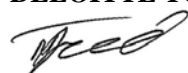
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Golden Rim Resources Ltd.

As lead audit partner for the audit of the financial statements of Golden Rim Resources Ltd for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*  
**DELOITTE TOUCHE TOHMATSU**



**Ross Jerrard**  
Partner  
Chartered Accountants

## Consolidated Statement of Comprehensive Income

### For the Year Ended 30 June 2011

	Notes	Consolidated	
		2011 \$	2010 \$
Revenue	4	302,923	106,141
Accounting and legal expenses		(164,543)	(133,128)
Audit fees		(42,104)	(65,657)
Corporate secretarial		(73,070)	(51,295)
Depreciation expense	5	(205,799)	(61,633)
Directors' fees		(180,000)	(157,990)
Directors' remuneration options		(2,431,148)	(474,222)
Exploration expenditure written off	5	(6,249,164)	(4,098,407)
External consultancy expenses		(102,839)	(306,642)
Rental expense		(73,069)	(46,509)
Share based payments		(641,363)	(72,690)
Travel expense		(187,466)	(141,895)
Wages		(440,544)	(50,947)
Foreign exchange loss		(259,449)	32,023
Other expenses		(864,372)	(361,483)
Loss before income tax expense		(11,612,007)	(5,884,334)
Income tax expense	6	-	-
Loss for the year		(11,612,007)	(5,884,334)
Other comprehensive income			
Foreign currency translation differences		(158,797)	35,764
Total other comprehensive income for the year		(158,797)	35,764
Total comprehensive income for the year		(11,770,804)	(5,848,570)
Loss attributable to non controlling interest		(274,545)	(543,161)
Loss attributable to owners of the Company		(11,337,462)	(5,341,173)
		(11,612,007)	(5,884,334)
Total comprehensive income attributable to non controlling interest		(185,132)	(542,598)
Total comprehensive income attributable to owners of the Company		(11,585,672)	(5,305,972)
		(11,770,804)	(5,848,570)
Basic loss per share (cents per share)	24	(3.41)	(2.12)
Diluted loss per share (cents per share)	24	(3.41)	(2.12)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As At 30 June 2011

	Notes	Consolidated	
		2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	23(a)	5,442,653	3,579,321
Trade and other receivables	7	206,163	103,792
Other Assets	8	174,256	45,214
<b>Total Current Assets</b>		<b>5,823,072</b>	<b>3,728,327</b>
<b>Non Current Assets</b>			
Other financial assets	9	30,303	30,303
Plant and equipment	10	686,946	317,081
<b>Total Non Current Assets</b>		<b>717,249</b>	<b>347,384</b>
<b>Total Assets</b>		<b>6,540,321</b>	<b>4,075,711</b>
<b>Current Liabilities</b>			
Trade and other payables	14	376,264	338,744
Provisions	15	101,609	4,359
<b>Total Current Liabilities</b>		<b>477,873</b>	<b>343,103</b>
<b>Total Liabilities</b>		<b>477,873</b>	<b>343,103</b>
<b>Net Assets</b>		<b>6,062,448</b>	<b>3,732,608</b>
<b>Equity</b>			
Parent Equity Interest			
Share capital	16	39,148,398	27,975,337
Reserves	16(d)	6,089,983	3,912,064
Accumulated losses		(38,834,366)	(27,496,904)
<b>Total Parent Equity Interest</b>		<b>6,404,015</b>	<b>4,390,497</b>
Non Controlling Interest		(341,567)	(657,889)
<b>Total Equity</b>		<b>6,062,448</b>	<b>3,732,608</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the Year ended 30 June 2011

## Economic Entity

	Note	Share Capital \$	Accumulated Losses \$	Goodwill on Acquisition Reserve \$	Option Reserve \$	Foreign Currency Reserve \$	Non controlling Interest \$	Total Equity \$
Balance at 1 July 2009		21,726,206	(22,155,731)	-	3,527,185	26,984	(245,429)	2,879,215
Loss for the year		-	(5,341,173)	-	-	-	(543,161)	(5,884,334)
Other comprehensive income for the year	16(c)	-	-	-	-	35,201	563	35,764
Total comprehensive income for the year		-	(5,341,173)	-	-	35,201	(542,598)	(5,848,570)
Transaction with owners recorded directly in equity								
Issue of shares	16	6,558,486	-	-	-	-	-	6,558,486
Transaction costs	16	(309,355)	-	-	-	-	-	(309,355)
Issue of options	16(b)	-	-	-	546,911	-	-	546,911
Acquisition of non-controlling interests		-	-	(224,217)	-	-	130,138	(94,079)
Balance at 30 June 2010		27,975,337	(27,496,904)	(224,217)	4,074,096	62,185	(657,889)	3,732,608
Loss for the year		-	(11,337,462)	-	-	-	(274,545)	(11,612,007)
Other comprehensive income for the year	16(c)	-	-	-	-	(248,210)	89,413	(158,797)
Total comprehensive income for the year		-	(11,337,462)	-	-	(248,210)	(185,132)	(11,770,804)
Transaction with owners recorded directly in equity								
Issue of shares	16	11,795,616	-	-	-	-	-	11,795,616
Transaction costs	16	(622,555)	-	-	-	-	-	(622,555)
Issue of options	16(b)	-	-	-	3,072,511	-	-	3,072,511
Acquisition of non-controlling interests	29	-	-	(646,382)	-	-	501,454	(144,928)
Balance at 30 June 2011		39,148,398	(38,834,366)	(870,599)	7,146,607	(186,025)	(341,567)	6,062,448

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

### For the Year Ended 30 June 2011

	Notes	Consolidated	
		2011 \$	2010 \$
<b>Cash Flow From Operating Activities</b>			
Payments to suppliers		(1,871,939)	(1,251,512)
Interest received		219,276	91,298
Interest paid		-	(6,044)
Other receipts		-	1,125
<b>Net Cash Outflows From Operating Activities</b>	23(b)	<b>(1,652,663)</b>	<b>(1,165,133)</b>
<b>Cash Flows From Investing Activities</b>			
Mining exploration expenditure		(6,627,626)	(3,931,705)
Purchase of plant and equipment		(589,265)	(271,699)
Proceeds from sale of plant and equipment		10,921	-
Contribution provided (to)/from joint venture entity		(59,293)	52,003
<b>Net Cash Outflows From Investing Activities</b>		<b>(7,265,263)</b>	<b>(4,151,401)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares and options		11,795,616	6,558,486
Share issue costs		(622,555)	(309,355)
Repayment of borrowings		-	(88,654)
<b>Net Cash Inflows From Financing Activities</b>		<b>11,173,061</b>	<b>6,160,477</b>
<b>Net increase in cash and cash equivalents held</b>		<b>2,255,135</b>	<b>843,943</b>
Cash and cash equivalents at the beginning of the financial year		3,579,321	2,672,157
Translation differences on cash held at beginning of year		(391,803)	63,221
<b>Cash and cash equivalents at the end of the financial year</b>	23(a)	<b>5,442,653</b>	<b>3,579,321</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## For the Year Ended 30 June 2011

### 1. Corporate Information

This Annual Report of Golden Rim for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 21 September 2011.

Golden Rim is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activity of Golden Rim is mineral exploration focused on the discovery of significant gold, copper and iron ore resources.

Separate financial statements for Golden Rim as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*. However, required financial information for Golden Rim as an individual entity is included in note 11.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

This Annual Report is a general purpose report that has been prepared in accordance with *Australian Accounting Standards and Interpretations*, and the *Corporations Act 2001*. Compliance with *Australian Accounting Standards and Interpretations* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*.

This Annual Report covers the economic entity of Golden Rim and its controlled entities, and Golden Rim as an individual parent entity. Golden Rim is a listed public company, incorporated and domiciled in Australia.

This Annual Report is prepared on an accruals basis and based on historical costs except for certain financial assets which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

#### (b) Going Concern

The consolidated financial statements have been prepared on a going concern basis.

The Group incurred a net loss after tax of \$11.6 million (2010: \$5.9 million) and experienced net cash outflows from operations of \$1.65 million (2010: \$1.17 million) and as at 30 June 2011 the Company has net assets and net current assets of \$6.1 million and \$5.3 million, respectively (2010: \$3.7 million, \$3.4 million). The directors have concluded that these accounts should be prepared on a going concern basis. In making this determination the directors have considered that once all discretionary expenditure is removed the group has sufficient cash to continue as a going concern for at least the next 12 months. To meet the ongoing discretionary expenditure, further capital raisings will be required.

(c) Statement of Compliance

*Adoption of New and Revised Accounting Standards*

In the current year, the company and consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these Standards and Interpretations has resulted in some disclosure changes being made.

*Standards and Interpretations issued not yet effective*

(i) New standards and Interpretations Adopted

The company and consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2010.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the company and consolidated entity are as follows. The adoption of these amendments has not resulted in any changes to the groups accounting policies and has no effect on the amounts reported for the current or prior periods.

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process;
- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions AASB 2.
- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project:
- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.

(ii) Accounting Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the company and consolidated entity for the year ended 30 June 2011. The impact of these standards and interpretations on the group are not yet known.

Standard / Interpretation	Effective for annual reporting periods beginning/ending on or after	Expected to be applied by consolidated entity
AASB 124 Related Party Disclosures (2009) and AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012

Standard / Interpretation	Effective for annual reporting periods beginning/ending on or after	Expected to be applied by consolidated entity
AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-9 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2013	30 June 2014
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from Annual Improvements Project	1 January 2011	30 June 2012
AASB 2010-5 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	1 July 2011	30 June 2012
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets"	1 January 2012	30 June 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2014
AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation	1 July 2011	30 June 2012
AASB 127 - Amendments to Australian Accounting Standards - Separate Financial Statements	1 January 2013	1 January 2013
AASB 128 – Amendments to Australian Accounting Standards – Investments in Associates and Joint Ventures	1 January 2013	1 January 2013
AASB 10 Consolidated Financial Statements	1 January 2013	30 June 2014
AASB 11 Joint Arrangements	1 January 2013	30 June 2014
AASB 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 13 Fair Value Measurement	1 January 2013	30 June 2014

(d) Principles of Consolidation

A controlled entity is any entity Golden Rim has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in note 22 to the financial statements.

The following controlled entities have a 30 June financial year end:

- Associated Gold Mines of Victoria Pty Ltd
- Rimfire Resources Ltd.

The following controlled entities have a 31 December financial year end:

- Golden Rim SAR Exploration SARL
- Golden Rim Mali SA

- Golden Rim Resources Burkina SARL.

#### *Basis of Consolidation*

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Golden Rim at the end of the reporting period. A controlled entity is any entity over which Golden Rim has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### *Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed, in addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquires.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability off equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement comprehensive income.

(e) Exploration Expenditure

Exploration, evaluation and development expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are reviewed and written off in the year they are incurred until such time that the development and exploitation of the area of interest is certain.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(f) Interests in Joint Ventures

The economic entity reports its interest in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 „Non-current Assets Held for Sale and Discontinued Operations“. The economic entity’s share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the economic entity’s interest in a jointly controlled entity is accounted for in accordance with the Group’s accounting policy for goodwill arising in a business combination.

When a group entity transacts with a jointly controlled entity of the economic entity, unrealised profits and losses resulting from the transactions with the jointly controlled entity are recognised in the economic entity’s consolidated financial statements only to the extent of interest in the jointly controlled entity that are not related to the economic entity.

(g) Plant and Equipment

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

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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is based on the diminishing value method over their useful lives to the Company commencing from the time the assets are held ready for use, except for fitouts where it is based on the term of the lease of the premises and depreciated on a straight line basis. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

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 value 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 income statement.

(h) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, that is not part of a business combination, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

(i) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales financial assets are recognised on the trade date, that is, the date that the Group commits to purchase the asset. Regular way

purchases or sales are purchases and sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category „financial assets at fair value through profit and loss“. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains or losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non derivatives financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another

instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(k) Trade and Other Creditors

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

(l) Earnings Per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing net profit/loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

*Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

*Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(n) Foreign Currency Translation

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The functional currency of the subsidiaries, Golden Rim SAR Exploration SARL; Golden Rim Mali SA; and Golden Rim Resources Burkina, is CFA Franc.

The functional currency of Rimfire Resources Limited is Vanuatu Vatu.

(ii) Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(iii) Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and Liabilities are translated at year end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange rate differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(o) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(p) Revenue

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from the sale of assets is recognised at the date that the contract is entered into.

All revenue is stated net of the amount of goods and services tax (GST).

(q) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid

when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(r) Share Based Payment Transactions

The Group provides benefits to the directors and senior executives in the form of share based payment transactions, whereby services are rendered in exchange for shares or rights over shares (**equity settled transactions**).

The cost of these equity settled transactions with directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Trinomial option pricing model (2011) and the Black-Scholes option pricing model (2010), further details of which are given in the remuneration report.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to price of the shares of the Group.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the vesting period, based on the group's estimate of equity instrument that will eventually vest.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that in the opinion of the directors will ultimately vest. The opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition.

Where the terms of an equity settled transaction are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity settled transaction is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled equity settled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new equity settled transaction is treated as if it were a modification of the original transaction, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Cash and Cash Equivalents

Cash and cash equivalents includes 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.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. 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.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Comparative Figures

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

### 3. Significant Accounting Judgements, Estimates and Assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(a) Significant accounting judgments

(i) Classification of and valuation of investments

The Group has decided to classify investments in listed and unlisted securities, other than investments in subsidiaries, as „held for trading“ investments and movements in fair value are recognised directly in the income statement. The fair value of listed shares has been determined by reference to published price quotations in an active market.

(ii) Impairment of non financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that

may lead to impairment. These include prospectivity of an area of interest and economic and political environments. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

The Group's accounting policy is stated at note 2(e). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

(b) Significant accounting estimates and assumptions

(i) Accounting for share based payments

The Group's accounting policy is stated at note 2(r). The value of these option payments are based on reasonable estimates using a recognised option pricing model.

The Group 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 external valuer using a Trinomial model, with the assumptions detailed in note 17. The accounting estimates and assumptions relating to equity-settled transactions would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(ii) Allowance for impairment loss on receivables and inter-company loans

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. A provision has been raised for all inter-company receivables.

(c) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment and fitout) and turnover policies (for motor vehicle). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 10.

## 4. Revenue

	Consolidated	
	2011	2010
	\$	\$
Revenue from outside the operating activities		
Interest	302,602	105,016
Other Income	321	1,125
	<hr/>	<hr/>

	Consolidated	
	2011	2010
	\$	\$
Revenue	302,923	106,141

## 5. Operating Loss

	Consolidated	
	2011	2010
	\$	\$
The loss before income tax includes the following specific expenses:		
Exploration expenditure written off	6,249,164	4,098,407
Depreciation	205,799	61,633

## 6. Income Tax

	Consolidated	
	2011	2010
	\$	\$
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(11,612,007)	(5,884,334)
Prima facie tax benefit on loss from ordinary activities at 30% (2010 30%)	(3,483,602)	(1,765,300)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Directors' Options	717,599	142,267
Share Based Payments	192,409	21,202
Fines & Penalties	20	20
Superannuation	5,542	-
Entertainment	2,815	2,491
	(2,565,217)	(1,599,320)
Movement in temporary differences not recognised	8,092	(46,188)

	Consolidated	
	2011	2010
	\$	\$
Tax effect of current year tax losses for which no deferred tax asset has been recognised	2,557,125	1,645,508
Income tax expense	-	-
<b>Unrecognised temporary differences</b>		
<b>Deferred Tax Asset (30%)</b>		
Loans (provisions)	19,139	19,139
Investments (provisions)	75,302	75,302
Capital raising costs	238,445	135,394
Foreign exchange loss	73,142	1,995
Legal fees	20,838	17,226
Accruals	30,897	15,951
Plant & equipment	7,213	6,686
Provisions	30,483	2,662
Carry forward tax losses	9,128,755	6,571,630
	9,624,214	6,845,985
<b>Deferred Tax Liabilities (30%)</b>		
Receivables (interest)	28,964	4,072
	28,964	4,072

A deferred tax liability of \$28,964 arises from interest receivable at 30 June 2011. The deferred tax liability has been offset against the deferred tax assets that existed as disclosed above at 30 June 2011.

No income tax is payable by the Company. The consolidated entity has estimated unrecouped income tax losses of approximately \$12 million, foreign tax losses of approximately \$15.5 million and capital losses of approximately \$2.9 million.

Such benefits have not been included and will only be obtained if:

- the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the losses are transferred to an eligible entity in the consolidated entity;
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in taxation legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

## 7. Trade and Other Receivables

	Consolidated	
	2011	2010
	\$	\$
<b>Current</b>		
GST refundable	16,898	60,908
Interest receivable	96,545	13,574
Joint venture entity receivable	88,827	29,310
Other receivables	3,893	-
	206,163	103,792

The amounts within trade and other receivables do not contain impaired assets and are not past overdue.

## 8. Other Assets

	Consolidated	
	2011	2010
	\$	\$
<b>Current</b>		
Bank guarantee	11,052	11,989
Cash advances	9,555	10,409
Prepayments	153,649	22,816
	<u>174,256</u>	<u>45,214</u>

## 9. Other Financial Assets

	Consolidated	
	2011	2010
	\$	\$
<b>Non Current</b>		
Investments in other entities	251,006	251,006
Less provision for diminution	(251,006)	(251,006)
Subtotal	-	-
Other loans	63,797*	63,797
Less provision for doubtful debts	(63,797)	(63,797)
Subtotal	-	-
Bonds – rental	30,303	30,303
Subtotal	30,303	30,303
<b>Total</b>	<u>30,303</u>	<u>30,303</u>

\*This loan is made up of \$47, 514 which was advanced in 2003 and \$16, 283 which was advanced in 2004.

## 10. Plant and Equipment

	Consolidated	
	2011	2010
	\$	\$
Office equipment, at cost	380,269	293,860
Less: accumulated depreciation	(189,139)	(85,405)
	<u>191,130</u>	<u>208,455</u>
Motor vehicles, at cost	391,756	122,531
Less: accumulated depreciation	(85,252)	(40,102)
	<u>306,504</u>	<u>82,429</u>
Field equipment, at cost	219,031	30,394
Less: accumulated depreciation	(29,719)	(4,197)
	<u>189,312</u>	<u>26,197</u>
	<u>686,946</u>	<u>317,081</u>

## Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Office Equipment \$	Motor Vehicles \$	Field Equipment \$	Total \$
<b>Consolidated Group</b>				
Carrying amount at 1 July 2009	61,441	17,649	34,831	113,921
Additions	191,028	79,352	1,319	271,699
Disposals	(951)	-	-	(951)
Depreciation	(43,105)	(15,582)	(2,946)	(61,633)
Foreign exchange movement	42	1,010	(7,007)	5,955
Carrying amount at 30 June 2010	<u>208,455</u>	<u>82,429</u>	<u>26,197</u>	<u>317,081</u>
<b>Consolidated Group</b>				
Carrying amount at 1 July 2010	208,455	82,429	26,197	317,081
Additions	86,634	313,122	189,509	589,265
Disposals	-	(10,600)	-	(10,600)
Depreciation	(103,759)	(76,401)	(25,639)	(205,799)
Foreign exchange movement	(200)	(2,046)	(755)	(3,001)
Carrying amount at 30 June 2011	<u>191,130</u>	<u>306,504</u>	<u>189,312</u>	<u>686,946</u>

## 11. Parent Entity Disclosures

	Parent Entity	
Financial Position	2011 \$	2010 \$
<b>Current Assets</b>		
Cash and cash equivalents	5,229,360	3,243,542
Trade and other receivables	115,713	106,437
Other Assets	162,934	
<b>Total Current Assets</b>	<u>5,508,007</u>	<u>3,349,979</u>
<b>Non Current Assets</b>		
Other financial assets	30,303	30,303
Plant and equipment	245,456	205,320
Investment in joint venture entity	49,819	192,983
<b>Total Non Current Assets</b>	<u>325,578</u>	<u>428,606</u>
<b>Total Assets</b>	<u>5,833,585</u>	<u>3,778,585</u>
<b>Current Liabilities</b>		
Trade and other payables	371,851	336,309
Provisions	101,609	4,359
Non interest-bearing liabilities		-
<b>Total Current Liabilities</b>	<u>473,460</u>	<u>340,668</u>
<b>Total Liabilities</b>	<u>473,460</u>	<u>340,668</u>

Financial Position	Parent Entity	
	2011 \$	2010 \$
Net Assets	5,360,125	3,437,917
Equity		
Parent Equity Interest		
Issued capital	39,148,398	27,975,337
Reserves	7,146,607	4,074,096
Accumulated losses	(40,934,880)	(28,611,516)
Total Parent Equity/(Deficit)	5,360,125	3,437,917

Financial Performance	Parent Entity	
	2011 \$	2010 \$
Loss for the year	(12,323,364)	(6,162,506)
Other comprehensive income	-	-
Total Comprehensive Income	(12,323,364)	(6,162,506)

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2010 or 2011.

The parent entity did not have any contingent liabilities for 2010 or 2011.

The parent entity did not enter into any commitments for the acquisition of property, plant and equipment for 2010 or 2011.

Investment in Joint Venture Entity (for the purposes of this Annual Report, Royal Falcon is treated as a joint venture company)

Non Current	Parent Entity	
	2011 \$	2010 \$
Investment in joint venture entity	41,434	41,434
Advances to joint venture entity	1,808,287	1,716,723
Less provision for doubtful debts	(1,799,902)	(1,565,174)
	49,819	192,983

## 12. Mining Exploration Expenditure

Costs brought forward	Consolidated	
	2011 \$	2010 \$
	-	188,299

	Consolidated	
	2011	2010
	\$	\$
Expenditure incurred during the year	6,249,164	3,910,108
Expenditure written off during the year	(6,249,164)	(4,098,407)
Costs carried forward	-	-

For those areas of interest which are still in the exploration phase, the ultimate recoupment of the stated costs is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### 13. Investment in Joint Venture Entity

During the year ended 30 June 2009 the Company together with PAL Technology Services LLC set up a purpose specific alliance company, Royal Falcon (Golden Rim 35% and PAL Technology Services LLC 65% equity interest respectively). Golden Rim is responsible for the management of the alliance company. The alliance company is accounted for as a joint venture entity in terms of AASB 131 *Interests in Joint Ventures*.

The consolidated group's 35% share of the joint venture entity's assets and liabilities are:

	2011	2010
	\$	\$
Current Assets	46,895	183,526
Non-current Assets	5,276	9,764
Total Assets	52,171	193,290
Current Liabilities	1,763,247*	1,729,155
Non-current Liabilities	-	-
Total Liabilities	1,763,247	1,729,155
Total Shareholder's Equity/(Deficit)	(1,711,076)	(1,535,865)

The consolidated group's 35% share of the joint venture entity's income and expenses are:

	2011	2010
	\$	\$
Income	2,670	1,586
Expenses	(177,881)	(1,258,257)
	(175,211)	(1,250,671)

\* This represents funding from the parent entity.

### 14. Trade and Other Payables

	Consolidated	
	2011	2010
	\$	\$
Current		
Trade creditors	157,308	203,952
Accrued expenses	133,643	89,796
Other creditors	85,313	44,996

Consolidated	
2011	2010
\$	\$
376,264	338,744

## 15. Provisions

Consolidated	
2011	2010
\$	\$
Provision for employee entitlements	
101,609	4,359
101,609	4,359

## 16. Issued Capital

Consolidated	
2011	2010
\$	\$
Issued Capital	
Fully paid shares 359,396,731 (2010: 275,463,761)	
39,148,398	27,975,337

Movements in ordinary share capital of the Company during the past 2 years were as follows:

		Number of Shares	Cents	\$
01/07/09	Opening Balance	225,013,812		21,726,206
30/11/09	Placement	33,750,000	13.0	4,387,500
21/12/09	Share Purchase Plan	8,499,949	13.0	1,104,986
24/02/10	Placement	8,200,000	13.0	1,066,000
	Cost of share issues			(309,355)
30/06/10		275,463,761		27,975,337
29/09/10	Placement	40,000,000	14.0	5,600,000
09/11/10	Rights Issue	39,432,970	14.0	5,520,616
	Cost of share issues			(622,555)
29/12/10	Exercise of Options	4,500,000	15.0	675,000
30/06/11		359,396,731		39,148,398

### (a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (b) Options

At 30 June 2011, the Company had the following options on issue:

- 11,150,000 unlisted Class D options with a vesting period of 12 months from 23 November 2007, exercisable at 15 cents each on or before the expiry date of 31 December 2011.

- 1,000,000 unlisted Class D options with a vesting period of 12 months from 16 September 2008, exercisable at 15 cents each on or before the expiry date of 31 December 2011.
- 600,000 unlisted Class E Options with a vesting period of 12 months from 6 October 2010, exercisable at 21 cents each on or before the expiry date of 5 October 2014
- 7,000,000 unlisted Class F Options with a vesting period of 12 months from 23 November 2010, exercisable at 26 cents each on or before the expiry date of 22 November 2014.
- 1,000,000 unlisted Class G Options with no vesting period, exercisable at 21 cents each on or before the expiry date of 10 July 2015.
- 15,000,000 unlisted Class H Options with no vesting period, exercisable at 29 cents each on or before the expiry date of 21 November 2015.
- 3,900,000 unlisted ESOP Options with no vesting period, exercisable at 29 cents each on or before the expiry date of 21 November 2015

Movements in options of the Company during the past two years were as follows:

		Number of Options	Cents	\$
01/07/09	Opening Balance	33,150,000		3,527,185
	Option issue – D Class			13,942
6/10/09	Option issue – E Class	600,000	13.39 <sup>1</sup>	58,747
23/11/09	Option issue – F Class	7,000,000	11.29 <sup>1</sup>	474,222
30/06/10	Options expired – A Class	(8,750,000)		-
30/06/10	Options expired – B Class	(7,750,000)		-
		24,250,000		4,074,096
	Option issue – E Class			21,563
	Option issue – F Class			316,148
22/11/10	Option issue – G Class	1,000,000	14.40 <sup>2</sup>	144,000
22/11/10	Option issue – H Class	15,000,000	14.10 <sup>2</sup>	2,115,000
22/11/10	Options issue - ESOP	3,900,000	12.20 <sup>2</sup>	475,800
29/12/10	Options exercised – C Class	(4,500,000)		-
30/06/11		39,650,000		7,146,607

1. Being the portion of the fair value of the options brought to account as at 30 June 2010
2. Being the portion of the fair value of the options brought to account as at 30 June 2011

(c) Foreign Currency Translation Reserve

Movement in the foreign currency translation reserve during the past 2 years was as follows:

		Consolidated
		\$
01/07/09	Opening balance	26,984
	Movement	35,201
30/06/10		62,185
	Movement	(248,210)
30/06/11		<u>(186,025)</u>

(d) Reserves

The Reserves balance at 30 June 2011 comprises:

	Consolidated	
	2011	2010
	\$	\$
Options Reserve	7,146,607	4,074,096
Goodwill on Acquisition Reserve	(870,599)	(224,217)
Foreign Currency Translation Reserve	(186,025)	62,135
	<u>6,089,983</u>	<u>3,912,064</u>

## 17. Share Based Payments Plan

The following table illustrates the number (No) and weighted average exercise price (WAEP) of and movements in share options issued during the year:

	2011		2010	
	No	WAEP Cents	No	WAEP Cents
Outstanding at the beginning of the year	24,250,000	18.32	33,150,000	26.12
Granted during the year	1,000,000	21.00	7,000,000	26.00
Granted during the year	15,000,000	29.00	600,000	21.00
Granted during the year	3,900,000	29.00	-	-
Exercised during the year	(4,500,000)	15.00	-	-
Expired during the year	-		(8,750,000)	35.00
Expired during the year	-		(7,750,000)	40.00
Outstanding at the end of the year	<u>39,650,000</u>	<u>23.86</u>	<u>24,250,000</u>	<u>18.32</u>
Exercisable at the end of the year	<u>19,750,000</u>		<u>16,650,000</u>	

The weighted average remaining contractual life for the options, outstanding as at 30 June 2011, is 3.04 years (2010: 2.29 years).

The following share options were exercised during the year:

Option Series	Number exercised	Exercise date	Share price at exercise date \$
Class C, granted 23/11/06	4,500,000	29/12/10	0.17

The outstanding balance exercisable as at 30 June 2011 is represented by:

- 12,150,000 unlisted Class D options over ordinary shares with an exercise price of 15 cents each, exercisable until 31 December 2011

- 600,000 unlisted Class E Options with a vesting period of 12 months from 6 October 2010, exercisable at 21 cents each on or before the expiry date of 5 October 2014
- 7,000,000 unlisted Class F Options with a vesting period of 12 months from 23 November 2010, exercisable at 26 cents each on or before the expiry date of 22 November 2014.

During the year, the Company granted a total of 1,000,000 unlisted Class G options to consultants at an exercise price of 21 cents each and an expiry date of 10 July 2015. The options were fair valued at 14.4 cents per option, and vest on the grant date of 22 November 2010.

The fair value of the options has been calculated using the Trinomial option pricing model as follows:

Exercise Price	21 cents
Underlying share price	23.5 cents
Maximum Life	4.6 years
Expected volatility	100%
Risk free interest rate	5.28%
Exercise multiple	2.8 times
Dividend % pa	Nil

Historical volatility has been the basis of determining the basis of expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

During the year, the Company also granted a total of 15,000,000 unlisted Class H options to directors at an exercise price of 29 cents each and an expiry date of 21 November 2015. The options were fair valued at 12.2 cents per option, and vest on the grant date of 22 November 2010.

The fair value of the options has been calculated using the Trinomial option pricing model as follows:

Exercise Price	29 cents
Underlying share price	23.5 cents
Maximum Life	5 years
Expected volatility	100%
Risk free interest rate	5.28%
Exercise multiple	2.8 times
Dividend % pa	Nil

Historical volatility has been the basis of determining the basis of expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

During the year, the Company also granted a total of 3,900,000 unlisted Employee Share Option Plan options to employees at an exercise price of 29 cents each and an expiry date

of 21 November 2015. The options were fair valued at 12.2 cents per option, and vest on the grant date of 22 November 2010.

The fair value of the options has been calculated using the Trinomial option pricing model as follows:

Exercise Price	29 cents
Underlying share price	23.5 cents
Maximum Life	5 years
Expected volatility	100%
Risk free interest rate	5.28%
Exercise multiple	2.2 times
Dividend % pa	Nil

Historical volatility has been the basis of determining the basis of expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

Exercise multiple defines the conditions under which employees are expected to exercise their options. In the absence of a history to estimate the likely exercise date over the life of the option, we have assumed that Class G and H options will be exercised if, after the vesting date (and before the expiry date), the market price of Golden Rim shares reaches a multiple of 2.8 times the exercise price. A lower exercise multiple of 2.2 was chosen for ESOP options. These estimates are based on empirical evidence of exercise behaviour.

During the year ended 30 June 2010, the Company granted a total of 600,000 unlisted Class E options to a consultant at an exercise price of 21 cents each and an expiry date of 5 October 2014. The options were fair valued at 13.39 cents per option, and vest 12 months from the date of grant being 5 October 2011.

The fair value of the options has been calculated using the Black Scholes option pricing model as follows:

Weighted average exercise price	21 cents
Underlying share price	16 cents
Days to expiration	1,825
Expected volatility	125%
Risk free interest rate	5.14%

Historical volatility has been the basis of determining the basis of expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

During the year ended 30 June 2010, the Company also granted a total of 7,000,000 unlisted Class F options to directors at an exercise price of 26 cents each and an expiry date of 22 November 2014. The options were fair valued at 11.29 cents per option, and vest 12 months from the date of grant being 22 November 2011.

The fair value of the options has been calculated using the Black Scholes option pricing model as follows:

Weighted average exercise price	26 cents
Underlying share price	14 cents
Days to expiration	1,825
Expected volatility	125%
Risk free interest rate	5.12%

Historical volatility has been the basis of determining the basis of expected share price volatility and it is assumed that this is indicative of future trends, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

## 18. Key Management Personnel Disclosure

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

Key Management Personnel	Position
R Crabb	Chair, Non Executive
C Mackay	Director, 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 for Key Management Personnel

	Consolidated	
	2011	2010
	\$	\$
Short-term employee benefits	901,613	857,907
Post employment benefits	65,520	21,852
Other long-term benefits	-	-
Termination benefits	-	-
Share based payment	2,769,911	532,969
	3,737,044	1,412,728

### Shareholdings of Key Management Personnel

The number of shares in the Company held by each director of Golden Rim as at 30 June 2011, including their personally related entities, is set out below:

Year ended 30 June 2011

#### Number of Shares held by Key Management Personnel

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
R Crabb	18,253,516	-	2,281,692	20,535,208
C Mackay	3,519,384	2,500,000	476,663	6,496,047

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
G Rodgers	949,529	2,000,000	118,693	3,068,222
G Lamont	288,461	-	36,058	324,519
N Alhammadi	-	-	-	-
P Olubas	330,000	-	142,500	472,500
H Butcher	-	-	100,000	100,000
<b>Total</b>	<b>1,567,990</b>	<b>2,000,000</b>	<b>397,251</b>	<b>3,965,241</b>

Year ended 30 June 2010  
Number of Shares held by Key Management Personnel

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
R Crabb	17,638,132	-	615,384	18,253,516
C Mackay	3,380,000	-	139,384	3,519,384
G Rodgers	872,606	-	76,923	949,529
G Lamont	250,000	-	38,461	288,461
N Alhammadi	-	-	-	-
P Olubas	330,000	-	-	330,000
H Butcher	-	-	-	-
<b>Total</b>	<b>22,470,738</b>	<b>-</b>	<b>870,152</b>	<b>23,340,890</b>

Options

The number of options over ordinary shares in the Company held during the financial year by each director of Golden Rim, including their personally related entities, is set out below.

Option Holdings of Personnel

Year ended 30 June 2011  
Number of Options held by Key Management Personnel

Name	Balance at start of the year	Granted during the year as remuneration	Options exercised during the year	Options which have expired during the year	Balance at end of the year	Vested and exercisable at the end of the year
R Crabb	4,000,000	3,000,000	-	-	7,000,000	7,000,000
C Mackay	8,000,000	5,000,000	(2,500,000)	-	10,500,000	10,500,000
G Rodgers	7,500,000	4,000,000	(2,000,000)	-	9,500,000	9,500,000
G Lamont	2,000,000	1,500,000	-	-	3,500,000	3,500,000
N Alhammadi	-	1,500,000	-	-	1,500,000	1,500,000
P Olubas	1,000,000	1,100,000	-	-	2,100,000	2,100,000
H Butcher	600,000	1,500,000	-	-	2,100,000	2,100,000
<b>Total</b>	<b>23,100,000</b>	<b>17,600,000</b>	<b>(4,500,000)</b>	<b>-</b>	<b>36,200,000</b>	<b>36,200,000</b>

Year ended 30 June 2010

Number of Options held by Key Management Personnel

Name	Balance at start of the year	Granted during the year as remuneration	Options exercised during the year	Options which have expired during the year	Balance at end of the year	Vested and exercisable at the end of the year
R Crabb	7,500,000	-	-	(3,500,000)	4,000,000	4,000,000
C Mackay	8,000,000	3,500,000	-	(3,500,000)	8,000,000	4,500,000
G Rodgers	7,500,000	3,500,000	-	(3,500,000)	7,500,000	4,000,000
G Lamont	2,000,000	-	-	-	2,000,000	2,000,000
N Alhammadi	-	-	-	-	-	-
P Olubas	1,000,000	-	-	-	1,000,000	1,000,000
H Butcher	-	-	-	-	600,000	-
<b>Total</b>	<b>26,000,000</b>	<b>7,000,000</b>	<b>-</b>	<b>(10,500,000)</b>	<b>23,100,000</b>	<b>15,500,000</b>

Other Transactions with Directors

All transactions between related parties are on normal commercial terms and conditions and are conducted on an arms' length basis.

From time to time depending on the cash and cash equivalents available at a given date, the Chair of the Board advances funds on a short term loan basis with a fixed rate of interest attached to the borrowed funds. During the year ended 30 June 2011 there were no funds advanced by the Chair of the Board since the Company had sufficient cash resources.

During part of the 2011 financial year Craig Mackay provided consultancy services to Golden Rim through Earth Science Solutions Pty Ltd.

During part of the 2011 financial year Peter Olubas provided consultancy services to Golden Rim through Indicatrix Mining Pty Ltd.

Similarly, Gilbert Rodgers provided consultancy services personally.

These consultancy services are included as remuneration in the remuneration report.

## 19. Remuneration of Auditors

	Consolidated	
	2011	2010
	\$	\$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity	42,104	65,657
Non audit services	10,500	
	<u>42,104</u>	<u>65,657</u>

## 20. Related Parties

### Directors and Key Management Personnel

Disclosures relating to directors and key management personnel are set out in the Directors' Report and Note 18.

## Wholly Owned Group

The wholly owned Group consists of Golden Rim and its wholly controlled entities, Associated Gold Mines of Victoria Pty Ltd, Rimfire Resources Ltd, Golden Rim Mali SA, and Golden Rim Resources Burkina SARL. Golden Rim owns 90% of Golden Rim SAR Exploration SARL while the other 10% relates to non controlling interests.

During November 2010 Golden Rim paid \$144,928 to acquire an additional 15% in Golden Rim SAR Exploration SARL (**SAR**), a company incorporated in Mali, increasing its ownership from 75% to 90%. The carrying amount of SAR's net assets in the consolidated financial statements on the date of the acquisition was a deficiency of \$3,279,753. The Group recognised a decrease in non-controlling interest of \$501,454 and an increase in accumulated losses of \$646,382.

The following summarises the effect of changes in the Group's (parent) ownership interest in SAR:

Cost of acquisition of 15%	144,928
Effect of increase in parent's ownership interest	501,454
Goodwill recognised on acquisition	<u>646,382</u>

Transactions between Golden Rim and subsidiaries in the Group during the year 30 June 2011 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. No amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the wholly owned Group. Golden Rim made an additional provision for doubtful debts of \$6,512,139 in its accounts for the year ended 30 June 2011 (2010: \$2,748,794) in relation to the loans made to its subsidiaries. Golden Rim also made a provision for diminution of \$144,928 in its accounts for the year ended 30 June 2011 (2010: \$118,822) in relation to the investment in its subsidiaries.

Aggregate amounts receivable from controlled entities in the wholly owned Group at balance date were as follows:

	2011	2010
	\$	\$
Non current receivables	9,906,880	3,950,883
Provision for doubtful debts	<u>(9,906,880)</u>	<u>(3,950,883)</u>
	-	-

Aggregate amounts receivable from the alliance company Royal Falcon (for the purposes of this Annual Report, Royal Falcon is treated as a joint venture company) at balance date are disclosed in note 13. During the reporting period, Golden Rim made an additional provision for doubtful debts of \$234,728 in its accounts for the alliance company, Royal Falcon and also \$279 in its accounts for its subsidiary Associated Gold Mines of Victoria Pty Ltd.

## 21. Expenditure Commitments

### Exploration Commitments

The Group has the following expenditure commitments under joint venture agreements or other agreements for the acquisition of exploration interests.

	Consolidated	
	2011	2010
	\$	\$
Not later than one year	2,321,879	905,045
Later than one year, but not later than 5 years	972,420	2,252,686
	<u>3,294,299</u>	<u>3,157,731</u>

The above amounts are the Australian dollar (**AUD**) equivalent of the United States of America dollar (**USD**) commitments converted at the year end exchange rate of 1USD=0.9438AUD.

The joint venture agreements or other agreements for the acquisition of exploration interests noted above, all provide that Golden Rim may withdraw at any time, without minimum expenditure commitments.

#### Alliance Company Commitment

Royal Falcon is an alliance company, registered in Abu Dhabi, United Arab Emirates. It is jointly owned by PAL Technology Services LLC (65% equity interest), a member of the Royal Group in Abu Dhabi, and Golden Rim (35% equity interest). Royal Falcon was specifically formed to acquire and develop new projects. Golden Rim is the Manager of Royal Falcon.

On 7 April 2009, Royal Falcon executed a Farmin and Joint Venture Heads of Agreement with Drake Resources Limited (**Drake**).

Under the terms of the agreement, Royal Falcon has the right to earn a 51% interest in the Falun and Bersbo licences by spending USD3 million within three years. Royal Falcon then has the right to spend a further USD3 million to increase its interest to 75%. Royal Falcon must spend at least USD1 million on the licences before it can elect to withdraw from the Bergslagen Joint Venture.

Following Royal Falcon's earn in of a 51% or 75% interest, Drake may elect to contribute its applicable share of joint venture expenditure or, if Drake's interest falls below 5%, then Drake's interests converts to a 2% Net Smelter Royalty payable by Royal Falcon.

Currently Royal Falcon has earned a 51% interest and has elected to proceed to increase this interest to 75%.

The total amount advanced by Royal Falcon under the agreement, as at 30 June 2011, is AUD3,643,180 (2010: AUD3,354,079).

#### Operating Lease Commitments

Non cancellable leases contracted for the lease of premises that have not been capitalised in the financial statements.

	Consolidated	
	2011	2010
	\$	\$
Not later than one year	119,557	58,126
Later than one year, but not later than 5 years	316,741	67,905
	<u>436,298</u>	<u>126,031</u>

## Service and Contractual Commitments

Service and contractual commitments in relation to consulting fees for executive directors and geologists and other service contracts that exist at the end of the financial year are as follows:

	Consolidated	
	2011	2010
	\$	\$
Not later than one year	89,645	849,096
Later than one year but not later than 5 years	-	-
	<u>89,645</u>	<u>849,096</u>

## 22. Investments in Controlled Entities

Controlled Entities	Cost of Parent Entity's Investment		Equity Holding	
	2011	2010	2011	2010
	\$	\$		
Associated Gold Mines of Victoria Pty Ltd	116,974	116,974	100%	100%
Rimfire Resources Ltd	150,000	150,000	100%	100%
Golden Rim SAR Exploration SARL	338,834	193,907	90%	75%
Golden Rim Mali SA	22,602	22,602	100%	100%
Golden Rim Resources Burkina SARL	2,141	2,141	100%	100%
	<u>630,551</u>	<u>485,624</u>		

## 23. Notes to the Statement of Cash Flows

### (a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash and cash equivalents includes cash on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

#### Reconciliation of cash and cash equivalents

	Consolidated	
	2011	2010
	\$	\$
Cash at Bank	5,442,653	3,579,321
	<u>5,442,653</u>	<u>3,579,321</u>

### (b) Reconciliation of Loss after Income Tax to Net Cash Flow from Operating Activities

	Consolidated	
	2011	2010
	\$	\$
Operating loss after income tax	(11,612,007)	(5,884,334)

	Consolidated	
	2011	2010
	\$	\$
<b>Non Cash Items</b>		
Depreciation	205,799	61,633
Loss/(Gain) on sale of non-current assets	(321)	951
Exploration costs written off	6,249,164	4,098,407
Directors' remuneration options	2,431,148	474,222
Share based payments	641,363	72,690
Effect of foreign currency translation	237,159	(29,329)
<b>Change in operating assets and liabilities</b>		
Increase in trade and other creditors	165,820	147,948
Increase in receivables	(39,319)	(28,143)
Decrease/(increase) in prepayments	11,094	(12,646)
(Decrease)/increase in accruals	57,437	(66,532)
<b>Net cash outflow from operating activities</b>	<b>(1,652,663)</b>	<b>(1,165,133)</b>

## 24. Earnings Per Share

	2011	2010
	Cents	Cents
Basic and diluted loss per share	(3.41)	(2.12)
Weighted average number of shares outstanding during the year used in the calculation of basic loss per share	332,810,013	251,895,155

As disclosed in note 16(b) the Company has on issue 39,650,000 unlisted options to subscribe for fully paid ordinary shares exercisable between 15 cents and 29 cents each at any time on or before the expiry dates 31 December 2011, 5 October 2014, 22 November 2014, 10 July 2015 or 21 November 2011. As the exercise price of these options at balance date was greater than the market price of the shares, it is considered the options are unlikely to be exercised and consequently have not been considered dilutive.

None of the options have been included in the determination of basic earnings per share. Details relating to options are set out in note 16(b).

Reconciliation of loss used in the calculating basic loss per share

	Consolidated	
	2011	2010
	\$	\$
Net loss attributable to the owners of the company	(11,337,462)	(5,341,173)
Loss used in calculating basic loss per share	<b>(11,337,462)</b>	<b>(5,341,173)</b>

## 25. Financial Instruments

Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Group approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to and forming part of these financial statements.

## Net Fair Value of Financial Assets and Liabilities for the Consolidated Group

	Fixed Interest Rate		Floating Interest Rate		Non interest Bearing		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Financial Assets</b>								
Cash and cash equivalents	4,069,916	2,062,977	51,585	152,324	1,321,152	1,364,020	5,442,653	3,579,321
Trade and other receivables	-	-	11,052	11,989	369,367	137,017	380,419	149,006
Other financial assets	-	-	-	-	30,303	30,303	30,303	30,303
<b>Total Financial Assets</b>	<b>4,069,916</b>	<b>2,062,977</b>	<b>62,637</b>	<b>164,313</b>	<b>1,720,822</b>	<b>1,531,340</b>	<b>5,853,375</b>	<b>3,758,630</b>
<b>Interest Rate</b>	<b>6.36%</b>	<b>4.66%</b>	<b>0.52%</b>	<b>1.48%</b>				
<b>Financial Liabilities</b>								
Trade and other payables	-	-	-	-	376,264	338,744	376,264	338,744
Interest bearing liabilities	-	-	-	-	-	-	-	-
Non interest-bearing loans	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376,264</b>	<b>338,744</b>	<b>376,264</b>	<b>338,744</b>

The fixed interest rate cash and cash equivalents are held in two term deposits of one month and 6 months.

### Interest Rate Risk

The economic entity's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities. The Group does not have a major exposure in this area as the interest rate earned on deposited funds does not vary greatly from month to month.

### Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

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

	Consolidated	
	2011	2010
	\$	\$
Change in profit		
- Increase interest rate by 1% (one basis point)	41,057	22,273
- Decrease interest rate by 1% (one basis point)	(40,699)	(22,273)
Change in equity		
- Increase interest rate by 1% (one basis point)	41,057	22,273
- Decrease interest rate by 1% (one basis point)	(40,699)	(22,273)

#### Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Consolidated Statement of Financial Position and notes to and forming part of the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered by the economic entity.

#### Foreign Currency Risk and Sensitivity

The consolidated entity undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. There is currently no risk hedging system in place to manage exchange rate fluctuations.

The Group is exposed to fluctuations in foreign currencies arising from costs incurred on overseas mineral exploration tenements. Overseas expenses are paid at the spot rate applicable on the date the invoice is paid. The Group does not hedge to reduce the foreign exchange risk as the directors believe the risk is not significant. The carrying amount of the Group's foreign currency denominated assets and liabilities at the reporting date in AUD is as follows:

	Consolidated Liabilities		Consolidated Assets	
	2011	2010	2011	2010
	\$	\$	\$	\$
Australia Dollars	9,965,992	3,477,552	1,112,715	1,172,213

The table below details financial assets and liabilities of the consolidated entity exposed to foreign currency risk.

	Consolidated	
	2011 \$	2010 \$
Cash and cash equivalents		
- USD	1,112,715	1,172,213
Trade and other payables		
- USD	12,270	80,281
- CFA	23,090	2,530
- EURO	23,752	-

### Sensitivity Analysis

The table below summarises the impact of a 10% weakening/strengthening of the AUD against both the USD and the CFA Franc in the movement of the financial assets and liabilities listed in the previous table.

	AUD	Consolidated	
		2011 \$	2010 \$
Change in profit			
- Increase in USD rate by 10%	+10%	(100,034)	(98,674)
- Decrease in USD rate by 10%	-10%	120,919	122,051
- Increase in CFA rate by 10%	+10%	2,203	229
- Decrease in CFA rate by 10%	-10%	(2,439)	(202)
- Increase in EURO rate by 10%	+10%	2,541	-
- Decrease in EURO rate by 10%	-10%	(2,172)	-
Change in equity			
- Increase in USD rate by 10%	+10%	(100,034)	(98,674)
- Decrease in USD rate by 10%	-10%	120,919	122,051
- Increase in CFA rate by 10%	+10%	2,203	229
- Decrease in CFA rate by 10%	-10%	(2,439)	(282)
- Increase in EURO rate by 10%	+10%	2,541	-
- Decrease in EURO rate by 10%	-10%	(2,172)	-

### Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and receiving short term loans, if required, from the Chair of the Board.

The Company does not conduct any sensitivity analysis on credit, interest rate or foreign currency as the amounts are not material.

### Market Price Risk

The consolidated entity is not exposed to any significant material market price risk.

## 26. Events Occurring after Balance Date

Since the end of the financial year, no significant event has occurred, except as stated below and elsewhere in this Annual Report.

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.

## 27. Contingent Liabilities

The consolidated entity did not have any contingent liabilities at 30 June 2011 or 30 June 2010.

## 28. Segment Information

The Group operates in one business, namely exploration for mineral resources in various geographical regions. The financial results from this business are presented to the Board on a geographical basis. Information on a geographical segment basis is presented below:

The geographical segments of the consolidated entity are as follows:

2011

	Australia	Europe	Africa	South Pacific	Eliminations / Unallocated	Economic Entity
Segment revenue	-	-	-	-	302,924	302,924
Segment result	(95,226)	(113,786)	(6,014,016)	(13,735)	(5,375,244)*	(11,612,007)
Income tax expense	-	-	-	-	-	-
Segment assets	164,153	-	731,913	27,735	5,616,520*	6,540,321
Segment liabilities	-	-	98,031	-	379,841	477,873
Mineral exploration expenditure written off	-	113,786	5,905,307	11,871	218,201	6,249,164
Depreciation expense	95,226	-	108,709	1,864	-	205,799
Additions to non current assets	58,645	-	530,620	-	-	589,265

\*This includes cash held by the parent entity in Australia

\* This includes Directors' remuneration options, Share based payments and consultancy and employee expenses

2010

	Australia	Europe	Africa	South Pacific	Eliminations / Unallocated	Economic Entity
Segment revenue	-	-	-	-	106,141	106,141
Segment result	(16,104)	(1,191,157)	(2,513,007)	(29,519)	(2,134,547)*	(5,884,334)
Income tax expense	-	-	-	-	-	-
Segment assets	200,734	-	298,697	31,644	3,544,636*	4,075,711
Segment liabilities	-	-	93,571	2,347	247,185	343,103
Mineral exploration expenditure written off	-	1,191,157	2,510,639	26,453	370,158	4,098,407
Depreciation expense	42,332	-	13,222	6,079	-	61,633
Additions to non current assets	183,781	-	87,918	-	-	271,699

\*This includes cash held by the parent entity in Australia

\* This includes Directors' remuneration options, Share based payments and consultancy and employee expenses

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the

chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The consolidated entity operates predominantly in the mineral exploration industry. There are therefore no business segments requiring disclosure.

## 29. Acquisition of Non Controlling Interest

During November 2010 Golden Rim paid AUD144,928 to acquire an additional 15% in Golden Rim SAR Exploration SARL (**SAR**), a company incorporated in Mali, increasing its ownership from 75% to 90%. The carrying amount of SAR's net assets in the consolidated financial statements on the date of the acquisition was a deficiency of \$3,279,753. The Group recognised a decrease in non-controlling interest of \$501,454 and an increase in accumulated losses of \$646,382.

The following summarises the effect of changes in the Group's (parent) ownership interest in SAR:

	\$
Cost of acquisition of 15%	144,928
Effect of increase in parent's ownership interest	<u>501,454</u>
Goodwill recognised on acquisition	<u>646,382</u>

## Directors' Declaration

The directors declare that:

- (a) 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;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2(c) to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



**Gilbert Rodgers**  
**Executive Director (Finance)**  
27 September 2011

# Independent Auditor's Report to the members of Golden Rim Resources Ltd

## Report on the Financial Report

We have audited the accompanying financial report of Golden Rim Resources Ltd, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 35 to 76.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view 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 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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.

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Golden Rim Resources Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Golden Rim Resources Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity'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*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a).

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 21 to 25 of the directors' report for 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.

## *Opinion*

In our opinion the Remuneration Report of Golden Rim Resources Ltd for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*  
**DELOITTE TOUCHE TOHMATSU**



**Ross Jerrard**

Partner

Chartered Accountants

Perth, 27 September 2011

## Additional Shareholder Information

The following additional information dated 31 August 2011 is provided in compliance with the requirements of ASX Limited.

### Distribution of Listed Ordinary Shares and Options

The following is an analysis of the number of shareholders by size of holding.

Distribution	No. of Shareholders
1 - 1,000	342
1,001 - 5,000	401
5,001 - 10,000	223
10,001 - 100,000	1,072
100,001 and over	369
<b>Total Shareholders</b>	<b>2,407</b>

There were 640 shareholders holding less than a marketable parcel of shares and 1,084 shareholders holding less than an economic parcel of shares.

The percentage of the total of the 20 largest holders of ordinary shares was 48%.

### 20 Largest Shareholders

The names of the 20 largest shareholders of shares are listed below:

Name	No of Shares Held	%
PAL Technology Services LLC	44,521,875	12.39
HSBC Custody Nominees Australia Ltd	31,828,098	8.86
J P Morgan Nom Aust Ltd	17,610,168	4.90
Westessa Holdings Pty Ltd	11,047,287	3.07
Jansen William + M G	8,249,827	2.30
Citicorp Nom Pty Ltd	7,554,021	2.10
National Nom Ltd	6,505,297	1.81
Absolute Analogue Inc	5,864,955	1.63
Hao Yun Ltd	4,985,641	1.39
Oregon Nom Pty Ltd	4,500,000	1.25
Crabb Rick	4,103,996	1.14
Earth Science Solutions Pty	3,500,000	0.97
Nefco Nom Pty Ltd	3,250,000	0.90
Timms Kyle Andrew	3,000,000	0.83
Westessa Holdings Pty Ltd	2,957,318	0.82
Forty Traders Ltd	2,812,500	0.78
UBS Wealth Mgnt Aust Nom	2,790,084	0.78
Rodgers Gilbert	2,508,414	0.70
Earth Science Solution Pty	2,500,000	0.70
Dwyer David john + L M	2,457,585	0.68
<b>Total</b>	<b>172,547,066</b>	<b>48.00</b>

## Substantial Shareholders

The substantial shareholders of the Company are as follows:

Name	No of Shares Held	%
PAL Technology Services LLC (Royal Group)	,46,481,450	13.10
Rick Crabb Group (Westessa Holdings Pty Ltd and Rick Crabb)	20,535,208	5.71
Acorn Capital Limited	20,538,083	5.71

## Voting Rights

The Company's share capital is of one class being ordinary shares. The voting rights attached to those shares is that on a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## Restricted Securities

There are no shares on issue that have been classified by ASX Limited, as restricted securities.

## Securities Exchange Listing

Golden Rim shares are listed on the Australian Securities Exchange. The home branch of the exchange is in Perth.

The Company's shares only are quoted on the Berlin Stock Exchange in Germany.

## Tenement Schedule

Tenement name	Project name	Gold Rim's potential equity (%)	Target commodity
<b>Fiji</b>			
Sabeto	Sabeto	75	Gold
<b>Vanuatu</b>			
Webe Creek	Webe Creek	81.25	Gold
Tafuse	Tafuse	75	Gold
<b>Mali</b>			
Kolomba	Sepola	90	Gold
Gourbassi East	Sepola	90	Gold
Koussili	Sepola	90	Gold
Tintinba West	Sepola	100	Gold
Keniebandi East	Sepola	100	
Sanso	Sanso	90	Gold
Faraba	Faraba	90	Gold
Kadiouni	Faraba	100	Gold
Niaouleni West	Faraba	90	Gold
<b>Burkina Faso</b>			
Dioga	Sebba	100	Gold
Yipely	Sebba	100	Gold
Gandi	Sebba	100	Gold
Keri	Sebba	100	Gold
Komondi	Sebba	100	Gold
Diagotta	Sebba	100	Gold
Namantougou	Sebba	100	Gold
Maba	Sebba	100	Gold
Nasoulou	Sebba	100	Gold
Babonga	Sebba	100	Gold
Gonsin	Yako	100	Gold
Zanna	Yako	100	Gold
Tanlili	Yako	100	Gold
Balogo	Balogo	100	Gold
Dabiyani III	Balogo	100	Gold
Biaza	Balogo	100	Gold
Zaptenga	Balogo	100	Gold
Sakaro	Balogo	100	Gold
Tagou	Comin Yanga	100	Gold
Moaga	Comin Yanga	100	Gold
Galgouli-Sud	Galgouli South	100	Gold