2. Significant Accounting Policies (continued)

Work in progress represents gold in the processing circuit that has not completed the production process. Work in progress is recorded at average cost. Costs include direct labour, mine-site overhead, and depreciation and depletion on Selinsing mine equipment and mineral properties.

Finished goods inventory is metal available for sale and is valued at the lower of average production cost and net realizable value.

e. Property, plant and equipment

Property, plant and equipment are recorded at cost, and amortization begins when the asset is substantially put into service. Amortization is calculated on a straight-line basis over the assets' estimated useful lives at the following annual rates:

Buildings	2%
Furniture and equipment	10%
Computers	20% - 45%
Vehicles (including vehicles under capital lease)	20%
Construction costs	5% to 20%

Equipment used in exploration and development of mineral property interests is amortized, but the amortization charge is deferred with other mineral property interests, exploration and development expenditures. Amortization of equipment not specifically related to the Company's exploration and development activities is included in the consolidated statements of operations and deficit.

Construction costs related to the Selinsing Gold Mine Project are recorded at cost. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. No amortization is calculated until the assets are substantially put into service. During the year-ended June 30, 2010, the gravity circuit of the mine was substantially complete and its various components are amortized at rates between 5% and 20% straight-line.

f. Impairment of long-lived assets

The Company monitors the recoverability of long-lived assets, including property, plant and equipment, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The impairment loss is recorded in the period when it is determined that the carrying amount of the asset may not be recoverable. The amount of loss is measured as the excess of the carrying value of the asset over its fair value.

g. Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property interest acquisition costs and exploration and development expenditures, net of any recoveries. These deferred expenditures will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, abandoned or when impairment in value is determined to have occurred.

Mineral property interest acquisition costs include the cash consideration, the fair value of common shares issued for mineral property interests and the fair value of warrants issued determined using the Black-Scholes option pricing model.

During the development of a mine, prior to the commencement of production, costs incurred to remove overburden and other mine waste materials in order to access the ore body at Selinsing open pit operations ("stripping costs") are capitalized to the related property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs are accounted for as variable production costs and included in the cost of inventory produced during the period except for stripping costs incurred to provide access to sources of reserves that will be produced in future periods and would not otherwise have been accessible, which are capitalized to the cost of mineral property interests and depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

When a mine construction project moves into the production stage, the capitalization of certain mine costs ceases and costs are either charged to inventory or expensed. Mining costs incurred to stockpile ores for production are charged to inventory.