



Coventry Resources Limited

ABN 33 082 901 362

Financial Report 30 June 2011

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Directors' Report

The Directors present their report for Coventry Resources Limited ("Coventry" or "the Company") and its subsidiaries for the year ended 30 June 2011.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Michael Haynes

Executive Chairman

Mr. Haynes has more than 18 years experience in the mining industry. Mr. Haynes graduated from the University of Western Australia with an honours degree in geology and geophysics. He has been intimately involved in the exploration and development of resource projects, targeting a wide variety of commodities, throughout Australia and extensively in Southeast and Central Asia, Africa, North and South America, and Europe.

Mr. Haynes has held technical positions with both BHP Minerals Limited and Billiton plc. He ran his own successful consulting business for a number of years providing professional geophysical and exploration services to both junior and major resource companies. He has worked extensively on project generation and acquisition throughout his career. Over the past seven years he has been intimately involved in the incorporation and initial public offerings of several resources companies, and in the ongoing financing and management of these companies.

Mr. Haynes is the Chairman of Genesis Minerals Limited (appointed 4 July 2007) and Overland Resources Limited (appointed 9 May 2005) and is a Director of Black Range Minerals Limited (appointed 27 June 2005) and Eagle Eye Metals Limited (appointed 25 May 2011). Mr. Haynes was a Director of Bellamel Mining Limited (appointed 16 May 2007, resigned 31 December 2008).

Mr. Anthony Goddard

Technical Director

Mr. Goddard graduated from the University of Western Australia in 1992 with a first class honours degree in Geology. He has more than 16 years exploration experience worldwide, primarily exploring for gold and copper, working with numerous companies including BHP, Rio Tinto, Equinox Resources, Phelps Dodge and Barrick Gold, as well as acting as an independent consultant. Tony has extensive global experience in project generation, identification and acquisition, most recently as regional generative geologist for Barrick Gold in Australia and Eurasia.

Mr. Goddard has not held a directorship in another publicly listed company during the previous three years.

Mr. Faldi Ismail

Non-executive Director

Mr. Ismail has many years experience as a corporate consultant specialising in the restructure and recapitalisation of a wide range of ASX listed companies. Mr. Ismail spent over four years working as a tax supervisor with a major Perth based Accounting firm as well as being a senior within their Corporate Restructuring Division.

Mr. Ismail is the Chairman of ASX listed Epic Resources Limited (appointed 24 September 2010) and is a Director of ASX listed Minbos Resources Limited (appointed 14 October 2010) and TSX-V listed Kalimantan Gold Corporation Limited (appointed 17 September 2009). Mr. Ismail was a director of Energio Limited (appointed 24 March 2010, resigned 2 December 2010), Kangaroo Resources Limited (appointed 19 November 2008, resigned 21 January 2011), Cape Range Limited (appointed 21 April 2008, resigned 4 March 2010), Pan Asia Corporation Limited (appointed 5 August 2008, resigned 10 August 2009), and NSL Consolidated Limited (appointed 11 April 2007, resigned 2 October 2008).

Directors' Report

Mr. Rhod Grivas (appointed 2 August 2010)

Non-executive Director

Mr. Grivas is a qualified geologist with over 20 years experience in corporate and technical management of junior and mid-tier resources companies. He has been an executive director of numerous exploration companies and was recently Managing Director of dual ASX/TSX listed gold miner, Dioro Exploration NL, prior to its takeover by Avoca Resources Limited in 2010.

Mr. Grivas is currently non-executive Chairman of Lodestar Minerals Limited (appointed 13 August 2007) and Canyon Resources Limited (appointed 3 May 2010) and is a Director of Southern Crown Resources Limited (appointed 30 April 2010). Mr. Grivas was a Director of Dioro Exploration Limited (appointed 2 September 2002, resigned 4 March 2010).

Company Secretary

Mr. Nicholas Day

Mr. Day has more than 15 years experience in corporate finance and the resources industry. Previously he was CFO and Company Secretary of Antaria and AIM & ASX listed mining company Albidon Ltd. Prior to this, Mr. Day was with Ernst & Young. In addition to his company secretarial skills he has experience in strategic planning, business development, acquisitions and mergers, bankable feasibility studies, and project development general management.

Mr. Day is a qualified accountant being a member of ACPA, is a fellow of FINSIA and holds an MBA and Bcomm from the University of Western Australia.

Mr. Day is the Company Secretary for Eagle Eye Metals Limited (appointed 25 May 2011), Overland Resources Limited (appointed 22 June 2010) and Black Range Minerals Limited (appointed 22 June 2010).

INTERESTS IN THE SECURITIES OF THE COMPANY

At the date of this report the interests of the Directors in the shares and options of Coventry Resources Limited are:

Director	Ordinary Shares	Options over Ordinary Shares
Mr. Michael Haynes	3,891,086	1,258,695
Mr. Anthony Goddard	4,358,696	1,369,565
Mr. Faldi Ismail	300,000	152,516
Mr. Rhod Grivas	35,000	500,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Coventry Resources Limited for the year was \$1,502,135 (2010: \$1,123,962).

DIVIDENDS

No dividend was paid or declared by the Company in the year and up to the date of this report.

CORPORATE STRUCTURE

Coventry Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration. At the date of this report the company holds two gold projects in Canada.

Directors' Report

EMPLOYEES

The Group had 17 employees at 30 June 2011 (2010: 1).

REVIEW OF OPERATIONS

During the past year Coventry Resources Limited continued to aggressively explore the Cameron Gold Project in Ontario, Canada, while simultaneously acquiring additional baseline environmental data so that the Company can move the Project through mine permitting.

The Company also continued to assess other strategic growth opportunities. It continues to progress several of these.

Cameron Gold Project, Ontario, Canada

The Company acquired a 100% interest in the advanced Cameron Gold Project in April 2010. The Project is located 90km southeast of the town of Kenora, which has a population of approximately 15,000. The Project can be accessed year-round by a purpose built, 23km long, unsealed road. High voltage power lines are located within 30km of the Project.

The Project lies 56km northeast of the 6.6Moz Rainy River Gold Deposit. It encompasses a highly prospective sequence of Archaean-aged greenstone rocks which host numerous gold occurrences, prospects and deposits along the highly fertile Cameron and Monte Cristo Shear Zones. The most advanced deposit is the Cameron Gold Deposit, where the majority of previous exploration work was undertaken.

JORC Code Compliant Resources

Historically 757 holes have been drilled at the Cameron Gold Project for 84,541 metres. More than 3,500 metres of underground development was also installed to assist in the exploration of the Cameron Gold Deposit.

Based on this historical drilling data, in early 2010 an independent consultant determined that, when applying a 1.5g/t lower cut-off grade, the Cameron Gold Deposit hosts indicated and inferred resources totalling:

11.3 Mt at 2.77 g/t gold for 1,005,833 oz gold

44,000 Metre Drilling Program

Shortly after settlement of the acquisition of the Cameron Gold Project, the Company embarked upon an aggressive exploration program. It acquired detailed aeromagnetic data over the entire Project. This has greatly improved the geological and structural understanding of the area. More than 110 line kilometres of induced polarisation (IP) data has subsequently been acquired over high-priority target areas. Considerable mapping and surface sampling has been undertaken in these same areas.

Between June 2010 and September 2011 the Company drilled continuously. At times as many as four rigs were drilling on the Project simultaneously. The Company has completed a total of 299 holes for 44,135 metres to date.

The purposes of this drilling program were to:

1. Upgrade the classification of shallow resources that are expected to fall within the limits of a proposed open pit.
2. Extend the limits of the shallow, potentially open pit mineralisation at the Cameron Gold Deposit.
3. Commence evaluation of some of the numerous regional prospects within the 12,800 hectare Project area.

To date analytical results have been received for almost 35,000 metres of this drilling. Considerable mineralisation has been delineated at and around the Cameron Deposit as well as at numerous regional targets.

Directors' Report

Drilling Targeting the Footwall of the Cameron Gold Deposit

Results from drilling undertaken to extend shallow, poorly defined, mineralisation in the footwall of the main portion of the Cameron Deposit include:

- **3.4 metres at 58.73 g/t gold from 5.4 metres, including
0.6 metres at 320.0 g/t gold from 5.4 metres**
- **7.0 metres at 6.95 g/t gold from 148.0 metres**
- **12.0 metres at 4.52 g/t gold from 10.0 metres**
- **3.0 metres at 11.56 g/t gold from 14.0 metres**
- **7.0 metres at 4.61 g/t gold from 9.0 metres**
- **5.0 metres at 4.90 g/t gold from 3.0 metres**

Drilling Targeting the Northern and Northwestern Extensions of the Cameron Gold Deposit

Very encouraging drilling results have also been returned from holes drilled to evaluate the northern and north western extensions of the Cameron Deposit. Results include:

- **7.0 metres at 10.99 g/t gold from 30.0 metres**
- **16.0 metres at 3.53 g/t gold from 42.0 metres, including
5.0 metres at 6.28 g/t gold from 47.0 metres**
- **5.0 metres at 6.05 g/t gold from 58.0 metres**
- **5.0 metres at 5.05 g/t gold from 68.0 metres**
- **6.0 metres at 4.29 g/t gold from 77.0 metres**
- **17.0 metres at 1.28 g/t gold from 162.0 metres**
- **5.0 metres at 3.15 g/t gold from 95.0 metres**
- **5.0 metres at 3.05 g/t gold from 122.0 metres**
- **2.0 metres at 5.96 g/t gold from 15.0 metres**
- **7.0 metres at 2.48 g/t gold from 46.0 metres**

These results are expected to have a substantial positive impact on the development of an open pit mining operation at the Project. It is expected that there will be cause to develop a larger open pit, which would recover more tonnes of ore and ounces of gold, at lower strip ratios, than that contemplated prior to this drilling program.

Drilling to Evaluate Regional Prospects

The Company has also been very encouraged by results returned from the very early stage drilling undertaken at numerous regional prospects. Some of the results include:

From the Meston and Sullivan Prospects:

- **4.0 metres at 5.16 g/t gold from 5.0 metres**
- **8.7 metres at 2.19 g/t gold from 5.3 metres**
- **3.0 metres at 4.32 g/t gold from 19.0 metres**
- **2.0 metres at 5.25 g/t gold from 62.0 metres**
- **2.0 metres at 4.67 g/t gold from 3.0 metres**

Directors' Report

From the Victor Prospect:

- **18.0 metres at 3.06 g/t gold from 60.0 metres**
- **10.0 metres at 2.71 g/t gold from 92.0 metres**
- **7.0 metres at 2.54 g/t gold from 81.0 metres**
- **10.0 metres at 2.27 g/t gold from 72.0 metres, including
3.0 metres at 5.20 g/t gold from 78.0 metres**

From the Monte Cristo Prospect:

- **5.0 metres at 3.04 g/t gold from 48.0 metres**
- **6.0 metres at 1.75 g/t gold from 151.0 metres**
- **3.0 metres at 2.22 g/t gold from 83.0 metres**
- **5.0 metres at 1.65 g/t gold from 182.0 metres**
- **1.0 metre at 7.24 g/t gold from 104.0 metres**

From the Ned Prospect:

- **0.13 metres at 150.0 g/t gold and 17.1 g/t Ag from 59.6 metres**

Considerably more work is required to follow up on these results. But the Company is confident it will be able to continue to add substantially to the resource base at the Project with further exploration.

In early September the Company temporarily halted the drilling program in advance of the receipt of all outstanding analytical results. A suitable follow-up drilling program will then be devised.

Resource Upgrade

On receipt of the outstanding analytical results from the 44,000 metre drilling program the Company will recalculate the resource for the Cameron Gold Project. It is anticipated that this resource recalculation will be completed during the December quarter of 2011.

Feasibility Study and Mine Permitting

The upgraded resource will be used as the basis of a prefeasibility study into the development of an open pit mining operation at the Cameron Gold Deposit. This will involve the development of a new mine design, suitable processing stream and site layout. Initial estimates of capital and operating costs will be developed. The Company is targeting completion of the prefeasibility study by the second quarter of 2012.

The Company is working to obtain permits to bring the Cameron Gold Project into production as quickly as possible. Considerable amounts of baseline environmental data have been acquired by previous operators. The Company has initiated a program to acquire the additional baseline environmental data that will be required to obtain a mine permit.

Ardeen Gold Project, Ontario, Canada

During the past year the Company has focused its efforts on the exploration and development of the Cameron Gold Project. As such only minimal work was completed on the Ardeen Gold Project during the year.

The Company has earned a 51% interest in the Project and has advised the joint owner of the Project that it intends to continue to explore this Project to bring its interest to 75%, in accordance with its acquisition agreement.

Directors' Report

Other Opportunities

The Company continued to evaluate other opportunities that may strategically add value to the Company. It continues to pursue several opportunities.

Table 1. JORC code compliant resource estimate for the Cameron Gold Deposit applying various cut-off grades.

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of gold
0.5	Indicated	7,221,000	2.26	523,477
	Inferred	13,311,000	1.84	786,150
	Total	20,531,000	1.98	1,309,627
1.0	Indicated	5,818,000	2.61	488,366
	Inferred	10,585,000	2.11	719,457
	Total	16,403,000	2.29	1,207,823
1.5	Indicated	4,164,000	3.16	422,353
	Inferred	7,148,000	2.54	583,480
	Total	11,312,000	2.77	1,005,833
2.0	Indicated	2,978,000	3.72	356,169
	Inferred	3,870,000	3.27	406,457
	Total	6,848,000	3.46	762,626

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Group issued the following options after the reporting date:

Type of option	Grant date	Expiry date	Exercise price	Number of options	Value of options	Vesting conditions
Employee	08/08/2011	08/08/2014	\$0.20	200,000	13,852	50% to vest immediately 50% to vest after 12 months
Consultant	08/08/2011	08/08/2014	\$0.20	550,000	38,093	50% to vest immediately 50% to vest after 12 months
Employee	24/08/2011	24/08/2014	\$0.20	500,000	46,570	50% to vest immediately 50% to vest after 12 months
Consultant	24/08/2011	24/08/2014	\$0.20	50,000	4,657	50% to vest immediately 50% to vest after 12 months

On 14 September 2011, the Group issued 40,000 ordinary shares to secure minerals claims in Ontario, Canada.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company carries out operations that are subject to environmental regulations under both Federal Territorial and Provincial legislation in relation in Canada. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

Directors' Report

SHARE OPTIONS

As at the date of this report, there were 37,798,128 unissued ordinary shares under options (36,498,128 at the reporting date). The details of the options at reporting date are as follows:

Number	Exercise Price \$	Expiry Date
19,257,982	0.20	30/04/13
3,230,770	0.26	18/12/12
1,000,000	0.28	23/02/13
10,000,000	0.30	30/01/13
500,000	0.30	25/03/13
500,000	0.30	30/07/13
1,000,000	0.35	23/02/13
1,000,000	0.40	23/02/13
9,376	\$48.00	08/01/12
36,498,128		

During the financial year, 742,013 options were exercised at \$0.20 to acquire fully paid ordinary shares. 13,877 options expired during the year. 500,000 options exercisable at \$0.30 with an expiry date of 30 July 2013, 3,230,770 options exercisable at \$0.26 with an expiry date of 18 December 2012, 1,000,000 options exercisable at \$0.28 with an expiry date of 23 February 2013, 1,000,000 options exercisable at \$0.35 with an expiry date of 23 February 2013 and 1,000,000 options exercisable at \$0.40 with an expiry date of 23 February 2013 were issued. Since the end of the financial year, 750,000 options exercisable at \$0.20 with an expiry date of 8 August 2014 and 550,000 options exercisable at \$0.20 with an expiry date of 24 August 2014 were issued.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Michael Haynes	4	4
Mr. Anthony Goddard	4	4
Mr. Rhod Grivas	4	4
Mr. Faldi Ismail	4	4

Directors' Report

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Coventry Resources Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Coventry Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. A copy of that declaration is included at page 50 of this report.

There were no non-audit services provided by the Company's auditor.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of Coventry Resources Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company and the Group, and includes the executives in the Company and the Group receiving the highest remuneration.

Details of Key Management Personnel

Mr Michael Haynes	Executive Chairman
Mr Anthony Goddard	Technical Director
Mr Faldi Ismail	Non executive Director
Mr. Rhod Grivas	Non executive Director – appointed 2 August 2010
Ms. Beverley Nichols	Chief Financial Officer
Mr. Nicholas Day	Company Secretary
Mr. Nick Walker	Country Manager – Canada

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors and management. The Board assesses 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. The Company and the Group does not link the nature and amount of the emoluments of such officers to the Company's and the Group's financial or operational performance. Although share options issued as part of remuneration to the Key Management Personnel were not subject to a performance hurdle as these options were issued as a form of retention bonus and incentive package for the purpose of identifying, evaluating and proposing to the Group any new projects.

The lack of a performance link at this time is not considered to have a negative impact on retaining and motivating Directors.

Directors' Report

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and the Group and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter. The Company and the Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

The table below shows the performance of the Company and the Group as measured by loss per share since 30 June 2007:

As at 30 June	2011	2010	2009(*)	2008(*)	2007(*)
Loss per share (cents)	(0.98)	(1.67)	(47.60)	(124.71)	(374.4)
Share price at reporting date (cents)	17	17	44	44	66

(*) The loss per share was adjusted to reflect the recent share consolidations.

Details of the nature and amount of each element of the emolument of each key management personnel of the Company for the financial year are as follows:

2011	Short Term			Post Employment	Options	Total	Option related %
	Base Salary	Directors Fees	Consulting Fees	Superannuation	Share Based Payments		
Directors	\$	\$	\$	\$	\$	\$	
Mr. M Haynes	-	-	220,000	-	-	220,000	-
Mr. A Goddard	-	-	240,000	-	-	240,000	-
Mr. F Ismail	-	36,000	-	-	-	36,000	-
Mr. R Grivas*	-	32,083	12,100	-	30,285	74,468	40.67%
<i>Executive</i>							
Mr. N Walker	164,315	-	-	-	52,856	217,171	24.34%
Mr. N Day	-	-	61,000	-	-	61,000	-
Ms. B Nichols	-	-	56,000	-	-	56,000	-
	164,315	68,083	589,100	-	83,141	904,639	-

*Mr. Grivas was appointed on 2 August 2010

Directors' Report

2010	Short Term			Post	Options	Total	Option related
	Base Salary	Directors Fees	Consulting Fees	Employment Superannuation			
Directors	\$	\$	\$	\$	Share Based Payments	\$	%
Mr. M Haynes*	-	-	100,833	-	-	100,833	-
Mr. A Goddard*	-	-	164,995	-	-	164,995	-
Mr. F Ismail	-	36,000	-	-	-	36,000	-
Mr. P Wall**	-	-	-	-	-	-	-
Mr. De Mori**	-	15,000	-	-	-	15,000	-
<i>Executive</i>							
Mr. S Henbury**	-	-	-	-	-	-	-
Mr. R Walker **	-	-	-	-	-	-	-
Mr. S Funston***	-	-	40,000	-	-	40,000	-
Mr. N Walker *****	-	-	46,771	-	10,141	56,912	17.01%
Mr. N Day ****	-	-	2,200	-	-	2,200	-
Ms. B Nichols*****	-	-	6,000	-	-	6,000	-
	-	51,000	360,799	-	10,141	421,940	-

*Mr. Haynes and Mr. Goddard were both appointed on 27 October 2009

** Mr. Wall, Mr. De Mori, Mr. Walker and Mr. Henbury resigned on 27 October 2009

*** Mr. Funston was appointed on 27 October 2009 and resigned on 22 June 2010

**** Mr. Day was appointed on 22 June 2010

***** Ms. B Nichols was appointed on 1 May 2010

***** Mr. N Walker was appointed on 25 March 2010

There were no other key management personnel of the Company and the Group during the year. The share options issued as part of remuneration to the Key Management Personnel were not subject to a performance hurdle as these options were issued as a form of retention bonus and incentive package for the purpose of identifying, evaluating and proposing to the Group any new projects.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

	Grant Date	Grant Number	Vesting Date	Expiry Date/Last exercise date	Fair Value per option at grant date	Exercise price per option	Total value granted \$	% vested
30 June 2011								
N Walker	6/05/2010	250,000	25/03/2011	25/03/2015	\$0.1551	\$0.30	38,767	100%
	6/05/2010	250,000	25/03/2012	25/03/2015	\$0.1551	\$0.30	38,767	-
R Grivas	30/07/2010	250,000	30/07/2011	30/07/2013	\$0.09	\$0.30	22,008	-
	30/07/2010	250,000	30/07/2012	30/07/2013	\$0.09	\$0.30	22,008	-

Options granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 23.

Directors' Report

There were no alterations to the terms and conditions of options granted as remuneration since their grant. No employee options were exercised, forfeited or lapsed for the year ended 30 June 2011 (2010: Nil).

Executive Directors and other Key Management Personnel

Directors' and Executive remuneration is stipulated in consulting services agreements between the Company and the Directors' related entities. A summary of the key terms of the agreements are outlined below:

The Executive Chairman, Mr. Michael Haynes, is employed under a consulting services agreement, which commenced on 15 September 2009 for a period of twenty-four months, the agreement is in the process of being renewed. The agreement may be terminated by Mr. Haynes at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Haynes would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Director's fees will be paid to Mr. Haynes in addition to the fees paid under the consulting agreement.

The Technical Director, Mr. Anthony Goddard is employed under a consulting services agreement, which commenced on 15 September 2009 for a period of twenty-four months, the agreement is in the process of being renewed. The agreement may be terminated by Mr. Goddard at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Goddard would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Director's fees will be paid to Mr. Goddard in addition to the fees paid under the consulting agreement.

The Company Secretary, Mr. Nicholas Day consults to the Company and is remunerated on a monthly basis. Mr. Day's services may be terminated with three months notice.

The Chief Financial Officer, Ms. Beverley Nichols consults to the Company and is remunerated on a monthly basis. Ms. Nichols' services may be terminated with one months notice.

The Country Manager in Canada, Mr. Nicholas Walker is employed by the Company and is remunerated on a monthly basis. Mr. Walker's services may be terminated with one months notice.

Non-Executive Director

The Directors, Mr. Faldi Ismail and Mr. Rhod Grivas, are paid an annual Director's fee on a monthly basis and their services may be terminated by either party at anytime and effective immediately.

The aggregate remuneration for non-executive Directors Fees has been set at an amount not to exceed \$330,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

END OF REMUNERATION REPORT

Directors' Report

Signed on behalf of the board in accordance with a resolution of the Directors.



Michael Haynes

Executive Chairman

30 September 2011

Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by or under the supervision of Anthony Brendon Goddard. Mr Goddard is Technical Director of Coventry Resources Limited and a Member of the Australian Institute of Geoscientists. Mr Goddard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of disclosure for Mineral Projects). Mr Goddard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Peter Ball is the Manager of Data Geo. Mr Peter Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peter Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate Governance Statement

The Board of Directors of the Company is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company has established a set of corporate governance policies and procedures. These are based on the Australian Securities Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's Recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Company, refer to our website: www.coventryres.com.

Structure of the Board

The skills, experience and expertise of each Director in office at the date of the annual report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

- "An Independent Director is a Director who is not a member of management, is a non-executive Director and who:
- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another Group member;
- is not a significant consultant, supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another Group member other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, a majority of Directors are considered not independent due to the number of shares and share options held by each Director.

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense. Such advice is to be shared amongst other Directors.

The term in office held by each Director at the date of this report is as follows:

Name	Term in office
Mr. Michael Haynes	1 year and 11 months
Mr. Anthony Goddard	1 year and 11 months
Faldi Ismail	2 years and 4 months
Rhod Grivas	1 year and 2 months

Corporate Governance Statement

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Company is of sufficient size a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Company is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control.

Performance

The Board conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Company and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. The Board does not link the nature and amount of executive and Directors' emoluments to the Company's financial and operational performance.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for Directors and management. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Company is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Assurance

The CEO and CFO periodically provide formal statements to the Board that in all material aspects:

- the Company's financial statements present a true and fair view of the company's financial condition and operational results; and

Corporate Governance Statement

- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

Corporate Governance Compliance

During the financial year the Company has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent Directors.	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.2	The chairperson is not an independent director	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
4.1 and 4.2	The Company does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.
8.2	Non-executive directors receive options as a part of remuneration.	To attract and retain independent Non-executive directors with sufficient skills and experience to the Company, incentive options are required to form part of the remuneration package.

Statement of Comprehensive Income *for the year ended 30 June 2011*

	Notes	Consolidated	
		2011	2010
		\$	\$
Interest revenue		353,306	167,211
Revenue		353,306	167,211
Other income	4(a)	7,014	42,139
Public company costs		(78,024)	(54,138)
Consulting and directors fees		(734,236)	(388,525)
Legal fees		(99,302)	(128,258)
Staff costs		(148,230)	(79,736)
Serviced office and outgoings		(180,188)	(92,968)
Travel expenses		(247,524)	(327,081)
Other expenses	4(b)	(374,951)	(262,606)
Loss from continuing operations before income tax		(1,502,135)	(1,123,962)
Income tax expense	5	-	-
Loss from continuing operations after tax		(1,502,135)	(1,123,962)
Other Comprehensive Income/(loss)			
Foreign currency translation		(2,248,490)	367,125
Other comprehensive income/(loss) for the year		(2,248,490)	367,125
Total comprehensive loss for the year		(3,750,625)	(756,837)
Loss per share:			
Basic loss per share (cents per share)	17	(0.98)	(1.67)
Diluted loss per share (cents per share)	17	(0.98)	(1.67)

Statement of Financial Position as at 30 June 2011

	Notes	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	14(a)	7,968,108	6,039,292
Trade and other receivables	6	390,045	171,311
TOTAL CURRENT ASSETS		8,358,153	6,210,603
NON CURRENT ASSETS			
Plant and equipment	8	351,267	73,967
Deferred exploration and evaluation expenditure	9	22,321,346	16,793,462
TOTAL NON CURRENT ASSETS		22,672,613	16,867,429
TOTAL ASSETS		31,030,766	23,078,032
CURRENT LIABILITIES			
Trade and other payables	10	841,804	655,061
TOTAL CURRENT LIABILITIES		841,804	655,061
TOTAL LIABILITIES		841,804	655,061
NET ASSETS		30,188,962	22,422,971
EQUITY			
Issued Capital	11(a)	46,556,617	35,665,011
Reserves	12	1,393,824	3,017,304
Accumulated losses	13	(17,761,479)	(16,259,344)
TOTAL EQUITY		30,188,962	22,422,971

Statement of Cash Flows *for the year ended 30 June 2011*

	Notes	Consolidated	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,453,327)	(1,711,820)
Interest received		314,544	153,108
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14(b)	<u>(1,138,783)</u>	<u>(1,558,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(350,507)	(77,081)
Cash acquired on acquisition of Investment in Coventry Australia Pty Ltd		-	27,000
Expenditure on exploration		<u>(7,777,433)</u>	<u>(9,032,299)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(8,127,940)</u>	<u>(9,082,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		12,148,403	16,118,000
Share issue costs		<u>(958,892)</u>	<u>(976,451)</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u>11,189,511</u>	<u>15,141,549</u>
Net increase in cash and cash equivalents		1,922,788	4,500,457
Cash and cash equivalents at beginning of year		6,039,292	1,533,577
Net foreign exchange differences		6,028	5,258
CASH AND CASH EQUIVALENTS AT END OF YEAR	14(a)	<u>7,968,108</u>	<u>6,039,292</u>

Statement of Changes in Equity for the year ended 30 June 2011

Consolidated	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payment reserve \$	Option premium reserve \$	Total \$
At 1 July 2010	35,665,011	(16,259,344)	367,125	2,647,179	3,000	22,422,971
Loss for the year	-	(1,502,135)	-	-	-	(1,502,135)
Foreign currency translation	-	-	(2,248,490)	-	-	(2,248,490)
Total comprehensive (loss)/profit for the year	-	(1,502,135)	(2,248,490)	-	-	(3,750,625)
Transactions with owners in their capacity as owners						
Shareholder equity contribution	12,086,850	-	-	-	-	12,086,850
Shareholder options contribution	148,403	-	-	-	-	148,403
Transaction costs on share issue	(1,343,647)	-	-	-	-	(1,343,647)
Share based payments	-	-	-	625,010	-	625,010
At 30 June 2011	46,556,617	(17,761,479)	(1,881,365)	3,272,189	3,000	30,188,962
At 1 July 2009	15,204,000	(15,135,382)	-	-	3,000	71,618
Loss for the year	-	(1,123,962)	-	-	-	(1,123,962)
Foreign currency translation	-	-	367,125	-	-	367,125
Total comprehensive (loss)/profit for the year	-	(1,123,962)	367,125	-	-	(756,837)
Transactions with owners in their capacity as owners						
Shareholder equity contribution	23,120,000	-	-	-	-	23,120,000
Shareholder options contribution	100,000	-	-	-	-	100,000
Transaction costs on share issue	(2,758,989)	-	-	-	-	(2,758,989)
Share based payments	-	-	-	2,647,179	-	2,647,179
At 30 June 2010	35,665,011	(16,259,344)	367,125	2,647,179	3,000	22,422,971

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

1. Corporate Information

The financial report of Coventry Resources Limited ("Coventry" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

Coventry Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Summary of Significant Accounting Policies

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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(a) Compliance Statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

Changes in accounting policies and disclosures

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that became effective during the year. The adoption of the Standards or Interpretation did not have material impact on the financial statements of the Group.

New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2011, and no change to the Group's accounting policy is required.

Reference	Title	Summary	Application date for Group
IFRS 9	Financial Instruments	<p>IFRS 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The main changes from IAS 39 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for</p>	1 January 2013

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Reference	Title	Summary	Application date for Group
		<p>managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.</p> <p>(b) IFRS 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	
Amendments to IAS 1	Presentation of Financial Statements	The amendments to IAS 1 Presentation of Financial Statements require companies preparing financial statements in accordance with IFRS's to group together items within Other Comprehensive Income that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in Other Comprehensive Income and profit or loss should be presented as either a single statement or two consecutive statements.	1 July 2012
IAS 24 (Revised)	Related Party Disclosures (December 2009)	<p>The revised IAS 24 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</p> <p>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 January 2011

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Reference	Title	Summary	Application date for Group
Improvements to International Financial Reporting Standards (Issued 2010)	Further Amendments to International Accounting Standards arising from the Annual Improvements Project [IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13]	<p>Emphasises the interaction between quantitative and qualitative IAS 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in IAS 34 for significant events and transactions.</p> <p>Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>	1 January 2011
IFRS 7 (Revised)	Disclosures	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011
IFRS 10	Consolidated Financial Statements	<p>IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p>	1 January 2013
IFRS 11	Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.	1 January 2013

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Reference	Title	Summary	Application date for Group
IFRS 12	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about any joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013
IFRS 13	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013
IAS 19	Employee Benefits	The main amendments to the standard relating to defined benefit plans are as follows :- <ul style="list-style-type: none"> a. Elimination of the option to defer the recognition of actuarial gains and losses (the 'corridor method'); b. Remeasurements (essentially actuarial gains and losses) to be presented in other comprehensive income; and c. Past service cost will be expensed when the plan amendments occur regardless of whether or not they are vested. <p>The distinction between short-term and other long-term employee benefits under the revised standard is now based on expected timing of settlement rather than employee entitlement.</p> <p>The revised standard also requires termination benefits (outside of a wider restructuring) to be recognised only when the offer becomes legally binding and cannot be withdrawn.</p>	1 January 2013

The group has not elected to early adopt any new Standards or Interpretations and is in the process of assessing the impact of these new standards and interpretations on the Group's future financial statements.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Coventry Resources Limited and its subsidiaries as at 30 June each year ('the Group').

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

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Notes to the financial statements for the financial year ended 30 June 2011

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 obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(d) 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 balance date.

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

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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 future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

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Notes to the financial statements for the financial year ended 30 June 2011

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(g) Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the Statement of Comprehensive Income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Computer Equipment	33%
All other categories	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Derecognition

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Comprehensive Income.

(h) Exploration Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

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Notes to the financial statements for the financial year ended 30 June 2011

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(i) **Impairment of non financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or categories of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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Notes to the financial statements for the financial year ended 30 June 2011

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(k) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(l) Revenue

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

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

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

- costs of servicing equity (other than 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 elements.

(n) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the 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 at the beginning and end of the period.

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

Where 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 increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the 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.

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(p) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Coventry Resources Limited and Coventry Australia Pty Ltd is Australian dollars. The functional currency of the overseas subsidiaries is Canadian dollars.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

(q) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor.

Payments in relation to operating leases are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Coventry Resources Limited.

(s) 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.

Where 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 asset 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(u) Comparatives

Certain comparative figures have been reclassified to conform with current year presentation and disclosure requirements

3. Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of mineral resources and ore reserves

The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code'). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

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 using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

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

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Canadian subsidiary to be a foreign operation with Canadian dollars as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

Consolidated

2011	2010
\$	\$

4. Other income and expenses

(a) Other income

Foreign exchange gain	6,028	5,258
Other	986	36,881
	<u>7,014</u>	<u>42,139</u>

(b) Other expenses

Accounting and audit fees	151,935	181,196
Bank fees	14,241	3,542
Computer expenses	10,761	17,218
Insurance	31,242	12,148
Printing and stationery	16,840	5,684
Postage	5,102	1,460
Subscriptions	16,387	1,458
Telephone	24,370	2,533
Depreciation	14,057	763
Other	90,016	36,604
	<u>374,951</u>	<u>262,606</u>

5. Income Tax

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:

Loss from operations before income tax expense	<u>(1,502,135)</u>	<u>(1,123,962)</u>
Tax at the Group's tax rate of 30% (2010: 30%)	(450,641)	(337,189)
Expense of remuneration options	72,077	3,042
Other non deductible expenses	-	990
Income tax benefit not brought to account	378,564	333,157
	<u>-</u>	<u>-</u>

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Consolidated

2011
\$

2010
\$

Deferred tax

Statement of Financial Position

Liabilities

Capitalised exploration and evaluation expenditure	5,585,003	3,926,638
Accrued income	12,612	4,496
Offset by deferred tax assets	<u>(5,597,615)</u>	<u>(3,931,134)</u>
Deferred tax liability not recognised	-	-

Assets

Losses available to offset against future taxable income	6,298,833	4,257,391
Accrued expenses	<u>8,100</u>	<u>6,900</u>
	6,306,933	4,264,291
Deferred tax assets not brought to account as realisation is not regarded as probable	(709,318)	(333,157)
Deferred tax assets offset against deferred tax assets / (liabilities)	<u>(5,597,615)</u>	<u>(3,931,134)</u>
Deferred tax asset not recognised	-	-

Unused tax losses

Unused tax losses	<u>2,364,392</u>	<u>1,110,523</u>
Potential tax benefit not recognised at 30%	<u>709,318</u>	<u>333,157</u>

The benefit for tax losses will only be obtained if:

- (i) the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

6. Trade and Other Receivables - Current

GST receivable	278,119	67,223
Accrued interest income	42,042	14,987
Other	<u>69,884</u>	<u>89,101</u>
	<u>390,045</u>	<u>171,311</u>

Other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. The balances are neither past due nor impaired and fully collectible. Due to the short term nature, their carrying value is assumed to approximate their fair value.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

7. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(c). Details of subsidiary companies are as follows:

Name	Country of Incorporation	% Equity Interest	
		2011	2010
Coventry Australia Pty Ltd	Australia	100%	100%
Coventry Resources Ontario Inc.	Canada	100%	100%
Cameron Holdings Cooperatief U.A.	The Netherlands	100%	100%
2235411 Ontario Inc.	Canada	100%	100%
Cameron Gold Operations Ltd	Canada	100%	100%
Coventry Rainy Inc ¹	Canada	100%	-

¹Coventry Rainy Inc was incorporated during the year.

8. Plant and Equipment

	Consolidated	
	2011	2010
	\$	\$
Plant and Equipment		
Cost	73,288	29,307
Accumulated depreciation	(5,418)	(2,256)
Net carrying amount	67,870	27,051
Camp		
Cost	226,569	1,334
Accumulated depreciation	(20,764)	(100)
Net carrying amount	205,805	1,234
Motor Vehicles		
Cost	93,671	43,570
Accumulated depreciation	(26,926)	(363)
Net carrying amount	66,745	43,207
Office Furniture and Fixtures		
Cost	10,963	-
Accumulated depreciation	(1,644)	-
Net carrying amount	9,319	-
Computer Equipment		
Cost	2,870	2,870
Accumulated depreciation	(1,342)	(395)
Net carrying depreciation	1,528	2,475
Total Plant and Equipment	351,267	73,967

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Consolidated

2011 2010
\$ \$

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

Plant and Equipment

Carrying amount at beginning of year	27,051	-
Additions	47,405	29,307
Depreciation expense	(3,162)	(2,256)
Net exchange differences on translation	(3,424)	-
Carrying amount at end of year	67,870	27,051

Camp

Carrying amount at beginning of year	1,234	-
Additions	233,538	1,334
Depreciation expense	(20,664)	(100)
Net exchange differences on translation	(8,303)	-
Carrying amount at end of year	205,805	1,234

Motor Vehicles

Carrying amount at beginning of year	43,207	-
Additions	57,858	43,570
Depreciation expense	(26,563)	(363)
Net exchange differences on translation	(7,757)	-
Carrying amount at end of year	66,745	43,207

Office Furniture and Fixtures

Carrying amount at beginning of year	-	-
Additions	11,706	-
Depreciation expense	(1,644)	-
Net exchange differences on translation	(743)	-
Carrying amount at end of year	9,319	-

Computer Equipment

Carrying amount at beginning of year	2,475	-
Additions	-	2,870
Depreciation expense	(947)	(395)
Net exchange differences on translation	-	-
Carrying amount at end of year	1,528	2,475

Total Plant and Equipment	351,267	73,967
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Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

9. Deferred Exploration and Evaluation Expenditure

	Consolidated	
	2011	2010
	\$	\$
Exploration and evaluation		
At cost	22,321,346	16,793,462
Accumulated impairment	-	-
Total exploration and evaluation	22,321,346	16,793,462
Carrying amount at beginning of the year	16,793,462	-
Exploration expenditure during the year	7,777,433	15,938,962
Net exchange differences on translation	(2,249,549)	854,500
Carrying amount at end of year	22,321,346	16,793,462

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependant on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

10. Trade and Other Payables

Trade payables	652,290	525,725
Other creditors	189,514	129,336
	841,804	655,061

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30 day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

11. Issued Capital

(a) Issued capital

Ordinary shares fully paid	46,556,617	35,665,011
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Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

	2011		2010	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
At 1 July	127,133,511	35,665,011	183,570,967	15,204,000
Capital raising at \$0.005	-	-	400,000,000	2,000,000
Consolidation of capital at 1:20	-	-	(554,392,003)	-
Capital raising at \$0.26	46,153,846	12,000,000	-	-
Issue of shares for the purchase of mineral claims	405,000	68,850	-	-
Issue of shares for the purchase of Nucanolan Property	50,000	12,500	-	-
Issue of shares and options to Coventry Australia shareholders	-	-	15,000,002	3,000,000
Capital raising at \$0.20	-	-	25,000,000	5,000,000
Exercise of options at \$0.20	742,013	148,403	500,000	100,000
Capital raising at \$0.22	-	-	45,454,545	10,000,000
Issue of shares for the purchase of the Roy Property	20,000	5,500	12,000,000	3,120,000
Transaction costs on share issue	-	(1,343,647)	-	(2,758,989)
At 30 June	174,504,370	46,556,617	127,133,511	35,665,011

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to \$30,188,962 at 30 June 2011 (2010: \$22,422,971). The Company manages its capital to ensure its ability to continue as a going concern and to optimize returns to its shareholders. The Company was ungeared at year end. Refer to note 22 for further information on the Company's financial risk management policies. There are no externally imposed capital requirements.

(e) Share options

Information relating to the Coventry Resources Limited Employee Share Option Plan, including details of options issued under the plan, is set out in note 23.

As at 30 June 2011, there were 36,498,128 unissued ordinary shares under options. The details of the options at reporting date are as follows:

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Number	Exercise Price \$	Expiry Date
19,257,982	0.20	30/04/13
3,230,770	0.26	18/12/12
1,000,000	0.28	23/02/13
10,000,000	0.30	30/01/13
500,000	0.30	25/03/13
500,000	0.30	30/07/13
1,000,000	0.35	23/02/13
1,000,000	0.40	23/02/13
9,376	\$48.00	08/01/12
36,498,128		

During the financial year, 742,013 options were exercised at \$0.20 to acquire fully paid ordinary shares. 13,877 options expired during the year. 500,000 options exercisable at \$0.30 with an expiry date of 30 July 2013, 3,230,770 options exercisable at \$0.26 with an expiry date of 18 December 2012, 1,000,000 options exercisable at \$0.28 with an expiry date of 23 February 2013, 1,000,000 options exercisable at \$0.35 with an expiry date of 23 February 2013 and 1,000,000 options exercisable at \$0.40 with an expiry date of 23 February 2013 were issued. Since the end of the financial year, 750,000 options exercisable at \$0.20 with an expiry date of 8 August 2014 and 550,000 options exercisable at \$0.20 with an expiry date of 24 August 2014 were issued.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

	Consolidated	
	2011	2010
	\$	\$
12. Reserves		
Share based payment reserve	3,272,189	2,647,179
Option premium reserve	3,000	3,000
Foreign currency translation reserve	(1,881,365)	367,125
	1,393,824	3,017,304
Movement in reserves:		
<i>Share based payment reserve</i>		
At 1 July	2,647,179	-
Share based payment expense	625,010	2,647,179
A 30 June	3,272,189	2,647,179

The Share based payment reserve is used to record the value of equity benefits provided to Directors and individuals acting as employees as part of their remuneration. Refer to note 23 for further details of this plan.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
<i>Option Premium reserve</i>		
At 1 July	3,000	3,000
Options exercised	-	-
At 30 June	<u>3,000</u>	<u>3,000</u>

The Options Premium reserve is used to record the premium paid on the issue of listed options.

<i>Foreign currency translation reserve</i>		
At 1 July	367,125	-
Foreign currency translation	<u>(2,248,490)</u>	<u>367,125</u>
At 30 June	<u>(1,881,365)</u>	<u>367,125</u>

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(p). The reserve is recognised in profit and loss when the net investment is disposed of.

13. Accumulated Losses

Movements in accumulated losses were as follows:

At 1 July	16,259,344	15,135,382
Net Loss for the year	<u>1,502,135</u>	<u>1,123,962</u>
At 30 June	<u>17,761,479</u>	<u>16,259,344</u>

14. Cash and Cash Equivalents

(a) Reconciliation of cash

Cash balance comprises:

Cash at bank	3,968,108	3,039,292
Term deposits	<u>4,000,000</u>	<u>3,000,000</u>
Total cash and cash equivalents	<u>7,968,108</u>	<u>6,039,292</u>

(b) Reconciliation of the net loss after tax to the net cash flows from operations

Net loss after tax (1,502,131) (1,123,962)

Adjustments for:

Foreign exchange (gain) / losses	(6,028)	(5,258)
Depreciation	14,057	763
Share based payment	240,255	10,141

Changes in assets and liabilities:

(Increase) / decrease in receivables	4,237	(148,398)
Increase / (decrease) in trade and other creditors	8,726	(255,224)
Increase/(decrease) in provisions	<u>102,101</u>	<u>(36,774)</u>
Net cash flow used in operating activities	<u>(1,138,783)</u>	<u>(1,558,712)</u>

Non-cash financing activities are as follows:

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

- Share-based payments as discussed in note 23; and issue of shares to acquire the Cameron Gold Project (\$3.120 million) and Coventry Australia Pty Ltd (\$3 million).

15. Expenditure Commitments

Rental and services agreement

The Group entered a service agreement administrative services and office space for a term of 24 months. The Group is required to give three months written notice to terminate the agreement.

The Company entered into a rental agreement for office space in Toronto, Canada for a period of 30 months. The lease is subject to annual operating costs adjustments. These amounts have not been included as the amounts remain uncertain at 30 June 2011. The Company is required to give written notice to terminate the agreement.

The expenditure commitments relating to the above two offices are as follows:

	Consolidated	
	2011	2010
	\$	\$
Within one year	178,465	152,788
After one year but not longer than 5 years	26,093	87,843
	204,558	240,631

Expenditure commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

Within one year	444,938	144,233
After one year but not longer than 5 years	1,046,459	130,041
Greater than 5 years	-	-
	1,491,397	274,274

At 30 June 2011 the Group had expenditure commitments of \$1,491,397 and commitments to issue 1,195,000 shares relating to property acquisitions. The Group has the right to earn an 80% interest in The Nucanolan Property by spending CAD\$1.0 million on exploration over the next three years which is included in the above.

Remuneration commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated	
	2011	2010
	\$	\$
Within one year	104,167	99,685

16. Subsequent Events

The Group issued the following options after the reporting date:

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Type of option	Grant date	Expiry date	Exercise price	Number of options	Value of options	Vesting conditions
Employee	08/08/2011	08/08/2014	\$0.20	200,000	13,852	50% to vest immediately 50% to vest after 12 months
Consultant	08/08/2011	08/08/2014	\$0.20	550,000	38,093	50% to vest immediately 50% to vest after 12 months
Employee	24/08/2011	24/08/2014	\$0.20	500,000	46,570	50% to vest immediately 50% to vest after 12 months
Consultant	24/08/2011	24/08/2014	\$0.20	50,000	4,657	50% to vest immediately 50% to vest after 12 months

On 14 September 2011, the Group issued 40,000 ordinary shares to secure minerals claims in Ontario, Canada.

There are no other subsequent events after the balance date that may significantly affect the operations, the results of operations or the state of affairs in the future financial years.

17. Loss Per Share

	Consolidated	
	2011	2010
	\$	\$
Loss used in calculating basic and diluted EPS	(1,502,135)	(1,123,962)

	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share:	152,753,614	67,493,660
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	152,753,614	67,493,660

There is no impact from 36,498,128 options outstanding at 30 June 2011 (2010: 30,523,248 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

	Consolidated	
	2011	2010
	\$	\$

18. Auditors Remuneration

The auditor of Coventry Resources Limited is Ernst & Young (Australia)
Amounts received or due and receivable by Ernst & Young (Australia) for:
- an audit or review of the financial report of the entity and any other entity in the Consolidated group

39,140	32,445
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Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

19. Key Management Personnel Disclosures

(a) Details of Key Management Personnel

Mr Michael Haynes	Executive Chairman
Mr Anthony Goddard	Technical Director
Mr Faldi Ismail	Non executive Director
Mr. Rhod Grivas	Non executive Director – appointed 2 August 2010
Ms. Beverley Nichols	Chief Financial Officer
Mr. Nicholas Day	Company Secretary
Mr. Nick Walker	Country Manager – Canada

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2011	2010
	\$	\$
Short term employee benefits	821,498	411,799
Post employment benefits	-	-
Share based payments	83,141	10,141
Total compensation	904,639	421,940

(c) Shareholdings of Key Management Personnel

Share holdings

The number of shares in the company held during the financial year by each director of Coventry Resources Limited, including their personally related parties, is set out below. There were no shares granted during the current or prior reporting period as compensation.

2011	Balance at the start of the year	Granted during the year	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M Haynes	3,891,086	-	-	-	3,891,086
Mr. A Goddard	4,358,696	-	-	-	4,358,696
Mr. F Ismail	169,884	-	-	130,116	300,000
Mr. R Grivas	-	-	-	35,000	35,000

2010	Balance at the start of the year	Granted during the year	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M Haynes	-	-	-	3,891,086*	3,891,086
Mr. A Goddard	-	-	-	4,358,696*	4,358,696
Mr. F Ismail	3,397,672	-	-	(3,227,788)**	169,884
Mr. P Wall (resigned 27 October 2009)	8,000,000	-	-	(8,000,000)	-
Mr. E De Mori (resigned 27 October 2009)	3,000,000	-	-	(3,000,000)	-

* received as consideration for the purchase of Coventry Australia Pty Ltd

** Changes as a result of the 1:20 share consolidation during the year

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(c) Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Coventry Resources Limited and specified executive of the group, including their personally related parties, are set out below:

2011	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Mr. M Haynes	1,258,695	-	-	-	1,258,695
Mr. A Goddard	1,369,565	-	-	-	1,369,565
Mr. F Ismail	152,516	-	-	-	152,516
Mr. R Grivas	-	500,000	-	-	500,000
Mr. N Walker	500,000	-	-	-	500,000

2010	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Mr. M Haynes	-	-	-	1,258,695*	1,258,695
Mr. A Goddard	-	-	-	1,369,565*	1,369,565
Mr. F Ismail	3,050,200	-	-	(2,897,684)**	152,516
Mr. P Wall (resigned 27 October 2009)	13,050,200	-	-	(13,050,200)	-
Mr. E De Mori (resigned 27 October 2009)	10,500,000	-	-	(10,500,000)	-
Mr. N Walker (appointed 29 March 2010)	-	500,000	-	-	500,000

* received as consideration for the purchase of Coventry Australia Pty Ltd

** Changes as a result of the 1:20 share consolidation during the year

There was no grant of options as remuneration to Key Management Personnel during the years ended 30 June 2011 and 30 June 2010. Options were granted as an incentive package for the purpose of identifying, evaluating and proposing to the Group new projects. 250,000 options vested during 30 June 2011 and no options were vested during the year ended 30 June 2010.

Options granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 23.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No employee options were exercised for the year ended 30 June 2011 (2010: Nil).

(d) Other transactions with key management personnel

MQB Ventures Pty Ltd, a company of which Mr. Michael Haynes is a director, provided the company with a fully serviced office including administration support for a fee totalling \$140,000 (2010: \$90,000) during the year. MQB Ventures Pty Ltd employs geological and accounting staff which are on charged at cost to the Company for an amount totalling \$61,993 (2010: \$17,315). Reimbursements, at cost, for couriers and other minor expenses, totalled \$13,127 (2010: \$11,722). \$21,944 was outstanding at year end (2010: \$16,109)

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

Bullseye Geoservices Pty Ltd, a company of which Mr. Michael Haynes is a director and is engaged by Coventry to provide a consultant, was paid consultancy fees of \$220,000 (2010: \$100,833) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$20,833 was outstanding at year end (2010: \$13,333).

Intellex Geoscience, a company of which Mr. Anthony Goddard is a director, was paid consultancy fees of \$240,000 (2010: \$164,995) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$11,041 was outstanding at year end (2010: \$18,333).

Romfal Corporate, a company of which Mr. Faldi Ismail is a director, was paid directors fees of \$36,000 (2010: \$36,000) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$3,000 was outstanding at year end (2010: \$3,000).

Argento Trust, a company of which Mr. N Day is a director, was paid consulting fees of \$61,000 (2010: \$2,200) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$5,500 was outstanding at year end (2010: \$2,200).

20. Related Party Disclosures

The ultimate parent entity is Coventry Resources Limited. Refer to Note 7 Investment in Subsidiaries for a list of all subsidiaries.

For Director related party transactions please refer to Note 19 "Key Management Personnel Disclosures". There were no other related party transactions during the year (2010: nil).

21. Operating Segment

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for gold. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue (interest revenue) earned by the Group is generated in Australia and all the Group's non current assets reside in Canada.

22. Financial Risk Management

Exposure to interest rate, liquidity, commodity price risk and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2011 and 30 June 2010, all financial liabilities contractually mature within 30 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2011	2010
	\$	\$
Cash and cash equivalents	7,968,108	6,039,292

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Change in Basis Points	Effect on Post Tax Loss		Effect on Equity	
	Increase/(Decrease)		Increase/(Decrease)	
Judgements of reasonably possible	2011	2010	2011	2010
movements:	\$	\$	\$	\$
Increase 100 basis points	79,681	60,393	79,681	60,393
Decrease 100 basis points	(79,681)	(60,393)	(79,681)	(60,393)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2010.

(c) Commodity Price Risk

The Group is exposed to commodity price risk from its activities directed at exploration for commodities. A fall in the price of mineral commodities may result in a decline of market sentiment thus affecting our ability to raise additional capital in the future.

(d) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the Statement of Financial Position. The Group holds financial instruments with credit worthy third parties.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

At 30 June 2011, the Group held cash and term deposits. Cash and term deposits were held with an institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2011 (2010: Nil).

(e) Foreign Currency Risk Exposures

As a result of operations in Canada and expenditure in Canadian dollars, the Group's statement of financial position can be affected by movements in the CAD\$/AUD\$ exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by holding a majority of its cash in Canadian dollars to match expenditure commitments.

23. Share Based Payment Plans

(a) Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the year as part of share based payment expense were as follows:

	Consolidated	
	2011	2010
	\$	\$
Options issued under employee option plan	83,141	10,141

(b) Employee share based payment plan

The Group has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of Coventry Resources and its subsidiaries. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Coventry Resources and its subsidiaries.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summaries options granted under ESOP:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
06/05/2010	25/03/2015	\$0.30	500,000 ¹	-	-	-	500,000	250,000
30/07/2010	30/07/2013	\$0.30	-	500,000 ²	-	-	500,000	-
23/02/2011	23/02/2013	\$0.28	-	1,000,000 ³	-	-	1,000,000	1,000,000
23/02/2011	23/02/2013	\$0.35	-	1,000,000 ⁴	-	-	1,000,000	-
23/02/2011	23/02/2013	\$0.40	-	1,000,000 ⁵	-	-	1,000,000	-
			500,000	3,500,000	-	-	4,000,000	1,250,000
Weighted average exercise price			\$0.30					\$0.33
Weighted remaining contractual life (years)			4.74					1.97

¹ 50% options vest after 12 months continuous employment and remaining 50% options vest after 24 months continuous employment.

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

² 50% options vest 12 months from the date of issue and remaining 50% options vest 24 months from the date of issue.

³ 100% to vest immediately.

⁴ 100% to vest if the Company trades at greater than \$0.35 per share for 10 consecutive days at any time during 2011.

⁵ 100% to vest if the Company trades at greater than \$0.40 per share for 10 consecutive days at any time during 2011.

(c) Share-based payment - Exploration expenditure

475,000 ordinary shares were issued during the financial year for purchases made (refer to note 11). The fair value of the shares at the date of receiving the assets amounting to \$86,850 which was used to record the transactions as the fair value of the underlying assets could not be measured reliably.

During the year, the group also issued 3,230,770 options with an exercise price of \$0.26, expiring on 18 December 2012. These were valued at \$157,114.

(d) Share based payment - Capital raising expenses

The table below summaries options granted to suppliers:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
29/08/2009	30/06/2013	\$0.20	3,500,000	-	-	-	3,500,000	3,500,000
06/05/2010	30/01/2013	\$0.30	10,000,000	-	-	-	10,000,000	10,000,000
23/12/2010	18/12/2012	\$0.26	-	3,230,770	-	-	3,230,770	3,230,770
			13,500,000	3,230,770	-	-	16,730,770	16,730,770
Weighted remaining contractual life (years)			2.7	-	-	-	1.7	1.8
Weighted average exercise price			\$0.27	-	-	-	\$0.27	\$0.27

The weighted average fair value of options granted during 2011 was \$0.16 (2009: \$0.133).

The model inputs, not included in the tables above, for options granted during the year ended 30 June 2011 included:

- (a) options are granted for no consideration and vesting immediately;
- (b) expected life of options were 2 years;
- (c) share price at grant date was \$0.29;
- (d) expected volatility was 93.3%;
- (e) expected dividend yield of Nil; and
- (f) a risk free interest rate was 5.21%.

24. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2011.

The balance of the franking account is Nil as at 30 June 2011 (2010: Nil).

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

25. Information relating to Coventry Resources Limited (“the parent entity”)

	2011	2010
	\$	\$
Current assets	7,685,892	3,879,143
Total assets	30,352,383	22,595,221
Current liabilities	163,421	172,250
Total liabilities	163,421	172,250
Issued capital	46,556,617	35,665,011
Retained losses	(19,642,844)	(15,892,219)
Share based payment reserve	3,272,189	2,647,179
Option reserve	3,000	3,000
	<u>30,188,962</u>	<u>22,422,971</u>
(Loss) of the parent entity	(3,750,265)	(756,837)
Total comprehensive (loss) of the parent entity	(3,750,265)	(756,837)

Coventry Resources Limited

Notes to the financial statements for the financial year ended 30 June 2011

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Coventry Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity 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 ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) 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 ending 30 June 2011.

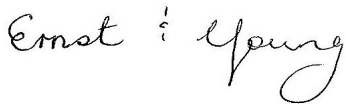
On behalf of the Board



Michael Haynes
Executive Chairman
30 September 2011

Auditor's Independence Declaration to the Directors of Coventry Resources Limited

In relation to our audit of the financial report of Coventry Resources Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'F Drummond'.

F Drummond
Partner
Perth
30 September 2011

Independent auditor's report to the members of Coventry Resources Limited

Report on the financial report

We have audited the accompanying financial report of Coventry Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

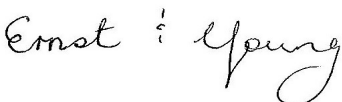
- a. the financial report of Coventry Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'F Drummond'.

F Drummond
Partner
Perth
30 September 2011

Coventry Resources Limited

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The additional information was applicable as at 26 September 2011.

DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of listed equity security holders by size of holding:

Category			Number of Shareholders
1	-	1,000	673
1,001	-	5,000	123
5,001	-	10,000	99
10,001	-	100,000	572
100,001	and over		211
			<hr/> 1678 <hr/>

There are 746 shareholders holding less than a marketable parcel of ordinary shares.

STATEMENT OF RESTRICTED SECURITIES

8,766,625 Ordinary Shares restricted until 30/10/11.

6,688,042 Options over Ordinary Shares -exercise price 20cents - expiring 30 April 2013 - restricted until 22 October 2011.

SUBSTANTIAL SHAREHOLDERS

There are two substantial shareholders as defined under the Corporations Act 2001.

Name	Number of Equity	Voting
	Securities	Power %
Macquarie Bank Limited <Metals & Energy Cap Div A/C>	15,209,790	9.17
Nuinsco Resources Limited	10,000,000	6.03

VOTING RIGHTS

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

ORDINARY SHARES

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

OPTIONS

These securities have no voting rights.

Coventry Resources Limited

TOP 20 SHAREHOLDERS

Name of Holder	Number of Shares Held	Percentage of Capital
NATIONAL NOMINEES LIMITED	15,534,871	9.37
MACQUARIE BANK LIMITED <METALS & ENERGY CAP DIV A/C>	15,209,790	9.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	10,814,616	6.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,118,537	4.90
CITICORP NOMINEES PTY LIMITED	7,030,423	4.24
DECK CHAIR HOLDINGS PTY LTD	5,290,000	3.19
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY S/F NO2 A/C>	3,000,000	1.81
TESTON INVESTMENTS PTY LTD <DON MARTIN SUPER FUND A/C>	2,200,000	1.33
PERTH INVESTMENT CORPORATION LTD	1,872,923	1.13
ALLIED STRATEGIC RESOURCES LIMITED	1,805,693	1.09
CRAMM NOMINEES PTY LIMITED	1,551,068	0.94
DAANCH PTY LTD <SPENCER HOLDINGS A/C>	1,450,000	0.87
SPAR NOMINEES PTY LTD	1,429,623	0.86
UBS NOMINEES PTY LTD	1,391,260	0.84
MR JONATHAN CHARLES MITCHELL	1,360,000	0.82
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,290,177	0.78
MR JEFFREY LEE SCHRULL	1,080,000	0.65
MR EMANUEL JOSE FERNANDES DIAS	1,040,129	0.63
FULLERTON PRIVATE CAPITAL PTY LIMITED	1,000,000	0.60
FLORIN MINING INVESTMENT COMPANY LIMITED <TRADING A/C>	984,224	0.59
	83,453,334	50.34

Coventry Resources Limited

UNQUOTED EQUITY SECURITIES

Class	Number of securities	Number of holders	Holders with more than 20%									
			Name	Number of shares								
Ordinary Shares restricted for 24 months from 30/10/09.	8,766,625	5	<table border="1"> <tr> <th>Name</th> <th>Number of shares</th> </tr> <tr> <td>Ms Karen Jennifer Pittard</td> <td>3,733,694</td> </tr> <tr> <td>Tim Flavel</td> <td>1,222,826</td> </tr> <tr> <td>Bullseye Geoservices Pty Ltd</td> <td>3,528,584</td> </tr> </table>	Name	Number of shares	Ms Karen Jennifer Pittard	3,733,694	Tim Flavel	1,222,826	Bullseye Geoservices Pty Ltd	3,528,584	
Name	Number of shares											
Ms Karen Jennifer Pittard	3,733,694											
Tim Flavel	1,222,826											
Bullseye Geoservices Pty Ltd	3,528,584											
Options exercisable at \$0.26 on or before 18/12/12.	3,230,770	2	<table border="1"> <tr> <th>Name</th> <th>Number of shares</th> </tr> <tr> <td>Blackswan Corporate Pty Ltd</td> <td>1,615,385</td> </tr> <tr> <td>Thomas Weisel Capital</td> <td>1,615,385</td> </tr> </table>	Name	Number of shares	Blackswan Corporate Pty Ltd	1,615,385	Thomas Weisel Capital	1,615,385			
Name	Number of shares											
Blackswan Corporate Pty Ltd	1,615,385											
Thomas Weisel Capital	1,615,385											
Options exercisable at \$0.20 on or before 30/04/13.	1,496,733	28										
Options exercisable at \$0.20 on or before 30/04/13.	11,073,207	21	<table border="1"> <tr> <th>Name</th> <th>Number of shares</th> </tr> <tr> <td>Cuckfield Pty Ltd</td> <td>2,200,000</td> </tr> <tr> <td>Mahsor Holdings Pty Ltd</td> <td>2,200,000</td> </tr> </table>	Name	Number of shares	Cuckfield Pty Ltd	2,200,000	Mahsor Holdings Pty Ltd	2,200,000			
Name	Number of shares											
Cuckfield Pty Ltd	2,200,000											
Mahsor Holdings Pty Ltd	2,200,000											
Options exercisable at \$0.20 on or before 30/04/13(Escrow until 22 October 2011).	6,688,042	6	<table border="1"> <tr> <th>Name</th> <th>Number of shares</th> </tr> <tr> <td>Ms Karen Jennifer Pittard</td> <td>1,369,565</td> </tr> <tr> <td>Cygnat Capital Pty Ltd</td> <td>3,500,000</td> </tr> </table>	Name	Number of shares	Ms Karen Jennifer Pittard	1,369,565	Cygnat Capital Pty Ltd	3,500,000			
Name	Number of shares											
Ms Karen Jennifer Pittard	1,369,565											
Cygnat Capital Pty Ltd	3,500,000											
Options exercisable at \$0.30 on or before 30/01/13.	10,000,000	17	<table border="1"> <tr> <th>Name</th> <th>Number of shares</th> </tr> <tr> <td>Deck Chair Holdings Pty Ltd</td> <td>2,027,893</td> </tr> <tr> <td>Mahsor Holdings Pty Ltd</td> <td>2,027,893</td> </tr> </table>	Name	Number of shares	Deck Chair Holdings Pty Ltd	2,027,893	Mahsor Holdings Pty Ltd	2,027,893			
Name	Number of shares											
Deck Chair Holdings Pty Ltd	2,027,893											
Mahsor Holdings Pty Ltd	2,027,893											

Coventry Resources Limited

Options exercisable at \$0.30 on or before 25/03/15.	500,000	1	Nick Walker										
Options exercisable at \$0.30 on or before 30/07/13.	500,000	1	Rhod Grivas										
Options exercisable at \$48.00 on or before 08/01/12.	9376	2	Rodney Pickup Tom Simms										
Options exercisable at \$0.28 on or before 23/02/2013.	1,000,000	1	Jackie Au Yeung										
Options exercisable at \$0.35 on or before 23/02/2013.	1,000,000	1	Jackie Au Yeung										
Options exercisable at \$0.40 on or before 23/02/2013.	1,000,000	1	Jackie Au Yeung										
Options exercisable at \$0.20 on or before 8/08/2014.	750,000	3	<table border="1"> <thead> <tr> <th><i>Name</i></th> <th><i>Number of shares</i></th> </tr> </thead> <tbody> <tr> <td>Beverley Nichols</td> <td>150,000</td> </tr> <tr> <td>Nicholas Day</td> <td>200,000</td> </tr> <tr> <td>Ming Jang</td> <td>200,000</td> </tr> <tr> <td>Nick Walker</td> <td>200,000</td> </tr> </tbody> </table>	<i>Name</i>	<i>Number of shares</i>	Beverley Nichols	150,000	Nicholas Day	200,000	Ming Jang	200,000	Nick Walker	200,000
<i>Name</i>	<i>Number of shares</i>												
Beverley Nichols	150,000												
Nicholas Day	200,000												
Ming Jang	200,000												
Nick Walker	200,000												
Options exercisable at \$0.20 on or before 24/08/2014.	550,000		Issued under employee incentive scheme										