

Jameson Resources Limited

(ACN 126 398 294)

Annual Report

For the Year Ended 30 June 2011

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CORPORATE DIRECTORY

DIRECTORS

Mr Jeff Bennett
(Non-Executive Chairman)

Mr John Holmes
(Executive Director)

Mr T. Arthur Palm
(Executive Director – Operations)

Mr David Prentice
(Non-Executive Director)

COMPANY SECRETARY

Ms Suzie Foreman

REGISTERED OFFICE

Jameson Resources Limited
Level 2
79 Hay Street
SUBIACO WA 6005
Telephone: (08) 9200 4473
Facsimile: (08) 9200 4463

AUDITORS

HLB Mann Judd
(WA Partnership)
Level 4
130 Stirling Street
PERTH WA 6000

SHARE REGISTRAR

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: JAL

DIRECTORS' REPORT

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

1. DIRECTORS

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

Mr Jeff Bennett
 Mr John Holmes
 Mr David Prentice
 Mr Stephen Anastos (*resigned 30 May 2011*)
 Mr T. Arthur Palm

INFORMATION ON DIRECTORS

Jeff Bennett	Non-Executive Chairman
Qualifications	BComm CPA
Experience	Mr Bennett has over 20 years experience in the resource, transport, IT and service industries. Mr Bennett has held senior financial positions at Intermoco Limited, Simoco Pacific, BHP, and Shell. His experience extends to corporate finance, capital markets, acquisitions and divestments and risk management.
John Holmes	Executive Director
Qualifications	BSc MAIG
Experience	Mr Holmes is a geologist with over 20 years experience in the mineral exploration sector throughout Australasia including project management roles with some of Australia's leading resource companies. John has significant high level commercial and technical experience in the thermal and metallurgical coal sector in Western Canada. Mr Holmes is a Founding Director of the Company and based in Perth, Western Australia
T. Arthur Palm	Executive Director – Operations (<i>appointed 1 August 2011</i>)
Qualifications	B.S. Mining Engineering, MBA
Experience	Mr Palm is a professional mining engineer with 30 years of mining related operational experience, including responsibilities in open-pit and underground coal mining in North America. Mr Palm has recently focused on consulting activities with Mencon LLC, providing operations support, engineering and environmental services, and technical support to the mining industry. He recently completed a comprehensive feasibility study and assisted in mine development for a new coal mining operation in the western United States.
David Prentice	Non-Executive Director
Qualifications	Grad.Dip.BA, MBA
Experience	Mr Prentice's career includes 21 years' experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies.

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

Stephen Anastos Non-Executive Director (*resigned 30 May 2011*)

Qualifications Dip (Finsia)

Experience Mr Anastos spent 12 years as a stockbroker with a national broking firm. During that time he gained valuable experience in capital raisings, corporate advice and company structuring. As a broker Mr Anastos was acutely involved in first stage development of Aquarius Platinum Limited and Anvil Mining Limited. Mr Anastos has also been a co-founder of numerous companies and advised on the establishment of Mirabela Nickel Limited and Orchard Petroleum Ltd.

Directorships of other listed companies

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

Name	Company	Period of directorship
Jeff Bennett	Entellect Solutions Limited	20 May 2008 - date
John Holmes	-	-
David Prentice	Challenger Energy Limited (previously Sunset Energy Limited)	23 January 2007 - date
	Red Fork Energy Limited	20 April 2004 - date
Stephen Anastos	Black Mountain Resources Limited	27 October 2010 to date
T. Arthur Palm	-	-

COMPANY SECRETARY

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

Ms Suzie Foreman

Ms Foreman is a Chartered Accountant with over 12 years of experience within the UK and Australia. Ms Foreman has 8 years' combined experience with KPMG and a boutique accounting firm specialising in the areas of audit, advisory and corporate services. Ms Foreman has extensive skills in the areas of financial and management reporting, due diligence and ASX corporate compliance. Ms Foreman is a director of Athena Corporate Pty Ltd and had been involved in the listing of ten exploration companies on the ASX and AIM markets in the last four years with capital raisings exceeding \$65 million. Ms Foreman is also Company Secretary to ASX listed entities Red Fork Energy Limited and Killara Resources Limited (previously Winchester Resources Limited).

2. CORPORATE STRUCTURE

Jameson Resources Limited is a public company listed on the ASX (Code: JAL) and is incorporated and domiciled in Western Australia. Jameson Resources Limited and its wholly owned subsidiaries NWPC Pty Ltd and NWP Coal Canada Ltd are collectively referred to as Jameson, or the Group, as the context requires.

3. PRINCIPAL ACTIVITIES

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

3. OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$492,432 (2010:\$6,043,382).

4. DIVIDENDS PAID OR RECOMMENDED

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

DIRECTORS' REPORT (Continued)**5. REVIEW OF OPERATIONS****Western Canada****Crown Mountain Project**

In April 2011, Jameson Resources Limited ("Jameson" or "the Company") entered into an Option Agreement ("Agreement") to acquire, through the Company's subsidiary NWP Coal Canada Ltd ("NWPC"), an undivided 90% in the Crown Mountain Project ("Project") from a private Canadian vendor, Mr Robert J. Morris ("Vendor"). The commercial terms of the Agreement include a total payment of C\$55,000 to the Vendor and incurring an aggregate of at least Four Hundred and Twenty-Five Thousand Dollars (C\$425,000) in Expenditures on the Property within one (1) year of the Approval Date (date in which the coal licenses are issued) to acquire the 90% interest. The date on which all of these conditions are satisfied is the "Option Exercise Date." At the year-end date a payment of \$30,000 had been made to the Vendor for satisfying conditions relating to execution of the Agreement and transfer of title.

Jameson also agreed to pay to the Vendor for the use and possession of the Vendor's undivided ten percent (10%) interest in the property, an annual rental of One Hundred Thousand Dollars (C\$100,000), the first instalment being payable 3 months following the Option Exercise Date and every 12 months thereafter, but the Vendor shall not be entitled to receive any further share in the net profits from any Mining Work or other operations on the Property by Jameson.

Provided the Option Exercise Date has occurred, Jameson may then elect to purchase from the Vendor at any time the remaining ten percent (10%) interest in the Property, by payment of Two Million Dollars (C\$2,000,000) to the Vendor (the "Final Purchase Price"), payable in four annual instalments of C\$500,000 until fully paid, the first such instalment being paid upon the Final Purchase Date, and each successive instalment being due and payable on each anniversary date thereafter.

The Project is located within the Elk Valley Coalfields in the southeast corner of British Columbia, Canada and includes two coal licences covering an area of approximately 1,260 hectares. The Elk Valley is host to some of Canada's major coking coal mines including Elkview, Line Creek, Fording River and Green Hills. (Figure 1) The project is situated in a well-developed area with access to ample infrastructure, and located only 30km by road from the town of Sparwood. The Canadian Pacific railway line which connects to West Shore and Ridley coal terminals, is located just 15km by road.



Figure 1: Project location

DIRECTORS' REPORT (Continued)

The Project includes the following coal licence applications;

Licence	Area (Ha)	District
417045	259	Kootenay
417687	1,001	Kootenay
Total	1,260	

Geology and Exploration History

Crown Mountain is located 8km to the northeast of Elkview, and 20km south of Line Creek (Figure 2), both of which are currently active hard coking coal mines operated by Teck. Other operating mines within the Elk Valley Coalfield include Fording River, Coal Mountain, and Green Hills.

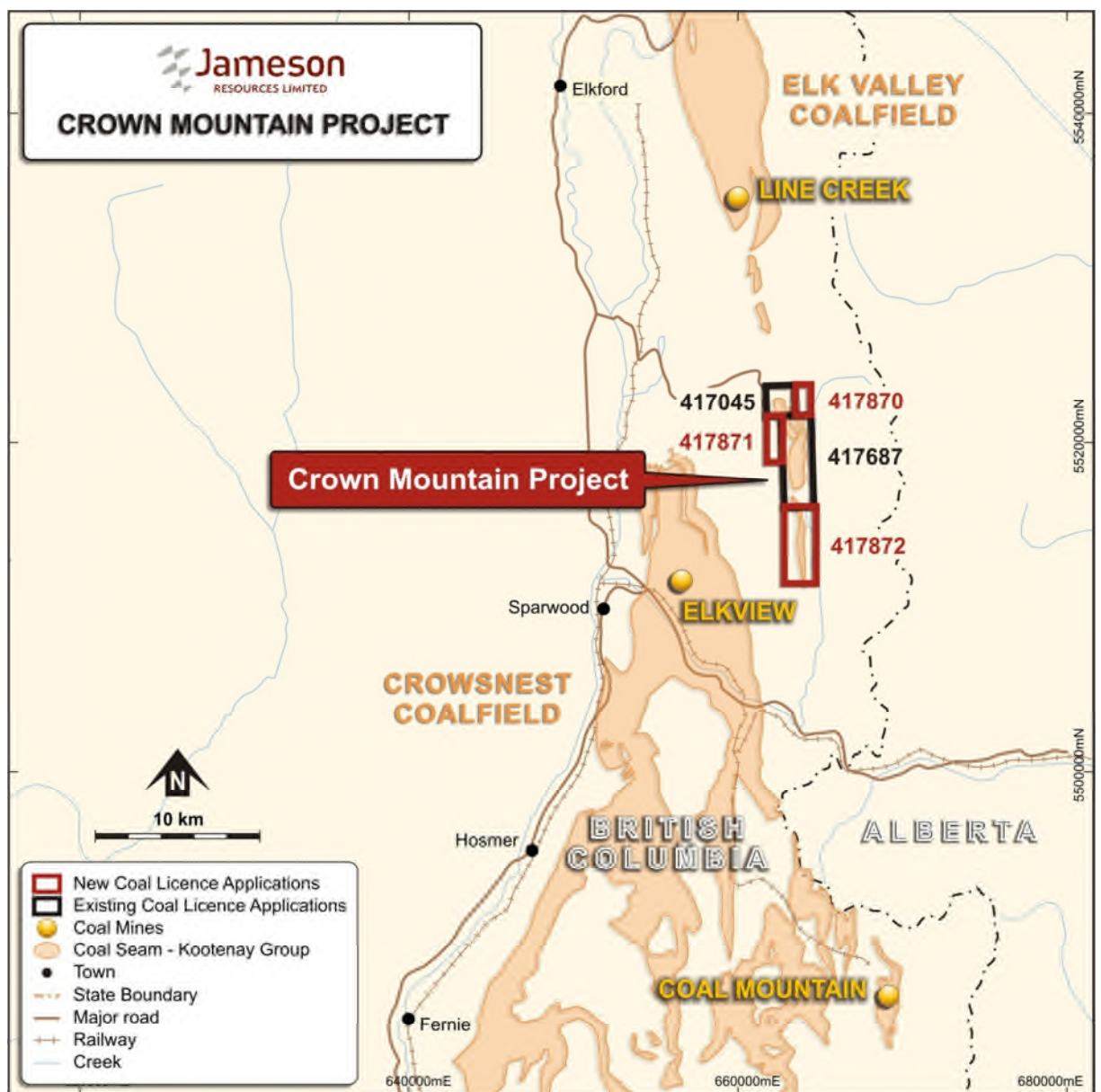


Figure 2: Coal License Locations

DIRECTORS' REPORT (Continued)

The only coal-bearing rocks within the coalfield belong to the Kootenay Group which comprise of three formations of Jurassic-Cretaceous sedimentary rocks include the Morrissey, Mist Mountain, and the Elk Formations.

Previous exploration within the Project area has delineated up-to five outcropping coal seams ranging in thickness from 0.5m to 7.5m. The seams belong to the Mist Mountain Formation, which is also the host formation to some of the major metallurgical coal mines in the district.

Exploration activities including drilling and coal quality test work will commence as soon as regulatory approvals are in place. An initial JORC and NI43-101 compliant technical report and resource estimate will be undertaken as part of the first year of exploration activities following issue of coal licences.

Basin Coal Mine Project

On 6 August 2010 Jameson Resources Limited ("Jameson" or "the Company") announced that formal documentation to amend and extend the Option to Purchase agreement on the Basin Coal Mine Project ("the Project") with Project vendors, Compliance Energy Corporation could not be concluded and that Jameson now retains no interest in the Project. Capitalised costs in relation to the project were written off in the prior year ended 30 June 2010.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Company conducted a pro-rata non-renounceable entitlements issue ("Entitlements Issue" or "the Issue") to existing shareholders to raise approximately A\$1.45 million (before costs of issue). The Entitlements Issue offered one (1) new fully paid ordinary share for every two (2) existing ordinary shares held by Jameson shareholders on the record date, at an issue price of \$0.045 per share.

The entitlement was fully underwritten by Capital Investment Partners Pty Limited ("CIP"). At the close date of the entitlement offer of 16 December 2010, acceptances for 18,881,114 shares were received. The shortfall of 13,061,841 shares was fully subscribed by CIP by 31 December 2010.

During the financial year 8,783,334 unlisted options expiring 30 November 2010 and exercisable at \$0.20 lapsed unexercised, and 3,700,000 unlisted options expiring 30 November 2010 and exercisable at \$0.20 were cancelled on 9 August 2010.

Mr Steve Anastos resigned as a Non-Executive Director and member of the Board effective 31 May 2011.

Other than detailed in the Review of Operations and stated above, there were no other significant changes in the state of affairs of the Company during the financial year.

7. AFTER BALANCE DATE EVENTS

On 11 July 2011, the Company announced an update to its Crown Mountain Coal Project in Western Canada, being the acquisition of 3 further coal license applications, (417870, 417871, 417872) incorporated into the existing Option Agreement with Project Vendor, Mr Robert J Morris. Excluding application costs, no further consideration will be required. The applications have been submitted to the British Columbia Ministry of Mines Titles office. The new applications cover an area of 1,125 hectares and have increased the total area of the project by 84% to 2,457 hectares. The applications effectively tie up all outcropping coal occurrences along strike and adjacent to the existing tenure within the Project area

On 21 July 2011, the Company announced that it had elected to exercise its Option Agreement on its Crown Mountain Coal Project to acquire a 90% interest in the Project. Jameson paid C\$25,000 to the Project vendor for the exercise of the Option. The required expenditure commitment was extended to December 31, 2012. All other terms of the Agreement remain the same.

On 1 August 2011, the Company announced the appointment of T. Arthur Palm as Executive Director of Operations.

DIRECTORS' REPORT (Continued)**7. AFTER BALANCE DATE EVENTS (Continued)**

Other than as detailed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year each director held office, and the number of meetings attended by each director is as follows:

Director	Directors Meetings	
	Number Eligible to Attend	Meetings Attended
Jeff Bennett	3	3
John Holmes	3	3
David Prentice	3	3
Stephen Anastos	3	1
T. Arthur Palm	3	3

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

9. FUTURE DEVELOPMENTS**Crown Mountain Project**

Jameson continues to focus on the development of its Crown Mountain Project and has lodged a Notice of Work application ("NOW") with the British Columbia Ministry of Mines ("MEM") to undertake a staged exploration program that will include up to 33 drill holes, geophysics, coal quality test work, and an initial NI43-101/JORC compliant resource estimate. All drill holes are to be collared from existing tracks or cleared areas.

Pending regulatory approvals, the Company is proposing between 6 to 10 drill holes to be completed on its Crown Mountain Project during the first year of operations. Drilling will be a combination of reverse circulation and diamond drilling with the primary objective being to evaluate coal quality and also confirm geology and coal seam structural information ascertained from historical drilling campaigns. Historical drilling data will be used in conjunction with the new drilling data to file the initial resource estimate.

Other Projects

Key global economic drivers indicate demand from China, India and other developing countries for commodities with limited supply response, particularly premium metallurgical coal will continue to grow. Further growth in the seaborne thermal coal market is expected as Indonesian domestic demand ramps up, Indian import momentum grows, and European stocks are worked down.

With this in mind, Jameson is focusing project generation activities on the coal sector in Western Canada and to this end the Company is currently evaluating several other high quality metallurgical and thermal coal opportunities. The Company is aiming to enhance its profile and strength through the acquisition or joint venture of one of these projects.

10. ENVIRONMENTAL ISSUES

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

DIRECTORS' REPORT (Continued)**10. ENVIRONMENTAL ISSUES**

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 year. The directors will reassess this position as and when the need arises.

11. REMUNERATION REPORT (Audited)**Remuneration Policy**

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

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group 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) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. No incentive bonuses, shares or options were granted or provided to directors or executives during the current financial year.

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

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is currently at \$250,000 as approved by shareholders at an Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and may be able to participate in future executive / employee incentive plans if deemed relevant and appropriate.

Performance based remuneration

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

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

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Previously this was facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believed the policy to be effective in aligning shareholder and director interests. For details of directors and executives interests in options during and at year end, refer note 15 (f) of the financial statements.

DIRECTORS' REPORT (Continued)**11. REMUNERATION REPORT (Audited)****Employment contracts of key management personnel**

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

(a) Compensation of Key Management Personnel*Remuneration Policy*

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors and officers is set out below. The Company has no other specified executives.

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Termination Benefits	Equity	Options	\$
Directors								
Jeff Bennett – Non-Executive Chairman								
2011	60,000	-	-	-	-	-	-	60,000
2010	60,000	-	-	-	-	-	-	60,000
John Holmes – Executive Director								
2011	200,000	-	-	18,000	-	-	-	218,000
2010	200,000	-	-	18,000	-	-	-	218,000
David Prentice – Non-Executive Director								
2011	30,000	-	-	2,700	-	-	-	32,700
2010	30,000	-	-	2,700	-	-	-	32,700
Stephen Anastos – Non-Executive Director								
2011	30,000	-	-	2,700	-	-	-	32,700
2010	30,000	-	-	2,700	-	-	-	32,700
T Arthur Palm – Non-Executive Director [^]								
2011	198,287	-	-	-	-	-	-	198,287
2010	245,366	-	-	-	-	-	-	245,366
Executive								
Suzie Foreman – Company Secretary †								
2011	56,441	-	-	-	-	-	-	56,441
2010	52,955	-	-	-	-	-	-	52,955
Total Remuneration								
2011	574,728	-	-	23,400	-	-	-	598,128
2010	618,321	-	-	23,400	-	-	-	641,721

† Athena Corporate Pty Ltd, a company Ms Foreman has an interest in, receives fees from Jameson Resources Limited for corporate, accounting and company secretarial services on normal commercial terms.

[^] During the year Mencon LLC, a US based company of which Mr T. Arthur Palm is a member received \$147,182 as fees as consulting fees for Mr Palms technical services. These services were provided outside of director duties performed, and were provided on normal commercial terms. The fees have been included as part of directors remuneration above.

DIRECTORS' REPORT (Continued)**11. REMUNERATION REPORT (Audited)****(b) Compensation Options: Granted and vested during and since the financial year ended 30 June 2011**

During and since the financial year ended 30 June 2011 no compensation options were granted or vested to directors. The following details the status of options which were granted to Directors of the Company in prior periods.

Jeff Bennett	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
John Holmes	1,500,000 options at \$0.20 exercisable on 30 November 2010 – expired 500,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 500,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
David Prentice	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
Stephen Anastos	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
T Arthur Palm	750,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 750,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010

For the Directors options which expired during the year, as detailed above, the vesting conditions were not achieved by the expiry date, and accordingly no value has been recorded as expensed in the Statement of Comprehensive Income for the Year.

The unexpired Director options were cancelled by the Company on 9 August 2010.

(c) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the Company would have adopted if dealing at arm's length. The relevant interests of each director in share capital at the date of this report are as follows:-

Directors	Number of Shares	Number of Options (ii)
Jeff Bennett (i)	375,000	-
John Holmes	60,000	-
David Prentice	1,500,000	-
Stephen Anastos (<i>resigned 30 May 2011</i>)	-	-
T. Arthur Palm	-	-
	1, 935,000	-

- (i) Hixon Pty Ltd, an entity controlled by Jeff Bennett holds 375,000 shares in the Company.
(ii) Refer to note 15 (d) for terms of options granted to directors.

(d) Performance income as a proportion of total income

No performance based bonuses have been paid to key management personnel during the financial year.

DIRECTORS' REPORT (Continued)**12. OPTIONS**

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

Expiry Date	Exercise Price	Number of Shares
31 May 2012	\$0.35	175,000
31 March 2013	\$0.50	175,000

- 5,283,334 Director options exercisable at \$0.20 on or before 30 November 2010 expired unexercised.
- 1,850,000 Directors options exercisable at \$0.35 on or before 31 May 2012 were cancelled.
- 1,850,000 Directors options exercisable at \$0.50 on or before 31 May 2013 were cancelled.

No ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

13. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company currently has a directors' and officers' liability insurance in place. A total premium of \$10,695 had been paid for cover period from 31 January 2011 to 31 January 2012. Under the terms of the policy, the Company is covered for a limit of up to \$5 million in aggregate against loss by reason of a wrongful act by the directors and officers during the period of insurance. No excess fee is payable for loss from such claims. The Company is also insured for the reimbursement of any payment by the Company following a successful defence of any wrongful act committed or alleged to have been committed by a Director or Officer of the Company during the period of insurance. An excess fee of \$20,000 is payable for loss from such claims.

14. PROCEEDINGS ON BEHALF OF COMPANY

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

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

15. AUDITORS INDEPENDENCE DECLARATION

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

16. NON-AUDIT SERVICES

No non-audit services were performed during the year by the Company's auditors.

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



John Holmes
Executive Director

Dated this 23rd day of September 2011

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Jameson Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
23 September 2011

N G NEILL
Partner, HLB Mann Judd

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2011

	Note	Consolidated Year Ended 30 June 2011 \$	Consolidated Year Ended 30 June 2010 \$
Revenue	2	70,647	78,053
Unrealised gain on financial assets	10	48,750	-
Employee benefits expense		(267,035)	(335,211)
Corporate and compliance fees		(193,130)	(188,006)
Consultancy expense		(129,800)	(174,368)
Exploration costs expensed		(121,805)	(11,577)
Administration expenses		(87,366)	(178,188)
Depreciation and amortisation		(6,382)	(5,700)
Interest and finance expenses		(947)	(1,630)
Loss on sale of tenements		-	(52,333)
Write off exploration project	2	24,578	(5,113,856)
Foreign exchange translation expense		(5,684)	(30,566)
Impairment expense		-	(30,000)
Loss before income tax expense		(668,174)	(6,043,382)
Income tax benefit	4	175,742	-
Net loss for the year		(492,432)	(6,043,382)
Other comprehensive income			
Exchange differences on translation of foreign operations		16,387	39,102
Other comprehensive loss for the year		16,387	39,102
Total comprehensive loss for the year		(476,045)	(6,004,280)
Basic loss per share (cents per share)	20	(0.6)	(9.68)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	Note	Consolidated 2011 \$	Consolidated 2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,544,569	1,536,996
Trade and other receivables	6	185,683	67,185
Other assets	7	11,200	9,683
TOTAL CURRENT ASSETS		1,741,452	1,613,864
NON CURRENT ASSETS			
Deferred exploration and evaluation expenditure	8	450,089	-
Plant and equipment	9	11,441	16,391
Financial assets	10	225,000	120,000
Other assets	7	16,475	16,475
TOTAL NON CURRENT ASSETS		703,005	152,866
TOTAL ASSETS		2,444,457	1,766,730
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	180,792	359,590
Provision		12,308	3,846
TOTAL CURRENT LIABILITIES		193,100	363,436
TOTAL LIABILITIES		193,100	363,436
NET ASSETS		2,251,357	1,403,294
EQUITY			
Issued capital	12	9,256,380	7,932,272
Reserves	13	448,782	432,395
Accumulated losses	14	(7,453,805)	(6,961,373)
TOTAL EQUITY		2,251,357	1,403,294

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2011

	Note	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Cash Flows from Operating Activities			
- Interest received		59,918	83,835
- Payments to suppliers and employees		<u>(565,894)</u>	<u>(852,612)</u>
<i>Net cash used in operating activities</i>	21 (ii)	<u>(505,976)</u>	<u>(768,777)</u>
Cash Flows from Investing Activities			
- Payments for exploration		(752,873)	(1,633,177)
- Payments for plant and equipment		(1,432)	(4,015)
- Payments for financial assets		(56,250)	-
- Payments for security deposit		<u>-</u>	<u>(16,475)</u>
<i>Net cash used in investing activities</i>		<u>(810,555)</u>	<u>(1,653,667)</u>
Cash Flows from Financing Activities			
- Proceeds from issue of shares		1,437,433	908,367
- Payments for share issue costs		<u>(113,329)</u>	<u>(117,987)</u>
<i>Net cash provided by financing activities</i>		<u>1,324,104</u>	<u>790,380</u>
Net increase/(decrease) in cash and cash equivalents		7,573	(1,632,064)
Cash and cash equivalents at beginning of reporting year		<u>1,536,996</u>	<u>3,169,060</u>
Cash and cash equivalents at 30 June 2011	21 (i)	<u><u>1,544,569</u></u>	<u><u>1,536,996</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2011

Consolidated	Issued Capital	Accumulated Losses	Equity Based Payment Reserve	Foreign Currency Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2009	7,079,164	(917,991)	363,455	(46,572)	6,478,056
Loss for the year	-	(6,043,382)	-	-	(6,043,382)
Foreign exchange translation	-	-	-	39,102	39,102
Total comprehensive income	-	(6,043,382)	-	39,102	(6,004,280)
Share capital net of capital raising costs	853,108	-	-	-	853,108
Recognition of equity based payments	-	-	76,410	-	76,410
Balance at 30 June 2010	7,932,272	(6,961,373)	439,865	(7,470)	1,403,294

Consolidated	Issued Capital	Accumulated Losses	Equity Based Payment Reserve	Foreign Currency Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2010	7,932,272	(6,961,373)	439,865	(7,470)	1,403,294
Loss for the year	-	(492,432)	-	-	(492,432)
Foreign exchange translation	-	-	-	16,387	16,387
Total comprehensive income	-	(492,432)	-	16,387	(476,045)
Share capital net of capital raising costs	1,324,108	-	-	-	1,324,108
Balance at 30 June 2011	9,256,380	(7,453,805)	439,865	8,917	2,251,357

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis unless otherwise stated.

The company is a listed public company, incorporated and operating in Australia. The entity's principal activities are mineral exploration.

(b) Adoption of new and revised standards**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 23rd September 2011.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 17.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 17.

The fair value is expensed over the period until vesting with recognition of a corresponding fair value liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

(h) Impairment of assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(i) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(k) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated over the estimated useful life of the assets as follows:

- Plant and equipment – over 5 to 15 years (straight line basis)
- Computer equipment – 3 years (diminishing value)
- Leasehold improvements – term of the lease (straight line basis)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(l) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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

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

m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(n) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(o) Employee leave benefits***Wages, salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(p) Share-based payment transactions***Equity settled transactions:***

The Group provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Share Option Plan (ESOP), in place to provide these benefits to directors, senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black scholes model, further details of which are given in Note 16.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Jameson Resources (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(p) Share-based payment transactions (continued)**

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 20).

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively,
 - (b) by its sale; or
 - (c) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

NOTES TO THE FINANCIAL STATEMENTS*For the Year Ended 30 June 2011***NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(s) Exploration and evaluation (continued)**

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(t) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jameson Resources Limited and its subsidiaries as at 30 June each year (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

2. REVENUES AND EXPENSES

The following revenue and expense items are relevant in explaining the financial performance for the year:

	Consolidated Year Ended 30 June 2011 \$	Consolidated Year Ended 30 June 2010 \$
- Interest received	70,647	78,053
Total income	<u>70,647</u>	<u>78,053</u>
Employee benefit expense		
- Salaries	<u>267,035</u>	<u>335,211</u>
Project generation costs expensed	<u>121,805</u>	<u>11,577</u>
Depreciation and amortisation		
- Depreciation expense	3,118	2,436
- Amortisation	<u>3,264</u>	<u>3,264</u>
Total depreciation and amortisation expense	<u>6,382</u>	<u>5,700</u>
Net change in fair value of non-current asset		
- Write off goodwill – NWPC Pty Ltd acquisition	-	315,525
- Write off capitalised exploration expenditure	<u>(24,578)</u>	<u>4,798,331</u>
Total write off of non-current assets	<u>(24,578)</u>	<u>5,113,856</u>

3. AUDITORS' REMUNERATION

The auditor of Jameson Resources Limited is HLB Mann Judd

Amounts received or due and receivable to the auditor for:

- Auditing or reviewing the financial report	<u>26,350</u>	<u>27,850</u>
	<u>26,350</u>	<u>27,850</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

	Consolidated Year Ended 2011 \$	Consolidated Year Ended 2010 \$
4. INCOME TAX		
a. The components of tax expense comprise:		
Current tax	(175,742)	-
Deferred tax	-	-
	(175,742)	-
b. The prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss before income tax at 30% (2010: 30%)	(200,452)	(1,813,015)
Add:		
Tax effect of:		
- Revenue losses not recognised	194,300	257,969
- Other non-allowable items	79,040	1,558,332
	72,618	3,286
Less:		
Tax effect of:		
- Mining Tax Credit (Canada)	175,742	-
- Other deferred tax balances not recognised	72,618	3,286
	(175,742)	-
Income tax attributable to entity		
	(175,742)	-
The applicable weighted average effective tax rates is as follows:	0%	0%
c. Deferred tax recognised at 30 June relates to the following:		
Deferred tax liabilities:		
Financial Assets	(5,625)	-
Other	(3,597)	(283)
Deferred tax assets:		
Carry forward revenue losses	9,222	283
Net deferred tax	-	-
d. Unrecognised deferred tax assets:		
Carry forward revenue losses	726,852	532,824
Capital raising costs	134,905	167,854
Financial assets	-	9,000
Provisions and accruals	11,127	7,796
Property, plant and equipment	-	1
	872,884	717,475

The tax benefits of the above deferred tax assets will only be obtained if:

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

The comparative year disclosures have been updated to be consistent with the 2011 presentation. There has been no change to the income tax expense.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

	Consolidated Year Ended 2011 \$	Consolidated Year Ended 2010 \$
5. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank	177,251	84,423
Short term deposits	1,367,318	1,452,573
	<u>1,544,569</u>	<u>1,536,996</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

6. TRADE AND OTHER RECEIVABLES

Current		
GST Receivable	6,173	65,859
British Columbia Mining Tax Credit (Canada)	168,205	-
Other debtors	11,304	1,326
	<u>185,682</u>	<u>67,185</u>

There are no impaired trade debtors.

Other debtors are non-interest bearing and are normally settled on 60-day terms.

7. OTHER ASSETS

Current		
Prepayments	11,200	9,683
Non Current		
Security deposit	16,475	16,475

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phases – at cost	425,511	-
Brought forward	-	3,487,777
Consideration for the exploration assets acquired during the period	-	-
Exploration expenditure capitalised during the period	425,511	1,310,554
Write offs during the year	24,578	(4,798,331)
Impairment of exploration and evaluation assets	-	-
Acquired through subsidiary	-	-
At reporting date	<u>450,089</u>	<u>-</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

	Consolidated Year Ended 2011 \$	Consolidated Year Ended 2010 \$
9. PLANT & EQUIPMENT		
<i>Plant and Equipment</i>		
Plant and equipment at cost	16,692	15,260
Less: accumulated depreciation	(10,335)	(7,217)
	<u>6,357</u>	<u>8,043</u>
<i>Leasehold Improvements</i>		
Leasehold Improvements at cost	16,365	16,365
Less: accumulated amortisation	(11,281)	(8,017)
	<u>5,084</u>	<u>8,348</u>
Total Plant and Equipment	<u><u>11,441</u></u>	<u><u>16,391</u></u>
Movements in Plant and Equipment		
Balance at beginning of the year	8,043	6,464
Additions	1,432	4,015
Depreciation and amortisation expense	(3,118)	(2,436)
Balance at end of the year	<u><u>6,357</u></u>	<u><u>8,043</u></u>
Movements in Leasehold Improvements		
Balance at beginning of the year	8,348	11,612
Depreciation and amortisation expense	(3,264)	(3,264)
Balance at end of the year	<u><u>5,084</u></u>	<u><u>8,348</u></u>
10. FINANCIAL ASSETS		
Non Current		
Balance beginning of period	120,000	120,000
Change in fair value through profit or loss	48,750	-
Purchase of 375,000 shares during year	56,250	-
	<u>225,000</u>	<u>120,000</u>
<i>Listed Shares at fair value</i>		
11. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	58,126	42,677
Other creditors and accruals	87,575	316,913
	<u>145,701</u>	<u>359,590</u>
12. ISSUED CAPITAL		
(a) 95,828,865 (2010: 63,885,910) fully paid ordinary shares	<u>9,256,380</u>	<u>7,932,272</u>
(b) 10,000,000 (2010:10,000,000) performance shares	<u>-</u>	<u>-</u>
(c) 350,000 (2010: 12,833,334) options	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

12. ISSUED CAPITAL (continued)**(a) Movements in fully paid ordinary shares on issue:**

	As at 30 June 2011 Number	As at 30 June 2011 \$	As at 30 June 2010 Number	As at 30 June 2010 \$
Fully paid ordinary shares	95,828,865	9,256,380	63,885,910	7,932,276
Consolidated	As at 30 June 2011 Number	As at 30 June 2011 \$	As at 30 June 2010 Number	As at 30 June 2010 \$
At Beginning of the Period	63,885,910	7,932,272	59,294,076	7,079,164
Movements in ordinary shares on issue				
Entitlement Issue – 31,942,955 shares issued at \$0.045 each (i)	31,942,955	1,437,435	-	-
Shares issued to consultants in lieu	-	-	300,000	40,000
Shares issued on exercise of options	-	-	4,291,834	858,367
Capital raising costs	-	(113,327)	-	(45,259)
At end of reporting period	95,858,865	9,256,380	63,885,910	7,932,272

(i) During the year the Company conducted a pro rata entitlements issue (“Issue”) to existing Jameson shareholders. The Issue offered one (1) new fully paid ordinary share for every two (2) existing ordinary shares held by Jameson shareholders on the record date, at an issue price of \$0.045 per share to raise a total of \$1,437,433.

The Issue was fully underwritten by Capital Investment Partners Pty Limited (“Underwriter”). The entitlements issue raised \$849,650 via the issue of 18,881,114 fully paid ordinary shares to existing shareholders. The shortfall of 13,061,841 shares (raising \$587,782) was fully subscribed by the underwriter.

(b) Movements in performance shares on issue:

	Consolidated As at 30 June 2011 Number	Consolidated As at 30 June 2010 Number
At the beginning of the reporting period	10,000,000	-
Performance shares issued during the period:		
Issued in consideration for acquisition of controlled entity (i)	-	15,000,000
Performance shares expired	-	(5,000,000)
At reporting date	10,000,000	10,000,000

(i) The 10 million performance shares issued to shareholders of NWPC Pty Ltd remain on issue at year end, however as the rights to the Basin Coal Mine have ceased, these will not convert into fully paid ordinary shares as completion of milestones associated with the Basin Coal project cannot now be achieved. The remaining shares performance hurdles expire 5 million on 31 May 2012 and 5 million on 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

12. ISSUED CAPITAL (continued)**(c) Movements in options on issue:**

Consolidated	As at 30 June 2011 Number	As at 30 June 2011 \$	As at 30 June 2010 Number	As at 30 June 2010 \$
At the beginning of the reporting period	12,833,334	-	21,716,667	-
Options issued during the period:				
- Options exercisable at 20 cents on or before 30 November 2010 for nil consideration	-	-	300,000	-
- Options exercisable at 25 cents on or before 31 May 2010 for nil consideration	-	-	1,100,000	-
- Options exercisable at 35 cents on or before 31 May 2012 for nil consideration	-	-	2,025,000	-
- Options exercisable at 50 cents on or before 31 March 2013 for nil consideration	-	-	2,025,000	-
- Options at 20 cents on 30 April 2010 expired	-	-	(8,941,499)	-
- Options at 25 cents on 31 May 2010 expired	-	-	(1,100,000)	-
- Options at 20 cents on 30 November 2010 expired	(8,783,334)	-	-	-
- Options at 35 cents on 31 May 2012 cancelled	(1,850,000)	-	-	-
- Options at 35 cents on 31 May 2013 cancelled	(1,850,000)	-	-	*
- Options exercised	-	-	(4,291,834)	-
At reporting date	350,000	-	12,833,334	-

(d) Terms of Ordinary Shares

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

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

(e) Terms of Options

At the end of the reporting period, there were 350,000 options over unissued shares as follows:

- 175,000 unlisted options exercisable at 35 cents on or before 31 May 2012
- 175,000 unlisted options exercisable at 50 cents on or before 31 March 2013

13. RESERVES	Consolidated 2011 \$	Consolidated 2010 \$
Equity Based Payment Reserve (a)	439,865	439,865
Foreign Currency Translation Reserve (b)	8,917	(7,470)
	<u>448,782</u>	<u>432,395</u>
(a) Equity Based Payments Reserve:		
Balance at the beginning of the year	439,865	363,455
Options issued to consultants	-	76,410
Balance at the end of the year	<u>439,865</u>	<u>439,865</u>
(b) Foreign Currency Translation Reserve:		
Balance at the beginning of the year	(7,470)	(46,572)
Foreign exchange differences	16,387	39,102
Balance at the end of the year	<u>8,917</u>	<u>(7,470)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

13. RESERVES (continued)**Equity Based Payments Reserve:**

This reserve is used to record the value of equity benefits provided to employees, directors and consultants as part of their remuneration. Refer to Notes 16 and 17.

Foreign Currency Translation Reserve

Foreign currency translation reserve records exchange differences arising on translation of the subsidiary's functional currency (Canadian Dollars) into presentation currency at balance date.

14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	(6,961,373)	(917,991)
Total loss for the year	<u>(492,432)</u>	<u>(6,043,382)</u>
Accumulated losses at the end of the year	<u><u>(7,453,805)</u></u>	<u><u>(6,961,373)</u></u>

15. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Details of key management personnel**

The following persons were directors of Jameson Resources Limited during the financial year:-

Jeff Bennett	Non-Executive Chairman
John Holmes	Executive Director
David Prentice	Non-Executive Director
Stephen Anastos	Non-Executive Director (<i>resigned 30 May 2011</i>)
T. Arthur Palm	Executive Director – Operations (<i>appointed 1 August 2011</i>)

(b) Remuneration policy of key management personnel

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

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

Directors' fees

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

Service agreements

Pursuant to an agreement executed on 19 October 2007, John Holmes provided services to the Company as an Executive Technical Director. The broad terms of this agreement are for remuneration payable on and from 16 July 2007 at \$100,000 per annum plus superannuation with the reimbursement of reasonable expenses in the carrying out of duties.

The remuneration payable was revised from \$100,000 to \$160,000 from 1 October 2008 and to \$200,000 per annum effective 1 May 2009, consistent with the increased scale of activities of the Company and commitments required of the Executive director resulting from the acquisition of overseas projects.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

The agreement is currently renewable for a further period of 2 years with an option to extend for a further period of 1 year term unless terminated in accordance with the relevant provisions of the Services Agreement.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Pursuant to an agreement executed on 25 August 2008, Jeff Bennett provides services to the Company as a non-executive Chairman. The broad terms of this agreement include remuneration payable of \$60,000 per annum.

The agreement may be terminated by either party by providing written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an agreement executed on 25 August 2008, David Prentice provides services to the Company as a non-executive Director. The broad terms of this agreement include remuneration payable of \$30,000 per annum.

The agreement may be terminated by either party by providing written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an agreement executed on 25 August 2008, Stephen Anastos provides services to the Company as a non-executive Director. The broad terms of this agreement include remuneration payable of \$30,000 per annum plus superannuation. This agreement was terminated on 30 May 2011.

Pursuant to an agreement executed on 9 August 2009, T Arthur Palm provides services to the Company as a non-executive Director. The broad terms of this agreement include remuneration payable prior to decision to mine \$60,000 per annum as a Director fee plus a consultant fee of \$15,000 per month excluding travel, accommodation and general expenses.

On 1 August 2011, the Company entered into revised agreement with T Arthur Palm as Executive Director of Operations. The broad terms of this agreement included remuneration payable on and from the signing date of the agreement of \$200,000 USD per annum.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

(c) Compensation of key management personnel by individual

2011	Primary		Equity	Post-	Total
	Base Salary and Fees	Bonus and Non Monetary Benefits	Compensation	employment	
Directors	\$	\$	Value of Options	Superannuation Contributions	\$
			\$	\$	
Jeff Bennett	60,000	-	-	-	60,000
John Holmes	200,000	-	-	18,000	218,000
David Prentice	30,000	-	-	2,700	32,700
Stephen Anastos	30,000	-	-	2,700	32,700
Arthur Palm †	198,287	-	-	-	198,287
Total	518,287	-	-	23,400	541,687

(c) Compensation of key management personnel by individual (continued)

† During the year Mencon LLC, a US based company which Mr T. Arthur Palm is a member received \$147,182 as fees as consulting fees for Mr Palms technical services. These services were provided outside of director duties performed, and were provided on commercial terms. The fees have been included as part of directors remuneration above.

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 30 June 2011****15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)**

2010	Primary		Equity	Post-	Total
	Base Salary and Fees	Bonus and Non Monetary Benefits	Compensation	employment	
Directors	\$	\$	Value of Options \$	Superannuation Contributions \$	\$
Jeff Bennett	60,000	-	-	-	60,000
John Holmes	200,000	-	-	18,000	218,000
David Prentice	30,000	-	-	2,700	32,700
Stephen Anastos	30,000	-	-	2,700	32,700
T Art Palm* †	245,366	-	-	-	245,366
Total	565,366	-	-	23,400	588,766

*appointed 12 August 2009

† Included in this total are fees paid to Mencon LLC, a US based company which Mr T. Arthur Palm is a member as consulting fees for Mr Palm's technical services. These services were provided outside of director duties performed, and were provided on commercial terms. The fees have been included as part of directors remuneration above.

(d) Compensation options: Granted and vested during the year**Year Ended 30 June 2011**

During and since the financial year ended 30 June 2011, no compensation options were granted or vested to directors. The following details the status of were granted as options which were granted to the Directors of the Company in prior periods.

Jeff Bennett	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
John Holmes	1,500,000 options at \$0.20 exercisable on 30 November 2010 – expired 500,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 500,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
David Prentice	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
Stephen Anastos	500,000 options at \$0.20 exercisable on 30 November 2010 – expired 200,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 200,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010
T Arthur Palm	750,000 options at \$0.35 exercisable on 31 May 2012 – cancelled 9 August 2010 750,000 options at \$0.50 exercisable on 31 March 2013 – cancelled 9 August 2010

For the Directors options which expired during the year, as detailed above, the vesting conditions were not achieved by the expiry date, and accordingly no value has been recorded as expensed in the Statement of Comprehensive Income for the Year.

The unexpired Director options were cancelled by the Company on 9 August 2010.

Year Ended 30 June 2010

During the financial year ended 30 June 2010 the following options were granted to Specified Directors of the Company

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Valuation of Compensation Options

The following table illustrates the parameters used in valuing options granted to Directors and Executives of the Company using Black & Scholes option pricing model for the financial year 2010:

	Option Tranche 1	Options Tranche 2	Options Tranche 3
Grant date	30 November 2009	30 November 2009	30 November 2009
Share price on grant date	\$0.30	\$0.30	\$0.30
Expected volatility	100%	100%	100%
Expected life of options	0.5 year	2.5 years	3-4 years
Risk-free interest rate	4.65%	4.65%	4.65%

2010			Value per Option at				
	Granted Number	Vested Number	Grant Date	Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
Jeff Bennett							
Tranche 1	200,000	-	30.11.09	0.074	0.25	-	31.05.10
Tranche 2	200,000	-	30.11.09	0.118	0.35	-	31.05.12
Tranche 3	200,000	-	30.11.09	0.120	0.50	-	31.03.13
	<u>600,000</u>	-					

2010			Value per Option at				
	Granted Number	Vested Number	Grant Date	Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
John Holmes							
Tranche 1	500,000	-	30.11.09	0.074	0.25	-	31.05.10
Tranche 2	500,000	-	30.11.09	0.118	0.35	-	31.05.12
Tranche 3	500,000	-	30.11.09	0.120	0.50	-	31.03.13
	<u>1,500,000</u>	-					

2010			Value per Option at				
	Granted Number	Vested Number	Grant Date	Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
David Prentice							
Tranche 1	200,000	-	30.11.09	0.074	0.25	-	31.05.10
Tranche 2	200,000	-	30.11.09	0.118	0.35	-	31.05.12
Tranche 3	200,000	-	30.11.09	0.120	0.50	-	31.03.13
	<u>600,000</u>	-					

2010			Value per Option at				
	Granted Number	Vested Number	Grant Date	Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
Stephen Anastos							
Tranche 1	200,000	-	30.11.09	0.074	0.25	-	31.05.10
Tranche 2	200,000	-	30.11.09	0.118	0.35	-	31.05.12
Tranche 3	200,000	-	30.11.09	0.120	0.50	-	31.03.13
	<u>600,000</u>	-					

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

2010	Granted Number	Vested Number	Grant Date	Value per	Exercise Price \$	First Exercise Date	Last Exercise Date
				Option at Grant Date \$			
T Arthur Palm							
Tranche 2	750,000	-	30.11.09	0.118	0.35	-	31.05.12
Tranche 3	750,000	-	30.11.09	0.120	0.50	-	31.03.13
	<u>1,500,000</u>	<u>-</u>					

(e) Shares issued on exercise of compensation options

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

(f) Option holdings of key management personnel

2011	Balance at 01.07.10	Granted as Remuneration	Exercised	Bought & (Sold/lapsed)	Balance at 30.06.11	Total Vested at 30.06.11	Total Exercisable at 30.06.11
Jeff Bennett	900,000	-	-	(900,000)	-	-	-
John Holmes (i)	3,000,000	-	-	(3,000,000)	-	-	-
David Prentice	900,000	-	-	(900,000)	-	-	-
Stephen Anastos	900,000	-	-	(900,000)	-	-	-
T Arthur Palm	1,500,000	-	-	(1,500,000)	-	-	-
	<u>7,200,000</u>	<u>-</u>	<u>-</u>	<u>(7,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

2010	Balance at 01.07.09	Granted as Remuneration	Exercised	Bought & (Sold)	Balance at 30.06.10	Total Vested at 30.06.10	Total Exercisable at 30.06.10
Jeff Bennett	500,000	600,000	-	(200,000)	900,000	500,000	500,000
John Holmes (i)	2,000,000	1,500,000	-	(500,000)	3,000,000	2,000,000	2,000,000
David Prentice	500,000	600,000	-	(200,000)	900,000	500,000	500,000
Stephen Anastos	500,000	600,000	-	(200,000)	900,000	500,000	500,000
T Arthur Palm	-	1,500,000	-	-	1,500,000	-	-
	<u>3,500,000</u>	<u>4,800,000</u>	<u>-</u>	<u>(1,100,000)</u>	<u>7,200,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

(i) Mr John Holmes holds 1,500,000 Options in his own right. In addition Zephyr Consulting Group Pty Ltd holds 500,000 options. John Holmes is a major shareholder of Zephyr Consulting Group Pty Ltd.

(g) Shareholdings of key management personnel

2011	Balance at 01.07.10	Granted as Remuneration	On Exercise of Options	Bought & (Sold) (i)	Balance at 30.06.11
Jeff Bennett (ii)	250,000	-	-	125,000	375,000
John Holmes	40,000	-	-	20,000	60,000
David Prentice	1,000,000	-	-	500,000	1,500,000
Stephen Anastos	-	-	-	-	-
	<u>1,290,000</u>	<u>-</u>	<u>-</u>	<u>645,000</u>	<u>1,935,000</u>

(i) Acquired pursuant to the Company's 1:2 entitlements issue at \$0.045 per share.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

2010	Balance at 01.07.08	Granted as Remuneration	On Exercise of Options	Bought & (Sold) (i)	Balance at 30.06.09
Jeff Bennett (ii)	250,000	-	-	-	250,000
John Holmes	40,000	-	-	-	40,000
David Prentice	1,000,000	-	-	-	1,000,000
Stephen Anastos	-	-	-	-	-
	1,290,000	-	-	-	1,290,000

(i) The shareholdings were issued to directors on the same terms as promoters of the Company.

(ii) Hixon Pty Ltd, an entity controlled by Jeff Bennett holds 375,000 shares in the Company.

(h) Loans to key management personnel

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

(i) Other transactions and balances with key management personnel

During the year Zephyr Consulting Group Pty Ltd, a company associated with Mr John Holmes received \$79,800 (2010: \$79,800) as fees for the provision of office space, office fit-out, bookkeeping and office administration services.

These costs have not been included in directors' remuneration as these fees were not paid to individual directors in relation to the management of the affairs of the Company. All transactions were entered into on normal commercial terms.

16. EMPLOYEE BENEFITS

At 30 June 2011, Jameson Resources Limited had 1 (2010:1) employee.

Employee Incentive Option Plan

The Company's Employee Incentive Scheme provides for the Board to elect to offer Options to an employee having regard to the potential contribution of the employee to the Company and any other matters the Board considers relevant.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the Rules of the Scheme, is the price determined by the Board and advised to the employee when Options are offered to the employee.

All options expire on the earlier of their termination date or 30 days following termination of the employee's employment. Options vest on granting, however exercise can be conditional upon the Company achieving certain performance hurdles as determined by the Board of directors.

There are no voting or dividend rights attaching to the options. There are no voting rights attaching to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

No options have been issued under this scheme to date. Details of shares and options issued to Directors are included in the Remuneration Report.

17. SHARE BASED PAYMENT PLANS

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to all directors of Jameson Resources to increase goal congruence between executives, directors and shareholders. In addition options have previously been issued to consultants of the Company for their services rendered.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

17. SHARE BASED PAYMENT PLANS (continued)

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of the period	11,166,667	0.32	7,500,000	0.20
Granted during the period	-		5,450,000	0.45
Exercised during the period	-		(683,333)	-
Cancelled during the period	(3,500,000)		-	-
Expired during the period	(7,466,667)		(1,100,000)	-
Outstanding at the end of the period	-		11,166,667	
Exercisable at the end of the period	-		6,816,667	

- (i) 6,816,667 options outstanding at 30 June 2010 are represented by options exercisable at \$0.20 on or before 30 November 2010 which expired unexercised.
- (ii) Options outstanding at 30 June 2011 had a weighted average exercise price of \$Nil (2010: \$0.45).
- (iii) Options outstanding at 30 June 2011 had a weighted average remaining life of Nil years (2010: 3.17 years).
- (iv) The weighted average fair value of options granted during the year was Nil (2010: \$0.12).
- (v) Equity based payments on the statement of financial position is Nil (2010: \$76,410 statement of comprehensive income), and relates, in full, to equity-settled share-based payment transactions.

The following table illustrates the parameters used in valuing options granted to Directors, Executives and consultants of the Company using Black & Scholes option pricing model for the financial years 2010 and 2011:

	Issued 2010 Consultants' Options expiring 30/11/2010	Issued 2010 Directors' & Consultants' Options expiring 30/11/2010	Issued 2010 Consultants' Options expiring 30/11/2010	Issued 2010 Directors' Options expiring 31/05/2010	Issued 2010 Directors' & Consultants' Options expiring 31/05/2012	Issued 2010 Directors' & Consultants' Options expiring 31/03/2013
Weighted average share price at grant date	\$0.17 & \$0.25	\$0.10	\$0.30	\$0.30	\$0.30	\$0.30
Expected volatility	100% & 110%	60%	100%	100%	100%	100%
Expected life of options (years)	1	3	0.5	-	2.5 year	2-3 year
Risk-free interest rate	3.48%	7%	4.65%	4.65%	4.65%	4.65%
Exercise price	\$0.20	\$0.20	\$0.20	\$0.25	\$0.35	\$0.50
Discounts	30%	30%	30%	30%	30%	30%

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

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

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk and credit risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

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

- **Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

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

(i) Currency Risk

The Group undertakes its exploration transactions denominated predominantly in Canadian currency. The Group's exposure to exchange rate fluctuation at this stage is not considered material due to the size of the expenditure incurred to date in Canada. The Group has a Canadian foreign currency bank account which is used to limit exposure to exchange rate fluctuations by offsetting any income received from interest and taxation credits earned in Canada. The Group will continue to review its policies in relation to foreign currency until such time as adequate cash flows can be generated from the Canadian project.

(ii) Interest Rate Risk

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

30 June 2011

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1 to 3 months \$	3 months to 1 year \$	1 to 5 years \$	Total \$
FINANCIAL ASSETS						
Non-interest bearing		185,682	-	-	-	185,682
Variable interest rates instruments		177,251	-	-	-	177,251
Fixed interest rates instruments		-	1,367,318	-	-	1,367,318
	5.21%	362,933	1,367,318	-	-	1,730,251
FINANCIAL LIABILITIES						
Non-interest bearing		(180,772)	-	-	-	(180,772)
NET FINANCIAL ASSETS		182,161	1,367,318	-	-	1,549,479

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

30 June 2010

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1 to 3 months \$	3 months to 1 year \$	1 to 5 years \$	Total \$
FINANCIAL ASSETS						
Non-interest bearing		67,185	-	-	-	67,185
Variable interest rates instruments		84,423	-	-	-	84,423
Fixed interest rates instruments		-	1,452,573	-	-	1,452,573
	4.40%	151,608	1,452,573	-	-	1,604,181
FINANCIAL LIABILITIES						
Non-interest bearing		(359,590)	-	-	-	(359,590)
NET FINANCIAL ASSETS						
		(207,982)	1,452,573	-	-	1,244,591

Net fair value of financial assets and liabilities

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

(i) Interest Rate Sensitivity Analysis

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

	2011 \$	2010 \$
CHANGE IN LOSS	Change	Change
Increase in interest rate by 1%	(14,673)	(14,583)
Decrease in interest rate by 1%	14,673	14,583
CHANGE IN EQUITY	Change	Change
Increase in interest rate by 1%	(14,673)	(14,583)
Decrease in interest rate by 1%	14,673	14,583

• **Credit Risk**

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

The Group operates in the mining explorer sector; it therefore does not have trade receivables and is not exposed to credit risk in relation to trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the Group at 30 June 2011 is \$185,682 (2010:\$67,185). There are no impaired receivables at 30 June 2011 (2010: Nil).

- **Liquidity Risk**

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

The Group manages liquidity risk by monitoring forecast cash flows on a rolling monthly basis. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

- **Capital Management**

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

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements 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.

Fair value of financial instruments

As of 1 July 2010, Jameson Resources has adopted the amendments to *AASB 7 Financial Instruments: Disclosures* which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Assets classified as financial assets at fair value through profit or loss are considered level 1.

20. LOSS PER SHARE	Consolidated 2011 \$	Consolidated 2010 \$
(a) Loss used in the calculation of basic loss per share	<u>(492,432)</u>	<u>(6,043,382)</u>
	Number of shares	Number of shares
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic loss per share:	<u>80,263,249</u>	<u>62,616,072</u>

The diluted earnings per share is not disclosed as the Company made a loss for the period.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

	Consolidated Year Ended 30 June 2011	Consolidated Year Ended 30 June 2010
	\$	\$
21. CASH FLOW INFORMATION		
(i) Reconciliation of cash and cash equivalent:-		
Cash at Bank	1,544,569	1,536,996
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(492,432)	(6,043,382)
Add: Non cash items:		
- Depreciation	6,382	5,700
- Loss on sale of tenements	-	52,333
- Impairment on investments	-	30,000
- Unrealised (gain)/loss on financial assets	(48,750)	-
- Write off of exploration project	(24,578)	5,113,856
- Exchange differences on translation	(14,417)	30,566
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	(119,438)	14,201
- Increase/(Decrease) in trade and other payables	187,257	27,949
Net cash (outflows) from Operating Activities	(505,976)	(768,777)

(iii) Non-cash financing and investing activities**2011**

There were no non-cash financing or investing activities during the financial year ended 30 June 2011.

2010

During the year ended 30 June 2010, the following non-cash financing and investing activities occurred:-

The Company issued 300,000 fully paid shares and 300,000 options exercisable at \$0.20 on or before 30 November 2010 to a consultant during the year pursuant to an agreement dated 26 February 2009 for the provision of corporate and research report services.

22. SEGMENT REPORTING

Jameson Resources Limited operates predominantly in one industry being the mining and exploration industry in Australia and Canada.

Segment Information**Identification of reportable segments**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

22. SEGMENT REPORTING (continued)

Types of reportable segments

(i) Coal exploration

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

(ii) Corporate

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

(i) Segment performance

	Corporate	Coal Exploration	Total
	\$	\$	\$
30 June 2011			
Segment revenue	70,082	172,656	242,738
Segment results	<u>(450,450)</u>	<u>(41,982)</u>	<u>(492,432)</u>
Included within segment result:			
• Depreciation	(6,382)	-	(6,382)
• Net change in fair value of exploration project	-	-	-
• Interest Revenue	70,082	554	70,635
Segment assets	252,916	450,089	703,005
Segment liabilities	(193,100)	-	(193,100)

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

22. SEGMENT REPORTING (continued)**30 June 2010**

Segment revenue	78,053	-	78,053
Segment results	(1,380,157)	(4,663,225)	(6,043,382)

Included within segment result:

• Depreciation	(5,700)	-	(5,700)
• Net change in fair value of exploration project	-	4,798,331	-
• Interest Revenue	78,053	-	78,053

30 June 2010

Segment assets	1,704,635	62,095	1,766,730
Segment liabilities	(92,292)	(271,144)	(363,436)

(ii) Revenue by geographical region

For the year ending 30 June 2011, the Group had revenue receivable of \$168,205 in respect to a tax credit claim from the British Columbia Mining Exploration Tax Credit. There were no revenue attributable to external customers for the years ended 30 June 2010 and 2011.

(iii) Assets by geographical region

Reportable segment assets are located in Canada and Australia.

23. EVENTS SUBSEQUENT TO REPORTING DATE

On 11 July 2011, the Company announced an update to its Crown Mountain Coal Project in Western Canada, being the acquisition of 3 further coal license applications, (417870, 417871, 417872) incorporated into the existing Option Agreement with Project Vendor, Mr Robert J Morris. Excluding application costs, no further consideration will be required. The applications have been submitted to the British Columbia Ministry of Mines Titles office. The new applications cover an area of 1,125 hectares and have increased the total area of the project by 84% to 2,457 hectares. The applications effectively tie up all outcropping coal occurrences along strike and adjacent to the existing tenure within the Project area.

On 21 July 2011, the Company announced that it had elected to exercise its Option Agreement on its Crown Mountain Coal Project to acquire a 90% interest in the Project. Jameson paid C\$25,000 to the Project vendor for the exercise of the Option. The required expenditure commitment was extended to December 31, 2012. All other terms of the Agreement remain the same.

On 1 August 2011, the Company appointed Mr Arthur Palm, Executive Director of Operations.

Other than as detailed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

24. CONTINGENCIES

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.

25. COMMITMENTS**(a) Exploration commitments**

As the Company no longer retains any interest in the Basin Coal Mine project there are no exploration commitments.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2011

25. COMMITMENTS (continued)**(b) Lease expenditure commitments**

The Company has no operating lease commitments, as it is currently leasing premises on a monthly tenancy.

(c) Remuneration Commitments

There are no commitments for the payment of salaries and other remuneration under long-term employment contracts.

26. INTEREST IN SUBSIDIARIES

The following companies are subsidiaries of Jameson Resources Limited.

Name	Country of Incorporation	Percentage of equity interest held by Consolidated Entity		Investment	
		2011 %	2010 %	2011 \$	2010 \$
NWPC Pty Ltd	Australia	100	100	-	-
NWP Coal Canada Ltd	Canada	100	100	1	1

27. PARENT ENTITY DISCLOSURES**Financial position**

	30 June 2011 \$	30 June 2010 \$
Assets		
Current assets	1,489,903	1,551,769
Non-current assets	1,064,775	152,866
Total assets	2,554,678	1,704,635
Liabilities		
Current liabilities	193,100	92,292
Non-current liabilities	-	-
Total liabilities	193,100	92,292
Equity		
Issued capital	9,256,380	7,932,272
Accumulated losses	(7,334,667)	(6,759,794)
Reserves		
Share-based payments	439,865	439,865
Total equity	2,361,578	1,612,343

Financial performance

	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Loss for the year	(574,873)	(5,841,806)
Other comprehensive income	-	-
Total comprehensive income	-	-

DIRECTORS' DECLARATION

1. In the opinion of the directors of Jameson Resources Limited (the 'Company'):
 - a. the financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

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



John Holmes
Executive Director

Dated this 23rd day of September 2011

INDEPENDENT AUDITOR'S REPORT

To the members of Jameson Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Jameson Resources 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Jameson Resources Limited for the financial year ended 30 June 2011 included on Jameson Resources Limited's website. The company's directors are responsible for the integrity of the Jameson Resources Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Jameson Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the 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 the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
23 September 2011

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

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

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

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

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

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

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of a Non-Executive Chairman, two Executive Directors (Managing Director, and Executive Director of Operations), and one Non-Executive Director. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

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

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

The Board has assessed the independence of the Non-Executive Directors and the Chairman using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1. The Chairman, Mr Bennett satisfies the tests of independence as detailed in the Recommendations.

Having regard to the criteria, and the particular circumstances of the Company and each director, the directors consider that all four directors are independent, therefore the Company complies with Recommendations 2.1 and 2.2 of the Principles of Good Corporate Governance.

Nomination and Remuneration Committee

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

The responsibilities of a Nomination and Remuneration Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as directors for review by the Board. Currently the Board as a whole performs this role.

Board renewal and succession planning

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

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

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

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

Induction and education

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

Access to information and advice

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

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING*Code of Conduct*

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

Diversity Policy

Due to its size and scale of operations, the Company does not have an existing diversity policy as recommended in Recommendation 3.2. The Executive Directors are currently the Company's only permanent employees.

There are no permanent women employees in the organisation, in senior executive positions or on the Board. Ms Foreman is the current the Company Secretary on a consultancy contact.

Details of each of the Board members and Company Secretary are disclosed in the Directors' Report.

The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of the Company.

The Code of Conduct is available on Jameson Resources website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING*Audit Committee*

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

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

As the whole Board only consists of four (4) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Board will move towards setting up an audit committee once the Directors consider the size and scale of the Company's activities warrant a separate committee.

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

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

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

External auditor

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

The Company's independent external auditor is HLB Mann Judd ("Mann Judd").

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1. The Continuous Disclosure Policy is available on Jameson Resources website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

The Policy reflects the matters set out in the commentary and guidance for Recommendation 6.1. The Shareholder Communications Policy is available on Jameson Resources website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK*Risk Management Policy*

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

Risk oversight

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

Reporting and assurance

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

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

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

The Risk Management Policy is available on the Jameson Resources website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY*Nomination and Remuneration Committee*

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

As the whole Board only consists of four (4) members, the Company does not have a Nomination and Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Non-executive directors' remuneration policy

The structure of Non-Executive Directors' remuneration is clearly distinguished from that of executives.

Remuneration for Non-Executive Directors is fixed. Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses.

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

Executive directors' remuneration policy

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

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

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

Principles	Recommendations	Complied	Reference/ Explanation
Pr 1	Lay solid foundations for management and oversight		
Rec 1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose the functions.	✓	Website and Page 47
Rec 1.2	Companies should disclose the process for evaluation the performance of senior executives.	✓	Website and Page 47
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	✓	Website and Page 47
Pr 2	Structure the Board to add value		
Rec 2.1	A majority of the Board should be independent directors.	✓	Website and Page 47
Rec 2.2	The Chairperson should be an independent director.	✓	Website and Page 47
Rec 2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	✓	Website and Page 47
Rec 2.4	The Board should establish a nomination committee	No	Website and Page 48
Rec 2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	✓	Website and Page 48
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2	✓	Website and Page 48
Pr 3	Promote ethical and responsible decision making		
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	✓	Website and Page 48
Rec 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	No	Page 48
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity.	No	Page 48

Principles	Recommendations	Compliance	Reference/ Explanation
Rec 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board	✓	Page 48
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓	Website and Page 48
Pr 4	Safeguard integrity in financial reporting		
Rec 4.1	The Board should establish an audit committee.	No	Website and Page 49
Rec 4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> - consists only of non-executive directors - consists of a majority of independent directors - is chaired by an independent chair, who is not a chair of the Board - has at least three members has at least three members	No	Website and Page 49
Rec 4.3	The audit committee should have a formal charter.	No	Website and Page 49
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓	Website and Page 49
Pr 5	Make timely and balanced disclosure		
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	✓	Website and Page 49
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓	Website and Page 49
Pr 6	Respect the rights of shareholders		
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓	Website and Page 49
Rec 6.2	Company should provide the information indicated in the Guide to reporting on Principle 6.	✓	Website and Page 49

Principles	Recommendations	Compliance	Reference/ Explanation
Pr 7	Recognise and manage risk		
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓	Website and Page 50
Rec 7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	Website and Page 50
Rec 7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	Website and Page 50
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	✓	Website and Page 50
Pr 8	Remunerate fairly and responsibly		
Rec 8.1	The Board should establish a remuneration committee.	No	Website and Page 50
Rec 8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> - consists of a majority of independent directors - is chaired by an independent director - has at least three members 	No	Website and Page 50
Rec 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓	Website and Page 50
Rec 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓	Website and Page 50

ADDITIONAL SHAREHOLDER INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within the Financial Report.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register as at 8 September 2011:

Shareholder	Number	Percentage of issued capital held
NEFCO NOM PL	6,042,385	6.31%

2. Unquoted Securities

Class of Equity Security	Number	Number of Security Holders
35 cents options expiring 31 May 2012	175,000	1
35 cents options expiring 31 March 2013	175,000	1

Names of persons holding greater than 20% of a class of unquoted securities:

Class of Equity Security	Number	Holder
31 May 2012 options - \$0.35	175,000	Michael Hynes
31 March 2013 options - \$0.50	175,000	Michael Hynes

3. Number of holders in each class of equity securities and the voting rights attached

There are 835 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

There are 0 holders of listed options.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

4. Distribution schedule of the number of holders in each class of equity security as at 9 September 2011.

Number Held as at 16 September 2010	Class of Equity Securities
	Fully Paid Ordinary Shares
1-1,000	21
1,001 - 5,000	103
5,001 - 10,000	187
10,001 - 100,000	336
100,001 and over	165
Totals	812

5. Marketable Parcel

Holders of less than a marketable parcel:- fully paid shares	386
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ADDITIONAL SHAREHOLDER INFORMATION (Continued)**6. Twenty largest holders of each class of quoted equity security**

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 8 September 2011) is as follows:

	Name	Number of Ordinary Fully Paid Shares Held	Held of Issued Ordinary Capital (%)
1	NEFCO NOM PL	6,042,385	6.31%
2	LORD ROBERT SIMEON	4,800,000	5.01%
3	UBS WEALTH MGNT AUST NOM	3,452,000	3.60%
4	KARAKORAM NO2 PL	2,500,000	2.61%
5	PERTH INV CORP LTD	2,350,000	2.45%
6	ERIC MCKENZIE NOM PL	1,880,516	1.96%
7	COLEMAN JEREMY JAMES	1,850,879	1.93%
8	VIENNA HLDGS PL	1,600,000	1.67%
9	SML CONTRACTING PL	1,600,000	1.67%
10	ARGYLE GAVIN JOHN	1,521,303	1.59%
11	LUJETA PL	1,500,000	1.57%
12	HSBC CUSTODY NOM AUST LTD	1,444,000	1.51%
13	GAB S/F PL	1,392,267	1.45%
14	CAP INV PTNRS PL	1,391,627	1.45%
15	HILLBOI NOM PL	1,355,190	1.41%
16	LYONS TIMOTHY GUY + H M	1,223,051	1.28%
17	JP MORGAN NOM AUST LTD	1,046,700	1.09%
18	GUGALANNA HLDGS PL	1,020,000	1.06%
19	PRENTICE DAVID + M R	1,000,000	1.04%
20	WHOLESALERS MORLEY PL	1,000,000	1.04%
TOTALS:		39,969,918	41.70% 41.70%

ADDITIONAL SHAREHOLDER INFORMATION (Continued)**4. Securities Exchange on which the Company's securities are quoted**

The Company's listed equity securities are quoted on the Australian Securities Exchange.

5. Restricted Securities

There are no restricted securities on issue at the current date.

6. Review of Operations

A review of operations is contained in the Directors' Report.

7. Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

Voting RightsOrdinary Shares

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

SCHEDULE OF MINERAL TENEMENTS

Project	Licence Applications	Interest
Crown Mountain	417045	90%
Crown Mountain	417687	90%
Crown Mountain	417870	90%
Crown Mountain	417871	90%
Crown Mountain	417872	90%