BUXTON RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

ABN 86 125 049 550

www.buxtonresources.com.au

CORPORATE DIRECTORY

Directors
Seamus Cornelius (Chairman)
Anthony Maslin (Managing Director)
Julian Stephens (Non-Executive Director)

Company Secretaries
Sam Wright
Jodi Haslinger

Registered Office
50 Derby Road
SUBIACO WA 6008

Principal Place of Business
50 Derby Road
SUBIACO WA 6008
Telephone: +61 8 9380 6063
Facsimile: +61 8 9381 4056

ABN 86 125 049 550

Postal Address
PO Box 9028
SUBIACO WA 6008

Solicitors
Norman Waterhouse Lawyers
Level 15, 45 Pirie Street
ADELAIDE SA 5000

Share Register
Computershare Investor Services Pty Ltd
Level 2,
45 St George's Terrace
PERTH WA 6000

Auditors
Rothsay Chartered Accountants
Level 18, Central Park Building,
152-158 St Georges Terrace
PERTH WA 6000

Website Address
www.buxtonresources.com.au

Stock Exchange
Buxton Resources Limited shares are listed on the Australian Securities Exchange and the Frankfurt Stock Exchange.

ASX code:BUX, BUXO
Frankfurt: 3B4.F

CONTENTS

BUXTON
RESOURCES LIMITED

Letter from the Chairman

Dear Fellow Shareholder,

On behalf of the Board I thank you for your support over the past year. The financial year ended 30 June 2011 and was a volatile year in equity and commodity markets across the globe. Despite the volatility your company ended the year in a strong position. I suggest you read the Annual Report as it contains much useful information and detail on your companies activities over the financial year just ended. In summary, Buxton is actively exploring the Zanthus magnetite project and the exploration results to date have been very encouraging. Buxton is well funded having raised $1.7m in a rights issue which was completed in March 2011.

Buxton is led by our managing director Anthony Maslin and the entire team including all directors, employees, consultants and advisors is working towards building shareholder wealth through successful exploration and project development. We work as a team and are conscious of the Company's responsibilities to all stakeholders and the environment. That said our focus is building shareholder wealth and to that end the board is constantly evaluating opportunities. .

Finally I will take this opportunity to thank the previous board for its effort and commitment. The previous board members, led by Ron Smit, left the Company in a sound position in late 2010. The current team is committed to building on their successful discovery of the Zanthus project and delivering further success through exploration and the prudent development of other opportunities.

Seamus Cornelius
Chairman

BUXTON
RESOURCES LIMITED

BUXTON

RESOURCES LIMITED

OPERATIONS REPORT

BUXTON RESOURCES LIMITED

OPERATIONS REPORT

Corporate

The Company underwent significant corporate change during the year, both in terms of the board of directors and the share structure.

In November Mr Michael Ivey and Mr Graeme Smith resigned to pursue other interests, being replaced by the current Chairman Mr Seamus Cornelius and current Managing Director Mr Anthony Maslin. The board would like to thank both directors for their contribution to the Company.

The Company held its AGM on 29th November and all resolutions were passed on a show of hands.

On December 31st Mr Ron Smit advised the board of his intention to resign as a director of the Company, being replaced by Mr Sam Wright on the board. Mr Smit made an invaluable contribution to Buxton both as a director and as the person solely responsible for the Zanthus discovery. The Company wishes all three directors well in their future endeavours.

In January the Company announced a right issue to shareholders entitled to subscribe for 1 share for every 4 shares held at a subscription price of 22c, with 1 free option for each 2 shares subscribed for. The offer raised $1,762,000 less costs, and was fully underwritten. The offer closed fully subscribed on February 23rd, 2011, with 6,801,903 shares subscribed for.

Also in January this year, the Company announced Dongarra Ltd had been engaged to provide advice and support to Buxton in Asia. They will be assisting the Company to identify and engage with potential investors and end users/traders of the companies mined products. They will focus their efforts on Hong Kong, Japan, China and Korea. Dongarra Ltd has been issued with 2,000,000 unlisted options with an exercise price of 35c and an expiry date of 31/1/16. The Company has issued a further 1,750,000 options on the same terms to other promoters and consultants to the Company.

In May this year, a share issue incentive scheme was passed at the EGM. The Board believes that the issue of Performance Rights in the Company under the Plan is the most appropriate way to add incentive to Directors' performance, without additional cash outlay by the Company. The Performance Rights provide a means by which the Company can supplement the existing cash remuneration with incentive to its Directors thereby preserving the Company's cash resources for application in other areas.

Zanthus Project, Fraser Orogen WA

E28/1957, E28/1959 (100% Buxton)

The Zanthus Project is 230 km east of Kalgoorlie, Western Australia. It was generated in 2009 to explore for gold and base metal mineralisation within high-grade metamorphic rocks of the Proterozoic Albany-Fraser Orogen. The two exploration licences that make up this project were granted in February 2010 and cover an area of 597 km2. The first field reconnaissance discovered metamorphosed banded iron formations (mBIF) .

The initial reverse circulation drilling commenced late September 2010. Eleven holes were drilled at the Cohen Prospect, resulting in the discovery of multiple wide zones of magnetite-rich mineralisation.

This proved to be the first significant new iron discovery in the region. Significant RC drilling results from this program included:

ZRC001: **15m at 24.8 %** Fe from 60m
(plus oxide intercept of **20m @ 27.2%** Fe from 25m)
ZRC003: **20m at 21.8 %** Fe from 55m
ZRC004: **10m at 24.6 %** Fe from 65m
(plus oxide intercept of **55m @ 24.1%** Fe from 5m)
ZRC005: **43m at 33.9 %** Fe from 47m to end of hole
ZRC008: **17m at 37.1%** Fe from 45m
ZRC008: **15m at 32.7%** Fe from 73m
ZRC013: **41m at 32.7%** Fe from 50m to end of hole
(plus oxide intercept of **40m @ 24.3%** Fe from 10m)

The host rocks to the magnetite mineralisation are coarse-grained quartz-garnet-biotite gneiss and are interpreted as meta-sedimentary rocks of the Proterozoic Albany-Fraser Orogen. The magnetite-bearing horizon is a fine-grained granular rock with sub-dominant quartz-garnet. The magnetite content ranges from 20-60%.

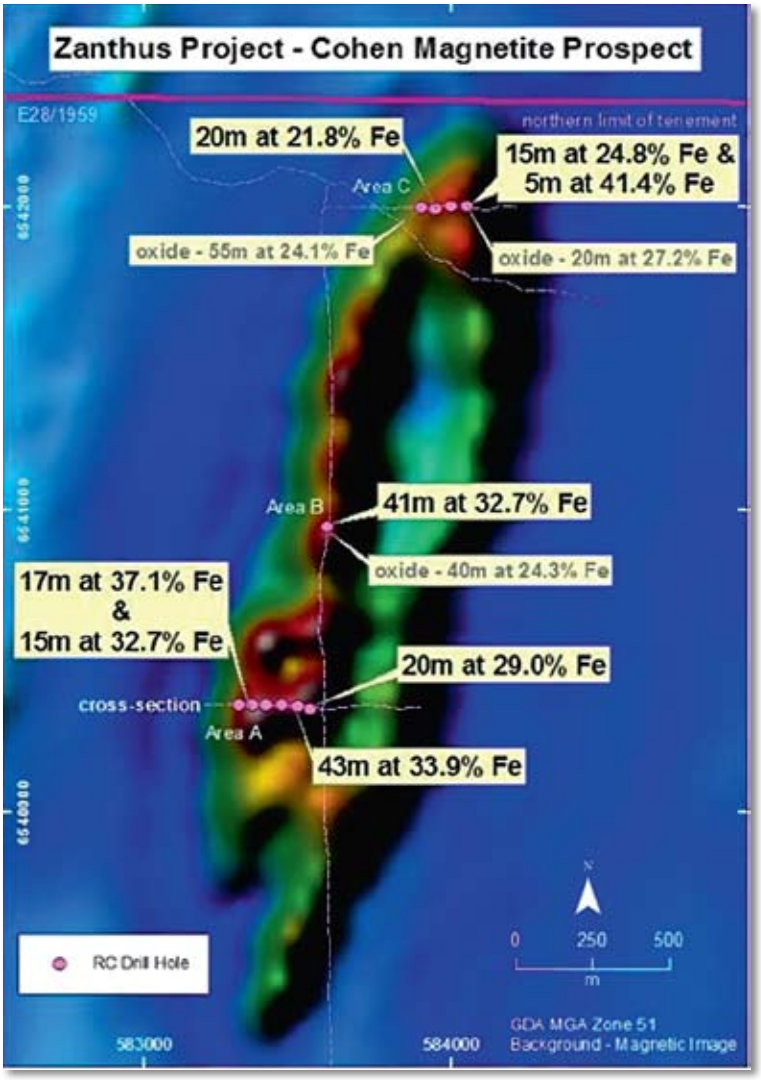
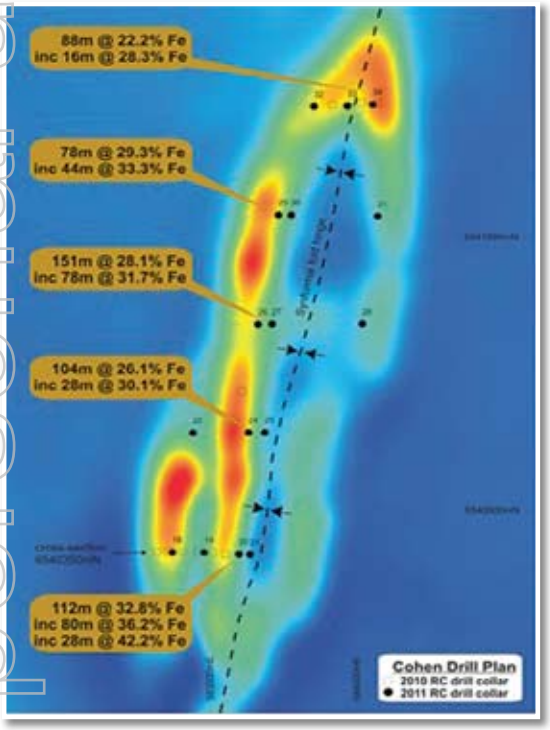


Table 1: Davis Tube Recovery Results

Drill Hole	Sample Id	Interval	Head Grade Fe%	DTRC Mass Recovery %	DTRC Fe %	DTRC SiO2 %	DTRC Al2O3 %	DTRC P %	DTRC LOI %
ZRC005	BBS-001	50-60m	35.3	51.0	65.2	6.5	2.0	0.036	1.49
ZRC008	BBS-002	50-60m	36.1	38.5	68.1	2.9	2.1	0.015	2.29
ZRC013	BBS-003	81-91m	29.8	32.8	68.0	2.4	2.3	0.015	2.18

*Davis Tube Recovery Analysis is a laboratory test that uses magnetic separation to split a sample

A GPS positioned ground magnetic survey by Fugro Ground Geophysics Pty Ltd (FGG) was conducted from December 2nd to 8th 2010. A total of 81 lines of GPS / magnetic data were collected across 3 blocks, each over known magnetite bodies, which became evident in an earlier airborne magnetic survey. Line spacing was 50m and 100m. This work was subsequently re-processed and merged with regional magnetic data, before being supplemented by an extensive in house ground magnetics survey conducted prior to the commencement of drilling in June.



The preliminary composite samples using a coarse grind of 150 microns reported excellent Davis Tube recoveries and concentrate head grades ranging from 65.2 to 68.1% Fe. This was significant as it demonstrated that the magnetite mineralisation was amenable to magnetic beneficiation at a coarse grain size, meaning the potential for a high quality magnetite concentrate to be produced at relatively low capital costs and operating (in particular power) costs.

Due to heavy rains and personnel / contractor issues the Heritage survey was delayed. It was completed in March with 14000 metres of potential drill lines inspected by the Goldfields Land and Sea Council's Anthropologist without any significant finds, meaning Buxton was free to commence drilling in these areas.

Half of the 14000m were assigned to the Cohen prospect with roughly 600m lines by 400m wide. The remaining metres were distributed to Joplin, Dylan and Marley.

Several issues delayed the follow up drilling program, including but not limited to availability of drill rigs, heritage survey delays and heavy rains. The 5000 metre follow up program commenced in June 2011, with the aim of defining a maiden resource at Cohen and testing large high intensity magnetic features Joplin, Dylan and Marley.

Perhaps the most significant feature of the discovery was its excellent proximity to infrastructure, being located just 25 km's south of the Trans Australian rail line, 230 km's east of Kalgoorlie, and connecting to the deep water port of Esperance.

SECTION 1

DEMPSTER PROJECT, FRASER OROGEN WA

E63/1114, E63/1120 – 1121(90% Buxton), E63/1351(100% Buxton)

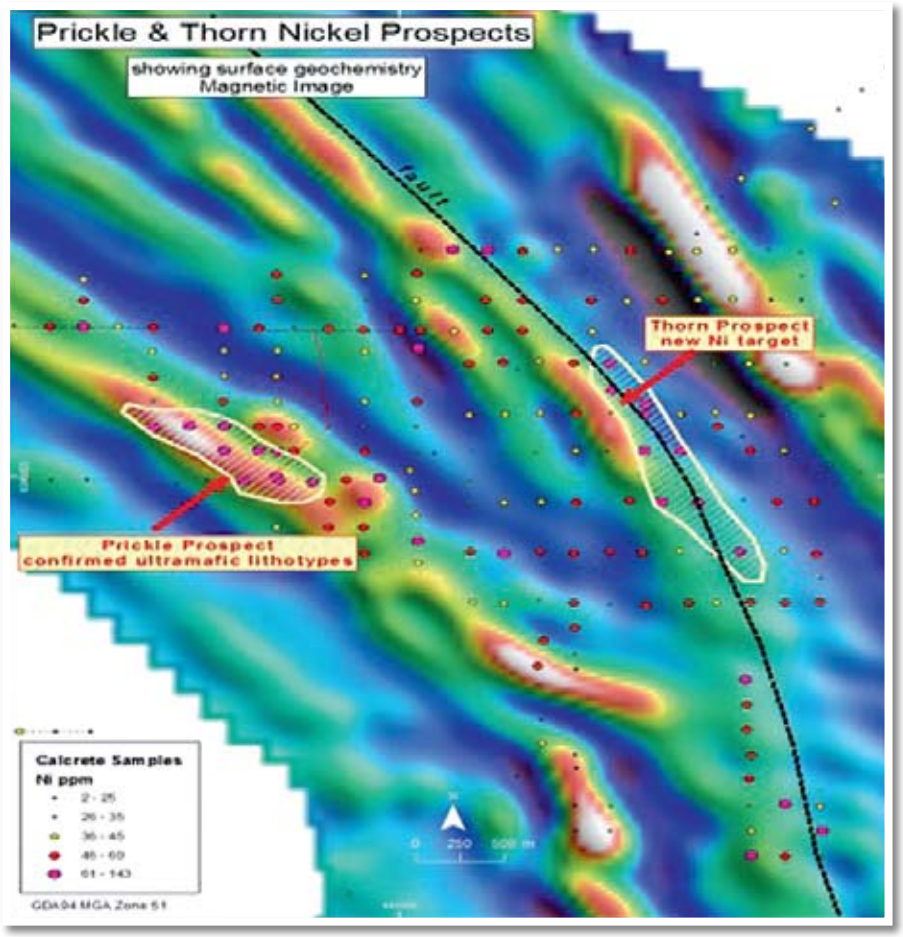
The Dempster Project is 90 km north-northeast of Esperance, Western Australia.

The first field evaluation of a number of geophysical (VTEM) targets was completed in the first quarter. These targets were screened using calcrete geochemistry and a total of 191 samples collected.

Nickel results east of the Prickle Prospect were elevated and a 2km long anomaly was defined which is directly associated with the edge of a linear magnetic feature and a major structure. It was interpreted to reflect buried ultramafic rocks and is an excellent nickel sulphide target. This prospect has been termed Thorn. Infill calcrete geochemistry is planned as the first pass sampling was wide spaced (400 x 200m). This will be followed shortly thereafter by drill testing.

Gold results confirmed and extended the size of a low-level gold anomaly in the northern portion of the tenement block. This was the largest gold anomaly so far detected by our calcrete sampling.

Narrow ferruginous stringers zones were discovered whilst field checking a VTEM target. These were rock-chip sampled but did not return any elevated base metal results.



Eelya Hill Project, Yilgarn Block WA

E20/659, P20/2018 (90% Buxton)

The Board resolved to sell all of its interest in Eelya Hills to Silver Lake Resources Ltd for a consideration of $70,000 cash. The sale was completed during the March quarter.

Competent Persons Statement

The Information in this report that relates to exploration results is based on information compiled by Trevor Saul, who is a member of the Australian Institute of Mining & Metallurgy. Mr Saul is a geologist and 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. Trevor Saul consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BUXTON

RESOURCES LIMITED

DIRECTORS REPORT

BUXTON RESOURCES LIMITED

Directors' Report

Your directors submit their report for the year ended 30 June 2011.

DIRECTORS

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

Mr Seamus Cornelius Chairman (Appointed 29th November 2010)
Mr Anthony Maslin Managing Director (Appointed 11th November 2010)
Dr Julian Stephens Technical Director (Appointed 1st September 2011)
Mr Sam Wright (Appointed 31 December 2010 and resigned 1st September 2011)
Mr Ron Smit (Resigned 31 December 2010)
Mr Graeme Smith (Resigned 29th November 2010)
Mr Mike Ivey (Resigned 11 November 2010)

COMPANY SECRETARIES

Mr Sam Wright (appointed 29/11/2010)
Miss Jodi Haslinger (appointed 29/11/2010)
Mr Graeme Smith (resigned 29/11/2010)

INFORMATION ON DIRECTORS

Seamus Cornelius - Non-Executive Chairman (Appointed 29th November 2010)
Qualifications: B.Juris and LLB from UWA and LLM from National University of Singapore

Mr Cornelius brings to the Board 21 years of corporate experience in both legal and commercial negotiations. Mr Cornelius has been living and working as a corporate lawyer in China for 17 years. He has been based in Shanghai and Beijing since 1993. From 2000 to 2010 he was an international partner with one of Australia's leading law firms and specialized in dealing with cross border investments, particularly in energy and resources. Mr Cornelius has for many years advised large international companies on their investments in China and in recent years has advised Chinese state owned entities on their investments in natural resource projects outside of China including in Australia. As well as Buxton Resources Limited, Seamus is also currently the Chairman of ASX listed Montezuma Mining Limited (ASX: MZM).

Anthony Maslin - Managing Director (Appointed 11th November 2010)
Qualifications: B.Bus (Finance and Enterprise)

Mr Maslin brings to the Board 17 years of corporate experience in both management and promotion, along with an extensive understanding of financial markets. In his 6 years as a stockbroker at Hartley Poynton Stockbrokers in Perth, Mr Maslin was instrumental in the capital raisings and promotion of several resource development companies. In the subsequent 7 years in his role as founding Managing Director of Solar Energy Systems Ltd (Now Solco Ltd (ASX Code: SOO)) he had significant experience in capital raisings and management of both people and projects. Mr Maslin has also worked as a corporate promotion consultant to a number of listed companies. Mr Maslin is also a Non-Executive Director of ASX listed Pancontinental Oil & Gas NL (ASX: PCL).

Dr Julian Stephens - Non-Executive Technical Director (Appointed 1st September 2011)
Qualifications: BSc (Hons) Ph.D MAIG

Dr Stephens has extensive experience in the resources sector having spent in excess of 16 years in board, executive management, senior operational, and economic geology research roles for private and public companies.

Dr Stephens is currently a Non-Executive Director of ASX listed rare metal/rare earth explorer and developer Globe Metals and Mining Limited (ASX: GBE). Most recently, Dr Stephens held the position of Chief Executive Officer of Dampier Gold Limited (ASX: DAU). Dr Stephens holds a PhD from James Cook University, Queensland and is a member of the Australian Institute of Geoscientists (MAIG), and the Society of Economic Geologists.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Buxton Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Anthony Maslin	392,897	130,198
Seamus Cornelius	930,397	183,948
Julian Stephens	nil	nil

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the acquisition of mining tenements, and the exploration of these tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

The Company began the year with cash assets available of $1,864,371. Funds are being used to actively pursue the Company's exploration projects.

During the year total exploration expenditure incurred by the Company amounted to $606,686 (2010: $443,638). In line with the Company's accounting policies, all exploration expenditure is written off as incurred. The Company received income of $70,000 (2010: $nil) from the sale of tenement interests. Net administration expenditure incurred amounted to $446,383 (2010: $201,691). This has resulted in an operating loss after income tax for the year ended 30 June 2011 of $1,613,344 (2010: $645,329).

At 30 June 2011 cash balances totalled .$2,620,917.

Operating Results for the Year

Summarised operating results are as follows:

	2011	
	Revenues $	Results $
Revenues and loss from ordinary activities before income tax expense	158,126	(1,613,344)

Shareholder Returns

	2011	2010
Basic loss per share (cents)	(4.6)	(2.0)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 September 2011, the Company announced the appointment of Dr Julian Stephens as a Technical Director. Dr Stephens has extensive experience in the resources sector having spent in excess of 16 years in board, executive management, senior operational, and economic geology research roles for private and public companies. Concurrently with the appointment of Dr Stephens, Mr Sam Wright stepped down from the role of Non-Executive Director of the Company. However, Mr Wright remains with Buxton in the role of Joint Company Secretary. The Board wish to sincerely thank Mr Wright for his efforts and contribution to the Company in the role of Non-Executive Director.

On 12 September 2011, the Company announced excellent drilling results that substantially upgrade the Zanthus Magnetite Project, located just 25km south of the Trans WA Railway 200km east of Kalgoorlie. Consistent, wide, high-grade magnetite drill intercepts have been received and confirm a significant iron discovery at Cohen over >4km of strike. The Company also announced that additional magnetite mineralisation has been discovered at the Joplin Prospect.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Buxton Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of Buxton Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board

reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

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

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

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

The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

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

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

DETAILS OF REMUNERATION

Details of the remuneration of the directors, the key management personnel (as defined in AASB 124 Related Party Disclosures) and specified executives of Buxton Resources Limited are set out in the following table.

The key management personnel of Buxton Resources Limited include the directors and company secretary as per page 3 above.

Given the size and nature of operations of Buxton Resources Limited, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Key management personnel and other executives of Buxton Resources Limited

						TOTAL	VALUE OF OPTIONS AS PROPORTION OF RENUMERATION
	Salary & Fees	NonMonetary	Superannuation	Retirement benefits	Share options		
DIRECTORS	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Anthony Maslin							
2011	87,500	-	7,875	-	-	**95,375**	-
Seamus Cornelius							
2011	29,167	-	-	-	-	**29,167**	-
Sam Wright							
2011	15,000	-	-	-	-	**15,000**	-
Michael Ivey							
2011	41,000	-	-	-	-	**41,000**	-
2010	72,000	2,598	-	-	-	**74,598**	-
Ron Smit							
2011	104,038	-	9,363	-	-	**113,401**	-
2010	175,000	2,598	15,750	-	-	**193,348**	-
Graeme Smith							
2011	10,000	-	900	-	-	**10,900**	-
2010	29,684	2,598	-	-	-	**32,282**	-
Company Secretaries	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Sam Wright							
2011	27,000	-	-	-	-	**27,000**	-
Jodi Haslinger							
2011	16,986	-	1,529	-	24,552	**43,067**	57.0
Total key management personnel compensation	**$**	**$**	**$**	**$**	**$**	**$**	**%**
2011	330,691	-	19,667	-	24,552	**374,910**	6.5
2010	276,684	7,794	15,750	-	-	**300,228**	

SERVICE AGREEMENTS

On 11 November 2010 the Company entered into an Executive Service Agreement with Mr Anthony Maslin.

Under the Agreement, Mr Maslin is engaged by the Company to provide services to the Company in the capacity of Managing Director and CEO.

Mr Maslin is paid a salary of $150,000, plus statutory superannuation.

The Agreement continues until terminated by either Mr Maslin or the Company. Mr Maslin is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Mr Maslin.

SHARE-BASED COMPENSATION

Jodi Haslinger, Company Secretary, received 150,000 unlisted options during the year. The options, which were issued on 21 January 2011, are exercisable at 35 cents, have an expiry date of 31 January 2016 and a fair value of $0.16 per option. The options vested immediately. None of the options were exercised, forfeited or lapsed during the year. There was no other share-based compensation issued to key management personnel during the year.

DIRECTORS' MEETINGS

During the year the Company held 3 meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	B
Anthony Maslin	3	3
Seamus Cornelius	2	2
Julian Stephens	-	-
Sam Wright	2	2
Michael Ivey	-	-
Ron Smit	1	1
Graeme Smith	1	1

NOTES

A – Number of meetings attended.
B – Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

At the date of this report there are 4,005,001 listed and 12,500,000 unlisted unissued ordinary shares in respect of which options are outstanding.

LISTED		NUMBER OF OPTIONS
Balance at the beginning of the year		-
Issued during the year		4,005,001
Total number of options outstanding as at 30 June 2011 and the date of this report		**4,005,001**
The balance is comprised of the following:		
Expiry date	Exercise price (cents)	**Number of options**
31 January 2016	30	4,005,001
Total number of options outstanding at the date of this report		**4,005,001**

UNLISTED		NUMBER OF OPTIONS
Balance at the beginning of the year		8,750,000
Issued during the year		3,750,000
Total number of options outstanding as at 30 June 2011 and the date of this report		**12,500,000**
The balance is comprised of the following:		
Expiry date	Exercise price (cents)	**Number of options**
15 May 2012	20	4,750,000
15 May 2012	30	4,000,000
31 January 2016	35	3,750,000
Total number of options outstanding at the date of this report		**12,500,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Buxton Resources Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid is $7,794.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Rothsay Chartered Accountants, or associated entities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

Signed in accordance with a resolution of the directors.

Anthony Maslin

Managing Director

Perth, 30 September 2011

BUXTON

RESOURCES LIMITED

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

The Directors
Buxton Resources Limited
50 Derby Rd
Subiaco WA 6008

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2011 financial statements; and

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

Frank Vrachas (Lead auditor)

Rothsay Chartered Accountants

Dated 30 September 2011

CORPORATE GOVERNANCE STATEMENT

BUXTON
RESOURCES LIMITED

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Trading Policy

Under the Company's securities trading policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Managing Director to do so and a Director must first obtain approval of the Chairman. Only in exceptional circumstances will approval be forthcoming inside of the period commencing on the tenth day of the month in which the Company is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles

	ASX PRINCIPLE	STATUS A = Adopted N/A = Not adopted	Reference / Comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	The remuneration of management and employees is reviewed by the Managing Director and approved by the Board. Acting in its ordinary capacity the Board from time to time carries out the process of considering and determining performance issues
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	Satisfied. The Board Charter is available at www.buxtonresources.com.au in the Corporate Governance Statement. Whilst the performance of management is appraised on an ongoing basis. During the year no formal appraisal of management was conducted.

	ASX PRINCIPLE	STATUS	Reference / Comment
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	Satisfied. Both Mr Cornelius and Dr Stephens are independent.
2.2	The chair should be an independent director	**A**	Satisfied.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	Satisfied. Mr Cornelius is the Chairman and Mr Maslin is the Managing Director.
2.4	The board should establish a nomination committee	**N/A**	The full Board is the Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Company it is not considered that a separate Nomination Committee would add any substance to this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	Given the size and nature of the Company a formal process for performance evaluation has not been developed.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A**	The skills and experience of the Directors are set out in the Company's Annual Report and on the website.
Principle 3:	**Promote ethical and responsible decision making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Company has established a Code of Conduct which can be viewed on its website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	**A**	Not Satisfied. The Board is currently developing a diversity policy for adoption.

	ASX PRINCIPLE	STATUS	Reference / Comment
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	A	The Board is currently developing a diversity policy for adoption. Once adopted the Company will be in a position to disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	A	All three board members are male. There is one male and one female company secretary.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	A	The Board is currently developing a diversity policy for adoption which will be made available at that time.
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	N/A	The full Board acts as the audit committee
4.2	The audit committee should be structured so that it: • consists only of non executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	N/A A A A	The Company only has two non-executive directors. Satisfied. Satisfied. Satisfied.
4.3	The audit committee should have a formal charter	A	Satisfied
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	Satisfied
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	The Board receives monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting.
Principle 6:	**Respect the rights of shareholders**		

	ASX PRINCIPLE	STATUS	Reference / Comment
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual report, Quarterly Reports, the Company Website and the distributions of specific releases covering major transactions and events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	N/A	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	N/A	While the Company does not have formalised risk management policies it recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.

	ASX PRINCIPLE	STATUS	Reference / Comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	Assurances received from CEO and CFO (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	Satisfied
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	N/A	Not Satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation in its current form. Accordingly, the Board has not established a remuneration committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	A	Not Satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation in its current form.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	A	The structure of directors' remuneration is disclosed in the remuneration report of the annual report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	A	Remuneration committee charter is available at www.buxtonresources.com.au in the Corporate Governance statement.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.buxtonresources.com.au.

Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011	Notes	The Company	
		2011	2010
		$	$
REVENUE	4	158,126	162,827
EXPENDITURE			
Depreciation expenses		(16,811)	(10,663)
Employee benefits expenses	5	(297,381)	(179,328)
Exploration expenses		(606,686)	(443,638)
Corporate expenses	5	(149,598)	(92,072)
Option issue expenses		(613,809)	-
Administration costs		(87,185)	(82,455)
LOSS BEFORE INCOME TAX		(1,613,344)	(645,329)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF BUXTON RESOURCES LIMITED		(1,613,344)	(645,329)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	22	(4.6)	(2.0)

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AT 30 JUNE 2011	Notes	The Company	
		2011	2010
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	2,620,917	1,864,371
Trade and other receivables	8	65,106	32,676
Other current assets	9	12,121	-
TOTAL CURRENT ASSETS		2,698,144	1,897,047
NON CURRENT ASSETS			
Plant and equipment	10	13,052	15,995
TOTAL NON CURRENT ASSETS		13,052	15,995
TOTAL ASSETS		2,711,196	1,913,042
CURRENT LIABILITIES			
Trade and other payables	11	223,374	43,995
Provisions	12	5,225	23,268
TOTAL CURRENT LIABILITIES		228,599	67,263
TOTAL LIABILITIES		228,599	67,263
NET ASSETS		2,482,597	1,845,779
EQUITY			
Issued capital	13	5,288,800	3,652,447
Reserve	14	613,809	-
Accumulated losses	15	(3,420,012)	(1,806,668)
TOTAL EQUITY		2,482,597	1,845,779

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2011	Notes	Issued Capital $	Accumulated Losses $	Option reserve $	Total
The Company					
BALANCE AT 1 JULY 2009		**3,652,447**	**(1,161,339)**	**-**	**2,491,108**
Loss for the year		-	(645,329)	-	**(645,329)**
TOTAL COMPREHENSIVE LOSS		**-**	**(645,329)**	**-**	**(645,329)**
BALANCE AT 30 JUNE 2010		**3,652,447**	**(1,806,668)**	**-**	**1,845,779**
Loss for the year		-	(1,613,344)	613,809	**(999,535)**
TOTAL COMPREHENSIVE LOSS		**-**	**(1,613,344)**	**613,809**	**(999,535)**
Shares issued for cash		1,777,200	-	-	**1,777,200**
Share issue costs		(140,847)	-	-	**(140,847)**
BALANCE AT 30 JUNE 2011		**5,288,800**	**(3,420,012)**	**613,809**	**2,482,597**

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 30 JUNE 2011	Notes	The Company	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(557,996)	(331,256)
Expenditure on mining interests		(451,008)	(452,896)
Interest received		72,720	72,910
Other revenue		345	65,043
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21	(935,939)	(646,199)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(13,868)	(1,090)
Proceeds from sale of exploration assets		70,000	-
Proceeds from sale of financial assets at fair value through profit or loss		-	204,559
NET CASH INFLOW FROM INVESTING ACTIVITIES		56,132	203,469
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares21		1,777,200	-
Payment of share issue costs		(140,847)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,636,353	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		756,546	(442,730)
Cash and cash equivalents at the beginning of the financial year		1,864,371	2,307,101
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	2,620,917	1,864,371

The above Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for Buxton Resources Limited as an individual entity. The financial statements are presented in the Australian currency. Buxton Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2011. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

The financial statements of Buxton Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Financial statement presentation

The Company has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Company had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) 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 full Board of Directors.

Change in accounting policy

For management purposes, the Company has identified only one reportable segment as exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location. There has been no change in the number of reportable segments presented from the prior year.

(c) Revenue recognition

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

(d) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated 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 income tax is provided in full, 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value

less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the

statement of comprehensive income.

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(i) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(l) 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 for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Share-based payment transactions

(i) Equity settled transactions:

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). There is currently a plan in place to provide these benefits, being the Employee Share Option Plan (ESOP), which provides benefits to directors, officers and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17.

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

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

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

22). The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes valuation model taking into account the terms and conditions upon which the instruments were granted (see Note 17). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(p) New accounting standards and interpretations

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

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

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

(q) Critical accounting judgements, estimates and assumptions

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

(ii) Share-based payment transactions: The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 14.

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

(ii) Price risk

Given the current level of operations the Company is not exposed to price risk.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire

balance of cash and cash equivalents for the Company $2,620,917 (2010: $1,864,371) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 4.7% (2010: 3.8%).

Sensitivity analysis

At 30 June 2011, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $18,719 lower/higher (2010: $21,000 -/+ 100 basis points) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3. SEGMENT INFORMATION

For management purposes, the Company has identified only one reportable segment being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

	The Company	
	2011	2010
	$	$
Exploration segment		
Segment revenue	70,000	83,563
Reconciliation of segment revenue to total revenue before tax:		
Other revenue	345	-
Interest revenue	87,781	79,264
Total revenue	158,126	162,827
Segment results	(536,686)	(360,075)
Reconciliation of segment result to net loss before tax:		
Other coporate and administration	(1,076,658)	(285,254)
Net loss before tax	(1,613,344)	(645,329)
Segment operating assets	10,753	8,590
Reconciliation of segment operating assets to total assets:		
Other coporate and administration assets	2,700,443	1,904,452
Total assets	2,711,196	1,913,042

	The Company	
	2011	2010
	$	$
4. Revenue		
From continuing operations		
Other revenue	-	-
Interest	87,781	79,264
Net gain on sale of financial assets at fair value through profit or loss	-	18,520
Net gain on sale of tenements	70,000	-
Research and development tax offset	-	65,043
Other revenue	345	-
	158,126	162,827
5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Minimum lease payments relating to operating leases	21,292	52,875
Defined contribution superannuation expense	23,787	17,100
6. INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
		-
		-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,613,344)	(645,329)
Prima facie tax benefit at the Australian tax rate of 30%	(484,003)	(193,599)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	192	130
Movements in unrecognised temporary differences	21,354	(16,881)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	462,457	210,350

	The Company	
Income tax expense	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Share issue costs	65,849	52,747
Other	50,396	9,380
Carry forward tax losses	1,010,141	547,684
	1,126,386	609,811
Deferred Tax Liabilities (at 30%)	-	-
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	420,917	146,488
Short-term deposits	2,200,000	1,717,883
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	2,620,917	1,864,371
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.		
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Sundry receivables	65,106	32,676
9. OTHER CURRENT ASSETS		
Prepayments	7,798	-
Security deposit	4,323	-
	12,121	-
Continued Next Page...		

	The Company	
10.NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	70,438	56,570
Accumulated depreciation	(57,386)	(40,575)
Net book amount	13,052	15,995
Plant and equipment		
Opening net book amount	15,995	26,658
Additions	13,868	-
Depreciation charge	(16,811)	(10,663)
Closing net book amount	13,052	15,995
11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	20,393	35,994
Other payables and accruals	202,981	8,001
	223,374	43,995
12. PROVISIONS		
Employee leave entitlements	5,225	23,268

13. ISSUED CAPITAL

(a) Share capital

		2011		2010	
	Notes	Number of shares	$	Number of shares	$
Ordinary shares fully paid	13(b), 13(d)	40,118,194	5,288,800	32,040,010	3,652,447
Total issued capital		40,118,194	5,288,800	32,040,010	3,652,447
(b) Movements in ordinary share capital					
Beginning of the financial year		32,040,010	3,652,447	32,040,040	3,652,447
Issued for cash during the year		8,078,184	1,777,200	-	-
Share issue costs		-	(140,847)	-	-
End of the financial year		40,118,194	5,288,800	32,040,010	3,652,447

(c) Movements in options on issue

	Number of options	
Unlisted	2011	2010
Beginning of the year	8,750,000	8,750,000
Issued during the year	3,750,000	-
End of the year	12,500,000	8,750,000
Listed		
Beginning of the year	-	-
Issued during the year	4,005,001	-
End of the year	4,005,001	-

(d) Ordinary shares

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

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

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

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2011 and 30 June 2010 is as follows:

	The Company	
	2011	2010
	$	$
Cash and cash equivalents	2,620,917	1,864,371
Trade and other receivables	65,106	32,676
Trade and other payables	(223,374)	(67,263)
Working capital position	2,462,649	1,829,784
14. RESERVES		
Option reserve		
Balance at beginning of year	-	-
Issue of unlisted options during the year	613,809	-
Balance at end of year	613,809	-

Option reserve

The option premium reserve is used to record the value of options issued by the Company.

The Company issued a total of 3,750,000 unlisted options during the year. A total of 3,600,000 unlisted options were issued to corporate advisors and to other advisors to the Company as compensation for services rendered. A further 150,000 unlisted options were issued to an executive of the Company as share-based equity compensation, details of which are included in Note 17. The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The contractual life of the option is used as an input into this model.

14. RESERVES Continued

	The Company	
Fair value of share options and assumptions – **Unlisted options**	2011	2010
Fair value at grant date (weighted average)	$0.16	-
Share price (grant date)	$0.29	-
Exercise price (weighted average)	$0.35	-
Expected volatility (expressed as weighted average annualised volatility used in the modelling under Black-Scholes option pricing model)	166%	-
Option life (expressed as weighted average life used in the modelling under the Black-Scholes option pricing model)	2.5 years	-
Expected dividends	Nil	-
Risk-free interest rate (based on national government bonds)	5.37%	-

The expected volatility is based on the historic volatility.

	The Company	
15. ACCUMULATED LOSSES	2011	2010
Balance at beginning of year	(1,806,668)	(1,161,339)
Net loss for the year	(1,613,344)	(645,329)
Balance at end of year	(3,420,012)	(1,806,668)

16. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Company at any time during the year and unless otherwise indicated were key management personnel for the entire year.

Non-executive directors

Mr S Cornelius (Chairman, appointed 29/11/2010))
Mr S Wright (Non-executive Director & Company Secretary, appointed 31/12/2010, resigned as Non-executive Director on 1/9/11))

Executive director

Mr A Maslin (Managing Director, appointed 11/11/2010))

Executive

Miss J Haslinger (Company Secretary, appointed 29/11/2010))

(a) Key management personnel compensation

Short-term benefits	330,691	284,478
Post-employment benefits	19,667	15,750
Share-based payments	24,552	-
Total	374,910	300,228

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 24.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

During the year 150,000 options were granted as share based compensation to key management personnel vesting immediately (2010: nil). There were no shares issued on the exercise of such options during the year (2010: nil).

The following share-based payment arrangements were in place during the year:

	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Option series no. 1	150,000	21 January 2011	31 January 2016	0.35	24,552

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

	2011 No.	2011 Weighted average exercise price $	2010 No.	2010 Weighted average exercise price $
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	150,000	0.35	-	-
Outstanding at the end of the year	150,000	0.35	-	-
Exercisable at the end of the year	150,000	0.35	-	-

The outstanding balance as at 30 June 2011 is represented by 150,000 options over ordinary shares with an exercise price of $0.35 each, exercisable until 31 January 2016.

(i) Options provided as remuneration and shares issued on exercise of such options (cont'd)

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The inputs to the options valuation were the following:

	Series No. 1
Dividend yield (%)	N/A
Expected volatility (%)	166
Risk-free interest rate (%)	5.37
Expected life of option (years)	2.50
Exercise price (cents)	35
Grant date share price (cents)	29

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

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Buxton Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2011	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Anthony Maslin	-	-	-	130,198	130,198	130,198	-
Seamus Cornelius	-	-	-	183,948	183,948	183,948	-
Sam Wright	-	-	-	56,819	56,819	56,819	-
Michael Ivey	-	-	-	-	-	-	-
Ron Smit	2,000,000	-	-	(2,000,000)	-	-	-
Graeme Smith	500,000	-	-	(500,000)	-	-	-
Executive							
Jodi Haslinger	-	150,000	-	3,370	153,370	153,370	-

2010	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Michael Ivey	-	-	-	-	-	-	-
Ron Smit	2,000,000	-	-	-	2,000,000	2,000,000	-
Graeme Smith	500,000	-	-	-	500,000	500,000	-

All vested options are exercisable at the end of the year.

(b) Equity instrument disclosures relating to key management personnel (cont'd)

(iii) Share holdings

The numbers of shares in the Company held during the year by each director of Buxton Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

2011	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Ordinary shares				
Directors				
Anthony Maslin	-	-	392,897	**392,897**
Seamus Cornelius	-	-	930,397	**930,397**
Sam Wright	-	-	113,638	**113,638**
Michael Ivey	110,000	-	(110,000)	**-**
Ron Smit	3,340,000	-	(3,340,000)	**-**
Graeme Smith	72,500	-	(72,500)	**-**
Executive				
Jodi Haslinger	-	-	52,742	**52,742**

2010	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Ordinary shares				
Directors				
Michael Ivey	110,000	-	-	**110,000**
Ron Smit	3,340,000	-	-	**3,340,000**
Graeme Smith	72,500	-	-	**72,500**

(iv) Performance Rights

The numbers of Performance Rights in the Company held during the year by each director of Buxton Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below. The Performance Rights lapse if the performance hurdle is not satisfied within 3 years of the issue of the Performance Rights. Shareholders approved the issue of Performance Rights to directors at an EGM held on 26th May 2011.

Performance Milestone	Mr Maslin	Mr Cornelius	Mr Wright
The Company's Shares trade at a volume weighted average price of at least 40 cents per Share for a consecutive period of at least 30 business days	300,000	100,000	50,000
The Company's Shares trade at a volume weighted average price of at least 50 cents per Share for a consecutive period of at least 30 business days	400,000	100,000	100,000
The Company's Shares trade at a volume weighted average price of at least 60 cents per Share for a consecutive period of at least 30 business days	300,000	100,000	50,000
Total performance rights	1,000,000	300,000	200,000

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	The Company	
18. REMUNERATION OF AUDITORS	2011	2010
Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	**34,909**	**19,000**
Total remuneration for audit services	**34,909**	**19,000**

19. CONTINGENCIES

Contingent Remuneration

There are no material contingent liabilities or contingent assets of the Company at balance date.

20. COMMITMENTS

(a) Exploration commitments	The Company	
The Company has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:	2011	2010
within one year	379,000	500,000
later than one year but not later than five years	1,516,000	-
	1,895,000	500,000

(b) Lease commitments: Company as lessee	The Company	
Operating leases (non cancellable):	2011	2010
Minimum lease payments		
within one year	-	51,100
later than one year but not later than five years	-	21,292
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	-	72,392

The 2010 property lease was a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement required an annual CPI increase. An option existed to renew the lease at the end of the three-year term for an additional term of three years. The lease allowed for subletting of all lease areas.

(c) Remuneration commitments	The Company	
Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel that are not recognised as liabilities and are not included in the key management personnel compensation.	2011	2010
within one year	-	75,000
later than one year but not later than five years	-	-
	-	75,000

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 1 September 2011, the Company announced the appointment of Dr Julian Stephens as a Technical Director. Dr Stephens has extensive experience in the resources sector having spent in excess of 16 years in board, executive management, senior operational, and economic geology research roles for private and public companies. Concurrently with the appointment of Dr Stephens, Mr Sam Wright stepped down from the role of Non-Executive Director of the Company. However, Mr Wright remains with Buxton in the role of Joint Company Secretary. The Board wish to sincerely thank Mr Wright for his efforts and contribution to the Company in the role of Non-Executive Director.

On 12 September 2011, the Company announced excellent drilling results that substantially upgrade the Zanthus Magnetite Project, located just 25km south of the Trans WA Railway 200km east of Kalgoorlie. Consistent, wide, high-grade magnetite drill intercepts have been received and confirm a significant iron discovery at Cohen over >4km of strike. The Company also announced that additional magnetite mineralisation has been discovered at the Joplin Prospect.

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

21.NOTE TO STATEMENT OF CASH FLOWS	The Company	
Reconciliation of net loss after income tax to net cash outflow from operating activities	**2011**	**2010**
Net loss for the year	(1,613,344)	(645,329)
Non Cash Items		
Depreciation of non current assets	16,811	10,663
(Gain)/loss on financial assets at fair value through profit or loss	-	(18,520)
Option issue expenses	613,809	-
Proceeds from sale of exploration assets	(70,000)	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(49,063)	(14,944)
(Increase)/decrease in other assets	4,511	
Increase/(decrease) in trade and other payables	179,379	21,931
Increase/(decrease) in provisions	(18,042)	
Net cash outflow from operating activities	(935,939)	(646,199)

22. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share	The Company	
	2011	2010
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(1,613,344)	(645,329)

(b) Weighted average number of shares used as the denominator	Number of shares	
	2011	2010
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	34,783,632	32,040,010

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2011, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 23 to 48 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2011 and of it's performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Anthony Maslin

Managing Director

Perth, 30 September 2011

BUXTON RESOURCES LIMITED

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BUXTON RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Buxton Resources Limited (the Company") which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to 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 in 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

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Buxton Resources Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the Company'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 report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

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

Audit opinion

In our opinion the remuneration report of Buxton Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Frank Vrachas
Partner

Dated 30 September 2011

ASX ADDITIONAL INFORMATION

BUXTON
RESOURCES LIMITED

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. Unless otherwise stated, the information is current as at 19 September 2011

				Ordinary shares	
				Number of holders	Number of shares
1	-	1,000		6	964
1,001	-	5,000		37	123,893
5,001	-	10,000		74	689,674
10,001	-	100,000		197	6,736,199
100,001	-	and over		57	32,567,374
			Total	371	40,118,194
The number of shareholders holding less than a marketable parcel of shares are:				12	10825

				Listed Options expiring 31/1/16 @ $0.30 (as of 31/8/11)	
				Number of holders	Number of shares
1	-	1,000		20	10,750
1,001	-	5,000		110	224,307
5,001	-	10,000		25	191,873
10,001	-	100,000		47	1,726,801
100,001	-	and over		10	1,851,252
			Total	212	4,004,983
The number of shareholders holding less than a marketable parcel of shares are:				130	235,057

(a) Distribution of equity securities (continued)

				Unlisted Options expiring 15/5/12 @ $0.20	
				Number of holders	Number of shares
1	-	1,000		0	0
1,001	-	5,000		0	0
5,001	-	10,000		0	0
10,001	-	100,000		0	0
100,001	-	and over		6	4,750,000
			Total	6	4,750,000
The number of shareholders holding less than a marketable parcel of shares are:				0	0

				Unlisted Options expiring 15/5/12 @ $0.30	
				Number of holders	Number of shares
1	-	1,000		0	0
1,001	-	5,000		0	0
5,001	-	10,000		0	0
10,001	-	100,000		6	600,000
100,001	-	and over		5	3,400,00
			Total	11	4,000,000
The number of shareholders holding less than a marketable parcel of shares are:				0	0

				Unlisted Options expiring 31/1/16 @ $0.35	
				Number of holders	Number of shares
1	-	1,000		0	0
1,001	-	5,000		0	0
5,001	-	10,000		0	0
10,001	-	100,000		2	200,000
100,001	-	and over		9	3,550,00
			Total	11	3,750,000
The number of shareholders holding less than a marketable parcel of shares are:				0	0

(b) Twenty largest shareholders

(i)The names of the twenty largest holders of quoted ordinary shares are:

		Number of Listed Shares	Percentage of Listed Shares
1	MONTEZUMA MINING COMPANY LTD	3,762,500	9.38
2	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,501,167	6.23
3	MR RONALD SMIT	2,500,000	6.23
4	SOUTH BOULDER MINES LTD	1,700,000	4.24
5	MR LIAM RAYMOND CORNELIUS	1,250,000	3.12
6	ATOC INC	1,100,000	2.74
7	TAO YUAN RESOURCES LIMITED <NO 3 A/C>	1,092,631	2.72
8	RANGUTA LIMITED	1,000,000	2.49
9	MR HENRY WIECHECKI	1,000,000	2.49
10	DUKETON CONSOLIDATED LIMITED	952,385	2.37
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	915,675	2.28
12	ARADIA VENTURES PTY LTD <J & A BROWN FAMILY A/C>	875,000	2.18
13	MRS JULIE MARIE SMIT	810,000	2.02
14	CONG MING LIMITED	700,000	1.74
15	MS SHAO YUAN NICOLE ZHANG	650,000	1.62
16	ARCHEM TRADING NZ LIMITED	625,000	1.56
17	MR SEAMUS IAN CORNELIUS	625,000	1.56
18	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	587,250	1.46
19	DUKETON CONSOLIDATED LIMITED	562,500	1.4
20	MS YUFANG HU	541,000	1.35
		23,750,108	59.18

(b) Twenty largest shareholders (continued)

(ii) The names of the twenty largest holders of listed options are:

		Listed Options exp 31/1/16 @ $0.30	
		Number of Listed Options	Percentage of Listed Options
1	MONTEZUMA MINING COMPANY LTD	376,250	9.39
2	MR JOHN ROBERT HECTOR RICHES + MRS LILLAS MARY RICHES <RICHES SUPER FUND A/C>	300,824	7.51
3	MR RONALD SMIT	250,000	6.24
4	SOUTH BOULDER MINES LTD	170,000	4.24
5	MR HENRY WIECHECKI	162,500	4.06
6	MR LIAM RAYMOND CORNELIUS	125,000	3.12
7	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	121,906	3.04
8	MR ANTHONY MASLIN + MS MARITE NORRIS <MASLIN FAMILY A/C>	121,136	3.02
9	MR SEAMUS CORNELIUS	113,636	2.84
10	ATOC INC	110,000	2.75
11	MR FENGJIE CHEN	100,000	2.50
12	RANGUTA LIMITED	100,000	2.50
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	91,567	2.29
14	ARADIA VENTURES PTY LTD <J & A BROWN FAMILY A/C>	87,500	2.18
15	TAO YUAN RESOURCES LIMITED <NO 3 A/C>	75,000	1.87
16	ARCHEM TRADING NZ LIMITED	62,500	1.56
17	MR SEAMUS IAN CORNELIUS	62,500	1.56
18	MR ASKANDAR NICOLAS JOUKHADAR MRS MAUREEN JOUKHADAR	58,533	1.46
19	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	57,812	1.44
20	STRAIGHT LINES CONSULTANCY PTY LTD <STRAIGHT LINES CONSULT A/C>	56,819	1.42
		2,603,483	64.99

(iii) The names of the largest holders of unlisted options (Expiry 31/01/2016, Ex Price 35c) are:

		Number of Unlisted Options	Percentage of Unlisted Options
1	DONGARRA LIMITED	2,000,000	53.33
2	CHO YONSU	200,000	5.33
3	ARADIA VENTURES PTY LTD	200,000	5.33
4	DRAGON GAS LTD	200,000	5.33
5	MICHAEL ASHLEY GILES	200,000	5.33
6	KLAAS POOL	200,000	5.33
7	RENAE WAINWRIGHT	200,000	5.33
8	TAO YUAN RESOURCES LIMITED	200,000	5.33
9	MISS JODI HASLINGER	150,000	4.00
10	MR TREVOR JAMES SAUL	100,000	2.67
11	MR HANNES HUSTER	100,000	2.67
		3,750,000	100.00

(c) Substantial shareholders

At the date of this report the following shareholders had lodged substantial shareholder notices with the Company, in accordance with section 671B of the Corporations Act 2001 are:

1. On 14 March 2011 a change of interest of substantial shareholder notice was received by the Company notifying the Company that Ronald Smit was a substantial shareholder holding a relevant interest in 3,400,000 shares representing 8.49% of the voting power.
2. On 8 January 2010 a change of interest of substantial shareholder notice was received by the Company notifying the Company that Montezuma Mining Company Ltd was a substantial shareholder holding a relevant interest in 3,010,000 shares representing 9.39%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Western Australia	E63/1114	90
Western Australia	E63/1121	90
Western Australia	E28/1959	100
Western Australia	E63/1351	100

BUXTON
RESOURCES LIMITED

NOTES

BUXTON
RESOURCES LIMITED

BUXTON
RESOURCES LIMITED

NOTES

BUXTON
RESOURCES LIMITED

BUXTON
RESOURCES LIMITED

NOTES

BUXTON
RESOURCES LIMITED