
GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
AND THE PERIOD FROM JULY 24, 2009 (date of incorporation)
TO JUNE 30, 2010

(Expressed in Canadian Dollars, unless otherwise stated)



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7

Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Golden Peaks Resources Ltd.

We have audited the accompanying consolidated financial statements of Golden Peaks Resources Ltd. which comprise the consolidated statement of financial position as at June 30, 2011, and the consolidated statements of loss, comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Peaks Resources Ltd. as at June 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with IFRS.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Golden Peaks Resources Ltd. to continue as a going concern.



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7

Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

Other Matter

During the year ended June 30, 2011, Golden Peaks Resources Ltd. entered into a reverse acquisition transaction with Reliance Resources Ltd. Accordingly, the consolidated financial statements have been prepared under the name of Golden Peaks Resources Ltd. but are a continuation of the financial statements of Reliance Resources Ltd. The comparative information presented in those financial statements has been retroactively adjusted to reflect the legal capital of Golden Peaks Resources Ltd. and a change in presentation currency from Australian dollars to Canadian dollars.

The financial statements of Reliance Resources Ltd. as at June 30, 2010 and for the period from July 24, 2009 to June 30, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on October 28, 2010. As part of our audit of the 2011 consolidated financial statements, we audited the adjustments described in Note 18 and that were applied to amend the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2010 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 financial statements taken as a whole.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

October 13, 2011

GOLDEN PEAKS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	June 30, 2011 \$	June 30, 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,651,214	24,290
Receivables	4	64,147	14,301
Other assets	5	<u>65,360</u>	<u>8,270</u>
Total current assets		<u>3,780,721</u>	<u>46,861</u>
Non-current assets			
Property, plant and equipment	6	351,690	-
Resource interests	7	<u>6,655,114</u>	<u>118,725</u>
Total non-current assets		<u>7,006,804</u>	<u>118,725</u>
TOTAL ASSETS		<u>10,787,525</u>	<u>165,586</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	1,375,385	151,957
Share subscriptions received		-	556,183
Due to Avocet Mining PLC	9	<u>177,015</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,552,400</u>	<u>708,140</u>
EQUITY (DEFICIENCY)			
Common shares	10	12,547,629	3
Reserves		30,778	-
Deficit		(4,263,824)	(542,557)
Foreign currency translation reserve		<u>269,615</u>	<u>-</u>
Total equity (deficiency) attributable to equity holders of the Company		8,584,198	(542,554)
Non-controlling interests		<u>650,927</u>	<u>-</u>
		<u>9,235,125</u>	<u>(542,554)</u>
TOTAL LIABILITIES AND EQUITY		<u>10,787,525</u>	<u>165,586</u>

These consolidated financial statements were approved and authorised for issue by the Board of Directors on October 13, 2011 and are signed on its behalf by:

/s/ Scott Emerson
 Scott Emerson
 Director

/s/ Gary Lewis
 Gary Lewis
 Director

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS
(Expressed in Canadian Dollars)

	Notes	Year Ended June 30, 2011 \$	Period from July 24, 2009 (date of incorporation) to June 30 2010 \$
Revenue			
Interest income		20,648	4,660
Expenses			
Exploration			
Exploration manager		156,101	65,675
Geologists		445,998	-
Geology consultants		546,861	2,265
Geophysics		3,816	602
Drilling		-	25,225
Travel		3,337	48,158
		1,156,113	141,925
Administration			
Acquisition and due diligence costs		525,186	124,584
Depreciation		22,928	-
Employee benefits expense		808,496	154,036
Information technology		12,515	18,042
Marketing expense		30,369	9,609
Professional fees		735,628	30,366
Rent		41,665	11,935
Travel and meeting expenses		257,393	56,004
Other expenses		99,908	716
		2,534,088	405,292
Total expenses		3,690,201	547,217
Loss before other item		(3,669,553)	(542,557)
Other item			
Foreign exchange		(51,964)	-
Loss for the period		(3,721,517)	(542,557)
Loss is attributable to			
Owners of the Company		(3,721,267)	(542,557)
Non-controlling interests		(250)	-
		(3,721,517)	(542,557)
Basic and diluted loss per common share		\$(0.08)	\$(180,852)
Basic and diluted weighted average			
number of common shares outstanding		43,895,415	3

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Year Ended June 30, 2011 \$	Period from July 24, 2009 (date of incorporation) to June 30 2010 \$
Loss for the period		(3,721,517)	(542,557)
Other comprehensive income			
Exchange gains on translation of foreign operations		<u>269,615</u>	<u>-</u>
Total comprehensive loss for the period		<u>(3,451,902)</u>	<u>(542,557)</u>
Comprehensive loss is attributable to			
Owners of the Company		(3,451,652)	(542,557)
Non-controlling interests		<u>(250)</u>	<u>-</u>
		<u>(3,451,902)</u>	<u>(542,557)</u>

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Fiscal Year Ended June 30, 2010					
	Share Capital		Reserves \$	Non- controlling Interests \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
Reliance Ordinary Shares issued on incorporation (July 24, 2009)	3	3	-	-	-	3
Comprehensive loss	-	-	-	-	(542,557)	(542,557)
Balance at June 30, 2010	3	3	-	-	(542,557)	(542,554)

	Fiscal Year Ended June 30, 2011					
	Share Capital		Reserves \$	Non- controlling Interests \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
Balance on July 1, 2010	3	3	-	-	(542,557)	(542,554)
Reliance Ordinary Shares issued for:						
Cash - equity placement	14,427,725	3,656,335	-	-	-	3,656,335
Services rendered	17,997,609	1,015,702	-	-	-	1,015,702
Acquisition of Sulawesi tenements	5,300,000	2,591,424	-	-	-	2,591,424
Acquisition of Halmahera tenements	4,000,000	1,955,792	-	-	-	1,955,792
Share issue costs	-	(148,983)	-	-	-	(148,983)
Balance prior to recapitalization	41,725,337	9,070,273	-	-	(542,557)	8,527,716
Adjustment to reflect recapitalization:						
Reliance shareholders	62,667,713	-	-	-	-	-
Golden Peaks shareholders	4,853,712	1,825,685	-	-	-	1,825,685
Common shares issued for:						
Cash - private placement	4,000,000	2,000,000	-	-	-	2,000,000
Agents' warrants issued	-	-	30,778	-	-	30,778
Share issue costs – GPR	-	(284,880)	-	-	-	(284,880)
Share issue costs – Reliance	-	(63,449)	-	-	-	(63,449)
Comprehensive loss	-	-	269,615	(250)	(3,721,267)	(3,515,351)
Non-controlling interests on acquisition of subsidiaries	-	-	-	651,177	-	651,177
Balance at June 30, 2011	113,246,762	12,547,629	300,393	650,927	(4,263,824)	9,235,125

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Note	Year Ended June 30, 2011 \$	Period from July 24, 2009 (date of incorporation) to June 30 2010 \$
Operating activities			
Comprehensive loss for the period		(3,451,902)	(542,557)
Adjustments for:			
Foreign currency translation		(269,615)	-
Shares issued in lieu of services rendered		877,865	-
Depreciation		22,928	-
		<u>(2,820,724)</u>	<u>(542,557)</u>
Expenditures on exploration of resource interests		(205,260)	-
Changes in non-cash working capital items:			
Increase in amounts receivable		(5,363)	(22,571)
Increase in accounts payable and other creditors		626,310	708,140
		<u>(2,405,037)</u>	<u>143,012</u>
Net cash provided by (used in) operating activities			
Investing activities			
Additions to property, plant and equipment		(330,843)	-
Receipt of cash for acquisition of Golden Peaks Resources Limited	3	1,973,445	-
Payment for Avocet controlled entities (net of cash)	16	(153,084)	(118,725)
Payment for NMPL controlled entities (net of cash)	16	(479,251)	-
		<u>1,010,267</u>	<u>(118,725)</u>
Net cash provided by (used in) investing activities			
Financing activities			
Issuance of common shares		5,100,152	3
Share issue costs		(78,458)	-
		<u>5,021,694</u>	<u>3</u>
Net cash provided by financing activities			
Net change in cash and cash equivalents		3,626,924	24,290
Cash and cash equivalents, beginning of period		24,290	-
Cash and cash equivalents, end of period		<u>3,651,214</u>	<u>24,290</u>

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Peaks Resources Ltd. (“Golden Peaks” or the “Company”) was incorporated on December 8, 1989 under the laws of the Province of British Columbia and has limited liability. The Company’s shares are listed on the Toronto Stock Exchange. On March 31, 2011 Golden Peaks completed the acquisition of Reliance Resources Ltd. (“Reliance”) as described in Note 3.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals. The Company holds five gold exploration permits on the islands of Sulawesi and Halmahera in eastern Indonesia. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as resource interests represent net costs to date, less amounts recovered or written off, and do not necessarily represent present or future values.

These financial statements have been prepared on a going concern basis. As at June 30, 2011 the Company has \$2,228,321 in working capital and accumulated a deficit of \$4,263,824 since inception. The Company has not yet produced any revenues from its resource interests and further funds will be required to fund existing levels of overhead, planned exploration expenditures and property payments over the course of the next twelve months. In addition, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. While there can be no assurances that the Company will be able to raise additional financing in the future, or at favourable terms, if needed, management is of the opinion that additional financing will be available to continue its planned activities in the normal course of operations. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. Furthermore, failure to continue as a going concern would require the Company’s assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

The Company’s principal office is located at #505 - 1166 Alberni Street, Vancouver, British Columbia, Canada V6E 3Z3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). They include all of the information required for full annual financial statements.

Frequency of Reporting

Reliance was incorporated on July 24, 2009. Accordingly, the comparative period reflects activities from incorporation to June 30, 2010. The current period reflects full year activities from July 1, 2010 to June 30, 2011.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of management estimates relate to the assessment of recoverability and impairment of amounts capitalized as resource interests, determination of environmental obligations, depreciation of capital assets, determination of the fair value of stock options and financial instruments and the estimation of future income tax asset valuation allowances. Actual results could differ from these estimates.

Significant assumptions with respect to share-based compensation include an estimate of the volatility of the Company's shares and the expected life of the options, and are subject to measurement uncertainty.

Critical judgements in applying the entity's accounting policies

Principles of Consolidation

The consolidated financial statements of Golden Peaks Resources Ltd. (the legal parent), comprise the financial statements of Reliance Resources Ltd, (the accounting parent entity) and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from inter-company transactions, have been eliminated in full. Controlled entity acquisitions are accounted for using the acquisition method of accounting. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions being the functional currency. Consolidation of each subsidiary includes re-measurement from the functional currency to the Company's presentation currency. The Company's functional currency, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and money market instruments with terms to maturity not exceeding 90 days at date of acquisition. The Company is not exposed to significant credit or interest rate risk although cash and cash equivalents are held in excess of federally insured limits with major financial institutions. As at June 30, 2011 the Company only held cash in banks.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment - 4 years
Mining equipment - 13 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Reversal of Impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is never reversed.

Resource Interests

Exploration and Development Expenditure

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

As required by IFRS 6 "*Exploration for and Evaluation of Mineral Resources*", all mining exploration costs incurred prior to obtaining rights of tenure are expensed.

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against the profit or loss in the period in which the decision to abandon the area is made.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Development Expenditure (continued)

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

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

Exploration and Evaluation Expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at June 30, 2011 at \$2,193,282.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognised when there is a present obligation (legal, equitable or constructive) as a result of a past event and 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.

Restoration, Rehabilitation and Environmental Costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. The cost of any rehabilitation program is recognized at the time that the environmental disturbance occurs. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset along with a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the asset are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is adjusted each period for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation.

As at June 30, 2011 the Company has no material restoration, rehabilitation and environmental costs.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Interest income is recognized as earned, provided that collection is reasonably assured.

Harmonized Sales Tax and Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Canadian harmonized sales tax or goods and services tax ("HST/GST"), except where the amounts of HST/GST incurred is not recoverable from the respective government taxation authorities. In these circumstances, the HST/GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the HST/GST included. The net amount of HST/GST recoverable from, or payable to a revenue authority, is included as a current asset or a current liability.

Segment Reporting

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties. The Company's mineral interest holdings consist of five gold exploration permits located in Indonesia. All other assets are held within Canada and Australia.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash and cash equivalents is classified as fair value through profit or loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At June 30, 2011 the Company has not classified any financial assets as available for sale.

Transaction costs associated with fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Trade payables and current provisions are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At June 30, 2011 the Company has not classified any financial liabilities as fair value through profit or loss.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Operating leases

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognised straight-line over the lease term.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Goodwill or investments in subsidiaries where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the company's shareholders and includes items that are not included in net profit such as unrealized gains or losses from the translation of financial statements of foreign operations. The Company's comprehensive income (loss) components of other comprehensive income, and cumulative translational adjustments are presented in the consolidated income statements, consolidated statements of comprehensive income and consolidated statements of changes in equity.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

New Accounting Standards, Interpretations and Amendments to Existing Standards

The following new standards and amendments to standards are mandatory for the first time for the Company's financial year beginning July 1, 2010:

- a) Amendments to IFRS 3, *Business Combinations*.

The amendments address the following:

- (i) transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. The amendment eliminates the exemption for contingent consideration;
- (ii) the measurement of non-controlling interests. The amendment requires that the choice of measurement at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation; and
- (iii) the accounting for share-based payment awards not replaced and awards voluntarily replaced in the acquiree. The amendment addresses the accounting for these awards that are part of the business combination in the application guidance in IFRS 3.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company anticipates that these amendments will not impact, the reported results in the period that an acquisition occurs and future reported results;

b) *Amendments to IAS 27 Consolidated and Separate Financial Statements*

Clarification that the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28, *Investments in Associates*, and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 should be applied prospectively, except for amendments resulting from renumbering.

The following new standards and amendments to standards are mandatory for the first time for the Company's financial year beginning July 1, 2011:

a) *Amendment to IFRS 7, Financial Instruments: Disclosures*

The amendment amends disclosure, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial instrument users to evaluate an entities exposure to risks arising from financial statements

b) *Amendments to IAS 1, Presentation of Financial Statements*

The amendments clarify that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

c) *Amendments to IAS 24, Related Party Disclosures*

Amends the definition for related party

d) *Amendments to IAS 34, Interim Financial Reporting*

Includes additional examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

e) *Amendment to IFRS 7, Financial Instruments: Disclosures*

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of the reporting period.

The Company has not early adopted these revised standards and is currently assessing the impact they will have on the consolidated financial statements.

The Company has not yet adopted IFRS 9, *Financial Instruments, Classification and Measurement*, effective for the Company' annual reporting period beginning November 1, 2013. The Company anticipates that the adoption of this standard will have no material impact except for additional disclosures.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

3. RELIANCE ACQUISITION

On December 20, 2010, as amended January 31, 2011, Golden Peaks entered into a share purchase agreement (the "Reliance Acquisition") with Reliance and its shareholders, whereby the Company agreed to issue 62,667,713 common shares to acquire all of the 41,725,337 issued and allotted ordinary shares of Reliance, ("Reliance Ordinary Shares").

On March 31, 2011 (the "Effective Date") the Reliance Acquisition was completed and Golden Peaks acquired Reliance. The Reliance Acquisition resulted in the former shareholders of Reliance holding the majority interest in the Company. Accordingly the Reliance Acquisition was treated for accounting purposes as a "reverse acquisition". In accounting for this transaction:

- (i) Reliance was deemed to be the parent company for accounting purposes. Accordingly, its net assets were included in the consolidated balance sheets at their historical book value; and
- (ii) control of the net assets of Golden Peaks was acquired on the Effective Date. The transaction was accounted for as a purchase of the assets and liabilities of Golden Peaks by Reliance. The assets and liabilities of Golden Peaks were recorded at their fair values, as follows:

	\$
Cash	1,973,445
Amounts receivable	69,594
Property, plant and equipment	9,664
Accounts payable and accrued liabilities	<u>(481,120)</u>
Net assets acquired	<u>1,571,583</u>

The Consolidated Statements of Cash Flow records the cash balance of \$1,973,445 as a receipt in Investing Activities under the line item 'Receipt of cash for acquisition of Golden Peaks Resources Limited'.

4. RECEIVABLES

	2011 \$	2010 \$
HST/GST receivable	<u>64,147</u>	<u>14,301</u>

5. OTHER ASSETS

	2011 \$	2010 \$
Prepayments	28,985	4,478
Refundable deposit	4,395	3,792
Other	<u>31,980</u>	<u>-</u>
	<u>65,360</u>	<u>8,270</u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment \$	Mining Equipment \$	Leasehold Improvements \$	Total \$
Cost				
Balance at July 1, 2010	-	-	-	-
Additions	117,648	254,804	2,166	374,618
Balance at June 30, 2011	<u>117,648</u>	<u>254,804</u>	<u>2,166</u>	<u>374,618</u>
Accumulated Depreciation				
Balance at July 1, 2010	-	-	-	-
Change for the period	(5,049)	(17,620)	(259)	(22,928)
Balance at June 30, 2011	<u>(5,049)</u>	<u>(17,620)</u>	<u>(259)</u>	<u>(22,928)</u>
Net Carrying Value				
Balance at July 1, 2010	-	-	-	-
Balance at June 30, 2011	<u>112,599</u>	<u>237,184</u>	<u>1,907</u>	<u>351,690</u>

7. RESOURCE INTERESTS

	2011 \$	2010 \$
Sulawesi Properties		
Acquisition costs	3,953,246	118,725
Deferred exploration and evaluation expenditures	126,183	-
	<u>4,079,429</u>	<u>118,725</u>
Halmahera Properties		
Acquisition costs	2,496,609	-
Deferred exploration and evaluation expenditures	79,076	-
	<u>2,575,685</u>	<u>-</u>
	<u>6,655,114</u>	<u>118,725</u>

(a) Sulawesi Properties

On December 23, 2009 the Company entered into an agreement with Avocet Mining PLC for the acquisition of all the equity of four Australian companies which in turn own two Indonesian companies (the "Sulawesi Companies") which in turn hold 90% and 75% of two Indonesian companies which hold mining tenements on Sulawesi Island, Indonesia. The six companies are hereafter referred to as the Avocet controlled companies.

The following Sulawesi Companies and the mining lease equivalent in Indonesia ("IUP") are listed below along with the Company's interest in each tenement:

PT Arafura Mandiri Semangat	Tanoyan IUP	75%
PT Arafura Mandiri Semangat	Anggrek IUP	75%
PT Aura Celebes Mandiri	Palopo IUP	90%

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

7. RESOURCE INTERESTS (continued)

The Company acquired the Sulawesi tenements on June 10, 2011, following the issuing of 5,300,000 Reliance Ordinary Shares on January 21, 2011 at AUD \$0.50 value with an ascribed value of CAN \$2,591,424 (AUD \$2,650,000). A deposit payment of \$118,725 (US \$115,000) was paid in the prior year, and \$427,842 (US \$427,591) was paid on June 23, 2011. A further payment of \$177,015 (US \$190,096) has been partially paid subsequent to year-end. The value of the Reliance Ordinary Shares was determined by the last issue of Reliance Ordinary Shares prior to the issue to Avocet Mining PLC.

Pursuant to the agreement the Company is committed to expend US \$1,500,000 in exploration expenditures within a period of two years to March 31, 2013, with any shortfalls in expenditure to be paid by the Company to Avocet Mining PLC. This commitment has been disclosed in Note 14.

(b) Halmahera Properties

On October 14, 2010 the Company entered into an agreement to acquire Nusantara Minerals Pty Ltd (“NMPL”), an Australian company, which owned 95% of PT Champion Halmahera Mining (“CHM”), an Indonesian company holding mining tenements located at Halmahera, Indonesia. The Company’s interest in each tenement is disclosed below:

PT Champion Halmahera Mining	Roko IUP	82.5% ¹
	Kapa Kapa IUP	82.5% ¹

¹ PT Hibualamo is entitled to earn a 17.5% economic interest in the Halmahera tenements.

The Company acquired 100% of NMPL and its interest in the Halmahera tenements on March 31, 2011, following the issuing of 4,000,000 Reliance Ordinary Shares on January 21, 2011 at AUD \$0.50 value with an ascribed value of CAN \$1,955,792 (AUD \$2,000,000) and a payment of \$442,580 (AUD \$469,300) on March 31, 2011. CHM now owns 100% of the company that owns the Halmahera tenements, but by virtue of a co-operation agreement has an economic interest of 82.5%. The value of the Reliance Ordinary Shares was determined by the last issue of Reliance Ordinary Shares prior to this issue.

Pursuant to the agreement the Company is committed to expend AUD \$1,500,000 in exploration expenditures within a period of two years to March 31, 2013. This commitment has been disclosed in Note 14.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011 \$	2010 \$
Accounts payable and accrued liabilities	1,313,275	147,926
Employee withholding amounts payable	<u>62,110</u>	<u>4,031</u>
	<u>1,375,385</u>	<u>151,957</u>

9. DUE TO AVOCET MINING PLC

	2011 \$	2010 \$
Amount due	<u>177,015</u>	<u>-</u>

The above amount is the balance owing to Avocet Mining PLC following execution of the purchase of mining tenements. The amount is without fixed terms of repayment and is non-interest bearing.

Subsequent to June 30, 2011 the Company made partial repayment to Avocet of \$120,765 (USD \$127,019).

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

10. CAPITAL AND RESERVES

(a) Authorized Share Capital

At June 30, 2011 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) Share issuances during the year ended June 30, 2011:

(i) Common Shares

	Number	Amount
		\$
Balance at July 1, 2010	3	3
Issue of shares at AUD \$0.01 in lieu of consulting and brokerage fees	4,965,000	49,655
Issue of shares at AUD \$0.05 per share	2,350,000	117,512
Issue of shares at AUD \$0.05 per share to directors in lieu of Company incorporation and promotion services	6,000,000	300,032
Issue of shares at AUD \$0.05 per share in lieu of mining tenement introduction services	4,000,000	200,021
Issue of shares at AUD \$0.10 per share in lieu of mining tenement introduction services	2,500,000	250,027
Issue of shares at AUD \$0.15 per share	3,357,001	503,604
Issue of shares at AUD \$0.25 per share	5,303,333	1,325,976
Issue of 200,000 shares at AUD \$0.25 per share in lieu of brokerage fees	200,000	50,005
Issue of shares at AUD \$0.50 per share	1,500,000	750,082
Issue of 4,000,000 shares at AUD \$0.50 per share for Halmahera tenements	4,000,000	1,955,792
Issue of 5,300,000 shares at AUD \$0.50 per share for Sulawesi tenements	5,300,000	2,591,424
Issue of 1,917,391 shares at AUD \$0.50 per share	1,917,391	958,800
Issue of 332,609 shares at AUD \$0.50 per share in lieu of employee services	332,609	166,323
Less share issue costs	-	(148,983)
Balance at March 31, 2011	41,725,337	9,070,273
Recapitalization of Reliance shareholders at \$nil per share	62,667,713	-
Golden Peaks shareholders	4,853,712	1,825,685
Issue of 4,000,000 shares at \$0.50 per share	4,000,000	2,000,000
Less share issue costs	-	(348,329)
Balance at June 30, 2011	<u>113,246,762</u>	<u>12,547,629</u>

(ii) Golden Peaks Common Shares

On March 31, 2011 Golden Peaks completed the Reliance Acquisition and issued 62,667,713 common shares of the Company for 41,725,337 Reliance Ordinary Shares.

Golden Peaks had also previously completed a brokered private placement of 4,000,000 subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of \$2,000,000. Each subscription receipt entitled the holder to acquire one unit of the Company for no additional consideration upon closing of the Reliance Acquisition.

Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share at an exercise price of \$0.65, expiring March 1, 2012. The gross proceeds were held in escrow and released on the closing.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

10. CAPITAL AND RESERVES (continued)

The Company paid the agent a corporate finance fee of \$25,000 cash, a cash commission of \$140,000 and incurred legal and filing costs totalling \$89,102. The Company also issued agent warrants to purchase 250,000 common shares at \$0.65 per share, expiring March 1, 2012. The fair value of the finder's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 84.19%; risk-free interest rate of 1.37%; and expected life of one year. The value assigned to the finder's warrants was \$30,778.

(c) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at June 30, 2011 and 2010 and the changes for the nine months ended on those dates is as follows:

	2011		2010	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	-	-	-	-
Assumed on recapitalization	3,452,715	0.65	-	-
Expired	<u>(1,202,715)</u>	0.64	-	-
Balance, end of period	<u>2,250,000</u>	0.65	<u>-</u>	-

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at June 30, 2011:

Number	Exercise Price \$	Expiry Date
<u>2,250,000</u>	0.65	March 1, 2012

(d) Share Option Plan

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years from the date of grant.

A summary of the Company's share options at June 30, 2011 and 2010 and the changes for the twelve months ended on those dates is as follows:

	2011		2010	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	-	-	-	-
Assumed on recapitalization	1,300,000	0.73	-	-
Expired	<u>(250,000)</u>	0.64	-	-
Balance, end of period	<u>1,050,000</u>	0.73	<u>-</u>	-

As at June 30, 2011 there were options outstanding and exercisable to purchase 1,050,000 common shares at an exercise price of \$0.73 expiring January 4, 2012.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

10. CAPITAL AND RESERVES (continued)

The Company has also entered into management contracts with certain of its executive officers where it has agreed to grant share options to purchase a total of 3,000,000 common shares of the Company. The options have not been granted as of June 30, 2011.

11. INCOME TAXES

(a) Deferred income tax assets and liabilities of the Company as at June 30, 2011 are as follows:

	2011	2010
	\$	\$
Deferred income tax assets		
Losses carried forward	1,699,930	42,839
Mineral resource interests	996,570	-
Other	221,566	-
	<u>2,918,066</u>	<u>42,839</u>
Deferred income tax liabilities	-	-
	2,918,066	42,839
Valuation allowance	<u>(2,918,066)</u>	<u>(42,839)</u>
Net deferred income tax asset	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense to prima facie tax expense is as follows:

	2011	2010
	\$	\$
Loss from operations before tax	<u>(3,721,517)</u>	<u>(542,557)</u>
Tax (benefit) at Australian tax rate 30%	(1,116,455)	(162,767)
Tax effect of permanent differences		
- Share-based payment expenses	266,492	-
- Legal expenses	293,568	37,375
- Indonesian mining expenses not deductible in Australia	299,298	46,617
- Travel and meeting expenses	52,615	32,247
- Other permanent differences	(8,774)	-
Difference to Canadian tax rates	12,703	-
Tax effect of tax losses not recognised	<u>200,553</u>	<u>46,528</u>
Income tax expense	<u>-</u>	<u>-</u>

(c) Deferred tax assets and deferred tax liabilities brought to account:

	2011	2010
	\$	\$
Other - provisions	<u>167,155</u>	<u>8,164</u>
Net deferred tax asset/(liability)	<u>167,155</u>	<u>8,164</u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

11. INCOME TAXES (continued)

(d)	Tax losses		
		2011	2010
		\$	\$
	Unused tax losses for which no benefit has been recognised	<u>199,250</u>	<u>127,879</u>
	Tax effect:		
	Potential income tax benefit - at 30%	59,250	38,364
	Potential income tax benefit - at 25%	<u>438</u>	<u>-</u>
		<u>59,688</u>	<u>38,364</u>

(e) Deferred tax assets not brought to account:

As at June 30, 2011 the Company has accumulated non-capital losses of approximately \$6,730,574 of which \$6,384,868 are at a tax rate of 25% and \$345,706 at a rate of 30% and accumulated resource and other pools of \$4,795,930, with \$4,412,864 at a tax rate of 25% and \$383,066 at 30%. Of the non-capital losses, \$6,384,868 expire commencing in 2014 through 2031, with \$345,706 able to be carried forward indefinitely. The cumulative resource and other pools can be carried forward indefinitely.

Deferred tax assets not brought to account:

		\$	\$
	Attributable to tax losses:	6,730,574	
	- Tax effect at 25%		1,596,217
	- Tax effect at 30%		103,712
	Attributable to temporary differences:	4,795,930	
	- Tax effect at 25%		1,103,216
	- Tax effect at 30%		114,920

The benefit of these temporary differences and tax losses will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized;
- The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and
- No changes in tax legislation adversely affect the consolidated entity in realizing the benefit from the deductions for the losses.

There are unused tax losses for which no deferred tax asset has been recognised resulting from June 30, 2010 and following the loss in the current year ending June 30, 2011, the Company anticipates further unused losses that may be available for use if and when the Company earns taxable income.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions

Transactions with directors and director-related entities are as follows:

- (a) The Company has entered into a contract with Act2 Pty Ltd. (Act2) for the provision of services of Gary Lewis, the Chairman of the Company. The contract provides for payment of fees of AUD \$60,000 per annum plus reasonable expenses (2010 - AUD \$60,000). During fiscal 2011, AUD \$60,000 (CND \$59,322) was paid to Act2 relating to directors fees. Effective July 1, 2011, the annual fees will be increased to AUD \$90,000 (CND \$92,979).

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (b) On October 28, 2010, 3,000,000 Reliance Ordinary Shares were issued to Act2 at AUD \$0.05 per share for Company promotion fees; 2,000,000 Reliance Ordinary Shares were issued at AUD \$0.05 per share for mining tenement introductions provided pre June 30, 2010; and 1,000,000 Reliance Ordinary Shares were issued at AUD \$0.10 per share for mining tenement introductions provided post June 30, 2010.
- (c) The Company has entered into a contract with Island Arc Consulting Pty Ltd. ("Island Arc") for the provision of the services of director, John Levings. The contract provides for payment of fees of AUD \$50,000 per annum, plus reasonable expenses (2010 - AUD \$50,000). During fiscal 2011, AUD \$50,000 (CND \$49,435) was paid to Island Arc relating to directors fees. Effective July 1, 2011, the annual fees will be increased to AUD \$75,000 (CND \$77,482)
- (d) On October 28, 2010, 3,000,000 Reliance Ordinary Shares were issued to Flintridge Holdings Ltd., a Company controlled by John Levings, at AUD \$0.05 per share for Company promotion fees; 2,000,000 Reliance Ordinary Shares were issued at AUD \$0.05 per share for mining tenement introductions provided pre June 30, 2010; and 1,000,000 Reliance Ordinary Shares were issued at AUD \$0.10 per share for mining tenement introductions provided post June 30, 2010.
- (e) The Company has entered into a contract with Ian Mitchell for the provision of services as director. The contract provides for payment of fees of AUD \$48,000 per annum plus reasonable expenses. During fiscal 2011, AUD \$24,000 (CND \$23,729) was paid to Ian Mitchell relating to directors fees.
- (f) On October 28, 2010, 300,000 Reliance Ordinary Shares were issued to Ian Mitchell at an issue price of AUD \$0.01 per share for Company incorporation and promotion fees. A further 500,000 Reliance Ordinary Shares were issued to Ian Mitchell at an issue price of AUD \$0.10 per share for services provided post June 30, 2010.
- (g) Chase Management Ltd. ("Chase"), a private corporation controlled by Nick DeMare, provides accounting and administrative services to the Company. During fiscal 2011, the Company incurred \$18,000 for services. In addition Chase billed the Company a further \$6,000 (2010 - \$nil) for Nick DeMare's services provided as a director.
- (h) Effective April 1, 2011, the Company entered into a management contract with Roxbury Capital Group Pty Ltd. ("Roxbury") a private corporation controlled by Scott Emerson. During fiscal 2011, the Company incurred \$37,500 in respect of services provided by Scott Emerson as President of the Company.
- (i) In fiscal 2011, the Company incurred \$6,000 in fees from Leathley Mining in respect of services provided as a director by Gil Leathley.
- (j) Harvey Lim acts as Chief Financial Officer for the Company and was paid \$6,000 in the period.
- (k) During fiscal 2011, PT Gemala Borneo Utama (a subsidiary of Robust Resources Limited of which Gary Lewis and John Levings are directors) provided exploration services to the consolidated group on normal commercial terms totaling \$444,813 (2010 - \$nil). The amount outstanding to PT Gemala Borneo Utama at June 30, 2011, included as a trade payable, was \$444,813 (2010 - \$nil)

Remuneration of Key Management Personnel

The totals of remuneration paid to key management personnel of the Company are as follows:

	2011 \$	2010 \$
Short-term employee benefits	<u>594,495</u>	<u>103,713</u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	2011	2010
		\$	\$
Cash and cash equivalents	Held-for-trading	3,651,214	24,290
Receivables	Loans and receivables	64,147	14,301
Deposit	Loans and receivables	4,395	3,792
Accounts payable	Other liabilities	1,375,385	151,957
Share subscriptions received	Other liabilities	-	556,183
Due to Avocet	Other liabilities	177,015	-

The recorded amounts for cash and cash equivalents, receivables, accounts payable and due to Avocet approximate their fair value due to their short-term nature. The recorded amount for the deposit and share subscriptions received approximates their fair value. The Company's carrying value and fair value of cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables. The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions. The investments are currently invested in business accounts.

The carrying value of the Company's cash and cash equivalents and trade and other receivables represent the maximum exposure to credit risk.

	Carrying Amount	
	June 30, 2011	June 30, 2010
	\$	\$
Cash and cash equivalents	3,651,214	24,290
Receivables (Note 4)	64,147	14,301
	<u>3,715,361</u>	<u>38,591</u>

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The Company's cash and cash equivalents are currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Contractual Maturity Analysis at June 30, 2011				Total \$
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	
Accounts payable and accrued liabilities	(1,375,385)	-	-	-	(1,375,385)
Exploration commitment	-	-	(2,764,453)	-	(2,764,453)
Due to Avocet	(177,015)	-	-	-	(177,015)
	<u>(1,552,400)</u>	<u>-</u>	<u>(2,764,453)</u>	<u>-</u>	<u>(4,316,853)</u>

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations is not considered significant.

(b) Foreign Currency Risk

The Company has operations in Canada, Australia and Indonesia subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars, Australian dollars and Indonesian Rupiahs and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the operations of the Company and may also affect the value of the Company's assets and the amount of equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At June 30, 2011, 1 Canadian Dollar was equal to 0.9635 AUD and 8,883.5 Indonesian Rupiahs.

Sensitivity Analysis

As at June 30, 2011, the Company's net investment in its Indonesian subsidiaries was \$35,962,214,703 Indonesian rupiah. A strengthening or weakening of the Canadian dollar against the Indonesian rupiah of 10% would result in a \$(368,018) decrease or a \$404,819 increase in other comprehensive income.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of resource interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as all components of equity.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has no externally imposed capital requirements.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

14. COMMITMENTS

The Company's commitments are as follows:

	Within 1 Year \$	Within 1 - 2 Years \$	Within 2 - 3 Years \$
Exploration expenditure	-	2,764,453	-
Office leases - Alberni Investments	29,597	29,692	2,474
Contractual services - Act2	92,979	92,979	92,979
Contractual services - Island Arc	77,482	77,482	77,482
Contractual services - Roxbury	150,000	150,000	112,500
	<u>350,058</u>	<u>3,114,606</u>	<u>285,435</u>

Exploration expenditure:

This expenditure is required to be spent as follows:

- AUD \$1,500,000 prior to March 31, 2013 on the Halmahera tenements; and
- US \$1,500,000 prior to March 31, 2013 on the Sulawesi tenements.

Any shortfall on amounts required to be spent on Sulawesi tenements will become payable to the vendor, Avocet Mining PLC. The amount shown in the table above in respect of exploration expenditure commitments is net of amounts spent up to year-end in satisfaction of the required expenditure.

See also Note 7.

15. SUBSIDIARIES AND ASSOCIATES

Details of the Companies subsidiaries at June 30, 2011 are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held	
			June 30, 2011	June 30, 2010
Reliance Resources Limited	Investment	Australia	100%	Nil
Reliance Exploration Pty Limited	Investment	Australia	100%	Nil
Reliance Indonesia Pty Limited	Investment	Australia	100%	Nil
Reliance Exploration (Palopo) Pty Limited	Investment	Australia	100%	Nil
Reliance Indonesia (Palopo) Pty Limited	Investment	Australia	100%	Nil
PT Elang Karya Sukses	Investment	Australia	100%	Nil
PT Arafura Mandiri Semangat	Resource Exploration	Indonesia	75%	Nil
PT Tata Jagat Persada	Investment	Australia	100%	Nil
PT Aura Celebes Mandiri	Resource Exploration	Indonesia	90%	Nil
Nusantara Minerals Pty Limited	Investment	Australia	100%	Nil
PT Champion Halmahera Mining	Resource Exploration	Indonesia	100%	Nil

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

16. BUSINESS COMBINATIONS

(a) Summary of Acquisitions

During fiscal 2011, the Company acquired 100% of the ordinary equity of Reliance Exploration Pty Limited, Reliance Indonesia Pty Limited, Reliance Exploration (Palopo) Pty Limited, Reliance Indonesia (Palopo) Pty Limited, PT Elang Karya Sukses, PT Tata Jagat Persada, 75% of the ordinary equity of PT Arafura Mandiri Semangat and 90% of the ordinary equity of PT Aura Celebes Mandiri for a total consideration of AUD \$3,244,252.

Details of the acquisition are as follows:

	Consideration AUS\$	Carrying Value CDN \$	Fair Value CDN \$
Purchase consideration:			
Cash	594,252	616,752	616,752
Shares	<u>2,650,000</u>	<u>2,750,341</u>	<u>2,750,341</u>
Total purchase consideration	<u>3,244,252</u>	<u>3,367,093</u>	<u>3,367,093</u>
Cash	264,734	274,758	274,758
Resource interests (Note 7)	3,809,019	3,953,246	3,953,246
Accounts payable and accrued liabilities	(9,845)	(10,218)	(10,218)
Loans	<u>(192,477)</u>	<u>(199,766)</u>	<u>(199,766)</u>
Net identifiable assets acquired	3,871,431	4,018,020	4,018,020
Less: non-controlling interests	<u>(627,179)</u>	<u>(650,927)</u>	<u>(650,927)</u>
Net assets acquired	<u>3,244,252</u>	<u>3,367,093</u>	<u>3,367,093</u>

During fiscal 2011, the Company acquired 100% of the ordinary equity of Nusantara Minerals Pty Limited and PT Champion Halmahera Mining for a total consideration of AUD \$2,469,300.

	Consideration AUS\$	Carrying Value CDN \$	Fair Value CDN \$
Purchase consideration:			
Cash	469,300	487,070	487,070
Shares	<u>2,000,000</u>	<u>2,075,729</u>	<u>2,075,729</u>
Total purchase consideration	<u>2,469,300</u>	<u>2,562,799</u>	<u>2,562,799</u>
Cash	100	104	104
Resource interests (Note 7)	2,405,525	2,496,609	2,496,609
Fixed assets	32,863	34,107	34,107
Debtors owing to NMPL	<u>30,812</u>	<u>31,979</u>	<u>31,979</u>
Net assets acquired	<u>2,469,300</u>	<u>2,562,799</u>	<u>2,562,799</u>

Each acquisition involved share issuances and cash payments utilizing differing exchange rates, thus requiring a translation amount on acquisition to agree the assets and liabilities acquired.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

16. BUSINESS COMBINATIONS (continued)

(b) Purchase consideration - cash outflow

	2011 \$	2010 \$
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	907,197	118,725
Less: Balances acquired	<u>(274,862)</u>	<u>-</u>
Cash	<u>632,335</u>	<u>118,725</u>
Outflow of cash - investing activities		
Comprising		
Avocet controlled companies	153,084	118,725
NMPL and controlled companies	<u>479,251</u>	<u>-</u>
	<u>632,335</u>	<u>118,725</u>

Acquisition-related costs of \$525,186 are included in acquisition and due diligence costs in Consolidated Statement of Loss and in operating cash flows in the Consolidated Statement of Cash Flows.

17. SEGMENT INFORMATION

	2011			Total \$
	Corporate		Mineral Operations	
	Canada \$	Australia \$	Indonesia \$	
Current assets	3,289,230	13,270	478,221	3,780,721
Property, plant and equipment	7,326	312,672	31,692	351,690
Resource interests	<u>-</u>	<u>-</u>	<u>6,655,114</u>	<u>6,655,114</u>
Total segment assets	<u>3,296,556</u>	<u>325,942</u>	<u>7,165,027</u>	<u>10,787,525</u>
Current liabilities	<u>229,038</u>	<u>1,109,388</u>	<u>213,974</u>	<u>1,552,400</u>
Total segment liabilities	<u>229,038</u>	<u>1,109,388</u>	<u>213,974</u>	<u>1,552,400</u>
Revenue	-	20,543	105	20,648
Expenses	<u>(254,060)</u>	<u>(3,477,270)</u>	<u>(10,835)</u>	<u>(3,742,165)</u>
Loss	<u>(254,060)</u>	<u>(3,456,727)</u>	<u>(10,730)</u>	<u>(3,721,517)</u>
Other comprehensive items	<u>-</u>	<u>270,481</u>	<u>(866)</u>	<u>269,165</u>
Loss and comprehensive loss	<u>(254,060)</u>	<u>(3,186,246)</u>	<u>(11,596)</u>	<u>(3,451,902)</u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2011 AND FOR THE PERIOD FROM JULY 24, 2009 TO JUNE 30, 2010
(Expressed in Canadian Dollars, unless otherwise stated)

17. SEGMENT INFORMATION (continued)

	2010		Total \$
	Corporate Australia \$	Mineral Operations Indonesia \$	
Current assets	46,861	-	46,861
Resource interests	-	118,725	118,725
Total segment assets	46,861	118,725	165,586
Current liabilities	708,140	-	708,140
Total segment liabilities	708,140	-	708,140
Revenue	4,660	-	4,660
Expenses	(547,217)	-	(547,217)
Loss and comprehensive loss	(542,557)	-	(542,557)

18. RESTATEMENT OF PRIOR PERIOD FIGURES

During fiscal 2011, the Company determined to change the presentation currency from Australian dollars to Canadian dollars to reflect the Reliance Acquisition. This change in accounting policy has been applied retrospectively. Accordingly, the figures for the Company for the period from July 24, 2009 to June 30, 2010 have been presented in Canadian dollars for comparative purposes, as follows:

	As Previously Reported AUD \$	As Restated CDN \$
Condensed Statement of Financial Position		
Current assets	52,327	46,861
Resource interests	132,572	118,725
Total assets	184,899	165,586
Current liabilities	790,729	708,140
Share capital	3	3
Deficit	(605,833)	(542,557)
Total liabilities and equity	184,899	165,586
Condensed Statement of Loss and Comprehensive Loss and Ending Deficit		
Revenue	5,204	4,660
Expenses	(611,037)	(547,217)
Total loss and comprehensive loss and ending deficit	(605,833)	(542,557)