Plymouth Minerals Ltd
ABN 52 147 413 956

Annual Report 2011
For the period 17 November 2010 to 30 June 2011

CONTENTS

CORPORATE DIRECTORY

PRINCIPAL REGISTERED OFFICE
Plymouth Minerals Ltd
Suite 35, 22 Railway Road
Subiaco, WA 6008
Tel: 08 9388 8041 Fax: 08 9388 80412
Email: admin@plymouthminerals.com

Web: www.plymouthminerals.com

DIRECTORS
Nicholas McMahon – Managing Director
Charles Schaus – Non-Executive Chairman
Daniel Walsh – Non-Executive Director
Adrian Byass – Non-Executive Director

SHARE REGISTRAR
Advanced Share Registry
150 Stirling Hwy, Nedlands WA 6009
Tel: 08 9389 8033 Fax: 08 9389 7871
Web: www.advancedshare.com.au

AUDITORS
PKF Mack & Co Chartered Accountants
2nd Floor
35 Havelock St
WEST PERTH WA 6005
Telephone: +61 8 9426 8999
Facsimile: +61 8 9426 8900

LAWYERS
Lawyers in Australia
Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333
Lawyers in Greenland
Nuna Advokater A/S
Qulliferfik 2, 6.
Postboks 59, 3900 Nuuk
(A/S reg. Nr: 452478)
Telephone: (299) 32 13 70
Facsimile: (299) 32 41 17

STOCK EXCHANGE CODE – PLH

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at asx.com.au/about/corporate_governance/index.htm.

CORPORATE GOVERNANCE STATEMENT

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Performance Evaluation of Senior Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2.1
Recommendation 2.2 Independent Chairman	1.2.1
Recommendation 2.3 Role of the Chairman and CEO	1.2.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Performance Evaluation Processes	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2.1, 1.4.10, 2.3 & Directors' Report
Recommendation 3.1 Code of Conduct	5
Recommendation 3.2 Diversity Policy	4
Recommendation 3.3 Diversity Objectives	4
Recommendation 3.4 Diversity Reporting	4
Recommendation 3.5 Reporting on Principle 3	4 and 5
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	3.1
Recommendation 7.2 Risk Management Reporting	3.1
Recommendation 7.3 Attestations by CEO and CFO	1.4.11
Recommendation 7.4 Reporting on Principle 7	2.1.3 , 1.4.11
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2.4
Recommendation 8.4 Reporting on Principle 8	2.2 and 2.2.4

CORPORATE GOVERNANCE (CONT)

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

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

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Daniel Walsh, Mr Adrian Byass and Mr Charles Schaus are Non-Executive Directors and are independent directors as they meet the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

1.2.2 Role of the Chairman and CEO

Recommendation 2.3 has been complied with as the Company currently does not have a CEO in place and appointed management is separate from the Chairman's position.

CORPORATE GOVERNANCE (CONT)

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

CORPORATE GOVERNANCE (CONT)

1.4.4 Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company;
- a copy of the Corporate Governance Statement, Charters, Policies, and Memos; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, the Company website and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
-

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information.

The Company's policy for shareholder communication is available on the Company's website.

CORPORATE GOVERNANCE (CONT)

1.4.9 Trading in Company Shares
On 2 March 2011 the Board adopted a Share Trading Policy to comply with ASX Listing Rule requirements. The Board periodically reminds directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds directors of their obligations to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met. The Company's policy for trading in Company securities is available on the Company's website.

1.4.10 Performance Review/Evaluation
It is the policy of the Board to conduct regular evaluation of its performance against appropriate measures. The evaluation process was introduced via the Board Charter adopted 2 March 2011 and was implemented for the financial period ended 30 June 2011. The objective of this evaluation is to provide ongoing best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee
Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. In the absence of a formal audit committee the board considers the issues that would otherwise be considered by the audit committee. A copy of the Audit Committee Charter is available on the Company's website.

Below is a summary of the role and responsibilities of an Audit Committee.

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

As the whole Board only consists of four (4) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Audit Committee Charter
The Board has adopted an Audit Committee Charter which sets of the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an audit committee. A copy of the Audit Committee Charter is available on the Company's website.

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

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

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

CORPORATE GOVERNANCE (CONT)

2.1.4 Risk Management Policies
The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole. On 14 September 2011 Mr N McMahon (Managing Director) provided the Board with written assurance that the financial statements are founded on a sound system of risk management and internal compliance. Their statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.1.5 External Auditor
The Board's has adopted a policy setting out criteria for the selection and appointment of an external auditor. A copy of this policy is available on the Company's website.

2.2 Remuneration Committee

2.2.1 Role
The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.
As the whole Board only consists of four (4) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities
The responsibilities of a Remuneration Committee, or the full Board, include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the executive officers, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors making recommendations on any proposed changes and undertaking reviews of the executive officers' performance.

2.2.3 Remuneration Policy
Directors' Remuneration was approved at the Board meeting held on 13 January 2011. The Board further resolved to address the current remuneration strategy as and when appropriate.

<u>2.2.3.1 Senior Executive Remuneration Policy</u>
The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.
-

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.
The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

CORPORATE GOVERNANCE (CONT)

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

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

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee, as performed by the full Board, include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Risk Management

3.1 Risk Management Policies

The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company,
- balance risk to reward,
- ensure regulatory compliance is achieved; and
- ensure senior management, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Board requires that each major transaction proposed to the Board for decision is accompanied by a risk assessment.

A copy of the risk management strategy is available on the Company's website.

CORPORATE GOVERNANCE (CONT)

4. Diversity

The Company recognises and respects the value of diversity at all levels of the organisation.

The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

As at the date of this report, the Company has the Company has the following proportion of women appointed:

- to the Board –0%
- to senior management – 17%
- to the organisation as a whole – 33%

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific.

5. Code of Conduct

The Board adheres to and is responsible for enforcing the Code of Conduct set out in this Corporate Governance Statement.

The Company is committed to:
- applying the Company's funds efficiently to provide above average and sustainable return to shareholders through capital appreciation; and
- adopting high standards of occupational health and safety, environmental management and ethics.

The Board through the Managing Director monitors the Company's compliance with the Code of Conduct periodically. The Code of Conduct applies to all the directors and employees of the Company who must comply with all legal obligations and the Company policies.

The Board and the executives are obligated to avoid situations of real or apparent conflict of interest between them as individuals and as Directors or employees of the Company. If a situation where a conflict of interest arises the Managing Director is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Any breach of Corporate Governance is to be reported directly to the Managing Director.

6. Corporate Responsibility

The Company complies with all legislative and common law requirements that affect its business, particularly environmental regulations, native title and cultural heritage laws.

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

DIRECTORS' REPORT

Your directors present the following report on Plymouth Minerals Limited (referred to hereafter as "The Company") for the financial period ended 30 June 2011. The company was incorporated on 17 November 2010. This is the company's first financial report since incorporation.

DIRECTORS

The names of directors in office at any time during or since the end of the period are:
- Charles Schaus (Non-Executive Chairman)
- Nicholas McMahon (Managing Director)
- Daniel Walsh (Non-Executive Director)
- Adrian Byass (Non-Executive Director) – Appointed 17 June 2011

Unless noted above, all directors have been in office since the start of the financial period to the date of this report.

COMPANY SECRETARY

The following persons held the position of company secretary during the financial period:
- Stephen Brockhurst

Details of Mr Brockhurst's experience are set out below under 'Information on Directors'

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was the exploration for rare earth element ("REE") mineralisation in Greenland.

OPERATING RESULTS

The loss of the Company after providing for income tax amounted to $47,162.

REVIEW OF OPERATIONS

Summary
Plymouth Minerals Limite was admitted to the Official List of the ASX Limited on Wednesday, 13 April 2011. Since this inception, the Company Board has been active in positioning the Company to be able to take advantage of any opportunity and fulfil all commitments.

Corporate
Successful ASX listing
Plymouth Minerals Limited successfully listed on the ASX on 13 April 2011 with 25,750,000 fully paid ordinary shares. Trading commenced on 15 April 2011 with strong share price and trading.

Appointment of non-executive director
Mr Adrian Byass was appointed to the Board of Plymouth Minerals Limited on 17 June 2011 as a Non-executive Director. Mr Byass is a Director of a number of ASX listed resource companies. He was a founding Director, and currently Technical Director, with Ironbark Zinc Limited (ASX: IBG) which is developing the world class Citronen zinc project in Greenland. Mr Byass also holds non-executive roles with Wolf Minerals Limited (ASX:WLF) and Corazon Mining Limited (ASX:CZN).

Mr Byass holds a Bachelor degree in Geology from the University of Western Australia, a Bachelor degree in Economics from Murdoch University and is a member of the Australian Institute of Geoscientists, a Fellow of the Society of Economic Geology and has over 15 years of experience in the mining and resources industry.

Projects
Timmiarmiut rare earth project additional tenure
As part of the Company's Rare Earth minerals (REE) Timmiarmiut project in Southern Greenland, in May 2011, Plymouth Minerals Limited applied to the Bureau of Minerals and Petroleum (BMP) in Greenland for additional tenure (Mining lease 2011/59). Based on interpretation of airborne geophysical survey data that is coincident with mapped carbonatite rocks (Danish Geological Survey mapping 2009/10), a highly prospective region was identified for further field work.

DIRECTORS' REPORT (CONT)

REVIEW OF OPERATIONS (CONT'D)

Carbonatite rocks commonly host REE mineralisation and are associated with the major REE deposits discovered to date in Greenland. An exploration model used by Plymouth is based on the Mount Weld carbonatite in Western Australia. The Mount Weld carbonatite is a world class carbonatite REE host which has intruded into Archaen mafic rocks and has a diameter of approximately 2.5km.

Field Work
The first stage of stage of field work on the Timmiarmiut project in Greenland has been completed.
Plymouth staff teamed up with teams from The Geological Survey of Denmark and Greenland (GEUS) to reduce the exploration costs and expedite the exploration process. The ship MV Fox was used as a base and service vessel while the teams were serviced by a Bell 212 and a Eurocopter AS 350 was used for reconnaissance work.

Priority rock samples from the Timmiarmiut Rare Earth Project areas on mining leases 2011/4, 2011/5 and 2011/59 have been air freighted to Perth for full analysis.
Further samples will be shipped by GEUS to Perth once the MV Fox returns to Copenhagen in October.
Plymouth achieved all targets that we expected to achieve including:

- Gathering geological, geochemical and geophysical data;
- Mapping and Petrology exercise of the tenures;
- Investigating areas of strong gravity low anomalies;
- Evaluation of identified Carbonatite regions.

Results are expected to be released in September 2011.

Manganese exploration tenure application
Together with the Company's focus on Rare Earth Elements (REE) in Greenland, Plymouth lodged an application with the NSW Department of Primary Industries over exploration tenure in at Crow Mountain in Northern NSW. The Tenure is covered by ELA 4299 (100% Plymouth) and situated on the COBBADAH 1:100,000 map sheet. This tenure covers the Chapman's and Brown and Kelly manganese prospects. The tenure is close to the Doherty manganese mine which is the largest historical producer in NSW.

Further Projects
The Company continues to evaluate further opportunities in rare earth and other commodities as applicable to maximise shareholder returns.

FINANCIAL POSITION

The Company lodged its IPO Prospectus on 9 March 2011 for an initial public offering of 14,000,000 shares at an issue price of $0.20 to raise $2,800,000 before costs, which was successfully completed. The Company's securities officially listed on the Australian Securities Exchange on 15 April 2011.

As at 30 June 2011 the Company had a cash balance of $3,096,827 and a net asset position of $3,158,763.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the nature of principal activities occurred during the financial period:

- On 17 November 2010, the Company was incorporated as a public company with 100,000 ordinary shares at $0.001 per share on issue
- On 16 December 2010, the Company issued 650,000 ordinary shares at $0.002 per share and 1,000,000 options exercisable at $0.30 by 31 March 2014 to promoters.
- On 17 December 2010, the Company issued 4,000,000 ordinary shares at $0.002 per share and 2,000,000 options exercisable at $0.30 by 31 March 2014 to promoters.
- On 15 February 2011, the Company issued 1,000,000 ordinary shares at $0.02 per share and made payment of $55,000 to the Vendor of tenements 2011/04 and 2011/05 in Greenland.
- On 17 February 2011, the Company issued 6,000,000 ordinary shares at $0.10 per share and 3,000,000 options exercisable at $0.30 by 31 March 2014 to seed shareholders.
- On 9 March 2011 the Company lodged a Prospectus with the Australian Securities and Investments Commission for the initial public offering of 14,000,000 shares at an issue price of $0.20 each. The initial public offering was completed on 15 April 2011 raising $2,800,000 before costs.

DIRECTORS' REPORT (CONT)

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial period ended 30 June 2011.

EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company's operations are subject to significant environmental regulation under the law of the Commonwealth and State in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial period. The directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Nicholas McMahon **GradDip (Met)**	Managing Director Nicholas has over 16 years experience in the minerals industry concentrating in production and mineral processing. Nicholas has experience in iron ore, nickel, alumina and also has extensive plant commissioning and start-up experience in bulk commodity and hydrometallurgical plants in Australia including Murrin Murrin (Anaconda) and Yandi (BHP Billiton). In addition to extensive production management and supervisory experience, he has also been consulting to the minerals industry in Australia through a management and environmental services company for the exploration and mining industry.
Interest in Shares and Options	670,000 Fully paid ordinary shares 500,000, $0.30 options exercisable on or before 31 March 2014
Directorships held in other listed entities	None

DIRECTORS' REPORT (CONT)

INFORMATION ON DIRECTORS (CONT'D)

Charles Schaus **BSc Hons**	Non-executive Chairman Charles is a geologist with over 26 years of experience in the metals, mining and oil industry. He was born and raised in California and received his degree from University of California in 1983. Since moving to Western Australia in 1986, Charles has held key management positions in Australian public mining companies including Newmont, Newcrest, Eagle Mining and he spent 18 months in Ghana for Red Back Mining. In the early years he worked in remote areas of Western Australia including Cue, Marvel Loch and Wiluna where he undertook senior mining operation roles. In the late 1990s Charles worked as a consultant in Western Australia and overseas with a focus on project feasibility work. Charles is a 22 year member of both the Australian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists. After 17 years in Australia, Charles and a fellow geologist established Aurox Resources Limited. In October 2004 the company was listed on the Australian Stock Exchange and in April 2005 acquired the rights to purchase the Balla Balla Titanomagnetite Project. The Aurox team raised over A$110 million to develop Balla Balla completing a detailed feasibility study and commencing key equipment purchasing and detailed engineering studies. In March 2010, the Aurox Board of Directors negotiated a scheme of arrangement to merge with Atlas Iron. The merger was finalised in August 2010.
Interest in Shares and Options	440,000 Fully paid ordinary shares 500,000, $0.30 options exercisable on or before 31 March 2014
Directorships held in other listed entities	Aurox Resources Limited (October 2004 – October 2010)
Daniel Walsh **B.Pharm and MBA**	Non-executive Director Daniel is currently the Regional Business Manager for Ascent Pharmaceuticals responsible for business development and growing supply networks through Western Australia. He is also involved as a consultant to the retail pharmaceutical industry through Benchmark Solutions. Daniel is focused on Business analysis and cost control advice.
Interest in Shares and Options	185,000 Fully paid ordinary shares
Directorships held in other listed entities	None
Adrian Byass **BSc Hons (Geol), B Econ, FSEG and MAIG**	Non-executive Director Mr Byass holds a Bachelors degree in Geology from the University of Western Australia, a Bachelors degree in Economics from Murdoch University and is a Member of the Australian Institute of Geoscientists, a Fellow of the Society of Economic Geology and has over 15 years experience in the mining and resources industry covering commodities such as gold, nickel, base metals, tin-tungsten and molybdenum.
Interest in Shares and Options	2,075,000 Fully paid ordinary shares 1,000,000, $0.30 options exercisable on or before 31 March 2014
Directorships held in other listed entities	Ironbark Zinc Limited (April 2006 – present) Wolf Minerals Limited (September 2006 – present) Corazon Mining Limited (September 2009 – present)

DIRECTORS' REPORT (CONT)

INFORMATION ON DIRECTORS (CONT'D)

Company Secretary
Mr Stephen Brockhurst – B.Com

Mr Brockhurst has 12 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers with capital raising in excess of $150 million. Mr Brockhurst experience includes corporate and capital structuring, corporate advisory and Company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst was a founding Director and Company Secretary of Bannerman Resources Limited from incorporation to July 2007, Blackham Resources Limited from incorporation to December 2008 and Company Secretary of Ironbark Gold Limited to August 2007. Mr Brockhurst is currently a Director of Red Emperor Resources NL, Jacka Resources Limited and Terrace Resources Limited, and Company Secretary of Plymouth Minerals Limited, Terrace Resources Limited and Monitor Energy Limited.

MEETINGS OF DIRECTORS

The number of Directors' meetings (including committees) held during the financial period and the number of meetings attended by each Director are:

	Directors' Meetings	
Director	**Number eligible to attend**	**Number attended**
Nicholas McMahon	4	4
Charles Schaus	2	2
Daniel Walsh	4	4
Adrian Byass	-	-

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Plymouth Minerals Ltd and for the executives receiving the highest remuneration.

1. Employment Agreements
Mr Nicholas McMahon currently works for the Company in an executive capacity as Managing Director.

Mr McMahon's contract is for a term of 12 months from the commencement date with the option to extend for a further 12 months. Under the terms of the agreement, Mr McMahons's annual salary is $180,000 plus superannuation.

The Company may terminate Mr McMahon's contract by giving Mr McMahon a minimum of 3 months written notice or by paying Mr McMahon 3 months' salary in lieu of notice. Mr McMahon may terminate the contract by giving 3 months written notice to the Company.

Appointments of non-executive directors Charles Schaus, Daniel Walsh and Adrian Byass are formalised in the form of service agreements between themselves and the Company. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act. They are entitled to receive directors' fees of $50,000, $25,000 and $25,000 per annum, respectively.

2. Remuneration policy
The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

DIRECTORS' REPORT (CONT)

REMUNERATION REPORT (AUDITED) (CONT'D)

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of share options.
- Incentive paid in the form of share options are intended to align the interests of directors and company with those of the shareholders.
-

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

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

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

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology.

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

3. Performance-based remuneration
There is currently no performance-based remuneration policy in place.

4. Options issued as part of remuneration for the period ended 30 June 2011
Details of the options granted as remuneration to key management personnel are as follows:

Name	Grant Date	Number of Options	Entitlement on exercise	Dates exercisable	Exercise Price	Value per option at grant date
Nicholas McMahon	16 Dec 2010	500,000	1:1 Ordinary Shares	From date of escrow release (15 April 2013) to expiry (31 March 2014)	$0.30	Nil
Charles Schaus	16 Dec 2010	500,000	1:1 Ordinary Shares	From date of escrow release (15 April 2013) to expiry (31 March 2014)	$0.30	Nil
Adrian Byass	17 Dec 2010	1,000,000	1:1 Ordinary Shares	From date of escrow release (15 April 2013) to expiry (31 March 2014)	$0.30	Nil

Option values at grant date were determined using the Black-Scholes method. Refer to note 13 for details of the inputs used in the valuation calculation.

DIRECTORS' REPORT (CONT)

REMUNERATION REPORT (AUDITED) (CONT'D)

5. Details of remuneration for the period ended 30 June 2011:
The remuneration for each key management personnel of the Company during the period was as follows:

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Share based Payment	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Directors											
Nicholas McMahon	15,200	-	-	-	1,368	-	-	-	16,568	-	-
Charles Schaus	10,556	-	-	-	950	-	-	-	11,506	-	-
Daniel Walsh	5,278	-	-	-	475	-	-	-	5,753	-	-
Adrian Byass	1,041	-	-	-	-	-	-	-	1,041	-	-
	32,075	-	-	-	2,793	-	-	-	34,868		

Remuneration information for the 2010 financial year is not applicable as this is the Company's first reporting period since incorporation.

DIRECTORS' REPORT (CONT)

REMUNERATION REPORT (AUDITED) (CONT'D)

6. Shareholdings
Number of Shares held by Key Management Personnel

Key Management Person	Balance 17.11.2010 No.	Received as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2011 No.	Total held in escrow 30.6.2011 No.
Directors						
Nicholas McMahon	-	-	-	670,000	670,000	350,000
Charles Schaus	-	-	-	440,000	440,000	250,000
Daniel Walsh	-	-	-	185,000	185,000	25,000
Adrian Byass	-	-	-	2,075,000	2,075,000	2,000,000
Total	**-**	**-**	**-**	**3,370,000**	**3,370,000**	**2,625,000**

The 2,600,025 shares disclosed as held in escrow in the table above will be held until the date of escrow release, being 15 April 2013.

7. Options
Number of Options held by Key Management Personnel - $0.30 Options Expiry 31 March 2014

Key Management Person	Balance 17.11.2010 No.	Received as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2011 No.	Total vested and exercisable at 30 June 2011 %
Directors						
Nicholas McMahon	-	500,000	-	-	500,000	-
Charles Schaus	-	500,000	-	-	500,000	-
Daniel Walsh	-	-	-	-	-	-
Adrian Byass	-	1,000,000	-	-	1,000,000	-
Total	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**-**

The 2,000,000 options granted to key management personnel during the financial period, vested immediately, however cannot be exercised until the date of escrow release, being 15 April 2013.

INDEMNIFYING AND INSURANCE OF OFFICERS

The Company has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

DIRECTORS' REPORT (CONT)

OPTIONS

At the date of this report, the unissued ordinary shares of Plymouth Minerals Ltd under option are as follows:

	Date of Expiry	Exercise Price	Number under Option
As at 17th November 2010	-	-	-
Issued during the period	31 March 2014	$0.30	6,000,000
Exercised during the period	-	-	-
As at 30th June 2011	31 March 2014	$0.30	6,000,000

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

NON-AUDIT SERVICES

The following fees were paid or payable to the external auditors for non audit services provided during the period ended 30 June 2011.

— PKF Mack & Co reviewing the investigating accountants report	8,250
— PKF Mack & Co providing taxation services	1,210
	9,460

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Nicholas McMahon
Managing Director

Dated:
16 September 2011

PKF MACK & CO

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PLYMOUTH MINERALS LTD

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2011 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

16TH SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011

	Note	17 Nov 2010 to 30 June 2011 $
Revenue and other income	2	33,078
Administration expenses		10,476
Compliance and regulatory expense		16,300
Consultancy fees		12,181
Directors fees		34,868
Travel and accommodation		6,415
Loss before income tax expense		(47,162)
Income tax expense	3	-
Loss for the period		(47,162)
Other comprehensive income		-
Total comprehensive income attributable to members of the parent entity		(47,162)
Loss Per Share		
Basic and diluted loss per share (cents per share)	6	(0.35)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7	3,096,827
Trade and other receivables	8	41,696
Other current assets	9	9,931
TOTAL CURRENT ASSETS		**3,148,454**
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	10	83,751
TOTAL NON-CURRENT ASSETS		**83,751**
TOTAL ASSETS		**3,232,205**
CURRENT LIABILITIES		
Trade and other payables	11	73,442
TOTAL CURRENT LIABILITIES		73,442
TOTAL LIABILITIES		**73,442**
NET ASSETS		**3,158,763**
EQUITY		
Issued capital	12	3,205,925
Reserves	13	-
Accumulated losses		(47,162)
TOTAL EQUITY		**3,158,763**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 JUNE 2011

	Note	Issued Capital $	Share based payment reserve $	Accumulated losses $	Total $
Balance at 17 November 2010		**-**	**-**	**-**	**-**
Loss for the period		-	-	(47,162)	(47,162)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(47,162)	(47,162)
Transactions with owner directly recorded in equity					
Shares issued during the period	12	3,429,400	-	-	3,429,400
Less: transaction costs arising from issue of shares	12	(223,475)	-	-	(223,475)
Value of share based payments during the period	14	-	-	-	-
Balance at 30 June 2011		**3,205,925**	**-**	**(47,162)**	**3,158,763**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 JUNE 2011

	Note	17 Nov 2010 to 30 June 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(75,347)
Net cash used in operating activities	15	(75,347)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation expenditure		(63,751)
Net cash used in provided by investing activities		(63,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		3,409,400
Payment of transaction costs associated with capital raising		(173,475)
Net cash provided by financing activities		3,235,925
Net increase/ (decrease) in cash held		3,096,827
Cash at beginning of financial period		-
Cash at end of financial period	7	**3,096,827**

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the Company of Plymouth Minerals Ltd ("Plymouth,""Plymouth Minerals," "Company," or "the Company"). Plymouth Minerals is a listed public Company, incorporated and domiciled in Australia.
The financial report of Plymouth Minerals complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).
The financial report is presented in Australian dollars.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Basis of Preparation
The accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Comparatives
Plymouth Minerals Ltd was incorporated on 17 November 2010. This is the company's first financial report since incorporation and as a result there are no comparatives to include in the 30 June 2011 financial report.

Accounting Policies

a) Income Tax
The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b) Exploration and Evaluation Expenditure
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

c) Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments

Initial recognition and measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.
Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).
If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

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

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

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

Derivative Instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges. The Company currently has no derivate instruments.

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

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment of Assets

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, 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.

Impairment testing is performed annually for intangible assets with indefinite lives.
Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

g) Provisions

Provisions are recognised when the Company 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.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

i) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

j) Borrowing Costs

All borrowing costs are recognised as expense in the period in which they are incurred.

k) Goods and Services Tax (GST)

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Going Concern

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The company incurred a loss of $47,162 for the period ended 30 June 2011. The cash reserves and net assets (excluding capitalised exploration and evaluation expenditure of $83,751) of the company at 30 June 2011 were $3,096,827 and $3,075,012 respectively. The company's exploration expenditure commitments over the next 12 months amount to $87,614 and over the next five years amount to a total of $923,024 (as disclosed in note14).

The ability of the company to continue to pay its debts as and when they fall due is dependent on the company successfully raising additional share capital and ultimately developing its mineral properties.

The directors believe it is appropriate to prepare these financial statements on a going concern basis because:

- The directors have appropriate plans to raise additional funds as and when required. In light of the company's current exploration projects, the directors believe that the additional capital can be raised in the market; and
- The directors have an appropriate plan to contain certain operating and exploration expenditure if required funding is not available.

These financial statements have been prepared on the basis that the company can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

m) Trade and other receivables

All trade receivables are recognised when they are due for settlement in the short term. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial period and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

o) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

p) Earnings per share

1. *Basic earnings per share*

Basic earnings per share is determined by dividing the net profit 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.

2. *Diluted earnings per share*

   Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take 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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Critical Accounting Estimates and Judgments
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

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

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

Exploration and Evaluation Expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(b).

Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 13.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Adoption of New and Revised Accounting Standards
During the current period the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has not impacted the recognition, measurement or disclosure elements of this financial report.

s) New accounting standards for application in future period
The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB NO.	TITLE	ISSUE DATE	OPERATIVE DATE (ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER)
9	Financial Instruments	Dec 2010	1 Jan 2013
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2009 – 12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Dec 2009	1 Jan 2011
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) New accounting standards for application in future period (cont)

AASB NO.	TITLE	ISSUE DATE	OPERATIVE DATE (ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER)
2010 – 4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Jun 2010	1 Jan 2011
2010 – 5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	Oct 2010	1 Jan 2011
2010 – 6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	Nov 2010	1 Jul 2011
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	Dec 2010	1 Jul 2011
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	May 2011	1 Jul 2011
2011 - 2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	May 2011	1 Jul 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013

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

	17 Nov 2010 to 30 June 2011 $
NOTE 2: REVENUE AND OTHER INCOME	
Other Revenue	
- Interest revenue	33,078

NOTE 3: INCOME TAX EXPENSE

a. Reconciliation of income tax expense to prima facie tax payable:

Loss from ordinary activities before income tax expense	(47,162)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(14,149)
Increase in income tax due to:	
- Non-deductible expenses	1,576
- Losses and temporary differences not recognised	17,155
Decrease in income tax due to:	
- Deductible equity raising costs	(4,582)
Income tax attributable to the Company	-

b. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%:

Deferred tax assets have not been recognised in respect of the following:

Deductible temporary differences	18,329
Tax revenue losses	17,155
Tax capital losses	-
	35,484

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2011 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the period ended 30 June 2011.

Names and positions held of Company's key management personnel in office at any time during the period are :

Nicholas McMahon	Managing Director
Charles Schaus	Non Executive Chairman
Daniel Walsh	Non Executive Director
Adrian Byass	Non Executive Director

a. **Remuneration of Key Management Personnel**

The totals of remuneration paid to the KMP of the Company during the period are as follows:

	2011 $
Short-term employee benefits	32,075
Post-employment benefits	2,793
	34,868

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

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

b. **Options and Rights Holdings**
Number of Options $0.30 Expiring 31 March 2014 Held by Key Management Personnel

	Balance 17.11.2011 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2011 No.	Total Vested and exercisable 30.6.2011 No.
Directors						
Nicholas McMahon	-	500,000	-	-	500,000	-
Charles Schaus	-	500,000	-	-	500,000	-
Daniel Walsh	-	-	-	-	-	-
Adrian Byass	-	1,000,000	-	-	1,000,000	-
Total	-	2,000,000	-	-	2,000,000	-

The 2,000,000 options granted to key management personnel during the financial period vested immediately, however cannot be exercised until the date of escrow release being 15 Aril 2013.

c. **Shareholdings**
Number of Shares held by Key Management Personnel

	Balance 17.11.2011 No.	Received as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2011 No.	Total held in escrow 30.6.2011 No.
Directors						
Nicholas McMahon	-	-	-	670,000	670,000	350,000
Charles Schaus	-	-	-	440,000	440,000	250,000
Daniel Walsh	-	-	-	185,000	185,000	25,000
Adrian Byass	-	-	-	2,075,000	2,075,000	2,000,000
Total	-	-	-	3,370,000	3,370,000	2,625,000

The 2,600,025 shares disclosed as held in escrow in the table above will be held until the date of escrow release, being 15 April 2013.

NOTE 5: AUDITORS' REMUNERATION

	2011 $
Remuneration of the auditor of the parent entity for:	
— PKF Mack & Co auditing or reviewing the financial report	10,000
— PKF Mack & Co reviewing the investigating accountants report	8,250
— PKF Mack & Co providing taxation services	1,210

NOTE 6: EARNINGS PER SHARE

a. Loss used to calculate basic EPS	(47,162)
	No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	13,622,345

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

	2011 $
NOTE 7: CASH AND CASH EQUIVALENTS	
Cash at bank	296,827
Term deposits	2,800,000
	3,096,827

	2011 $
NOTE 8: TRADE AND OTHER RECEIVABLES	
CURRENT	
Interest receivable	33,078
GST receivable	8,618
	41,696

	2011 $
NOTE 9: OTHER ASSETS	
CURRENT	
Prepayments	9,931

	2011 $
NOTE 10: EXPLORATION ASSETS	
Exploration expenditure capitalised	
- Exploration and evaluation phase	83,751

A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:

	2011 $
- Carrying amount at the beginning of the period	-
- Shares/options issued to acquire exploration rights	20,000
- Cash payments to acquire exploration rights	55,000
- Additional costs capitalised during the period	8,751
Carrying amount at the end of the period	83,751

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's Timmiarmiut REE Project is located in Greenland which is considered to be a developing country and as such, is subject to emerging legal and political systems compared with the system in place in Australia. Possible sovereign risks include without limitation, changes in the terms of the Mineral Resources Act, the Application Procedures and Standard Terms, Mineral Rights, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

Greenland is located across from the Arctic Circle and the climate in winter months can be inhospitable and unsuitable for exploration activities. Exploration field seasons are generally limited to the Spring - Autumn months (April – October). The Timmiarmiut REE is located within the southern parts of the Achean North Atlantic Craton. Weather factors may restrict the ability of the Company to carry out its exploration activities and/or result in increased costs.

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

Tenure Risks
If the first year exploration commitment is not met, the Company shall pay 50% of the non-fulfilled part of the exploration commitment or provide a bank guarantee that the non-fulfilled part of the exploration commitment will be incurred in year 2 of the licence, and similarly for subsequent years. If the Company fails to comply with these requirements, the Licences will be revoked with immediate effect.

The company has yet to lodge the application for transfer of ownership of licenses 2011/04 and 2011/05 from Gold Member Pty Ltd (the vendor) to the company's name with the Bureau of Minerals and Petroleum in Greenland. The directors have obtained legal advice on the process of transfer of ownership and based on the advice, the directors do not foresee any difficulties in the process and are not aware of any condition or circumstance which may hinder the process.

NOTE 11: TRADE AND OTHER PAYABLES

	2011 $
CURRENT	
Sundry payables and accrued expenses	73,442

Trade creditors are expected to be paid on 30 day terms.

NOTE 12: ISSUED CAPITAL

	2011 No.	2011 $
Fully paid ordinary shares with no par value	**25,750,000**	**3,205,925**

		2011 No.	2011 $
a)	**Ordinary shares**		
	At the beginning of reporting period	**-**	-
	Shares issued during the period:		
	- 17 November 2010	100,000	100
	- 16 December 2010	650,000	1,300
	- 17 December 2010	4,000,000	8,000
	- 15 February 2011	1,000,000	20,000
	- 17 February 2011 (i)	6,000,000	600,000
	- 6 April 2011	14,000,000	2,800,000
	At reporting date	25,750,000	3,429,400
	Less capital raising costs	-	(223,475)
	Net share capital	25,750,000	3,205,925

(i) Seed shareholders were issued 3,000,000 options exercisable at $0.30 each by 31 March 2014, on the basis of 1 option for every 2 shares that were subscribed for.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b) Options
At 30 June 2011 the following options over unissued shares were outstanding:
- 6,000,000 options exercisable at $0.30 each by 31 March 2014.

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

NOTE 12: ISSUED CAPITAL (CONTINUED)
c) Capital risk management

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

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

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

	2011 $
Cash and cash equivalents	3,096,827
Trade and other receivables	41,696
Trade and other payables	(73,442)
Working capital position	3,,065,081

NOTE 13: RESERVES
Share Based Payment Reserve
The share based payment reserve records items recognised as expenses on valuation of share options issued in consideration for the acquisition of tenements and consulting services. At 30 June 2011, the share based payment reserve was Nil.

SHARE BASED PAYMENTS
(i) On 16 December 2010, the Company issued 1,000,000 options to promoters, at no cost, exercisable at $0.30 by 31 March 2014.
(ii) On 17 December 2010, the Company issued 2,000,000 options to promoters, at no cost, exercisable at $0.30 by 31 March 2014.
(iii) On 15 February 2011, the Company issued 1,000,000 ordinary shares at $0.02 per share as part consideration to the Vendor for tenements 2011/04 and 2011/05 in Greenland.

All options granted are options to acquire ordinary shares in the Company, which confer a right of one ordinary share for every option held.

The value of options reflects the value attributed to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

This price of options issued to promoters was calculated by using a Black-Scholes option pricing model applying the following inputs:

	Options issued to Promoters
Number of options issued	3,000,000
Exercise price	$0.30
Expiry date	31 March 2014
Underlying share price (cents) at issue	$0.002
Volatility	100%
Risk free rate	4.98%

Based on the above inputs, the fair value per options was Nil.

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

NOTE 13: RESERVES (CONTINUED)

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding as at 17 November 2010	-	-
Granted	6,000,000	0.30
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2011	6,000,000	0.30

NOTE 14: CAPITAL AND LEASING COMMITMENTS

	2011 $
a) **Exploration expenditure commitments**	
Not longer than one period	87,614
Longer than one period, but no longer than five periods	923,024
	1,010,638

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant authorities. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report. The actual expenditures to date on tenements have exceeded the minimum expenditure requirements specified by the relevant authorities during the current tenement grant periods.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

NOTE 15: CASH FLOW INFORMATION

	2011 $
a. **Reconciliation of Cash Flow from Operations with Loss after Income Tax**	
Loss after income tax	(47,162)
Cash flows excluded from loss attributable to operating activities	
Changes in assets and liabilities;	
(Increase)/decrease in trade and other receivables	(41,696)
(Increase)/decrease in prepayments	(9,931)
Increase/(decrease) in trade payables and accruals	23,442
Cashflow from operations	(75,347)

b. **Non-cash Financing and Investing Activities**

(i) Share issue

On 15 February 2011, the Company issued 1,000,000 ordinary shares at $0.02 per share as part consideration for the acquisition of tenements 2011/04 and 2011/05 in Greenland.

NOTE 16: OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of two geographical segments being Australia and Greenland, and two business segments being treasury and exploration.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

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

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

Segment liabilities

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

Unallocated items

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

- administrative expenses

Comparative information

Plymouth Minerals Ltd was incorporated on 17 November 2010 and as a result there are no comparatives to include in the 30 June 2011 financial report.

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

NOTE 16: OPERATING SEGMENTS (CONTINUED)

(a) Segment performance

Period Ended 30 June 2011	**Exploration – Timmiarmiut $**	**Treasury $**	**Total Operations $**
Revenue			
Interest revenue	-	33,078	33,078
Total segment revenue	**-**	**33,078**	**33,078**
Reconciliation of segment revenue to Company revenue			
Unallocated revenue			-
Total Company revenue			**33,078**
Segment net profit before tax	-	33,078	33,078
Reconciliation of segment result to net profit (loss) before tax			
Unallocated items:			
- Administration expenses			(10,476)
- Compliance and regulatory expense			(16,300)
- Consultancy fees			(12,181)
- Directors fees			(34,868)
- Travel and accommodation			(6,415)
Net loss before tax from continuing operations			**(47,162)**

(b) Segment assets

As at 30 June 2011	**Exploration – Timmiarmiut $**	**Treasury $**	**Total Operations $**
Segment assets	83,751	3,129,905	3,213,656
Segment asset increases/(decreases) for the period:			
- capital expenditure	83,751	-	83,751
	83,751	-	83,751
Reconciliation of segment assets to total assets			
Other assets			9,931
GST receivable			8,618
Total Company assets			**3,232,205**

(c) Segment liabilities

As at 30 June 2011	**Exploration – Timmiarmiut $**	**Treasury $**	**Total Operations $**
Segment liabilities	**-**	**-**	**-**
Reconciliation of segment liabilities to total liabilities			
Other liabilities			73,442
Total liabilities from continuing operations			**73,442**

(c) Revenue by geographical location

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2011 $
Australia	33,078
Greenland	-
Total revenue	33,078

(d) Assets by geographical location

The location of segment assets by geographical location of the assets is disclosed below:

Australia	3,148,454
Greenland	83,751
Total assets	3,232,205

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

NOTE 17: EVENTS AFTER THE REPORTING PERIOD
No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS
In the opinion of the directors there were no contingent liabilities at 30 June 2011, and the interval between 30 June 2011 and the date of this report.

NOTE 19: FINANCIAL RISK MANAGEMENT
The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including credit risk, liquidity risk and market risk).

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, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Company's surplus funds are invested with AA Rated financial institutions.

The credit risk for counterparties included in cash and cash equivalents at 30 June 2011 is detailed below:

	2011
	$
Financial assets:	
Cash and cash equivalents	
- AA rated counterparties	3,096,827

The Company does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

Liquidity risk
The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Market Risk
i. Interest rate risk
The Company's exposure to market interest rates relates to cash deposits held at variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

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

Interest rate sensitivity analysis
The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The tables indicates the impact of how profit and equity values reports at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

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

CHANGE IN LOSS	**Change**	**2011**
	$	**$**
Increase in interest rate by 200 basis points	61,937	14,775
Decrease in interest rate by 200 basis points	(61,937)	(109,099)

CHANGE IN EQUITY	**Change**	**2011**
	$	**$**
Increase in interest rate by 200 basis points	61,937	3,220,700
Decrease in interest rate by 200 basis points	(61,937)	3,096,826

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

ii. Price Risk
The Company is not exposed to commodity price risk as the operations of the Company are not yet at the production stage.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes and the remuneration report in the Directors Report designated as audited, are in accordance with the *Corporations Act 2001* and:

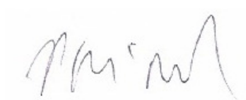
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the Company's financial position as at 30 June 2011 and its performance for the period ended on that date; and
   c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) the financial statements and notes for the financial period comply with the Accounting Standards; and
   c) the financial statements and notes for the financial period give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Nicholas McMahon
Managing Director

Dated: 16 September 2011

PKF Mack & Co

Chartered Accountants & Business Advisers

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PLYMOUTH MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Plymouth Minerals Limited (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF MACK & CO

Chartered Accountants & Business Advisers

Opinion

In our opinion:

(a) the financial report of Plymouth Minerals Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the period 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 Plymouth Minerals Limited for the period ended 30 June 2011 complies with section 300A of the Corporations Act 2001.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

16TH SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

SHAREHOLDER INFORMATION

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 31 August 2011.

1. Shareholding

a. **Distribution of Shareholders**

Category (size of holding)	**Number (as at 31 August 2011) Ordinary Shares**
1 – 1,000	2
1,001 – 5,000	23
5,001 – 10,000	120
10,001 – 100,000	191
100,001 – and over	42
	378

b. The number of shareholdings held in less than marketable parcels is nil.

c. The name of the substantial shareholder listed in the holding company's register as at 31 August 2011 is:

Shareholder	**Ordinary Shares**
Valiant Equity Management Pty Ltd <Byass Family A/C> (representing 8.06% of the issued share capital)	2,075,000
Kiandra Nominees Pty Ltd <JK Downes Family A/C> (representing 7.77% of the issued share capital)	2,000,000

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 31 August 2011 — Ordinary Shares

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1.	Valiant Equity Management Pty Ltd <Byass Family A/C>	2,000,000	7.77
2.	Kiandra Nominees Pty Ltd <JK Downes Family A/C>	2,000,000	7.77
3.	UBS Wealth Management	1,319,000	5.12
4.	Newton2 Pty Ltd <Newton 2 Super Fund A/C>	1,225,359	4.76
5.	Cangu Pty Ltd <Cangu Family A/C>	833,333	3.24
6.	Newton6 Pty Ltd <The Newton Super Fund A/C>	610,000	2.37
7.	Melsim Pty Limited <Melsim P/L S/F No 2 A/C>	500,000	1.94
8.	Zimbali Nominees Pty Ltd <Zimbali Family A/C>	500,000	1.94
9.	522 Investments Pty Ltd	500,000	1.94
10.	Zimbali Nominees Pty Ltd <Zimbali Family A/C>	433,333	1.68
11.	Lake Springs Pty Ltd <The Lake Springs S/F A/C>	379,000	1.48
12.	Mr Nicholas McMahon <McMahon Family A/C>	350,000	1.36
13.	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	335,000	1.30
14.	BJS Robb Pty Ltd	333,334	1.30
15.	Mr Nicholas McMahon < McMahon Family A/C>	320,000	1.24
16.	M & M Media Marketing Consultants Pty Ltd	300,000	1.17
17.	Mr Stephen James Smithyman	300,000	1.17
18.	BJS Robb Pty Ltd	283,420	1.10
19.	BJS Robb Pty Ltd	250,000	0.97
20.	Ahiru Grade Pty Ltd <Edgar Family Super Fund A/C>	250,000	0.97
		13,021,779	50.57

SHAREHOLDER INFORMATION

2. **The name of the company secretary is Stephen Brockhurst**

3. **The address of the principal registered office in Australia is:**
Suite 35, 22 Railway Road Subiaco, WA 6008 Telephone 08 9388 8041

4. **Registers of securities are held at the following address;**
Advanced Share Registry, 150 Stirling Hwy, Nedlands, WA 6009

5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

6. **Unquoted Securities**
The Company has no classes of unquoted securities.

7. **(a) Options over Unissued Shares ($0.30 options – expiry 31 March 2014)**
A total of 6,000,000, $0.30 options are on issue. Each option can be exercised upon the payment of $0.30 and will receive one ordinary share. The expiry date for the options is 31 March 2014. Listed below are the 20 largest $0.30 option holders as at 31 August 2011.

	Name	Number Options Held	% Held of total ofoptions on issue
1.	Valiant Equity Management Pty Ltd <Byass Family Trust A/C>	1,000,000	16.67
2.	Kiandra Nominees Pty Ltd <JK Downes Family Trust A/C>	1,000,000	16.67
3.	Nicholas McMahon <McMahon Family Trust A/C>	500,000	8.33
4.	Hardcore Geological Services Pty Ltd <Charles Craig Schaus Superannuation Fund A/C>	500,000	8.33
5.	Mr Stephen James Smithyman	300,000	5.00
6.	522 Investments Pty Ltd	250,000	4.17
7.	Cangu Pty Ltd <Cangu Family A/C>	250,000	4.17
8.	Zimbali Nominees Pty Ltd <Zimbali Family A/C>	250,000	4.17
9.	Melsim Pty Limited <Melsim P/L S/F No 2 A/C>	250,000	4.17
10.	BJS Robb Pty Ltd	250,000	4.17
11.	Mrs Dianne Lynn Edgar	150,000	2.50
12.	M + M Media & Marketing Consultants Pty Ltd	150,000	2.50
13.	Mikjam Investments Pty Ltd <Mikjam A/C>	100,000	1.67
14.	Geba Pty Ltd <Geba Family A/C>	75,000	1.25
15.	Grasmere Nominees Pty Ltd	75,000	1.25
16.	Mr Joseph Alec Dearnley	75,000	1.25
17.	Jindabyne Capital Pty Ltd <Providence Equity A/C>	50,000	0.83
18.	Batavia Capital Pty Ltd <Austley A/C>	50,000	0.83
19.	Invictus Capital Pty Ltd <Main Family A/C>	50,000	0.83
20.	Dale Maurice Raynes	50,000	0.83
		5,375,000	89.59

SCHEDULE OF MINERAL TENEMENTS
AS AT 31 AUGUST 2011

Project	***Tenement***	***Interest held by Plymouth Minerals Ltd Upon Completion of Transfer***
Timmiarmiut	EL 2011/04	100%
Timmiarmiut	EL 2011/05	100%

EL Exploration Licence