

Mutiny



A.B.N. 72 101 224 999

AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

This half-year financial report should be read in conjunction with the 2012 Annual Report

Mutiny Gold Ltd
ABN 72 101 224 999 and Controlled Entities

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Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

DIRECTORS' REPORT

Your Directors submit the financial report for the half-year ended 31 December 2012 of the Group.

Directors

The names of directors who held office during or since the end of the half-year are:

FRANK LAWSON	-	Chairman
JOHN GREEVE	-	Managing Director
ALLAN BROWN	-	Non Executive Director
BENEDICT KUSNI	-	Non Executive Director
PAUL WRIGHT	-	Non Executive Director, appointed 24/08/2012
ROWAN JOHNSTON	-	Non Executive Director, appointed 24/08/12

Principal Activities

There have been no significant changes in the nature of the Group's principal activities, which remain as exploration for, evaluation and development of gold and other economic mineral deposits. Mutiny's key focus is the development of the high-grade Deflector Gold/Copper mine in the Murchison region of WA.

Operating Results

The net operating loss after tax for the half year ended 31 December 2012 was \$429,027 (31 December 2011: \$2,631,648).

Significant Transactions

Project Development Funding Agreement with Sandstorm Gold Ltd

Summary:

- US\$43 (A\$41) million funding agreement with Canadian Institution Sandstorm Gold Ltd, via a Metals Purchase Agreement ('MPA').
- The Metals Purchase Agreement with Sandstorm Gold Ltd will fund a significant portion of the Deflector capital costs.

Sandstorm Metals Purchase Agreement

The US\$43m Metals Purchase Agreement ("MPA") with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL) comprises US\$38m in upfront payments, US\$5m in equity and a possible additional US\$4m in performance based payments. The latter is intended as supplemental finance for plant expansion in year 3 of mining at Deflector. This MPA is the first of its kind in Australia.

Under the terms of the MPA Sandstorm has agreed to purchase an amount equal to 15% of the gold produced from Deflector (the "Gold Stream"). Pursuant to this agreement, Sandstorm will make an initial upfront cash payment to Mutiny of US\$9 million (the "Initial Deposit") and will make a future cash remittance of US\$29 million (the "Second Deposit") once Mutiny has received final mine permits for Deflector as well as completed certain funding conditions. In addition, Sandstorm will make ongoing per ounce payments equal to the lesser of US\$500 per ounce of gold and the prevailing market price of gold (the "Per Ounce Payments"). If Deflector produces more than 85,000 ounces of gold in a given year, Sandstorm will make a one-time US\$4 million payment to Mutiny (the "Conditional Deposit").

Mutiny has a right, but not an obligation - for a period of 36 months from the date of the Second Deposit - to repurchase in whole or in part, up to 50% of the Gold Stream by making a payment equal to the greater of US\$24.7 million or the value of 14,742 gold ounces, whereupon the percentage of gold that Sandstorm is entitled to purchase shall be decreased from 15% to 7.5%.

To date no funds have been received from Sandstorm Gold Ltd in respect of the MPA.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

DIRECTORS' REPORT

Review of Operations

The focus of the Group's operations was the evaluation and development of its exploration tenements with emphasis on the high-grade, low cost Deflector Gold/Copper Deposit located within the Company's Gullewa tenements in the Murchison region of Western Australia.

Gullewa Project - Deflector Deposit

Deflector Definitive Feasibility Study ("DFS") confirms net profit increase of 30%

Summary:

- Results of Definitive Feasibility Study (DFS) further confirms Deflector as a highly profitable, low cost, premium Gold-Copper Project
- Net profit increases by 30% to A\$223 million, compared to Bankable Feasibility Study (BFS)
- Forecast initial gold production increases by 20%
- Capital costs largely unchanged
- C1 cash costs remain remarkably low at A\$618

The main financial outcome of the DFS is a sizeable increase in forecast profit (up 30%), as a result of a major increase in production - with no material increase in capital or operating costs - substantially improving the economics at the Deflector Project and lowering project risk considerably.

Forecast profits in the DFS have increased by 30% to A\$223 million as compared to the figures contained in the BFS released in early July 2012.

The main driver for the increase in the project metrics was the successful November 2011 to March 2012 Deflector drill program, the results of which culminated in a substantial (25%) increase in both resources (Table 2) and reserves (Table 3).

Key Financial Outcomes of DFS

The financial outcomes shown in Table 1 confirm the technical and economic viability of the Deflector Project, paving the way for the development of the project at a forecast production rate of 65,000 oz Au Eq (annual range 48,000 (1st year) to 71,000 oz Au Eq), with a forecast low average operating cash cost of \$618 per oz Au Eq and an initial mine life of seven and a half (7½) years.

In financial terms, the DFS shows Deflector to be a highly profitable, low cost, high gold grade project with significant gold recoveries, robust mine inventory and a vast scope to increase resources, profit and mine life.

The project generates an initial net operating Cash Flow of A\$425 million, from which Mutiny can readily service the Company's Project Finance Facility (debt plus interest), government charges and taxes. The feasibility study forecasts EBITDA of A\$425 million (up from A\$323 million) (with an annual average A\$58 million) and a net profit (after interest, taxes and depreciation) of A\$223 million.

The initial mine plan allows for a seven and a half (7½) year Mine Life commencing with a two (2) year open pit followed by five and a half (5½) years underground.

Table 1 – Key Parameters and Economics

Average Ore Production rate	380,000 tpa
Mining Inventory	552,000 oz Au Eq
Average Head Grade over Life of Mine	4.8g/t Au, 0.8 % Cu, 5.3 g/t Ag
Recovered Gold Equivalent Ounces	479,685 oz Au Eq
Recovered Metals	397,019 oz Au, 395,864 oz Ag, 18,145 t Cu
Cash costs per ounce	\$618 oz Au Eq
Capital Expenditure – Plant	\$71 million
Mine site Construction Costs including pre-strip	\$20 million

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DIRECTORS' REPORT

Table 1 – Key Parameters and Economics cont.

IRR	66%
NPV 8%	\$137 million
EBITDA	\$425 million
EBIT	\$305 million
Net Operating Cash Flow	\$425 million
Life of Mine	7½ years
Net profit after capital costs, interest and tax	\$223 million

Significant Deflector Reserve Upgrade

Summary:

- Deflector JORC Reserve increases by a further 63,000oz Au Eq
- 'Probable' Ore Reserves increased by 196,000 tonnes at 9.0 g/t gold, 2.8 g/t silver and 0.6% Copper for 57,000 ounces gold, 18,000 ounces silver and 1,000 tonnes of copper
- Additional Reserves add high-grade ore (+9g/t Au) to the underground mining schedule for years 2 and 3
- Outcome highlights the value of the high-grade Splay Lodes, with potential to significantly boost resources and reserves

The upgrade is the result of a resource classification review of Deflector carried out by John Doepel of Continental Resource Management (CRM) and Lynn Widenbar of Widenbar and Associates (Widenbar). Particular focus was on the West Lode splay zones which contain some of the highest grade mineralisation discovered to date at Deflector.

The result is a reclassification of four complete or partial West Splay Lodes from Inferred to Indicated resource category (Table 2). This has been peer reviewed by Mutiny and SRK Consulting geologists. The increase to the Indicated resource category totals 184,000 tonnes at 13.2 g/t gold for 79,000 ounces gold or 87,000 ounces gold equivalent.

Entech Mining Consultants (Entech) has reviewed the revised classification, leading to an important material reclassification from the Inferred Life of Mine (LOM) into the Probable Reserve Category (Table 3) without changes to the current Mine Design. The revised classification has increased 'Probable' Ore Reserves by 196,000 tonnes at 9.0 g/t gold for 57,000 ounces gold.

Mutiny Gold's Managing Director, John Greeve, said the reclassified Indicated Resources demonstrate Deflector's high-grade tenor, as delivered by the Company's successful drilling campaigns.

"The flow-through to Ore Reserves adds increased revenue to the project and places even greater confidence in our mining plan."

Table 2: Deflector JORC-compliant Resource

DEFLECTOR Resource – ASX November 2012								
Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Measured	1,164,000	6.0	223,000	1.5	17,000	10.9	407,000	310,000
Indicated	1,043,000	7.3	246,000	0.6	7,000	4.2	140,000	279,000
Measured & Indicated	2,207,000	6.6	468,000	1.1	24,000	7.7	547,000	589,000
Inferred	658,000	5.8	122,000	0.5	3,000	3.9	82,000	140,000
Totals	2,865,000	6.4	591,000	0.9	27,000	6.8	629,000	729,000

The Gold Equivalence Calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces.

The AUD metal prices used in the calculation were \$1,700/oz Au, \$8,000/t Cu, \$27.0/oz Ag.

Note – Totals may appear incorrect due to appropriate rounding.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

DIRECTORS' REPORT

Table 3: Deflector JORC-compliant Reserves

DEFLECTOR Ore Reserve Statement – November 2012								
Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Proven	1,253,000	4.7	187,000	1.2	15,000	8.4	339,000	213,000
Probable	1,091,000	5.1	179,000	0.5	4,000	2.9	102,000	202,000
Total Reserve	2,344,000	4.9	367,000	0.8	19,000	5.9	441,000	415,000

The Gold Equivalence Calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces.

The AUD metal prices used in the calculation were \$1,700/oz Au, \$8,000/t Cu, \$27.0/oz Ag.

Note – Totals may appear incorrect due to appropriate rounding.

Permits

Mutiny has all permits in place for commencement of activities. Please note that the approval of the Company's mining proposal, received on 5 February 2013 is subject to the lodgment of environmental bonds

Table 4 – Permitting status

Permit / Licence	Regulatory Agency	Submitted	Approved / Current
Works Approval	DEC	Y	Y
Prescribed Premises	DEC	Y	Y
Groundwater Licence	DOW	Y	Y
Clearing Permit	DMP	Y	Y
Mining Proposal	DMP	Y	Y
Project Management Plan – Plant	DMP	Y	Y
Project Management Plan - Mining	DMP	Y	Y
Dangerous Goods	DMP /DoH	Y	Y
Haul Road construction	Shire of Yalgoo	Y	Y
Consent to mine the Gullewa Town site	DMP	Y	Y

Competent Persons Statement:

The Geological aspects in this report which relates to Mining Resource is based upon information compiled by Mr. Lynn Widenbar, Principal Consultant – Widenbar and Associates. Mr Widenbar is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Competent Persons Statement:

The Open Pit and Underground mining aspects in this report which relates to Ore Reserves and LOM production is based upon information compiled by Mr Brett Hampel – B.Sc, Mining Eng.. Mr Hampel is employed by Mutiny and is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hampel consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities
DIRECTORS' REPORT

Competent Persons Statement:

The Exploration aspects in this report which relates to Corporate Exploration Target is based upon information compiled by Mr. John Doepel, Principal Geologist – Continental Resource Management. Mr Doepel is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Doepel consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 19 for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors:



JOHN GREEVE

Managing Director

Dated: 15 March 2013

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2012

	Consolidated Group	
	31.12. 2012	31.12. 2011
	\$	\$
Other income	28,006	193,155
Employee benefits expense	(1,136,403)	(476,568)
Depreciation and amortisation expense	(12,140)	(12,507)
Marketing expense	(160,738)	(113,715)
Consulting expense	(240,317)	(662,038)
Occupancy expense	(94,785)	(59,531)
Corporate compliance expense	(100,450)	(131,619)
Legal expenses	(497,256)	(146,574)
Financing costs	-	(1,038,037)
Travel	(70,055)	(42,241)
Foreign Exchange Loss	(13,348)	-
Write-off exploration & evaluation expenditure	(47,247)	-
Other expenses	(162,683)	(141,973)
Loss before related income tax expenses	(2,507,416)	(2,631,648)
Research and Development Tax Concession	2,078,389	-
Loss for the period	(429,027)	(2,631,648)
Other comprehensive income for the period	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive loss for the period	(429,027)	(2,631,648)
Loss for the period attributable to:		
Members of the parent entity	(429,027)	(2,631,648)
Other comprehensive income for the period attributable to:		
Members of the parent entity	-	-
Loss per share		
- Basic (cents per share)	(0.0009)	(0.0065)
- Diluted (cents per share)	(0.0009)	(0.0065)

The accompanying notes form part of these financial statements.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Consolidated Group 31.12.2012	30.06.12
Current Assets		\$	\$
Cash and cash equivalents		2,146,911	4,251,094
Trade and other receivables		2,459,136	459,966
Total Current Assets		4,606,047	4,711,060
Non-Current Assets			
Receivables		424,203	424,203
Property, plant and equipment		89,859	99,381
Exploration and evaluation expenditure	2	35,719,002	32,628,557
Total Non-Current Assets		36,233,064	33,152,141
Total Assets		40,839,111	37,863,201
Current Liabilities			
Trade and other payables		854,789	815,232
Annual Leave Entitlements		173,526	140,283
Borrowings	3	12,936,670	14,858,100
Total Current Liabilities		13,964,985	15,813,615
Non-Current Liabilities			
Long term borrowings	3	3,847,190	-
Provisions	4	451,184	37,218
Total Non-Current Liabilities		4,298,374	37,218
Total Liabilities		18,263,359	15,850,833
Net Assets		22,575,752	22,012,368
Equity			
Issued capital	5	35,718,986	35,269,236
Reserves	6	2,086,966	1,622,640
Accumulated losses		(15,230,200)	(14,879,508)
Total Equity		22,575,752	22,012,368

The accompanying notes form part of these financial statements.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR

ENDED 31 DECEMBER 2012

	\$ Share Capital Ordinary	\$ Accumulated Losses	\$ Option Reserve	\$ Total
Balance at 1.7.2011	20,766,294	(11,504,320)	83,759	9,345,733
Total comprehensive loss for the period	-	(2,631,648)	-	(2,631,648)
Share based payment to unrelated party	-	-	1,538,881	1,538,881
Issue of share capital	15,605,406	-	-	15,605,406
Transaction costs	(1,229,764)	-	-	(1,229,764)
Balance at 31.12.2011	35,141,936	(14,135,968)	1,622,640	22,628,608
Balance at 1.7.2012	35,269,236	(14,879,508)	1,622,640	22,012,368
Total comprehensive loss for the period	-	(429,027)	-	(429,027)
Transfer from Option Reserve	-	78,335	(78,335)	-
Share based payment to related party	-	-	542,661	542,661
Issue of share capital, net of costs	449,750	-	-	449,750
Balance at 31.12.2012	35,718,986	(15,230,200)	2,086,966	22,575,752

The accompanying notes form part of these financial statements.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 December 2012

	Consolidated Group	
	31 Dec 2012	31 Dec 2011
Cash Flow from Operating Activities	\$	\$
Payments to suppliers and employees	(1,758,746)	(1,739,467)
Royalty payment received	-	75,000
Interests received	19,521	118,155
Interest paid	-	(845)
Net cash flows (used in) operating activities	<u>(1,739,225)</u>	<u>(1,547,157)</u>
 Cash Flow from Investing Activities		
Payments for environmental bonds	-	(417,416)
Payments for office plant and equipment	(5,310)	(98,384)
Payments for exploration and evaluation expenditure	(2,441,099)	(14,275,206)
Net cash flows (used in) investing activities	<u>(2,446,409)</u>	<u>(14,791,006)</u>
 Cash Flow from Financing Activities		
Proceeds from issue of shares	415,000	12,405,407
Costs of share issue	-	(728,921)
Proceeds from long term borrowings, net of transaction costs	-	10,199,800
Proceeds from short term borrowings	1,925,760	-
Interest paid	(259,309)	-
Net cash flows from financing activities	<u>2,081,451</u>	<u>21,876,286</u>
 Net (decrease)/increase in cash and cash equivalents	(2,104,183)	5,538,123
Cash and cash equivalents at the beginning of the period	<u>4,251,094</u>	<u>1,571,784</u>
Cash and cash equivalents at the end of the period	<u>2,146,911</u>	<u>7,109,907</u>

The accompanying notes form part of these financial statements.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012

Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporation Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Mutiny Gold Ltd and its controlled entity (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2012 annual financial report for the financial year ended 30 June 2012. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

We have made an assessment of the consolidated entity's ability to continue as a going concern when preparing the financial statements.

The Group has incurred a net loss after tax of \$429,027 for the half-year ended 31 December 2012 (2011: \$2,631,648) and incurred a net cash outflow from operating activities of \$1,739,225 (2011: \$1,547,157).

The half-year financial report has been prepared on a going concern basis. The Group's ability to continue as a going concern and develop its projects at the planned rate is dependent upon successfully raising additional project finance and further working capital. The forecasted cash flows include the mine development of the Deflector Deposit. In order to execute the Group's business plans the Directors recognise the need for funding additional to the US\$43m provided under the Metals Purchase Agreement detailed below.

Negotiations are progressing well with Credit Suisse in regards to the project finance discussions, including having agreed a draft term sheet, however arrangements have not been finalised to secure additional funding at this stage. Alternatively the Directors understand that they will need to reduce the level of expenditure including project development

These conditions indicate the existence of an uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern.

Significant Events and Transactions

Sandstorm Gold Ltd

Sandstorm Metals Purchase Agreement

On the 5th of December 2012, Mutiny announced that it had entered into a US\$43m Metals Purchase Agreement ("MPA") with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL). The deal comprises US\$38m in upfront payments, of which US\$4m was received in at commencement of negotiations in May 2012, US\$5m in equity and a possible additional US\$4m in performance based payments. The latter is intended as supplemental finance for plant expansion in year 3 of mining at Deflector.

The MPA with Sandstorm is designed to complement the more traditional bank provided project finance which will collectively meet the majority of the Company's requirements for the development of the Deflector Mine and associated infrastructure. The Bank

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012

Project Finance with Credit Suisse and other banks is being finalised in conjunction with finance leasing of the project's accommodation village.

Under the terms of the MPA, its first related to an Australian project, Sandstorm has agreed to purchase an amount equal to 15% of the gold produced from Deflector (the "Gold Stream"). Pursuant to this agreement, Sandstorm will make an initial upfront cash payment to Mutiny of US\$9 million (the "Initial Deposit") and will make a future cash remittance of US\$29 million (the "Second Deposit") once Mutiny has received final mine permits for Deflector as well as completed certain funding conditions. In addition, Sandstorm will make ongoing per ounce payments equal to the lesser of US\$500 per ounce of gold and the prevailing market price of gold (the "Per Ounce Payments"). If Deflector produces more than 85,000 ounces of gold in a given year, Sandstorm will make a one-time US\$4 million payment to Mutiny (the "Conditional Deposit").

A very important feature of the MPA is Mutiny's right, but not obligation - for a period of 36 months from the date of the Second Deposit - to repurchase in whole or in part, up to 50% of the Gold Stream by making a payment equal to the greater of US\$24.7 million or the value of 14,742 gold ounces, whereupon the percentage of gold that Sandstorm is entitled to purchase shall be decreased from 15% to 7.5%.

To date no funds have been received from Sandstorm Gold Ltd in respect of the MPA.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012

CONSOLIDATED GROUP

31 December 2012

\$

30 June 2012

\$

NOTE 2: Exploration and Evaluation Expenditure

Exploration & evaluation expenditures carried forward in respect of mining areas of interest.

- At cost	35,719,002	32,628,557
	35,719,002	32,628,557

Reconciliation

Balance at beginning of period	32,628,557	8,788,870
Exploration/evaluation expenditure incurred	2,700,399	9,177,356
Sale of tenement	-	(38,670)
Impairment of exploration expenditure	-	(36,238)
Exploration expenditure written off	(47,247)	(51,742)
Acquisition cost of tenements	437,293	14,788,981
	35,719,002	32,628,557

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of respective mining areas of interest.

Note 3: Financial Liabilities

Current Borrowings

Unsecured liability

- Non-interest bearing loan	a	-	3,858,100
- Converting loan	b	1,936,670	-

Secured liability

- Interest bearing loan	c	11,000,000	11,000,000
		12,936,670	14,858,100

Non-Current Borrowings

- Fair value of non-interest bearing loan	a	3,847,190	-
		3,847,190	-

- (a) The non-interest bearing unsecured loan is a USD\$4m first deposit on the Metals Purchase Agreement ("MPA") entered into with Sandstorm Gold Ltd. The deposit is the precursor to the MPA which will supplement the project finance requirements for the development of the Group's Deflector Gold Copper Deposit. The deposit has been treated as a financial liability measured initially at its fair value.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012 Cont.

- (b) The converting loan of USD\$2m was received from Sandstorm Gold Ltd in late November 2012. Under the terms of the loan Sandstorm Gold Ltd is entitled to convert the loan into shares upon the signing of the MPA. Subsequent to the period, the loan was converted into 22,160,046 shares on the 23rd of January 2013.
- (c) The interest bearing loan from Credit Suisse is secured by a fixed and floating charge over the assets owned by the Group. Interest is payable on a quarterly basis and the rate applied is equal to the 3 month Bank Bill Swap Rate prevailing on the interest payment due date. A redemption premium of 20% will be applicable at maturity date.

CONSOLIDATED GROUP

	31 December 2012	30 June 2012
	\$	\$
Note 4: Provisions		
Non-Current Provisions		
Provision for Long Service Leave	52,684	37,218
Provision for Rehabilitation	398,500	-
	451,184	37,218

NOTE 5: Issued and paid up Capital

	Number of Shares	\$
<i>Movements in ordinary shares on issue</i>		
Balance at 1 July 2012	464,373,622	35,269,236
Issued during the period:		
23/08/2012 issued at a market value of \$0.105 each as performance bonus to a contractor	235,714	24,750
29/11/2012 exercise of Director options at \$0.10 each	4,150,000	415,000
29/11/2012 issue of shares to an employee at a market value of \$0.10 each	100,000	10,000
Balance at 31 December 2012	468,859,336	35,718,986

NOTE 6: Reserves

	Number of Options	\$
<i>Movements in reserves</i>		
<i>Option Reserve:</i>		
Balance at 1 July 2012:	44,600,000	1,622,640
Expired during the period:		
Unlisted Directors' Options	(4,500,000)	(78,335)
Granted & Issued during the period:		
Director's Performance Rights	1,422,000	65,981
Unlisted Directors' Options	20,845,000	476,680
Balance at 31 December 2012	62,367,000	2,086,966

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012 Cont.

NOTE 7: Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.

Reportable segment disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and also similar with respect to the geographical location of the mineral development, exploration and evaluation projects.

Types of products and services by segment

Mineral development, exploration and evaluation:

Gullewa Gold Project in the Murchison region of WA

White Well Project in the Tuckabianna region of WA

Donnellys Project in the Ashburton region of WA

Widgie South Project in the Widgiemooltha region of WA

Basis of accounting for the purposes of reporting by operating segment

Accounting policies adopted

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

Inter-segment transactions

Some corporate charges may be allocated to reporting segments based on the segments overall proportion of tenement expenditure within the Group. The Board of Directors believes this is representative of likely consumptions of head office expenditure that should be used in assessing segment performance and cost recoveries.

Segment assets

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

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

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash and debtors;
- Fixed assets;
- Fund raising costs;
- Corporate charges not related to mineral exploration and evaluation; and
- Retirement benefits obligations.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2012 Cont.

NOTE 7: Operating Segments cont.

(i) Segment performance

Six months ended 31.12.2012	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
Revenue						
External sales	-	-	-	-	8,485	8,485
Inter segment sales	-	-	-	-	-	-
Interest revenue	-	-	-	-	19,521	19,521
Total segment revenue		-	-	-	28,006	28,006
<i>Reconciliation of segment revenue to group revenue</i>						
Unallocated items:						
Inter segment elimination						-
Total group revenue						28,006
Segment net (loss) before tax	-	-	-	-	(2,446,756)	(2,446,756)
<i>Reconciliation of segment results to group net (loss) before tax</i>						
i. Amounts not included in segment result but reviewed by the Board						
- Corporate charges	-	-	-	-	-	-
- Depreciation and amortisation	-	-	-	-	(12,140)	(12,140)
- Write off of exploration expenditure	-	-	(48,520)	-	-	(48,520)
- Impairment of property plant and equipment	-	-	-	-	-	-
ii. Unallocated items:						
- Finance cost						-
- Other						-
Net (loss)before tax from						(2,507,416)

Six months ended 31.12.2011	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
Revenue						
External sales	-	-	-	-	-	-
Inter segment sales	-	-	-	-	75,000	75,000
Interest revenue	-	-	-	-	118,155	118,155
Total segment revenue		-	-	-		193,155

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012 Cont.

NOTE 7: Operating Segments cont.

Reconciliation of segment revenue to group revenue at 31.12.2011

Unallocated items:

Inter segment elimination

Total group revenue

193,155

Segment net (loss) before tax

- - - - (2,619,141) (2,619,141)

Reconciliation of segment results to group net (loss) before tax

i. Amounts not included in segment result but reviewed by the Board

- Corporate charges

- - - - - -

- Depreciation and amortisation

- - - - (12,507) (12,507)

- Impairment of property plant and equipment

- - - - - -

ii. Unallocated items:

- Finance cost

- - - - - -

- Other

- - - - - -

Net (loss)before tax from

(2,631,648)

Segment assets

Gullewa WW Donnelly's Widgie All Other Segments Total

Opening Balance 1 July 2012

30,631,951 1,592,241 36,239 368,126 5,234,644 37,863,201

Segment assets increases/(decreases) for the period

Additions

3,085,344 10,509 11,009 30,832 - 3,137,693

Disposals

- - (47,248) - (114,535) (161,783)

33,717,295 1,602,750 - 398,958 5,120,109 40,839,111

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

31 December 2012

NOTE 8: Commitments and Contingencies

Expenditure Commitments

Under the requirements of the Western Australian Department of Mining and Petroleum, the Company has an annual minimum expenditure commitment of \$869,200 on granted tenements. As at 31 December 2012 the Company had met the minimum expenditure requirement on its granted tenements or successfully applied for expenditure waivers from the Department of Minerals and Petroleum (WA).

Tenement	Date Acquired	Annual Expenditure Commitment
		\$
M20/54	27/03/2009	63,400
E15/1025	20/01/2010	20,000
Gullewa Gold Project	20/07/2010	<u>785,800</u>
	TOTAL	<u>869,200</u>

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirement but may reduce these at any time by reducing the size of the tenements. The figure quoted below assumes that no new tenements are granted and that only compulsory statutory area reductions are made.

	\$
Not later than 1 year	869,200
Later than 1 year but not later than 5 years	2,658,646
Later than 5 years	<u>2,572,884</u>
TOTAL	<u>6,100,730</u>

Contingent Liabilities

The Company has a \$54,000 Bond in place for the White Well M20/54 tenement which is secured with a bank guarantee.

NOTE 8: Events Subsequent to Balance Date

On 23 January 2013 Sandstorm Gold Ltd joined the Mutiny share register with 22,160,046 shares being issued in respect of a (USD\$2m) converting loan provided to the Company in November 2012.

In February 2013, the Company received a \$2.08m refund from the Australian Taxation Office in respect of a successful Research and Development Tax Concession claim.

Mutiny Gold Ltd ABN 72 101 224 999 and Controlled Entities
DIRECTORS' DECLARATION

The directors of Mutiny Gold Limited (the Company) declare that:

1. The financial statements and notes as set out on pages 6 to 17:
 - (a) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



JOHN GREEVE
Managing Director

Dated: 15 March 2013

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**Auditor's Independence Declaration
To The Directors of Mutiny Gold Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Mutiny Gold Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 15 March 2013



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Independent Auditor's Review Report To the Members of Mutiny Gold Limited

We have reviewed the accompanying half-year financial report of Mutiny Gold Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Mutiny Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit we have not become aware of any matter that makes us believe that the half-year financial report of Mutiny Gold Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1 in the half year financial report, which indicates that the consolidated entity incurred a net loss after tax of \$429,027 and net cash outflow from operating activities of \$1,739,225 during the half year ended 31 December 2012 and, as of that date, the consolidated entity's current liabilities exceeds current assets by \$9,358,938 and total assets exceeds total liabilities by \$22,575,752. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 15 March 2013