

# Mutiny



MUTINY GOLD LTD ABN 72 101 224 999

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

# Corporate Directory

## **Board of Directors**

### *Chairman*

Frank Lawson

### *Managing Director*

John Robert Greeve

### *Non-executive Directors*

Allan Richard George Brown

Benedict Kusni

Rowan Johnston

Paul Wright

## **Company Secretary**

Cecilia Tyndall

## **Registered Office**

29 Charles Street

South Perth WA 6151

## **Contact Details**

Mutiny Gold Ltd

PO Box 284

South Perth WA 6951

Tel: +61 89368 2722

Fax: +61 89474 3011

Email: [mgl@mutinygold.com.au](mailto:mgl@mutinygold.com.au)

## **Solicitors**

Steinepreis Paganin

GPO Box 2799

Perth WA 6001

## **Auditors**

Grant Thornton Audit Pty Ltd

Level 1, 10 Kings Park Road

West Perth WA 6005

## **Share Registry**

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

## **Stock Exchange Listing**

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Codes: Ordinary Shares - MYG

Options July 2013 - MYGOA

Options November 2013 - MYGOB

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**CONTENTS**

<b>Contents</b>	<b>Page</b>
Chairman's Letter	3
Managing Directors' Letter	4
Review of Operations	5
Directors' Report	20
Shareholder Information	30
Interest in Mining and Exploration Tenements	33
Corporate Governance	34
Directors' Declaration	39
Statement of comprehensive income	40
Statement of financial position	41
Statement of Changes in Equity	42
Statement of cash flows	43
Notes to the Financial Statements	44
Auditor's Independence Declaration	76
Independent Auditor's Report to Members	77

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**CHAIRMAN'S LETTER**

Dear Fellow Shareholder,

The 2012 financial year has highlighted a period of significant progress for Mutiny Gold as the Company continued to focus on its primary objective of becoming a gold-copper producer in 2013 at the Deflector Deposit in Western Australia.

At this time it is useful to think back and consider just how far we have come since the Company listed on 10 July 2006. At that stage our only activity was in Victoria. Looking at what were the best growth options, the Board realised that it was necessary to investigate potential project targets in Western Australia and in mid-2010 we were able to make a company-changing agreement to purchase the Gullewa gold/copper/iron tenements in WA's Mid-West.

At that stage the market capitalisation of Mutiny Gold was about \$3 million, and the Company was seen to be taking a bit of a gamble by committing itself to a debt of some \$14 million! Now thanks to Mutiny's forward thinking and our complete dedication to meeting our acquisition and exploration commitments, our market capitalisation is some \$46 million.

The Company undertook a highly successful drilling program during the year which led to a significant resource upgrade at the Deflector Deposit, increasing the Measured and Indicated JORC classification by 50%. We also had "Bonanza" grade results earlier this year which made the market really sit up and take notice and increased the JORC resource by 26% by expanding and extending the Deflector Deposit mineralisation. These results are expected to have a positive implication on the project economics and potential mine life, as well as contributing to a Mineral Reserve upgrade for Deflector in the September 2012 quarter.

On the financing side of the Deflector development, Mutiny Gold achieved an important project finance objective in November 2011 by signing an A\$11 million project loan facility with Credit Suisse to finance the acquisition of the remaining 30% of the Gullewa tenements and to allow the completion of a Bankable Feasibility Study (BFS) on the Deflector Deposit. As part of the Credit Suisse agreement there is a Gold Hedging Facility for 50,000 ounces at an average price of A\$1,847 per ounce over the facility term. That is a world class price and a fantastic achievement by the Mutiny team. We are currently in discussions to obtain debt finance to help meet the costs of getting the mine and processing plant into operation in 2013. This method is being explored so as to minimise share dilution and maximise long term shareholder value.

The BFS for the Deflector Deposit, which we released in June, confirmed that this project is a low cost, highly profitable and premium gold-copper development. The initial mine plan is forecasting a 7-year mine life with a 2-year open pit mine commencing in 2013 followed by a 5-year underground operation. There is a very real possibility that the mine life can be extended or that the initially planned mining rate can be increased - or both.

Another key area the Company has been very successful in has been in building a top class team for the rapidly evolving picture that is Mutiny Gold.

Most recently we announced the appointment of Rowan Johnston and Paul Wright to the Mutiny Board as Non-Executive Directors. They bring valuable experience from mining operations and legal perspectives and will supplement the Board's existing skills mix as the Company continues its strong run to production.

In addition to working steadily towards the mine start up, the Company anticipates a successful year ahead targeting an aggressive exploration program at the Deflector Deposit and two prospective areas nearby - the Spanish Galleon and Pieces of Eight prospects. Further exploration targets have also been identified in other isolated sections near the Deflector Deposit.

Mutiny Gold looks forward to you continuing this exciting and transformational journey with us over the next twelve months as the Company moves into production at the Deflector Deposit and becomes a much larger operation using its strong cash flows to finance a number of other future projects in the long term.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Lawson", written over a horizontal line.

Dr Frank Lawson, Chairman

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**MANAGING DIRECTOR'S LETTER**

Dear Shareholders,

It has certainly been an eventful year for Mutiny Gold, a year where the Company began delivering on its promise of becoming a significant and profitable gold-copper mining company.

The Company has achieved a number of goals during the 12-month period. Earlier in the year, leading international bank Credit Suisse, following an extensive review, agreed to a binding A\$11 million project loan and hedging facility agreement with Mutiny Gold. The funds were used to complete the acquisition of the remaining 30 per cent of the Gullewa tenements which include the Company's flagship Deflector Gold Copper Project in the Mid-West region of Western Australia as well as fund the drilling program and Bankable Feasibility Study (BFS).

The funding deal was a significant achievement for Mutiny as it not only highlighted the support from a bank which specialises in gold project financing, but was also a significant benefit to shareholders by minimising share dilution and potentially maximising shareholders returns.

The funding deal was supported by an outstanding 50,000 ounce Gold Hedging Facility at world best prices. The forward sale of gold will see Mutiny deliver gold to Credit Suisse over the period of July 2013 to December 2016 at an average price over the facility term of A\$1,847 per ounce which is above historical Australian gold pricing. The forward delivery price for the last delivery of gold is A\$1,920 per ounce, which is higher than the gold spot price has ever traded.

To have hedged a small component of our future gold production at record gold prices will greatly assist in de-risking the Company and the project as it moves towards production at Deflector in 2013.

Another major event was the release of the BFS on the Deflector Deposit which highlighted the potential for Mutiny to be a premium, highly profitable gold copper producer operating a high grade, low cost mine.

Financially, the project generates an initial operating cash flow of \$341 million and net profit after capital costs, interest and tax of \$171 million.

What is particularly exciting is that Deflector boasts low average cash cost per ounce of \$617 per ounce gold equivalent. This creates a very healthy margin based on current gold prices of over \$1700 per ounce.

The BFS makes the whole project eminently bankable and it shows that it is a very robust premium project with a lot of production upside. Following release of the BFS we have been working tirelessly to bring Deflector into production.

Other major milestones during the period include two resource upgrades at Deflector following the Company's highly successful drilling campaigns during the course of the year.

Mutiny is targeting a Deflector Deposit resource in the order of 9 to 14 million tonnes grading at 4 to 8 grams per tonne gold for 1.65 to 3.5 million ounces of gold and 40,000 to 80,000 tonnes of copper.

Looking ahead, the Company is planning an aggressive exploration program at Deflector and is currently modelling a significant increase in gold production at Deflector following the recent resource upgrade.

Mutiny is also beginning the production ready phase at Deflector and has recently locked in a ball mill order with Citic HIC Australia and received approval for key permits.

It is fair to say that Mutiny Gold has a very busy, action-packed 12 months ahead. I look forward to keeping shareholders informed as the Company ramps up towards production at Deflector in 2013.

The Mutiny Board and I would like to thank you for your continuing support and we welcome you to continue on the exciting ride that is this Company's golden future.

Yours sincerely,



John Greeve, Managing Director

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### Vision and Strategy

Mutiny Gold's vision is to be a profitable and significant gold-copper producer, reward its shareholders and to be of service to the community.

The Company's immediate focus is development of its flagship Deflector Gold-Copper Deposit, located on the Gullewa tenements in the South Murchison region of Western Australia, where Mutiny Gold plans to begin production with an open pit operation followed by underground mining after two years.

We believe 2012 was a stellar year for Mutiny, one in which the Company was reshaped from a junior explorer to a strident emerging gold producer, a Company with a low cost, highly profitable mining project and well on the path to achieving its vision.

### Activities

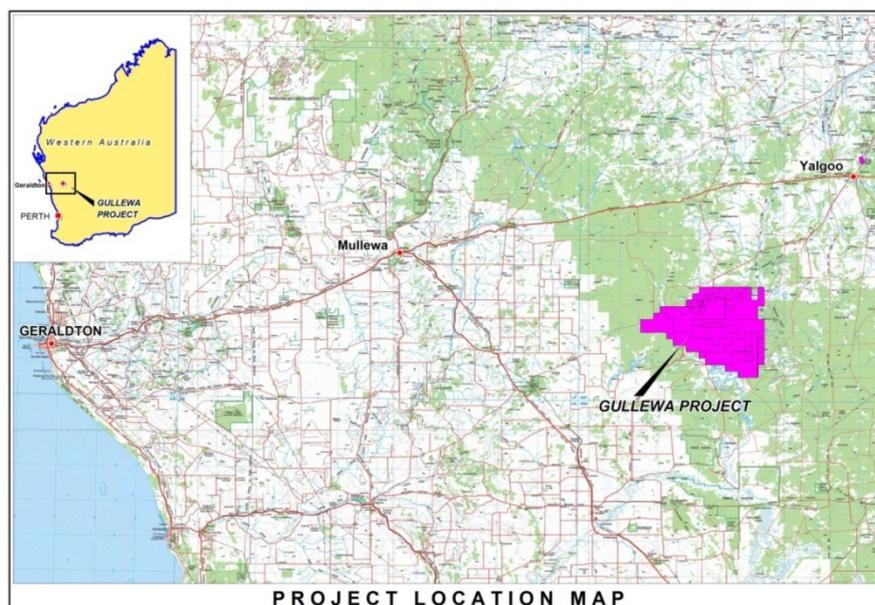
#### General

During the 2012 financial year, the Company's focus has been on achieving its objective of becoming a gold producer at the Deflector Deposit, at Mutiny's flagship Gullewa Gold Project. The Project is located about 450km north of Perth WA and 160km east of the port city of Geraldton, within the Gullewa Greenstone Belt, in the Murchison Province of the Archean Yilgarn Block.

Drilling continued through the second half of 2011, with Mutiny Gold reporting significant high grade gold intersections at the Deflector Deposit, culminating in a significant resource upgrade which increased the Deflector Resource and upgraded resource confidence to Measured and Indicated JORC classification by 50%.

Mutiny continued drilling during the first half of 2012, delivering bonanza grade results which achieved a 26% increase in the JORC resource and expanded and extended the Deflector Deposit mineralisation. Results are expected to have positive implications for project economics and potential mine life, as well as contributing to a Mineral Reserve upgrade for Deflector.

The Company also delivered a Bankable Feasibility Study (BFS) in June for the Deflector Deposit, confirming the deposit to be a low cost, highly profitable, premium gold-copper project.



# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### **100% Ownership of Gullewa**

The Company moved to 100% ownership of the Gullewa Tenements, including Deflector in December 2011 through a final payment of \$4M in cash and 40M ordinary shares. Funding the full acquisition of Gullewa commenced with Mutiny Gold signing a binding project loan and hedging facility agreement with leading global investment bank Credit Suisse after completing a No Fatal Flaws Review.

The Project Loan Facility of \$A11 million provided Mutiny Gold with proceeds to acquire the remaining 30% of the Gullewa tenements, which includes the Deflector Deposit, and the completion of a BFS on the Deflector Deposit.

The facility also provided shareholders with the bonus of minimising share dilution and potentially maximising shareholder returns.

The financing agreement with Credit Suisse included a Gold Hedging Facility for the Deflector Deposit for approximately 50,000 ounces. The average price received over the facility term is A\$1,847 per ounce which is well above historical Australian gold pricing. The forward delivery price for the last delivery of gold is \$1,920 per ounce, which is higher than the gold price has ever traded.

Following the end of the reporting period, Mutiny Gold announced it had received a US\$4 million first deposit on a non-interest bearing commercial agreement. The deposit is intended as the precursor to a wider agreement which will supplement the project finance requirements for the development of the Deflector Deposit.

### **Bankable Feasibility Study**

Delivered in June 2012, the BFS confirmed Deflector as a low cost, highly profitable, premium gold-copper project.

Key Outcomes included:

- Estimated average Life of Mine Cash Operating Cost of \$617 per oz Au Equivalent (Eq), creating a healthy margin based on current gold prices;
- Initial Life of Mine of 7 years;
- Initial total production forecast of 382,000 oz Au Eq, including, 314,475 oz Au, 14,432 tonnes of Cu and 344,604 oz of Ag;
- Estimated Net Operating Cash Flow of \$342 million;
- Net Operating Cash Flow after debt (project finance) and taxes of \$171 million;
- EBITDA of \$323 million;
- Net Profit of \$171 million;
- NPV at 8% of \$103 million;
- Capital costs for plant construction of \$66 million;
- Capital Costs for mine construction of \$21 million; and
- IRR of 43%.

### **Key Feasibility Outcomes**

The initial mine plan allows for a 7 year Mine Life commencing with a 2 year open pit in 2013 followed by 5 years underground operation.

Production will begin in the open pit at 480,000 tonnes per annum followed by 360,000tpa from years 3 to 7 in the underground mining operation resulting in total metal production over the seven years of 382,000 ounces of gold equivalent including 314,475oz gold, 14,432t of copper and 344,604oz of silver.

The Feasibility Study was compiled in-house using expert consultants including studies from Widenbar (Resource), Xstract Mining Consultants (open pit), Entech (underground mining), and GR Engineering Services (process design and plant costing).

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### The First Stage of a Much Larger Operation

The BFS highlights the potential for Mutiny to be a premium, highly profitable gold copper producer operating a high grade, low cost mine.

Mutiny Gold is planning for Deflector to grow into a far larger gold-copper producing operation. The Company is well positioned to achieve this goal, especially given the low operating cost of \$617 per ounce and the development upside both in the rate of production and target increase in gold ounces.

Deflector is just the first of a multiple Gold Mine Strategy for Mutiny Gold.

The high grade Mining Inventory and low operating costs are expected to generate strong cash flows and economic outcomes. This gives the Company a strong base from which to grow and will support its objective of becoming a profitable and significant gold producer with a strong earnings per share ratio.

### Capital Costs

The capital cost estimate provided in Table 2 includes all on-site components of the project, including those for the construction of processing plant, accommodation village and construction of the mine.

Development costs for the underground mine are included in mining operation costs as they are funded out of Operating Cash Flow over the initial 7 year Life of Mine (Table 5).

### Operating Costs

Operating costs for the Deflector gold-copper Project (Table 3) have been developed using indicative pricing received from prospective mining contractors undertaking the open pit and underground mining operations and with these cost assumptions received and modeled by Mutiny's mining consultants. Processing of mined material is by GR Engineering Services and Mutiny and includes transportation costs to refining of copper gold concentrate.

### Financial Analysis

The company considers the BFS shows the Deflector Gold Copper Project to be a premium project due to the low cost of production (\$617 oz Au Eq) and the stable geo-political Western Australian location.

The key financial outcomes (refer Table 1) include net operating cash flow of \$342m, IRR of 43%, a forecast net profit of \$171m and an NPV at 8% of \$103m.

Considering this is only an initial position, the economics of the Deflector Gold Copper Project are compelling.

**Table 1 – Key Parameters and Economics**

<b>Average Ore Production</b>	<b>330,000 tpa</b>
Mining Inventory	2,480,000 tonnes
Average Head Grade over Life of Mine	4.4 g/t Au, 0.7% Cu, 5.4 g/t Ag
Recovered Gold Equivalent Ounces	382,000 oz Au Eq
Recovered Metals	314,475 oz Au, 344,604 oz Ag, 14,432 t Cu
Cash costs per ounce	\$617 oz Au Eq
Capital Expenditure – Plant	\$66 million
Minesite Construction Cost including pre-strip	\$21 million
Assumed Gold Price	\$1700 / oz Au
IRR	43%
NPV 8%	\$103 million
EBITDA	\$323 million
EBIT	\$234 million
Net Operating Cash Flow	\$342 million
Life of Mine	7 years
Net profit after capital costs, interest and tax	\$171 million

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### Mining Method and Ore Reserves

Mutiny will mine the Deflector Ore Body for an initial 2 years open pit and initial 5 years underground.

The open pit will be mined using selective drill and blast methods utilizing 100 tonne hydraulic excavators for overburden and ore removal and 55 tonne trucks for ore and waste haulage. Ore will be drilled, blasted and excavated on 5m benches.

The mining method applied to the underground is conventional jumbo development and long hole open stoping. Stoping will follow a top-down sequence, commencing at the extremities of each level and retreating to the level of access. Rib pillars will remain between adjacent stopes to maintain mine stability. No backfilling of the stope voids is planned, however there may be opportunities in parts of the mine to dispose of waste rock in stope voids which would reduce the truck haulage requirements.

This methodology reduces development metres and provides quick access to ore, requiring minimal capital to be spent upfront whilst maximising recovery of the ore body.

**Table 2 – Capital Cost Breakdown**

Costs	\$Million
Construction Cost - Processing Plant	\$57.5
Construction Cost – Accommodation Village	\$9
Construction Cost – Mine (including pre-strip)	\$20.5
<b>TOTAL</b>	<b>\$87</b>

**Table 3 – Shows Key Operating Cost Components**

Costs	\$Million
Mining	\$187
Processing	\$85
Concentrate Cartage	\$6
Site Administration	\$30
<b>TOTAL</b>	<b>\$308</b>

**Table 4 – Mining Costs Breakdown**

Costs	\$Million
Mobilisation and Mine Cost Services	\$16
Open Pit Mining	\$52
Jumbo Development	\$73
Vertical Development	\$13
Other Underground	\$18
Ore Haulage	\$15
<b>TOTAL</b>	<b>\$187</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**REVIEW OF OPERATIONS**

**Table 5 – Financial Review**

Items	\$Million
Total Revenue	\$651
Total Operating Costs	\$(309)
<b>Net Operating Cash Flow</b>	<b>\$342</b>
Less	
Royalties	\$(19)
Capital Costs	\$(87)
Tax Payable	\$(55)
Debt Charges	\$(10)
<b>Net Operating Profit</b>	<b>\$171</b>
<b>NPV 8%</b>	<b>\$103</b>

**Deflector Maiden High-Grade Reserve Statement**

The Company delivered the Maiden High-Grade Reserve for Deflector in June 2012.

Highlights include:

- Deflector 7 Year 'Life of Mine' production plan of 450,000 ounces gold equivalent; and
- Includes Ore Reserves of 332,000 ounces gold equivalent.

**Open Pit Reserves**

The surface mining reserve has been optimised by Xstract Mining Consultants using Minesite commercial software to generate an optimal pit shell on Deflector.

The ore reserve is that part of the mineral resource which can be economically mined by open pit mining methods. Dilution of the mineral resource and allowance for ore loss were included in the ore reserve estimate. The open pit ore reserves are based upon JORC code standards of reporting. Only indicated resources are used and are summarised in Table 6.

**Table 6 – Deflector Deposit Open Pit Ore Reserve Statement**

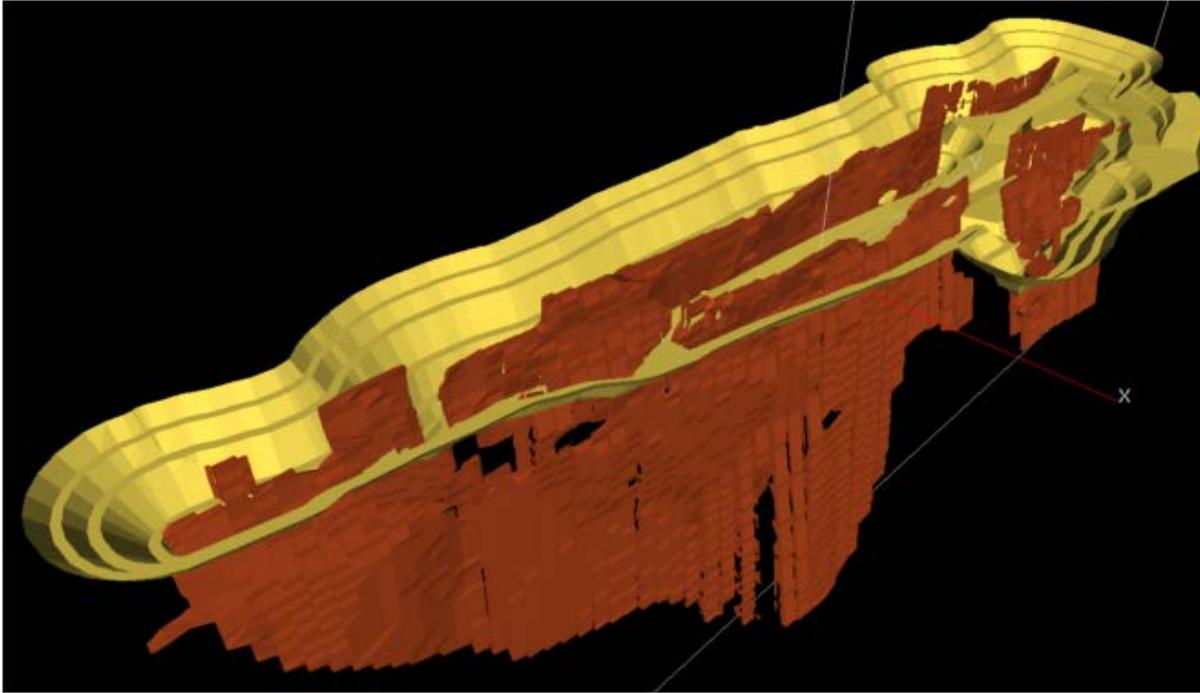
Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Probable	908,000	3.26	95,000	1.05	9,500	6.43	187,000	149,000

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

*The metal prices used in the calculation were US\$1,500/oz Au, US\$8,000/t Cu, US\$25.0/oz Ag.*

*Note – Totals may appear incorrect due to appropriate rounding.*

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**REVIEW OF OPERATIONS**



**Underground Reserves**

The underground mining reserve has been optimised by Entech Mining Consultants using Mine 2-4D commercial software to generate the optimised development and stope shapes for Deflector.

The ore reserve is that part of the mineral resource which can be economically mined by underground mining methods. Dilution of the mineral resource and allowance for ore loss were included in the ore reserve estimate.

The underground ore reserves are based upon JORC code standards of reporting. Measured and indicated resources are used and are summarised in Table 7.

**Table 7 – Deflector Deposit Underground Ore Reserve Statement**

Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Proven	519,000	4.0	67,000	0.6	3,000	6.7	112,000	85,000
Probable	523,000	4.8	81,000	0.5	3,000	4.1	69,000	98,000
<b>Total Reserve</b>	<b>1,042,000</b>	<b>4.4</b>	<b>148,000</b>	<b>0.5</b>	<b>6,000</b>	<b>5.4</b>	<b>181,000</b>	<b>183,000</b>

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

*The metal prices used in the calculation were US\$1500/oz Au, US\$8000/t Cu, US\$25.0/oz Ag.*

*Note – Totals may appear incorrect due to appropriate rounding.*

The combined reserve is summarised in Table 8:

**Table 8 – Deflector Deposit Ore Reserve Statement**

Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Proven	519,000	4.0	67,000	0.6	3,000	6.7	112,000	85,000
Probable	1,431,000	3.8	176,000	0.9	12,530	5.6	256,000	247,000
<b>Total Reserve</b>	<b>1,950,000</b>	<b>3.9</b>	<b>243,000</b>	<b>0.8</b>	<b>15,530</b>	<b>5.9</b>	<b>368,000</b>	<b>332,000</b>

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

*The metal prices used in the calculation were US\$1,500/oz Au, US\$8,000/t Cu, US\$25.0/oz Ag.*

*Note – Totals may appear incorrect due to appropriate rounding.*

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### Drilling

Drilling during the October 2011 quarter extended the mineralised length of Deflector to the north, as well as targeting depth extensions of the West lode to upgrade the resource category for proposed area of underground mining.

Western Lode intersections to the north of the existing Deflector resources included:

- 3m @ 5.7g/t Au and 1.9% Cu from 80m in 11DRC079;
- 6m @ 37.5g/t Au and 7.8% Cu from 102m in 11DRC083; and
- 7m @ 12.8g/t Au and 1.1% Cu from 116m in 11DRC078.

Deeper diamond drilling into the West lode included:

- 3.6m @ 153g/t Au and 13.3% Cu from 145m in 11DD1A;
- 3m @ 47.6g/t Au and 1.5% Cu from 249m in 11DD15; and
- 3m @ 18.8g/t Au and 0.8% Cu from 316m in 11DD18.

In late December 2011, a new program of 12,000m of RC and diamond drilling commenced at the Deflector Gold-Copper Deposit. The program was designed to test for further extensions along strike and to upgrade existing resources to support the project expansion after completion of the Bankable Feasibility Study (BFS).

In January 2012 the Company elected to extend the drilling programme by a further 3,000m with the aim of testing shallow historical drilling and collect samples for metallurgical test work to support the BFS. Also, an additional 12 diamond drill holes targeted the West lode to infill a high-grade panel from 40x40m to 20x20m to upgrade resource confidence to the JORC 'Measured' category.

Diamond drill results from the West Lode during the March quarter included:

- 3.3m @ 79g/t Au and 10.5% Cu from 62m in 12DD042;
- 2m @ 5.4g/t Au and 8.9% Cu from 171m in 12DD056;
- 11m @ 3.9g/t Au and 0.7% Cu from 192m in 12DD058;
- 2m @ 8.9g/t Au and 2.6% Cu from 208m in 12DD057; and
- 2m @ 24g/t Au and 2.4% Cu from 234m in 12DD057.

In addition to results from the West Lode, drilling targeting the Central Lode at Deflector has also extended mineralisation. Central Lode intersections included:

- 2m @ 12.6g/t Au and 0.9% Cu from 50m in 12DRC111;
- 2m @ 57.1g/t Au and 0.2% Cu from 92m in 12DRC107;
- 4m @ 30.7g/t Au and 0.9% Cu from 146m in 12DD070;
- 5m @ 23.9g/t Au and 0.5% Cu from 171m in 12DD075;
- 3m @ 12.5g/t Au and 4.3% Cu from 186m in 12DD059; and
- 5m @ 41.8g/t Au and 0.3% Cu from 218m in 12DD071;

The results, which extend mineralisation at depth and along strike, were incorporated into the revised resource estimation issued in August 2012.

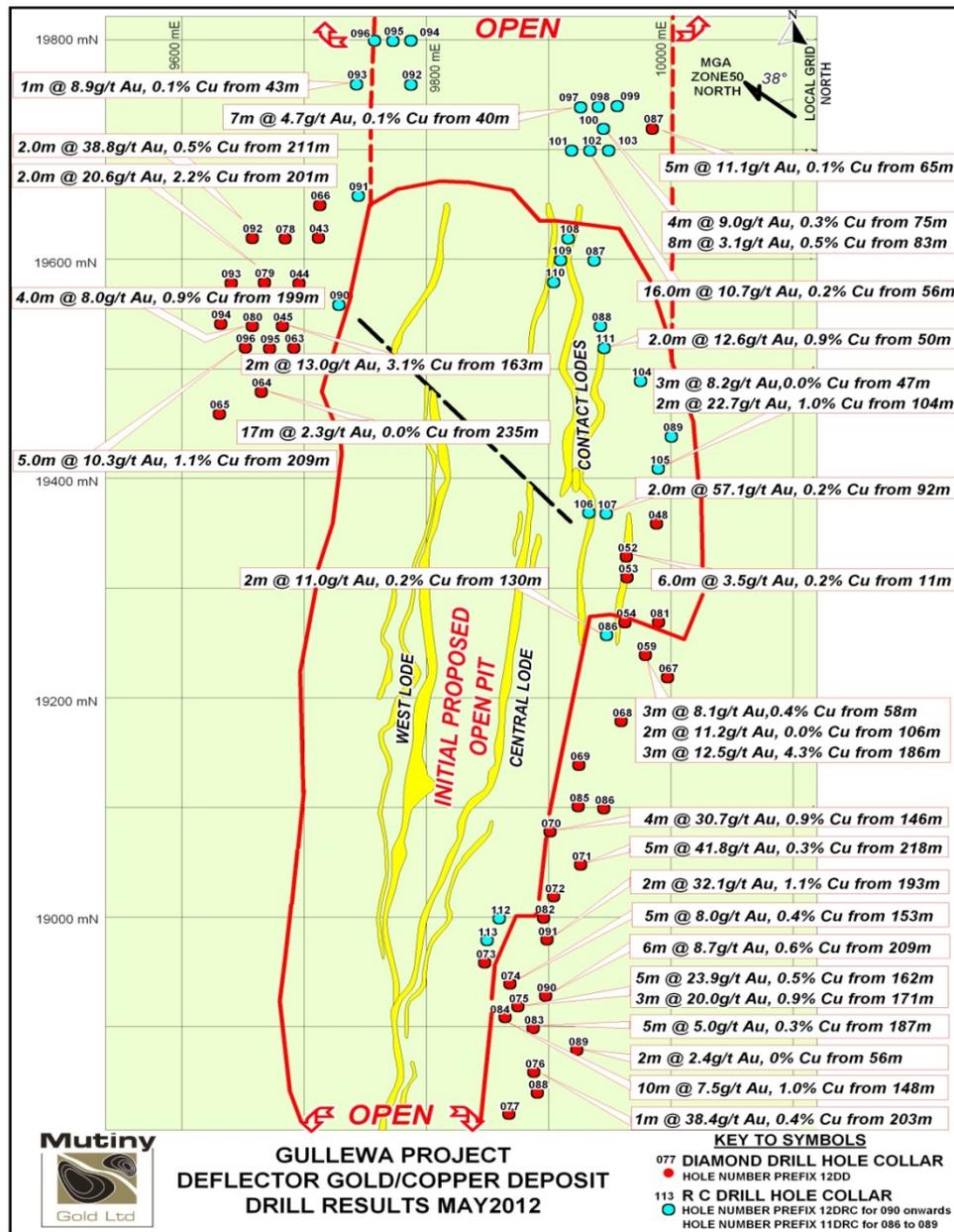
Results and location of all significant intersections are shown in Figure 1. Figures 2 and 3 outline long sections of West and Central Lodes with significant intersections from the 2011/2012 drilling programmes.

Drilling results have increased Mutiny's confidence in the overall prospectivity of the Blue Beard corridor in which the Deflector Deposit is hosted, showing the potential for high grade, wide zones of mineralisation.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

Figure 1: Deflector Drilling Results



# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

Figure 2 Deflector Deposit Longitudinal Section Central Lode

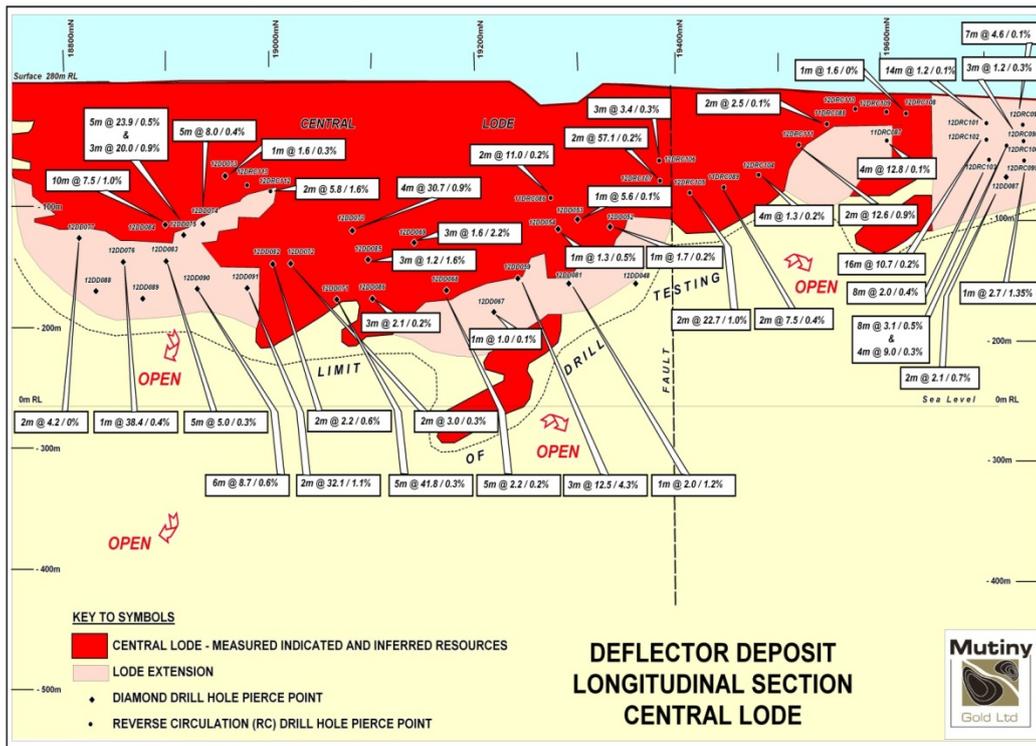
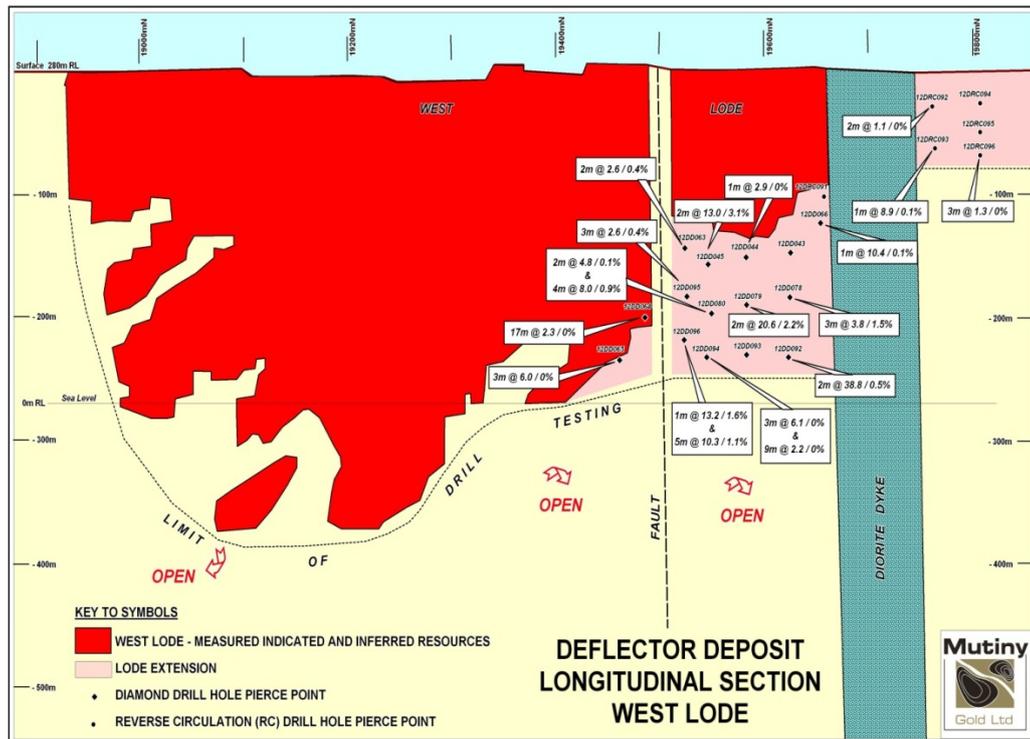


Figure 3 Deflector Deposit Longitudinal Section



**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**REVIEW OF OPERATIONS**

**Deflector Resource Upgrades**

**October 2011**

Following Mutiny's highly successful 2011 drilling campaigns into the Deflector deposit, a Mineral Resource upgrade was announced in the December quarter. The upgraded resource estimate, detailed in the Table 9, represents a 50% increase in the gold Measured plus Indicated Resources from 230,000oz Au to 350,000oz Au (the previous 1,500,000 tonnes at 4.8g/t Au was upgraded to 2,100,000 tonnes at 5.2g/t Au). The Measured plus Indicated Resources also contain an additional 6,000 tonnes of copper metal.

**Table 9 Deflector Deposit Mineral Resources – October 2011**

Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)
Measured	1,040,000	4.6	150,000	1.34	14,000	8.7	290,000
Indicated	1,060,000	5.7	190,000	0.79	8,400	5.9	200,000
<b>Measured + Indicated*</b>	<b>2,100,000</b>	<b>5.2</b>	<b>350,000</b>	<b>1.1</b>	<b>22,000</b>	<b>7.3</b>	<b>490,000</b>
Inferred	1,300,000	4.5	180,000	0.5	6,000	3.2	130,000
<b>Totals</b>	<b>3,400,000</b>	<b>4.9</b>	<b>530,000</b>	<b>0.85</b>	<b>29,000</b>	<b>5.7</b>	<b>620,000</b>

\* Note: Totals may appear incorrect due to appropriate rounding

**August 2012**

The August resource model was produced by Widenbar and Associates, using an Ordinary Kriged estimation after a new interpretation generated by Continental Resource Management. The estimate includes all drilling, including the high grade intersections from the 2012 exploration program.

Increased drilling has moved tonnes and ounces to the Measured category, where loss of tonnes is due to exclusion of isolated and lower-grade material in the Inferred category which requires further drill testing. The result is a net increase in ounces, and a movement of material and ounces to Measured/Indicated.

The Deflector resource now contains JORC-compliant mineral resources of 2.87Mt @ 6.41g/t gold, 6.82g/t silver and 0.95% copper for 729,000oz of Equivalent gold including 591,000oz gold, 628,000oz silver and 27,000t of copper using a 0.5g/t gold cut-off grade. (See Table 10 below)

**Table 10 Deflector Deposit Mineral Resources – August 2012**

Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Measured	1,164,000	5.96	223,000	1.46	17,000	10.87	407,000	310,000
Indicated	859,000	6.06	167,000	0.58	5,000	4.14	114,000	193,000
<b>Measured + Indicated</b>	<b>2,023,000</b>	<b>6.00</b>	<b>390,000</b>	<b>1.08</b>	<b>22,000</b>	<b>8.02</b>	<b>521,000</b>	<b>503,000</b>
Inferred	842,000	7.41	201,000	0.61	5,000	3.96	107,000	227,000
<b>Totals</b>	<b>2,865,000</b>	<b>6.41</b>	<b>591,000</b>	<b>0.95</b>	<b>27,000</b>	<b>6.82</b>	<b>628,000</b>	<b>729,000</b>

A 0.5g/t gold cut-off grade was used for reporting purposes.

Note – Totals may appear incorrect due to appropriate rounding.

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 \$1,500/oz Au, \$7,100/t Cu, \$25/oz Ag.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

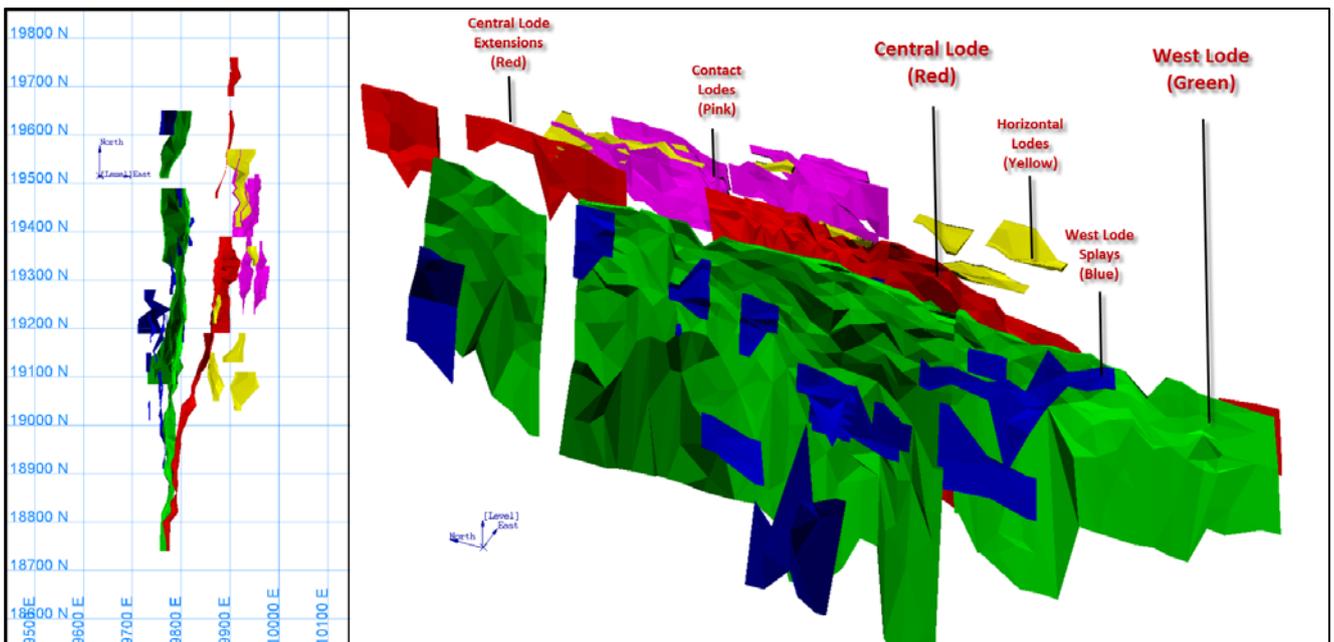
Of the total resource, 2.02 million tonnes grading at 6gpt gold, 0.58% copper and 4.1gpt silver for 390,000oz gold, 22,000t copper and 521,000oz silver are in measured and indicated resource categories.

What is significant about the upgrade is that it represents a 61,000oz increase in gold ounces and a 26% increase in average gold grades compared to the October 2011 resource model recently used in the BFS.

Mutiny Gold believes the key impact of the resource model on Deflector is likely to be a higher head grade due to fewer tonnes mined at a higher grade which will be determined by mining studies.

The higher head grade is expected to lead up to a 28% increase in metals output per tonne of ore processed.

**Figure 4: August 2012 Resource Model Update: Plan and Three-Dimensional View**



# MUTINY GOLD LTD A.B.N. 72 101 224 999

## REVIEW OF OPERATIONS

### Deflector Exploration Target

Mutiny is targeting a Deflector Deposit resource of the order of 9 to 14 million tonnes at 4 to 8 g/t gold for 1.65 to 3.5 million ounces of gold and 40,000 to 80,000 tonnes of copper.

In order to meet this target, Mutiny has begun planning for an aggressive exploration program targeting extensions of Deflector along strike and at depth as well as assessing anomalies within the Deflector Corridor.

The company will be targeting shallow, open-pitiable gold-copper mineralisation to the north and south of Deflector, initially targeting the West, Central and Contact Lode horizons and testing of high-grade down-plunge extensions of Deflector to 500m below surface.

In addition, Mutiny will also conduct follow-up drilling of two prospective areas west of Deflector, named the Spanish Galleon and Pieces of Eight prospects, and other isolated intersections within close proximity to Deflector.

#### **Competent Persons Statement:**

*The Open Pit mining aspects in this report which relates to Mining Reserve is based upon a review of the Xstract Reserve Report by Mr. Brett Hampel – Resident Manager – Deflector Project. Mr Hampel 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.*

#### **Competent Persons Statement:**

*The Open Pit mining aspects in this report which relates to Mining Reserve is based upon information compiled by Mr. Tim Horsley – B.Sc. (Mining Engineering), Principal Consultant – Mining of Xstract Mining Consultants. Mr Horsley 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 Horsley 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 Underground mining aspects in this report which relates to Mining Reserve is based upon information compiled by Mr Shane McLeay – B.Eng , Principal Consultant – Mining of Entech Pty Ltd. Mr McLeay 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 McLeay 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 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 Metallurgical aspects in this report which relates to Mining Reserve is based upon information compiled by Mr. Alan Brown, Non-Executive Director, Mutiny Gold. Mr Brown 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 Brown 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 A.B.N. 72 101 224 999**  
**REVIEW OF OPERATIONS**

**Other West Australian Projects**

**Gullewa Gold Project, South Murchison Region - Other deposits and historic mining**

In addition to the Company's flagship Deflector Deposit at Gullewa, the Project includes 5 partially mined open pits, at least 5 areas of historical underground workings and numerous untested soil geochemistry, gravity and aeromagnetic anomalies.

The previous owner Sherwin Iron Ltd (formerly known as Batavia Mining Limited) made ASX announcements on 9 June and 6 October 2004 that detailed Inferred Resources for three minor deposits within the Gullewa Project. The resources are summarised in Table 11 below.

**Table 11 Other Deposits - Table of Inferred Resources**

<b>Deposit</b>	<b>Type</b>	<b>Tonnes</b>	<b>Au (g/t)</b>	<b>Au (oz)</b>
Michelangelo	Laterite	1,100,000	1.0	35,000
Michelangelo	Vein	600,000	1.5	30,000
KS / NP*	Vein	90,000	7.0	20,000
Rock Steady	Vein	40,000	3.0	4,000
<b>Totals**</b>		<b>1,800,000</b>	<b>1.5</b>	<b>90,000</b>

\* KS / NP = King Solomon / New Phoenix

\*\* Note: Totals may appear incorrect due to rounding

**Brandy Hill Iron**

The Company has identified the potential for hematite and magnetite ore production at Gullewa; there exists significant drill intersections at Rocksteady and Brandy Hill and the area contains extensive unexplored Banded Iron Formation (BIF) units.

The Brandy Hill Iron project has proximity to infrastructure and other Midwest Iron Projects in its favour, being located 170 km from the port, 50km from the main road, and 35 km from the gas pipeline. The Company is monitoring events pertaining to Okajee Port (170km from Bandy Hill) with considerable interest.

**White Well - Murchison Region**

This tenement is located 30km east of Cue in the Tuckabianna mineral field of Western Australia. Resource definition drilling programs validated the historic drill inventory which in turn allowed the utilisation of historic drilling in the calculation of a JORC resource. Upon completion of the drilling and laboratory test work Mutiny released an indicated and inferred resource of 113,000oz (refer Table 12 below). Mutiny followed up with the release of a scoping study in early 2009 showing the Project was economic and robust.

**Table 12 White Well Resources**

<b>Resource</b>	<b>Inferred Resource</b>			<b>Indicated Resource</b>			<b>Total</b>
	<b>Mt</b>	<b>Grade (g/t Au)</b>	<b>oz</b>	<b>Mt</b>	<b>Grade (g/t Au)</b>	<b>oz</b>	
Oxide Zone				4.2	0.67	91,000*	91,000
Stockpile	0.07	1	2,000				2,000
Transitional Zone	0.30	2	20,000				20,000
<b>Total Inferred</b>			<b>22,000</b>				
<b>Total Indicated</b>						<b>91,000*</b>	
<b>Total Resources</b>							<b>113,000</b>

\* Indicated Resource is 4.2Mt @ 0.65g/t for 88,000oz Au if an upper-cut of 40 g/t Au is used.

In October 2011, the Company announced that it had entered into a "tribute mining agreement", paving the way for fast-tracking of the development of the Company's White Well Gold Project. The alliance with Cobra Mining Limited ("Cobra") provides Mutiny with an opportunity for a revenue stream in times of record gold prices at the lowest possible risk.

## **MUTINY GOLD LTD A.B.N. 72 101 224 999**

### **REVIEW OF OPERATIONS**

Under the deal, Cobra will fund and conduct the mining operations for a 70 per cent share of the profit. Mutiny will receive 21 per cent, with joint venture partners Lee/Daxon receiving 9 per cent. Cobra intends to mine the White Well deposit by open pit. The agreement does not include the advanced exploration targets of Bounty and Bligh, which are separate zones within the White Well tenement.

Upon Cobra attaining approval of their mining proposal they must pay \$750,000, of which Mutiny receives 70 per cent.

#### **The Bounty Zone – Murchison Region**

The Bounty Zone is adjacent to Mutiny's White Well project and as part of the White Well data due diligence the Company was able to delineate a series of gold anomalies. The gold anomalies occur within the mapped basalt-BIF interbedded horizons of the Tuckabianna Belt, which has produced over 500,000oz Au and has in excess of another 500,000 oz Au in resources which are yet to be exploited and which are along strike from the Bounty Zone.

#### **Widgie South – Widgeemooltha District**

In March, the Company secured 100% ownership of the Widgie South tenement (E15/1025). Nickel targets have been identified through previous geophysical targeting.

#### **Donnelly's Copper - Ashburton Region**

Mutiny holds 100% ownership of an exploration lease on the Donnelly's prospect. Gold and copper grades from Mutiny rock chips include 8.37 g/t Au and 4.69% Cu from BM011 and 3.58 g/t Au and 1.57% Cu from BM064.

## MUTINY GOLD LTD A.B.N. 72 101 224 999

### REVIEW OF OPERATIONS

#### **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.*

#### **Forward Looking Statements**

*All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Mutiny Gold Limited (Mutiny) are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’ or ‘intends’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Mutiny, that could cause Mutiny’s actual results to differ materially from the results expressed or anticipated in these statements.*

*The company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Mutiny does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.*

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

Your Directors present this report on the Company and its Controlled Entities for the year ended 30 June 2012.

### Directors

The names of each person who has been a Director during the year and to the date of this report are:

<b>Frank Lawson</b>	Chairman	
<b>John Greeve</b>	Managing Director	
<b>Allan Brown</b>	Non-Executive, Deputy Chairman	
<b>Benedict Kusni</b>	Non-Executive	
<b>Rowan Johnston</b>	Non-Executive	Appointed 24 August 2012
<b>Paul Wright</b>	Non-Executive	Appointed 24 August 2012

**FRANK LAWSON** Appointed 26 May 2003

#### CHAIRMAN

Dr Frank Lawson is a Chemical Engineer by training. He received the academic qualifications of ASTC (from the Sydney Technical College), BSc (from the University of New South Wales) and PhD and DEng (from Monash University). He is a Fellow of the Australian Academy of Technological Sciences and Engineering, a Fellow of the Institution of Chemical Engineers (UK) and a Fellow of the Australian Institute of Mining and Metallurgy.

Dr Lawson has worked in the Chemical and Mining Industries for many years. He now provides consultancy services in chemical engineering.

Interest in shares and options: 5,230,185 ordinary shares in and options to acquire a further 1,000,000 ordinary shares in Mutiny Gold Ltd

Special Responsibilities: Member of the Audit, Remuneration, Technical & Environmental and the Occupational Health & Safety Committees.

**JOHN ROBERT GREEVE** Appointed 9 February 2005

#### MANAGING DIRECTOR

As Managing Director, Mr Greeve took the Company to a successful listing on the Australian Securities Exchange on 10 July 2006. Recently, he led the Company's investment into the Gullewa Gold Project Project and was instrumental in the further capital raising required for its purchase and development.

Mr Greeve has a Bachelor of Business (Accounting) degree from Edith Cowan University. He is a Chartered Accountant, Certified Practising Accountant, Fellow of the Taxation Institute of Australia. He has been involved in forming and advising to public companies since the mid-1980s as well as acting as a director, financial controller and company secretary on boards since 1995.

Interest in shares and options: 21,480,416 ordinary shares and options to acquire a further 5,571,429 ordinary shares in Mutiny Gold Ltd and 5,000,000 performance rights.

Special Responsibilities: Member of the Audit, Remuneration, and the Technical & Environmental Committees.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

**ALLAN RICHARD GEORGE BROWN** Appointed 21 July 2003

NON-EXECUTIVE DIRECTOR

Mr Brown is a Metallurgist with over 40 years' experience in a range of Australian metallurgical operations including base metals, refractory gold and diamonds. Mr Brown was the Resident Mine Manager of the Golden Grove Copper-Zinc mine from the start up in 1988. In 1993, he joined Wiluna Mines as the Resident Mine Manager of the Wiluna Gold Mine.

In 1998, he formed Allan R.G. Brown and Associates, a metallurgical consulting business and since then has provided metallurgical consulting services to companies in Australia, Sweden, Finland, Uganda and China.

Mr Brown has a BSc (Hons) in Metallurgy from the University of NSW, is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional (Metallurgy) and a Member of the Mineral Industry Consultants Association.

Interest in shares and options: 2,912,578 ordinary shares and options to acquire a further 500,000 ordinary shares in Mutiny Gold Ltd

Special Responsibilities: Deputy Chairman, Member of the Remuneration, Occupational Health & Safety and the Technical & Environmental Committees.

Directorships previously held in other listed entities: Redbank Copper Limited, appointed 4 December 2009, resigned 22 November 2011 and Swan Gold Limited, appointed 23 February 2010 and resigned 25 July 2012.

**BENEDICT KUSNI** Appointed 27 January 2006

NON-EXECUTIVE DIRECTOR

Mr Kusni has spent more than 18 years in funds management with various institutions in South East Asia and his previous roles include research, key financial calculations and quality control on comparables analysis of various industries and companies for pre-merger and acquisition target screening. He has considerable expertise in corporate finance matters; he has contributed to the depth analysis and intensive profiling of numerous industries for the equity research divisions of several major investment banks.

Interest in shares and options: 3,287,618 ordinary shares and options to acquire a further 500,000 ordinary shares in Mutiny Gold Ltd

Special Responsibilities: Member of the Remuneration and Audit Committees.

**ROWAN JOHNSTON** Appointed 24 August 2012

NON-EXECUTIVE DIRECTOR

Mr Rowan Johnston is a West Australian School of Mines graduate, majoring in Mining Engineering. He commenced his professional career in Kambalda and has since worked for consultants, contractors and owners in France, Indonesia and throughout Australia over the last 30 years.

Mr Johnston is currently an Executive Director at Integra Mining Ltd. He joined Integra in October 2007 where he has been an integral part of the Company's transition to producer. His significant experience in project start-up, operations, both surface and underground, and resource development in its gold mining projects, is of direct relevance to Mutiny's development of the Deflector Deposit.

His earlier career experiences include General Manager for Fox Resources at Radio Hill in Karratha, Principal Mining Engineer for SRK consulting in charge of Due Diligence and Feasibility Studies, and Project Manager for Westonia Mines. He holds a first class mine managers certificate recognised in Australia, Indonesia and France.

Interest in shares and options: Nil

Special Responsibilities: None

Directorships held in other listed entities: Integra Mining Ltd, appointed 20 November 2009.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

**PAUL WRIGHT** Appointed 24 August 2012

NON-EXECUTIVE DIRECTOR

Mr Paul Wright has a broad range of experience in the legal sector, with specialist expertise in resource based project financing, related hedging and off-take documentation. He has acted on transactions for both sponsors and lenders, domestically and overseas. His experience includes gold, nickel, copper, iron ore and oil and gas financings in Australia and, among other jurisdictions, Brazil, the United States, Indonesia and West Africa.

Mr Wright was formerly the founding principal of Wright Legal, a boutique banking and finance practice he established in 2000. Prior to that he headed the Perth banking and finance group of the national law firm Freehills, where he was a partner for 17 years.

Special Responsibilities: Chairman of the Remuneration Committee

Interest in shares and options: Nil

Directorships held in other listed entities: None.

### COMPANY SECRETARY

Cecilia Tyndall Appointed 27 September 2004

Mrs Tyndall has over 17 years experience working as an accounting and finance professional in public practice, publicly listed companies and other private organisations. Roles include responsibilities as a company secretary, financial controller and advisor to the Board and senior management.

She has a Bachelor of Business in Accounting and Finance and is a Member of the Institute of Chartered Accountants and a Member of the Chartered Secretaries Australia.

### Directors' Meetings

During the year, Directors' meetings were held, Attendances were:

	<b>Directors' Meetings</b>	
	<b>No. Eligible to attend</b>	<b>Number attended</b>
Frank Lawson	9	9
John Greeve	9	9
Allan Brown	9	7
Benedict Kusni	9	8
	<b>Remuneration Committee Meetings</b>	
Frank Lawson	2	2
John Greeve	1	1
Allan Brown	2	2
Benedict Kusni	2	2
	<b>Audit Committee Meetings</b>	
Frank Lawson	1	1
John Greeve	1	1
Benedict Kusni	1	1
	<b>Technical &amp; Environmental Committee Meetings</b>	
Frank Lawson	16	16
John Greeve	16	16
Allan Brown	16	16

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

### Operating Result

The loss of the Group for the financial year before providing for income tax amounted to:

Year ended 30 June 2012	Year ended 30 June 2011
\$	\$
(3,858,519)	(1,716,573)

The consolidated loss of the Group amounted to \$3,375,188 after providing for income tax. This represents an increase of 134% on the losses reported for the year ended 30 June 2011. The increase in the operating loss was mainly due to an increase in corporate activity and financing costs.

### Financial Position

The net assets of the Group have increased by \$12,666,635 from \$9,345,733 at 30 June 2011 to \$22,012,368 at 30 June 2012. This increase was largely the result of the following factors:

- Fundraising to a total of \$14,502,942 (net of share issue cost) with a majority of those funds spent on Gullewa acquisition payments and exploration activities; and
- increase in cash and cash equivalents related to fundraising.

### Review of Operations

The operations of the Group during the financial year focused on developing the Gullewa Gold Project including:

- (a) Completion of a Bankable Feasibility Study on the Deflector Deposit; and
- (b) Drilling of Deflector Deposit, Gullewa.

### Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- a) On 11 July 2011 the Company issued 9,594,270 shares as a result of the exercise (at 10 cents each) by option holders of 9,594,270 listed MYGO options that would have expired on 30 June 2011.
- b) On 27 May 2011 shareholders in a general meeting approved the issue of up to 80,000,000 new shares. The Company raised \$9.69m during the month of July by the issue of 101,000,000 ordinary shares. The excess of 21,000,000 shares over what was approved by shareholders in the May meeting were placed under the Company's 15% capacity.
- c) Part of the funds raised in July 2011 were used to meet the \$4m installment payment to ATW Gold Corp. as per the Gullewa Gold Project acquisition agreement.
- d) At a general meeting of shareholders held on 5 September 2011, shareholders passed a resolution which ratified the placement issue of 21,000,000 shares (as per above). The meeting also passed a resolution allowing the Company to issue 50,500,000 free options to the investors who participated in the July placement on the basis of one free option for every share subscribed to (ex price \$0.14, ex date 27/11/2013).
- e) On 9 September 2011 the Company raised \$1,750,000 from the issue of 18,229,166 shares at 9.6 cents each together with one free option for every two shares subscribed to. Total of options issued was 9,114,583 (ex price \$0.14, ex date 27/11/2013).
- f) On 21 September 2011 Mutiny issued 10,000,000 unlisted options (ex price \$0.15, ex date 21/09/2014) pursuant to a Corporate Advisory Engagement Mandate executed between Hartleys Limited and the Company.
- g) On 28 November 2011 the Company drew down on an \$11m finance facility with Credit Suisse. The proceeds from this loan were used to make the final \$4m installment payment to ATW Gold Corp. as per the Gullewa Gold Project acquisition agreement and to fund the completion of the Bankable Feasibility Study on the Deflector Gold Project.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

- h) A component of the finance agreement with Credit Suisse (described above) was a Gold Hedging Facility for approximately 50,000 ounces, representing less than 8.5% of the total gold resources at Deflector. The average price received over the facility term is A\$1,847 per ounce which is above historical Australian gold pricing. The forward delivery price for the last delivery of gold is A\$1,920 per ounce, which is higher than the gold spot price has ever traded.
- i) At the AGM on 30 November 2011, the meeting resolved to issue Credit Suisse 30 million free MYGOB (ex price \$0.14, ex date 27/11/2013) tradable options as per the terms of the Credit Suisse loan facility agreement.
- j) On 16 December 2011, Mutiny acquired the Gullewa Gold Project Net Profit Interest royalty with the issue, to ATW Gold Corp Australia, of 40m ordinary shares in Mutiny Gold Ltd.
- k) At the end of June 2012 the Company received USD\$4,000,000 proceeds from a non-interest bearing unsecured loan which represents a first deposit on a Commercial Agreement. The deposit is intended as the precursor to a wider Agreement which will supplement the project finance requirements for the development of the Group's Deflector Gold Copper Deposit.

### Principal Activities

There have been no significant changes in the nature of the Group's principal activities, which remain as exploration for, and evaluation of gold and other economic mineral deposits.

### Significant Events After Balance Date

There are no significant events after balance date to report.

### Future Developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### Environmental Issues

The Group's operations are subject to significant environmental regulation under Commonwealth and West Australian legislation in relation to its exploration and future mining and development activities. Company directors and consultants are committed to achieving a high standard of environmental performance and in this regard the Board has established a Technical & Environmental Committee.

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

### Dividends

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

### Share Capital

#### *Ordinary Fully Paid Shares*

At the date of this report, there were 464,609,336 ordinary shares on issue, made up of:

Balance at	30/06/2012	464,373,622
Allotment	20/08/2012	<u>235,714</u>
<b>Total</b>		<b><u><u>464,609,336</u></u></b>

#### *Options*

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2012, 9,594,270 shares were issued on the exercise of options granted.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**DIRECTORS' REPORT**

---

At the date of this report, the unissued ordinary shares of Mutiny Gold Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
30/11/09	30/11/2012	\$0.10	4,500,000
23/07/10	23/07/2013	\$0.05	23,000,000
27/09/10	23/07/2013	\$0.05	33,122,857
27/06/11	22/06/13	\$0.125	100,000
05/09/11	27/11/13	\$0.14	50,500,000
09/09/11	27/11/13	\$0.14	9,114,584
21/09/11	21/09/14	\$0.15	10,000,000
30/11/11	27/11/13	\$0.14	30,000,000

**160,337,441**

---

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2012 which forms part of the Directors' Report can be found on page 76.

**Non-Audit Services**

Grant Thornton Audit Pty Ltd provided non-audit services to the Company during 2012 by way of taxation advice and compliance. (Refer note 6 in the note to the financial statements)

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed above did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

**Indemnification and Insurance of Officers or Auditor**

Each of the Directors of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors.

The Company has insured all the Directors of Mutiny Gold Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## DIRECTORS' REPORT

---

### REMUNERATION REPORT - AUDITED

Directors and other key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. The required Corporations Act S300A remuneration and entitlement information is provided below.

#### a) Remuneration Practices

##### *Fixed Remuneration*

Comprises base salary, statutory superannuation and, if applicable, FBT charges related to employee benefits. Fixed remunerations are reviewed annually by the Board.

##### *Performance Linked Remuneration and Entitlements*

The Board may from time to time approve cash bonuses and/or options/share rights designed to reward or incentivise executives, contractors and staff on such terms and conditions determined appropriate at the time of payment or issue. Often this will be linked to the achievement of Company objectives with a direct link to the creation of shareholder value.

##### *Director Remuneration and Incentives*

The Board policy is to remunerate Non-Executive Directors at market rates for time commitment and responsibilities. Independent external advice is sought where required. The maximum aggregate of fees payable to Non-Executive Directors is subject to approval by Shareholders (currently \$550,000). All securities issued to Directors and related parties must be approved by Shareholders. In addition to Directors' fees, it is a policy of the Company that a Director may be paid fees or other amounts as the Directors determine appropriate where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

##### *Post-Employment Benefits*

The Company does not provide this type of benefit besides making the statutory superannuation guarantee contributions as required.

##### *Remuneration Committee*

Currently, the full Board together with the Company Secretary, will consider all Nomination and Remuneration matters. The objective when the Board is convened to consider these matters; is to ensure that the Company adopts and complies with remuneration policies that:

- attract, retain and motivate high caliber executives and directors so as to encourage enhanced performance by the Company;
- are consistent with the human resource needs of the Company;
- motivate directors and management to pursue long-term growth and success of the Company with an appropriate framework; and
- demonstrate a clear relationship between key executive performance and remuneration.

#### b) Contracts and Agreements

The Company is operating in an environment where there is significant competition for skilled staff and contractors. To help ensure project continuity the following arrangements are current:

John Greeve

Managing Director

The current remuneration arrangement of the Managing Director commenced on 1 March 2011. Mr Greeve is paid a salary of \$435,000 per annum (not incl superannuation). In addition the Managing Director may, at the discretion of the Board, be paid a bonus.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**DIRECTORS' REPORT**

Allan Brown

Non-Executive Director

Mr Brown was on 13 February 2006 appointed to provide certain consultancy services to the Company. A summary of the key terms of the Agreement are as follows:

- Mr Brown is entitled to a fee of \$200 per hour plus GST for providing the services.
- The services to be provided are technical advice and direction with respect to exploration, assessment, development and operation of the Company's tenements.

The contract does not have an expiry date.

**Remuneration Details for the Year Ended 30 June 2012**

The following table of benefits and payments detail, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group, and to the extent different, the Group executives receiving the highest remuneration.

Group Key Management Personnel		Short-Term Benefits		Post-Employment	Accrued / Unpaid	Equity-settled share-based payments		Total \$
		Salary, Fees & Commission \$	Contract Payments \$	Pension and Superannuation \$	Salary Fees & Super \$	Shares/ Units \$	Rights/ Options \$	
Frank Lawson	2012	68,150	-	-	-	-	-	68,150
	2011	30,000	-	-	15,000	15,000	-	60,000
John Greeve	2012	452,539*	-	39,220*	-	-	-	491,759
	2011	315,774	-	5,711	24,266	18,750	384,000	748,501
Allan Brown	2012	63,769	74,100	5,214	-	-	-	143,083
	2011	22,926	91,900	1,037	14,569	11,468	-	141,900
Kevin Hardman Retired 21/10/10	2012	-	-	-	-	-	-	-
	2011	-	-	-	1,032	11,468	-	12,500
Benedict Kusni	2012	47,936	-	4,314	-	-	-	52,250
	2011	22,926	-	1,037	14,569	11,468	-	50,000
Cecilia Tyndall	2012	-	173,080	-	-	-	-	173,080
	2011	-	89,999	-	-	-	-	89,999
Brett Hampel Appointed 20/02/12	2012	123,458	-	10,114	-	-	-	133,572
	2011	-	-	-	-	-	-	-
Kevin Reynolds Resigned 27/04/12	2012	275,074	-	21,629	-	-	-	296,703
	2011	58,745	-	5,287	-	-	-	64,032
Patrick O'Neill**	2012	-	-	-	-	-	-	-
	2011	-	29,147	-	-	-	-	29,147
<b>Total Key Management Personnel</b>	<b>2012</b>	<b>1,030,926</b>	<b>247,180</b>	<b>80,491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,358,597</b>
	<b>2011</b>	<b>450,371</b>	<b>211,046</b>	<b>13,072</b>	<b>69,436</b>	<b>68,154</b>	<b>384,000</b>	<b>1,196,079</b>

\*Includes one pay-period relating to the 2011 financial year.

\*\*Patrick O'Neill was not part of Key Management Personnel during the financial year ended 30 June 2012.

There were no long-term, cash settled share-based payments or termination benefits paid to Key Management Personnel or Other Executives.

## MUTINY GOLD LTD A.B.N. 72 101 224 999

### DIRECTORS' REPORT

---

#### *Contract Payments*

Mr Brown is a principal of Allan RG Brown & Associates Pty Ltd which provides metallurgical and other technical advice to the Group on normal commercial terms and conditions. In 2012 \$74,100 (2011: \$91,900) was paid to an entity associated with Mr Brown for technical advice. These amounts are included in the table above.

Mrs Tyndall is a principal of PC Tyndall Pty Ltd which provides Company Secretarial services on normal commercial terms and conditions. \$173,080 (2011: \$89,999) was paid to an entity associated with Mrs Tyndall for Company Secretarial services. These amounts are included in the table above.

#### *Related Party*

Mr Greeve and Mr O'Neill were partners of the accounting firm Jackson Greeve which subleased their leased offices to Mutiny Gold Ltd until August 2011 when Mutiny took over the lease. \$8,358 (2011: \$72,209) was paid to an entity associated with Mr Greeve and Mr O'Neill as a reimbursement of rent and services provided. These amounts are included Note 26 to the Financial Statements.

#### **Cash Bonuses, Performance-related Bonuses and Share-based Payments**

There were no cash bonuses, performance-related bonuses or share-based payments made to Key Management Personnel during the 2012 financial year.

#### **Options**

As at 30 June 2012 no Options granted to Key Management Personnel have been exercised or lapsed.

Option holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

#### **Use of Remuneration Consultants**

Mutiny Gold Ltd's Remuneration Committee employed the services of Godfrey Remuneration Group Pty Limited to review and to provide recommendations in respect of the amount and elements of executive remuneration, including short-term and long-term incentive plan design.

Under the terms of the engagement, Godfrey Remuneration Group Pty Limited provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid \$22,100 for these services.

Godfrey Remuneration Group Pty Limited has confirmed that the above recommendations have been made free from undue influence by members of the group's key management personnel.

Godfrey Remuneration Group Pty Limited was engaged by, and reported directly to, the chair of the Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the chair of the Nomination and Remuneration Committee under delegated authority on behalf of the board.

The report containing the remuneration recommendations was provided by Godfrey Remuneration Group Pty Limited directly to the chair of the Remuneration Committee; and

Godfrey Remuneration Group Pty Limited was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives. However, Godfrey Remuneration Group Pty Limited was not permitted to provide any advice or recommendations to members of management before advice or recommendations was given to members of the Remuneration Committee and not unless Godfrey Remuneration Group Pty Limited had approval to do so from members of the Remuneration Committee.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**DIRECTORS' REPORT**

---

As a consequence, the board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read "John Greeve". The signature is written in a cursive, flowing style.

John Greeve  
Director

Dated:  
28 September 2012

## MUTINY GOLD LTD A.B.N. 72 101 224 999 SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd (ASX) and not shown elsewhere in this report is as follows.

The information is current as at 21 September 2012.

### (a) Distribution of Equity Securities

The number of holders, by size of holding, in each class of listed security are:

Listed Securities	Number of holders Shares	Number of shares Shares	Number of holders MYGOB	Number of options MYGOB	Number of holders MYGOA	Number of options MYGOA
1 - 1,000	81	5,897	-	-	1	50
1,001 - 5,000	103	426,786	1	5,000	3	9,215
5,001 - 10,000	325	2,782,077	-	-	18	146,483
10,001 - 100,000	1,391	65,314,215	53	3,322,908	108	5,760,123
100,001 -	678	396,080,361	115	86,286,676	106	50,206,986
<b>Total</b>	<b>2,578</b>	<b>464,609,336</b>	<b>169</b>	<b>89,614,584</b>	<b>236</b>	<b>56,122,857</b>

- The number of shareholders holding less than a marketable parcel of shares is 140 (214,437 ordinary shares).
- The number of MYGOB option holders holding less than a marketable parcel of options is 5 (82,709 options).
- The number of MYGOA option holders holding less than a marketable parcel of options is 14 (75,748 options).

### (b) Twenty Largest Holders

The names of the twenty largest holders, in each class of security are:

#### Ordinary Shares:

1	ATW GOLD AUST PL		40,000,000	8.61%
2	NATIONAL NOM LTD		24,000,000	5.17%
3	DRAKE PRIVATE INV LLC		15,000,000	3.23%
4	LERAT PL		11,838,897	2.55%
5	PROFIT BILLION GRP LTD		10,000,000	2.15%
6	BROWN CHRISTOPHER R		9,800,000	2.11%
7	LERAT PL	JOHN GREEVE FAM FUND	8,391,519	1.81%
8	BARNES GREGORY BENNETT	WINSTON TAN A/C	5,749,750	1.24%
9	CITICORP NOM PL		5,606,071	1.21%
10	ABN AMRO CLEARING SYDNEY	CUST A/C	5,036,803	1.08%
11	MENG MARK WILLIAM LING L		4,983,333	1.07%
12	TRINITY MGNT PL	MUTINY GOLD EMPLOYEE TRUST	4,779,350	1.03%
13	JP MORGAN NOM AUST LTD	CASH INCOME A/C	4,420,954	0.95%
14	LAWSON FRANK		4,130,185	0.89%
15	VENNOR ROSS HLDGS PL		4,050,000	0.87%
16	HUSSIN RAJA ZAINAL A R		3,933,333	0.85%
17	FARAH SABA INV PL		3,353,750	0.72%
18	HSBC CUSTODY NOM AUST LTD		2,675,334	0.58%
19	HARDMAN DONALD K + P M	HARDMAN S/F A/C	2,608,750	0.56%
20	UBS WEALTH MGNT AUST NOM		2,498,824	0.54%
	<b>TOTAL</b>		<b>172,856,853</b>	<b>37.22%</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**SHAREHOLDER INFORMATION**

---

**Options:**

**MYGOB Listed options exercisable at \$0.14 on or before 27 November 2013:**

1	CREDIT SUISSE AG		30,000,000	33.48%
2	DRAKE PRIVATE INV LLC		7,500,000	8.37%
3	UBS WEALTH MGNT AUST NOM		3,853,000	4.30%
4	PROCTOR MARK KEVIN		3,000,000	3.35%
5	GOFFACAN PL	KMM FAM A/C	1,979,793	2.21%
6	ASB NOM LTD	90065 - ML A/C	1,580,000	1.76%
7	BASSETT TOM		1,539,466	1.72%
8	LY KHEN COC		1,500,000	1.67%
9	VETTER ANTHONY JOHN + J		1,100,000	1.23%
10	TOMAHAWK SEVEN PL	TOMAHAWK A/C	1,000,000	1.12%
11	SCHELLING ROGER		1,000,000	1.12%
12	CHANDLER TOBY ROBERT		1,000,000	1.12%
13	MOFFATT BRENDON G + A		904,000	1.01%
14	HSBC CUSTODY NOM AUST LIM		800,000	0.89%
15	SHARPE CRAIG A + M R	FUNKY MONKEY S/F A	750,000	0.84%
16	GOFFACAN PL		700,000	0.78%
17	BADGER BOX PL	R 47 S/F A/C	680,000	0.76%
18	WELLS ALLAN EDWARD		635,967	0.71%
19	EDMONDS GABRIELLE LOUISE		631,667	0.70%
20	SAUNDERS GEORGE N + K M		600,000	0.67%
	<b>TOTAL</b>		<b>60,753,893</b>	<b>67.81%</b>

**MYGOA Listed options exercisable at \$0.05 on or before 27 July 2013:**

1	MOFFATT BRENDON G + A		4,052,050	7.22%
2	LERAT PL		3,571,429	6.36%
3	NATURALISTE HLDGS PL	DHU FISH INV A/C	2,300,000	4.10%
4	HENRY JACOBS GEELONG PL	SLUSH S/F A/C	1,850,000	3.30%
5	ARTON SHAYNE WARREN		1,469,998	2.62%
6	CALLEJA JAMES ANDREW		1,310,000	2.33%
7	PROCTOR MARK KEVIN		1,305,000	2.33%
8	BACKCORP PL	D BACK S/F A/C	1,250,000	2.23%
9	ASB NOM LTD	90065 - ML A/C	1,040,000	1.85%
10	CLASSIC CATERERS PL	HARDMAN S/F A/C	1,010,797	1.80%
11	HUAMA HLDGS PL		1,000,000	1.78%
12	TOTH ATTILA		950,000	1.69%
13	BAILEY DEBORAH MARIA C		902,500	1.61%
14	B2B HLDGS PL		800,000	1.43%
15	HOWARTH GREGORY JAMES		800,000	1.43%
16	DUNCAN NEIL CLIFFORD + L		780,000	1.39%
17	MONK HLDGS AUST PL	MONK FAM S/F A/C	723,000	1.29%
18	BARKER CHRISTOPHER EDWIN		700,000	1.25%
19	RODDA JOHN + KATHRYN		661,300	1.18%
20	PARKER ROGER A A + M D		600,000	1.07%
	<b>TOTAL</b>		<b>27,076,074</b>	<b>48.26%</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**SHAREHOLDER INFORMATION**

---

**(c) Unlisted Securities**

- i) 4,500,000 unlisted \$0.10 options exercisable on or before 30 November 2012. There are 5 holders of this security.

    Holders of 20% or more of class of security:

Lerat Pty Ltd <John Greeve Family Trust>	2,000,000
Frank Lawson	1,000,000

- ii) 100,000 unlisted \$0.125 options exercisable on or before 28 June 2013.

    The holder of these securities is Sherwin Iron Limited.

- iii) 10,000,000 unlisted \$0.15 options exercisable on or before 21 September 2014. The holder of these securities is Zenix Nominees Pty Ltd.

**(d) Substantial Shareholder**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporation Act 2001 are: Lerat Pty Ltd, Drake Capital Investments and ATW Gold Corp Australia Pty Ltd.

**(e) Voting Rights**

All ordinary shares carry one vote per share without restriction.

**(f) Restricted Securities**

The Company has no restricted securities (held in escrow) on issue.

**(g) Business Objective**

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

**(h) On-Market Buy-Back**

There is no current on-market-buy-back in place.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**INTEREST IN MINING AND EXPLORATION TENEMENTS**

---

Mutiny Gold Ltd held the following interest in mining and exploration tenements as at 21 September 2012.

Tenements located in Western Australia

Tenement	Registered Holder	Mutiny's Interest
<b>White Well:</b>		
M20/54	George Francis Lee/ Mutiny Gold Ltd	70%
P20/2190	George Francis Lee/ Mutiny Gold Ltd	70%
<b>Donnellys:</b>		
E08/1655	Mutiny Gold Ltd	100%
<b>Widgie South:</b>		
E15/1025	Mutiny Gold Ltd	100%
<b>Gullewa:</b>		
E59/01134	Mutiny Gold Ltd	100%
E59/01240	Mutiny Gold Ltd	100%
E59/01241	Mutiny Gold Ltd	100%
E59/01242	Mutiny Gold Ltd	100%
E59/01274	Mutiny Gold Ltd	100%
L59/00035	Mutiny Gold Ltd	100%
L59/00049	Mutiny Gold Ltd	100%
L59/00050	Mutiny Gold Ltd	100%
L59/00118	Mutiny Gold Ltd	0% Pending
M20/00054	Mutiny Gold Ltd	100%
M59/00049	Mutiny Gold Ltd	100%
M59/00068	Mutiny Gold Ltd	100%
M59/00132	Mutiny Gold Ltd	100%
M59/00133	Mutiny Gold Ltd	100%
M59/00224	Mutiny Gold Ltd	100%
M59/00294	Mutiny Gold Ltd	100%
M59/00335	Mutiny Gold Ltd	100%
M59/00336	Mutiny Gold Ltd	100%
M59/00356	Mutiny Gold Ltd	100%
M59/00391	Mutiny Gold Ltd	100%
M59/00392	Mutiny Gold Ltd	100%
M59/00442	Mutiny Gold Ltd	100%
M59/00507	Mutiny Gold Ltd	100%
M59/00522	Mutiny Gold Ltd	100%
M59/00530	Mutiny Gold Ltd	100%
M59/00531	Mutiny Gold Ltd	100%
P59/01737	Mutiny Gold Ltd	100%

## MUTINY GOLD LTD A.B.N. 72 101 224 999

### CORPORATE GOVERNANCE STATEMENT

---

The Directors are responsible for protecting the rights and interest of the shareholders through the implementation of sound strategies and action plans and development of an integrated framework of controls over the Company's resources, functions and assets. Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

Good corporate governance will evolve with the changing circumstances of a Company and must be tailored to meet these circumstances. The Company is in a phase of exploration and early development of its gold assets. The Company currently operates with only two permanent staff and relies on additional specialist consultants and casual field staff to assist in the formulation and implementation of exploration and evaluation programs. On the corporate side, the executive team consists of the Managing Director, the Company Accountant and the Company Secretary.

The Company's Board and management are committed to a high standard of corporate governance, ensuring that the Company complies with the Corporations Act 2001, Listing Rules of the ASX, Company Constitution and other applicable laws and regulations. However, at this stage of the Company's corporate development, implementation of the ASX Corporate Governance and Recommendations, whilst fully supported, is not practical in every instance.

The core principles contemplate establishment of the role of the Board and senior executives, with a balance of skills, experience and independence appropriate to the nature and extent of operations, and the need for integrity among those who influence strategy and financial performance, together with responsible and ethical decision-making. Presenting the Company's financial and non-financial position requires processes that safe guard, both internally and externally, the integrity of Company reporting and its provision in a timely and balanced manner. The rights of Company shareholders must be recognised and upheld. Risk must be managed through effective oversight and internal control. Board and management effectiveness must be encouraged. Remuneration must attract and maintain talented and motivated directors and employees with a clear relationship to corporate and individual performance.

Please refer to the Company's website for further details on the Corporate Governance documents.

The details of the Company's current and evolving corporate governance practices are identified below.

#### **Board of Directors**

##### *Board Responsibilities*

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

Responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. The Company Secretary, Mrs Cecilia Tyndall forms part of the executive team and is the only female in an executive role in the Company.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure that this is achieved. In addition to the establishment of the committees referred to in the table below, these mechanisms include the following:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- The Board being actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the Company;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budgets; and
- The ability for Directors to seek independent professional advice at the Company's expense, in the furtherance of their duties.

## MUTINY GOLD LTD A.B.N. 72 101 224 999

### CORPORATE GOVERNANCE STATEMENT

#### *Board Membership and Composition*

The Board comprises of four directors. The names, qualifications and relevant experience of each director are set out in the Directors' Report. The Managing Director is charged with the overall management of the Company however the rest of the Board is consulted on the activities of the Company on a regular (daily or weekly) basis and consider this an appropriate way to ensure good governance.

Name of Director	Year Appointed	Executive	Independent	Member of Remuneration Committee	Member of Audit Committee	Member of Technical & Environment Committee	Member of Occupational Health & Safety Committee
Frank Lawson, Chairman	2003	No	Yes	Yes	Yes	Yes	Yes
John Greeve, Managing Director	2005	Yes	No	Yes	Yes	Yes	No
Allan Brown Non-Executive Director	2003	No	No	Yes	No	Yes	Yes
Benedict Kusni Non-Executive Director	2006	No	Yes	Yes	Yes	No	No
Rowan Johnston Non-Executive Director	2012	No	Yes	No	No	No	No
Paul Wright Non-Executive Director	2012	No	Yes	Yes	No	No	No

#### *Assessing the Independence of Directors*

An independent director is a non-executive director and:

1. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
3. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
4. is not a material supplier or customer of the Company or another Group member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or another Group member other than as a Director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interest of the Company.

#### *Materiality Thresholds*

The Board considers that:

- a supplier is material if the Company or the Group accounts for more than 2% of the supplier's consolidated gross revenue;
- a material customer is a customer of the Company or Group member which accounts for more than 2% of the Company's gross revenue; and
- service on the Board for a period exceeding 10 years is a period which could, or could reasonably be perceived to, materially interfere with a Director's ability to act in the best interests of the Company.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## CORPORATE GOVERNANCE STATEMENT

---

### *Compensation Arrangements*

The maximum aggregate amount payable to non-executive Directors as Directors' fees has been set at \$550,000. The Constitution provides that non-executive Directors' fees can only change pursuant to a resolution at a general meeting. Further details regarding the remuneration of the Board are included in the Directors' Report on page 26.

### **Safeguard Integrity in Financial Reporting**

The Managing Director, Chairman of the Audit Committee, and the CFO formally state to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with the relevant Australian Accounting Standards.

The Company has appointed an audit committee whose role it is to:

- Assess the appropriateness of the accounting policies, practices and disclosure and whether the quality of the financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;
- Maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report and financial statements;
- Assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures; and
- Nominate the external auditors.

A copy of Mutiny's *Audit Committee Charter* can be accessed via the Company's website.

### **Respect the Rights of Shareholders and Stakeholders**

#### *Effective Communication*

The Company's communications strategy includes the communication with shareholders through:

- Announcements to the market via the Australian Securities Exchange;
- The Company's website;
- Letters to Shareholders;
- The annual report, which is distributed to shareholders; and
- The annual general meeting and other meetings so called to obtain approval for the Board's action as appropriate.

#### *Participation in General Meetings*

The external auditor attends the Annual General meeting to respond to specific questions from shareholders.

A copy of Mutiny's *Shareholder Communication Policy* and *Code of Conduct* can be accessed via the Company's website.

### **Timely and Balanced Disclosures**

In accordance with the Company's obligations under the Listing Rules of the ASX material information is lodged immediately with the ASX and on acknowledgment by the ASX is disseminated by posting to the Company website. The Board endorses a culture in favour of continuous disclosure and recognises the benefits of consistency achieved through a dedicated spokesperson.

A copy of Mutiny's *Continuous Disclosure Policy* can be accessed via the Company's website.

# MUTINY GOLD LTD A.B.N. 72 101 224 999

## CORPORATE GOVERNANCE STATEMENT

---

### Directors, Officers and Employees Dealing in Company Shares

Current practice requires Directors to advise the Company of any transactions conducted by them in the shares of the Company in accordance with the Corporations Act 2001 and the Listing Rules of the ASX. Officers and employees are also required to advise the Company of any transactions conducted by them in the shares of the Company in accordance with the Corporations Act 2001.

A copy of Mutiny's *Policy on Dealing with Mutiny Securities* can be accessed via the Company's website.

### Remunerate Fairly and Responsibly

Directors and key executives are remunerated in accordance with market conditions and performance as judged by the Board. The Managing Director's remuneration and directors' fees are detailed in the Remuneration Report contained in the Directors' Report on page 26. There are no termination entitlements.

During the financial year ended 30 June 2012 the Company complied with the ASX Principles and Recommendations other than as indicated below:

Principle	Recommendation Reference
1. Lay solid foundations for management and oversight	1.2
2. Structure the board to add value	2.4 & 2.5
3. Promote ethical and responsible decision-making	3.2, 3.3
4. Safeguard integrity in financial reporting	4.2
7. Recognise and manage risk	7.1& 7.2
8. Remunerate fairly and responsibly	8.1 & 8.2

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**CORPORATE GOVERNANCE STATEMENT**

Notification of Departure	Explanation for Departure
<p>1.2 &amp; 2.5 The process for evaluation of the Board, individual directors and key executives has not been disclosed.</p> <p>2.4 No Nomination Committee has been established.</p>	<p>During the reporting period, the Board of four members was compact enough to maintain internal evaluation. This approach is the subject of ongoing evaluation and evolution as the Company grows in terms of capitalisation and diverse management structure.</p> <p>Members of the Board have been brought together to provide a blend of qualification, skills and national and international experience required for managing a company operating within the mining industry. At this stage the establishment of a Nomination Committee is not relevant. This is however a matter for regular review and consideration by the Board.</p>
<p>3.2 &amp; 3.3 No diversity policy has been established and therefore there is no measurable objectives or progress measured.</p>	<p>As the Company matures and increases its number of executives, the establishment of a diversity policy becomes relevant.</p>
<p>4 The Managing Director is the chairperson of the Audit Committee.</p>	<p>The makeup of the Board makes strict compliance impractical. The Board appointed Directors who were the best suited for committee membership. The Company Secretary is also a member of the committee.</p>
<p>7.1 &amp; 7.2 Formal policies on risk management have not been adopted.</p>	<p>The management of risk is part of the everyday responsibility of the Managing Director, and of the full Board on a regular basis. The Company's currently small operations make this practical at the moment. Internal financial controls are assessed regularly through the audit process.</p>
<p>8.1 &amp; 8.2 Substantive compliance in relation to remuneration disclosures has been achieved with a detailed remuneration report.</p>	<p>The Board determined all matters of remuneration in accordance with the Corporations Act requirements, especially in respect of related party transactions and personal interest in matters before the Board.</p> <p>As the Company progresses and employs additional staff it is recognised that a more detailed policy and process will be required.</p>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**DIRECTORS' DECLARATION**

---

The Directors of the Company declare that:

1. the financial statements and notes as set out on pages 40 to 75, are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards (including the Australian Accounting Interpretations) and the Corporate Regulations 2001;
  - (b) give a true and fair view of the financial position as at 30 June, 2012 and of the performance for the year ended on that date of the Company and Group; and
  - (c) comply with International Financial Reporting Standards as disclosed in Note 1.
2. the Chief Executive Officer and the Chief Finance Officer have each declared that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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:  
28 September 2012

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated Group 2012 \$	Consolidated Group 2011 \$
Revenues	2	354,687	111,504
Loss on disposal of exploration asset		(28,670)	-
Loss on disposal of MV, plant & equipment		(5,272)	(6,585)
Employee benefits expense		(708,202)	(912,500)
Depreciation & amortisation expenses		(32,896)	(8,349)
Marketing expenses		(252,697)	(203,947)
Consulting expenses		(988,440)	(222,152)
Occupancy expenses		(125,851)	(67,698)
Administrative expenses		(502,914)	(227,436)
Other expenses		(442,247)	(179,152)
Finance costs	3	(1,038,037)	(248)
Write off of exploration & evaluation expenditure		(51,742)	(10)
Impairment of exploration & evaluation asset		(36,238)	-
<b>Loss before income tax</b>		<b>(3,858,519)</b>	<b>(1,716,573)</b>
Income tax (expense) / benefit	4	483,331	274,955
<b>Loss for the year</b>		<b>(3,375,188)</b>	<b>(1,441,618)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(3,375,188)</b>	<b>(1,441,618)</b>
Loss per share			
- Basic (cents per share)	7	(0.78)	(1.45)
- Diluted (cents per share)	7	(0.78)	(1.45)

The accompanying notes form part of these financial statements

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	Note	Consolidated Group 2012 \$	Consolidated Group 2011 \$
<b>Current Assets</b>			
Cash & cash equivalents	8	4,251,094	1,571,784
Trade & other receivables	9	459,966	612,192
<b>Total Current Assets</b>		<b>4,711,060</b>	<b>2,183,976</b>
<b>Non-Current Assets</b>			
Receivables	10	424,203	-
Property, plant & equipment	12	99,381	55,707
Exploration & evaluation expenditure	13	32,628,557	8,788,870
<b>Total Non-Current Assets</b>		<b>33,152,141</b>	<b>8,844,577</b>
<b>Total Assets</b>		<b>37,863,201</b>	<b>11,028,553</b>
<b>Current Liabilities</b>			
Trade & other payables	14	815,232	1,610,169
Annual leave entitlements	15	140,283	72,651
Borrowings	16	14,858,100	-
<b>Total Current Liabilities</b>		<b>15,813,615</b>	<b>1,682,820</b>
<b>Non-Current Liabilities</b>			
Provisions	17	37,218	-
<b>Total Non-Current Liabilities</b>		<b>37,218</b>	-
<b>Total Liabilities</b>		<b>15,850,833</b>	<b>1,682,820</b>
<b>Net Assets</b>		<b>22,012,368</b>	<b>9,345,733</b>
<b>Equity</b>			
Issued capital	18	35,269,236	20,766,294
Reserves		1,622,640	83,759
Accumulated losses		(14,879,508)	(11,504,320)
<b>Total Equity</b>		<b>22,012,368</b>	<b>9,345,733</b>

The accompanying notes form part of these financial statements

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012**

	Share Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	12,211,874	(10,079,501)	95,134	2,227,507
Total comprehensive loss for the period	-	(1,441,618)	-	(1,441,618)
Transfer from Option Reserve	-	16,798	(16,798)	-
Share based payments	-	-	5,423	5,423
Issue of share capital	8,841,420	-	-	8,841,420
Transaction costs	(287,000)	-	-	(287,000)
<b>Subtotal</b>	<u>8,554,420</u>	<u>(1,424,819)</u>	<u>(11,375)</u>	<u>7,118,226</u>
<b>Balance at 30 June 2011</b>	<u>20,766,294</u>	<u>(11,504,320)</u>	<u>83,759</u>	<u>9,945,733</u>
<b>Balance at 1 July 2011</b>	20,766,294	(11,504,320)	83,759	9,945,733
Total comprehensive loss for the period	-	(3,375,188)	-	(3,375,188)
Transfer from Option Reserve	-	-	-	-
Share based payments	-	-	1,538,881	1,538,881
Issue of share capital	15,732,727	-	-	15,732,727
Transaction costs	(1,229,785)	-	-	(1,229,785)
<b>Subtotal</b>	<u>14,502,942</u>	<u>(3,375,188)</u>	<u>1,538,881</u>	<u>12,666,635</u>
<b>Balance at 30 June 2012</b>	<u>35,269,236</u>	<u>(14,879,508)</u>	<u>1,622,640</u>	<u>22,012,368</u>

The accompanying notes form part of these financial statements

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated Group 2012 \$	Consolidated Group 2011 \$
<b>Cash Flow from Operating Activities</b>			
Royalty Payment		75,000	-
Payments to suppliers & employees		(3,936,895)	(1,169,641)
R & D proceeds		758,286	-
Interests received		247,560	111,104
Interest & other costs of finance		-	(248)
Net cash used in operating activities	23	<u>(2,856,049)</u>	<u>(1,058,785)</u>
<b>Cash Flow from Investing Activities</b>			
Proceeds from the sale of property, plant & equipment		23,842	-
Proceeds from sale of exploration asset		10,000	-
Payment for property, plant & equipment		(105,707)	(45,885)
Payment for environmental bonds & office lease bonds		(417,443)	-
Payments for exploration & evaluation expenditure		(19,815,591)	(5,987,617)
Net cash used in investing activities		<u>(20,304,899)</u>	<u>(6,033,502)</u>
<b>Cash Flow from Financing Activities</b>			
Proceeds from capital raising		12,405,427	8,171,520
Costs of share issue		(728,920)	(287,000)
Proceeds from borrowing		14,885,361	-
Borrowing costs		(500,000)	-
Interest paid		(221,610)	-
Net cash provided by financing activities		<u>25,840,258</u>	<u>7,844,520</u>
Net (decrease)/increase in cash held		2,679,310	792,233
Cash at the beginning of the year		<u>1,571,784</u>	<u>779,551</u>
Cash at the end of the year	8	<u>4,251,094</u>	<u>1,571,784</u>

The accompanying notes form part of these financial statements

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

This financial report includes the consolidated financial statements and notes of Mutiny Gold Ltd and its controlled entities ('Consolidated Group' or 'Group'). Mutiny Gold Ltd is an Australian incorporated listed public company with all its operations located in Western Australia.

**Note 1: Statement of Significant Accounting Policies**

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**a Principles of Consolidation**

A controlled entity is any entity over which Mutiny Gold Ltd has the power to govern the financial and operating policies so as to obtain benefit from its activities. In assessing the power to govern, the existence and effect of holding of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 11 to the financial statements. The controlled entities have a 30 June financial year-end.

As at reporting date, the assets and liabilities of the controlled entities have been incorporated into the consolidated financial statements as well as its results for the year ended. Where a controlled entity has entered or left the Group during the year, its operating results have been included from the date control was obtained or until the date control ceased.

In the Company's financial statements, investments in subsidiaries are carried at cost, less any impairment losses.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

**b Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on the taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movement in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**c Property, Plant and Equipment**

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

Property

Freehold land is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent sources.

Increases in the carrying amount arising on revaluation of land is credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Plant and Equipment

Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and Equipment	18.75 – 30.0%
Office Equipment	15.00 – 40.0%
Motor Vehicles	18.75 – 30.0%

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**d Exploration and Development Expenditure**

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

Accumulated costs in relation to an abandon area are written off in full against profit and loss in the year in which the decision to abandon the area is made.

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

A regular review is undertaken of each of the area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Any changes in the estimate for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. As at balance date, no provisions have been made for rehabilitation.

**e Financial Instruments**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For the financial asset, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of the cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

**f Event subsequent to year end and financial position impact**

On 20 August 2012 the Company issued 235,714 shares (valued at \$24,750) as a performance based bonus to a contractor. The financial impact of this transaction is an increase in issued capital and an increase in non-current exploration and evaluation assets.

**g Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying values of its non-financial tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**h Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates equity-settled share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The entity provided benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). These benefits are currently provided under the Executive Services Agreement.

**i Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is possible that an outflow of economic benefits will result and that outflow can be reliably measured.

**j Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**k Revenue and Other Income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**i Goods and Services Tax (GST)**

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**m Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**n Going Concern**

The Directors 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 \$3,375,188 for the year ended 30 June 2012 (2011: \$1,441,618) and incurred a net cash outflow from operating activities of \$2,586,049 (2011: \$1,058,785).

The 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 further working capital or project finance. 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 additional funding. The Directors intend to obtain project funding on the back of the Group's ongoing mine studies and Feasibility Studies through a mixture of bank loans and structured finance. Arrangements have not been finalised to secure additional funding at this stage but negotiations with banks are currently being conducted and are proceeding well. Alternately the Directors understand that they will need to reduce the level of expenditure including project development and to renegotiate terms with the lenders in regards to the \$11,000,000 loan. As disclosed on the Statement on Financial Position the Group has current borrowings of \$14,858,100, \$11,000,000 of which matures on the 27<sup>th</sup> of May 2013. The \$3,858,100 non-interest bearing unsecured loan is a first deposit on a Commercial Agreement. The deposit is intended as the precursor to a wider Agreement which will supplement the project finance requirements for the development of the Group's Deflector Gold Copper Deposit. Should the Agreement not be executed, the lender may request repayment within 90 days of a formal request.

These conditions indicate the existence of some 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 financial report. In the opinion of the Directors this uncertainty is mitigated as a result of the strength of the Bankable Feasibility Study released on 4 July 2012. This study has been endorsed with the positive support by Independent Technical Evaluation by bank appointed expert consultants.

The 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.

**o Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments 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 Group.

**Key Estimates – Impairment**

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

Key Judgment – Impairment of Plant and Equipment

A provision for impairment is recognised when there is objective evidence that an individual asset or group of assets is impaired. An impairment loss is recognised where the carrying amount of an asset, exceeds the recoverable amount, being the higher of the asset's fair value less costs to sell and value in use.

There has been no impairment of plant and equipment in 2012.

Key Judgment – Exploration and Evaluation Expenditure

The Group's policy for exploration and evaluation is discussed in Note 1(e). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the consolidated statement of comprehensive income. At the date of this report the Group has sufficient reason to believe:

- rights to explore in specific areas, once expired, will be renewed;
- substantive expenditure on further exploration for the evaluation of mineral resources in specific area has been budgeted;
- exploration in specific areas is on going and has lead to the discovery of viable quantities of mineral resources and the Company has not decided to discontinue such activity; and
- sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets are likely to be recovered in full from successful development or sale.

One Exploration and Evaluation area of interest has been impaired by \$36,238 in 2012 (2011: nil).

Capitalised exploration expenditure at the end of the year is \$32,628,557.

Key Estimates – Share based payments

The Group measures the costs of equity-settled transactions with employees and other parties at the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next financial period but may impact profit or loss and equity.

**p. New Accounting Standards**

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

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions*;
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*;
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

**AASB 9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2013).**

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

**AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).**

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

Tier 1: Australian Accounting Standards; and

Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

**AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).**

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

**AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).**

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

**AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).**

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

**AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).**

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

**AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).**

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

**AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).**

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

**AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).**

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

On July 2011, the Commonwealth Government announced the “ Securing a Clean Energy Future – the Australian Government ‘s Climate Change Plan”. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the “Top 500 Australian Polluters”, the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

	Note	Consolidated Group 2012 \$	Consolidated Group 2011 \$
<b>Note 2: Revenue</b>			
Interest received	2a	247,560	111,504
Other		107,127	-
Total Revenue		<u>354,687</u>	<u>111,504</u>

<b>a. Interest received from</b>			
- other persons		247,560	111,504
		<u>247,560</u>	<u>111,504</u>

**Note 3: Loss for the Year  
Expenses**

Finance costs			
- external		1,038,037	248
Total Finance Costs		<u>1,038,037</u>	<u>248</u>

Rental expense on operating leases			
- rental expense for lease/sublease		73,306	67,698

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	Consolidated Group 2012 \$	Consolidated Group 2011 \$
<b>Note 4: Income Tax</b>		
Reconciliation between income tax benefit and prima facie tax on accounting loss		
Accounting loss	(3,858,519)	(1,716,573)
Prima facie tax benefit on the loss before income tax @ 30%.	(1,157,556)	(514,972)
Add tax effect:		
Non allowable items	(315,432)	192,654
Exploration & evaluation expenses	-	(2,117,954)
Provisions	-	22,679
Share issue costs	-	(58,042)
Tax losses not brought to account	842,124	2,475,635
Research & development tax offset	483,331	274,955
Income tax benefit	<b>483,331</b>	<b>274,955</b>
Unrecognised deferred tax balances:		
Unrecognised deferred tax asset losses	3,794,534	5,959,564
Unrecognised deferred tax assets other	89,250	34,054
Unrecognised deferred equity adjustment	358,789	95,922
Unrecognised deferred tax liabilities	-	(2,636,661)
Deferred tax asset not brought to account	<b>4,242,573</b>	<b>3,452,879</b>

The unrecognised deferred tax assets will only be available if:

- a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- b) the conditions for deductibility imposed by the tax legislation continue to be complied with; and
- c) no changes in tax legislation adversely affect the Company in realising the benefit.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 5: Interests of Key Management Personnel (KMP)**

Refer to the remuneration report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

**KMP Options Holdings**

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

**30 June 2012**

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
Dr F Lawson	1,000,000	-	-	-	1,000,000
Mr J Greeve	5,571,429	-	-	-	5,571,429
Mr A Brown	500,000	-	-	-	500,000
Mr B Kusni	500,000	-	-	-	500,000
Mrs C Tyndall	357,141	-	-	-	357,141
	<b>7,928,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,928,570</b>

**30 June 2011**

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
Dr F Lawson	1,100,000	-	(100,000)	-	1,000,000
Mr J Greeve	4,328,500	-	(2,328,500)	3,571,429	5,571,429
Mr A Brown	500,000	-	-	-	500,000
Mr K Hardman*	750,000	-	-	(250,000)	500,000
Mr B Kusni	750,000	-	-	(250,000)	500,000
Mrs C Tyndall	-	-	-	357,141	357,141
Mr P O'Neill**	-	-	(75,000)	575,000	500,000
	<b>7,428,500</b>	<b>-</b>	<b>(2,503,500)</b>	<b>4,003,570</b>	<b>8,928,570</b>

\*Mr Kevin Hardman retired 21/10/2010

\*\*Mr O'Neill was not part of Key Management Personnel during the financial year ended 30 June 2012.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 5: Interests of Key Management Personnel (KMP) (Cont)**  
**KMP Shareholdings**

The number of ordinary shares in Mutiny Gold Ltd held by each KMP of the Group during the financial year is as follows:

**30 June 2012**

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Dr F Lawson	5,130,185	-	-	100,000	5,230,185
Mr J Greeve	21,480,416	-	-	-	21,480,416
Mr A Brown	2,912,619	-	-	-	2,912,619
Mr B Kusni	3,287,618	-	-	-	3,287,618
Mrs C Tyndall	2,601,787	-	-	-	2,601,787
Mr Brett Hampel	-	-	-	62,500	62,500
	<b>35,412,625</b>	<b>-</b>	<b>-</b>	<b>162,500</b>	<b>35,575,125</b>

**30 June 2011**

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Dr F Lawson	4,030,185	1,000,000	100,000	-	5,130,185
Mr J Greeve	10,454,059	1,250,000	2,328,500	7,447,857	21,480,416
Mr A Brown	2,148,074	764,545	-	-	2,912,619
Mr K Hardman*	5,138,074	764,545	-	-	5,902,619
Mr B Kusni	2,523,073	764,545	-	-	3,287,618
Mrs C Tyndall	500,000	-	-	2,101,787	2,601,787
Mr P O'Neill**	541,190	-	-	633,112	1,174,302
	<b>25,334,656</b>	<b>4,543,635</b>	<b>2,428,500</b>	<b>10,182,756</b>	<b>42,489,547</b>

\*Mr Kevin Hardman retired 21/10/2010

\*\*Mr O'Neill was not part of Key Management Personnel during the financial year ended 30 June 2012.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Note 5: Interests of Key Management Personnel (KMP) (Cont)**  
**KMP Remuneration**

The totals of remuneration paid to KMP of Group during the year are as follows:

	<b>Consolidated Group 2012</b>	<b>Consolidated Group 2011</b>
	\$	\$
Short-term employment benefits	1,278,106	1,151,527
Post-employment benefits	80,491	44,552
	<u>1,358,597</u>	<u>1,196,079</u>

<b>Consolidated Group 2012</b>	<b>Consolidated Group 2011</b>
\$	\$

**Note 6: Auditor's Remuneration**

Amounts received or due and receivable  
by:

Grant Thornton Audit Pty Ltd for:

- taxation advice	9,570	-
- audit or review of the financial report of the Company and other entities in the Group	35,025	29,210
	<u>44,595</u>	<u>29,210</u>

**Note 7: Loss Per Share**

	<b>Consolidated Group 2012</b>	<b>Consolidated Group 2011</b>
Loss for the year	(3,375,188)	(1,716,573)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	433,345,054	118,572,395
Weighted average number of options outstanding	135,035,348	65,383,392
Weighted average number of ordinary securities outstanding during the year used in calculating diluted EPS	568,380,402	183,955,787

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

	Consolidated Group 2012 \$	Consolidated Group 2011 \$
<b>Note 8: Cash and Cash Equivalents</b>		
Cash at bank & in hand	3,429,412	121,710
Interest bearing deposit	513,926	8,552
Term deposits	307,756	1,441,522
	<b>4,251,094</b>	<b>1,571,784</b>

The effective interest rate on the Interest bearing deposit for 2012 was 3.5% (2011: 4.25%) with average maturity of 30 days. The effective interest rate on Term deposits for 2012 is 4.7% (2011: 5.5%) with average maturity of 60 days.

At balance date the Company has a credit card facility with a limit of \$10,000 and unused amount of \$6,569 (2011:\$4,183). The credit card facility is secured against a term deposit with a balance at 30 June 2012 of \$11,293 (2011: \$11,292).

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash & cash equivalents	4,251,094	1,571,784
	<b>4,251,094</b>	<b>1,571,784</b>

**Note 9: Trade and Other Receivables**

**Current**

Other receivables	55,936	292,297
Prepayments	79,190	10,878
Input tax credits	323,222	307,399
Income tax withholding credit	1,618	1,618
	<b>459,966</b>	<b>612,192</b>

**Note 10: Receivables**

**Non-current**

Other receivables	10a	424,203	-
		<b>424,203</b>	-

**10a Financial assets classified as loans and receivables**

Loans and receivables			
- Total non-current		424,203	-
		<b>424,203</b>	-

**Financial assets**

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

There are no balances in other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due.

**Credit Risk – Trade and Other Receivables**

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties.

The class of assets described as other receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, all the Group credit risk exposure is in Australia.

	Country of Corporation	Percentage Owned	Percentage Owned
		2012	2011
<b>Note 11: Controlled Entities</b>			
Parent Entity:			
Mutiny Gold Ltd	Australia		
<i>Subsidiaries of Mutiny Gold Ltd:</i>			
Mt Gingee Munjie Resources Pty Ltd	Australia	100%	100%
Duval Dene Pty Ltd	Australia	100%	100%
Deflector Gold SPV Pty Ltd	Australia	100%	-
Deflector Gold Pty Ltd	Australia	100%	-
Central Infrastructure SPV Pty Ltd	Australia	100%	-
Central Infrastructure Pty Ltd	Australia	100%	-
Gullewa Gold Project SPV Pty Ltd	Australia	100%	-
Gullewa Gold Project Pty Ltd	Australia	100%	-
Brandy Hill Iron SPV Pty Ltd	Australia	100%	-
Brandy Hill Iron Pty Ltd	Australia	100%	-
MYG Tenement Holdings SPV Pty Ltd	Australia	100%	-
MYG Tenement Holdings Pty Ltd	Australia	100%	-

All subsidiaries were dormant at year end

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

Consolidated Group 2012 \$	Consolidated Group 2011 \$
-------------------------------------	-------------------------------------

**Note 12: Property, Plant and Equipment**

Plant & Equipment

- At cost	24,369	-
- Less: accumulated depreciation	(6,008)	-
	<u>18,361</u>	<u>-</u>

Office equipment

- At cost	117,573	46,544
- Less: accumulated depreciation	(36,553)	(23,832)
	<u>81,020</u>	<u>22,712</u>

Motor vehicles

- At cost	-	35,000
- Less: accumulated depreciation	-	(2,005)
	<u>-</u>	<u>32,995</u>

Total Property, Plant and Equipment

	<b>99,381</b>	<b>55,707</b>
--	---------------	---------------

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year.

2012	Plant & Equipment	Office Equipment	Motor Vehicles	Total
<b>Consolidated Group</b>				
Balance at the beginning of year	-	22,712	32,995	55,707
Disposals	-	(2,279)	(26,857)	(29,136)
Additions	24,369	81,337	-	105,706
Depreciation expense	(6,008)	(20,750)	(6,138)	(32,896)
Carrying amount at the end of the year	<u>18,361</u>	<u>81,020</u>	<u>-</u>	<u>99,381</u>

Refer to note 1 Critical Accounting Estimates and Judgments for impairment of plant and equipment.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

Consolidated Group	Consolidated Group
2012	2011
\$	\$

**Note 13: Exploration and Evaluation**

**Expenditure**

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

Exploration & evaluation phase

- At cost	32,628,557	8,788,870
	<b>32,628,557</b>	<b>8,788,870</b>
	<b>32,628,557</b>	<b>8,788,870</b>

*Reconciliation*

Balance at beginning of year	8,788,870	1,729,025
Exploration expenditure incurred	9,177,356	3,810,239
Sale of tenement	(38,670)	
Impairment of exploration expenditure	(36,238)	-
Exploration expenditure written off	(51,742)	(10)
Acquisition at fair value of tenements.	14,788,981	3,249,616
	<b>32,628,557</b>	<b>8,788,870</b>
	<b>32,628,557</b>	<b>8,788,870</b>

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.

Refer to note 1 Critical Accounting Estimates and Judgments for impairment of exploration and evaluation expenditure.

Consolidated Group	Consolidated Group
2012	2011
\$	\$

**Note 14: Trade and Other Payables**

**Current**

Unsecured liabilities

- Credit Card	3,431	5,817
- Trade creditors	537,236	1,136,914
- Other creditors & accruals	274,565	194,187
- Trust deposit	-	273,251
	<b>815,232</b>	<b>1,610,169</b>
	<b>815,232</b>	<b>1,610,169</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 15: Annual Leave Entitlements**

**Current**

Accrual for employee entitlements	140,283	72,651
	<u>140,283</u>	<u>72,651</u>

**Note 16: Financial Liabilities**

**Current Borrowings**

Unsecured liability			
- Non-interest bearing loan	<b>a</b>	3,858,100	-
Secured liability			
- Interest bearing loan	<b>b</b>	<u>11,000,000</u>	-
		<u>14,858,100</u>	-

**(a)** The interest bearing loan from Credit Suisse is secured by a mortgage over the tenement assets owned by the Group. There are no Covenants imposed by the bank in relation to this loan. 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. The interest rate has been in the range of 3.53-4.63% during the financial year. The maturity date of the facility is 28 May 2013.

**(b)** The non-interest bearing unsecured loan is a USD\$4m first deposit on a Commercial Agreement. The deposit is intended as the precursor to a wider Agreement which will supplement the project finance requirements for the development of the Group's Deflector Gold Copper Deposit.

<b>Consolidated</b>	<b>Consolidated</b>
<b>Group</b>	<b>Group</b>
<b>2012</b>	<b>2011</b>
\$	\$

**Note 17: Provisions**

**Non-current**

Provision for long service leave	37,218	-
	<u>37,218</u>	<u>-</u>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Consolidated Group 2012 \$</b>	<b>Consolidated Group 2011 \$</b>
<b>Note 18: Issued Capital</b>		
<b>(a) Issued and paid up capital</b>		
464,373,622 (2011: 293,791,735)		
Ordinary Shares Fully Paid	<u>35,269,236</u>	<u>20,766,294</u>
	<u>35,269,236</u>	<u>20,766,294</u>

	<b>2012</b>	
	<b>Number of Shares</b>	<b>\$</b>
Beginning of financial year	<b>293,791,735</b>	<b>20,766,294</b>
Issued during the year:		
7 July 2011	9,594,270	959,427
less transaction costs	-	(25,000)
28 July 2011	101,000,000	9,696,000
less transaction costs	-	(596,499)
9 September 2011	18,229,166	1,750,000
less transaction costs	-	(608,286)
16 December 2011	40,000,000	3,200,000
28 March 2012	1,408,451	100,000
18 May 2012	350,000	27,300
End of Financial Year	<u><b>464,373,622</b></u>	<u><b>35,269,236</b></u>

The value of shares issued in settlement of services is based on the fair value of services provided as determined by the Directors.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(c) Options**

During this reporting period the Company has issued a further:

- (i) 89,614,584 (listed, ex \$0.14 on or before 27/11/2013)
- (ii) 10,000,000 (unlisted, ex \$0.15 on or before 21/09/2014)

	<b>Consolidated Group 2012 No</b>	<b>Consolidated Group 2011 No</b>
Opening number of options issued	<b>70,337,143</b>	<b>19,335,715</b>
Number of options issued during the year	99,614,584	59,080,000
Number of options exercised during the year	(9,594,270)	(6,478,572)
Number of options lapsed during the year	(20,016)	(1,600,000)
Closing Number of Options Issued	<u><b>160,337,441</b></u>	<u><b>70,337,143</b></u>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Capital Management**

Management controls the capital of the Group in order to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raising. Therefore, the focus of the Group's capital management is the current working capital position against the requirement of the Group to meet exploration projects and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required.

	<b>Consolidated Group 2012 \$</b>	<b>Consolidated Group 2011 \$</b>
Cash and cash equivalents	4,251,094	1,571,784
Trade and other receivables	459,966	612,192
Trade and other payables	<u>(815,232)</u>	<u>(1,610,169)</u>
Working capital position	<u>3,895,828</u>	<u>573,807</u>

There have been no significant changes in the strategy adopted by management to control the capital of the Group since the prior year.

**Note 19: Leasing and Capital Commitments**

**Operating lease commitments.**

The operating lease commitment pertains to the lease arrangement of office premises.

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable:

- not later than 1 year;	66,408	66,408
- later than 1 year but not later than 5 years; and	77,476	132,816
- later than 5 years.	<u>-</u>	<u>-</u>
	<u>143,884</u>	<u>199,224</u>

An amount of \$73,306 was charged as an expense in the Statement of Comprehensive Income for the year ended 30 June 2012 (2011 \$67,688).

**Note 20: Contingent Liabilities**

- a) The Company has a \$54,000 Bond in place for the White Well M20/54 tenement which is secured with a bank guarantee.
- b) The Company has Bonds to the value of \$398,500 in place for various Gullewa tenements. All bonds are secured with bank guarantees.
- c) The Company has a \$16,602 cash-backed Bond in place in relation to its office lease.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 21: Expenditure Commitments**

Under the requirements of the Western Australian Department of Mining and Petroleum, the Company has an annual minimum expenditure commitment of \$899,200 on granted tenements. As at 30 June 2011 the Company had met the minimum expenditure requirement, or received appropriate expenditure exemptions, on its granted tenements.

Tenement	Date Acquired	Annual Expenditure Commitment
		\$
E08/1655	14/08/2008	30,000
M20/54	27/03/2009	60,000
P20/2190	21/06/2012	3,400
E15/1025	20/01/2010	20,000
Gullewa Gold Project	20/07/2010	<u>785,800</u>
TOTAL		<u>899,200</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	899,200
Later than 1 year but not later than 5 years	2,857,892
Later than 5 years	<u>2,764,248</u>
TOTAL	<u>6,521,340</u>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

**Note 22: 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 exploration and evaluation projects.

**Types of products and services by segment**

*Mineral exploration and evaluation:*

*Gullewa Gold Project in the South Murchison region of WA*

*White Well Project in the Tuckabianna region of WA*

*Donnellys Project in the Ashburton 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 A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

Year ended 30.06.2012	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Revenue</b>						
External sales	10,000	-	-	-	97,127	107,127
Inter segment sales	-	-	-	-	-	-
Interest revenue	-	-	-	-	247,560	247,560
<b>Total segment revenue</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,687</b>	<b>354,687</b>
<i>Reconciliation of segment revenue to group revenue</i>						
Unallocated items:						
Inter segment elimination						-
Total group revenue						354,687
<b>Segment net profit (loss) before tax</b>					<b>(3,054,293)</b>	<b>(3,054,293)</b>
<i>Reconciliation of segment results to group net profit/(loss) before tax</i>						
i. Amounts not included in segment result but reviewed by the Board						
- Corporate charges	-	-	-	-	-	-
- Depreciation and amortisation	-	-	-	-	(32,896)	(32,896)
- Equity accounted profits of associates & JVs	-	-	-	-	-	-
- Write off of exploration expenditure	-	-	(51,742)	-	-	(51,742)
- Impairment of exploration asset	-	-	(36,238)	-	-	(36,238)
ii. Unallocated items:						
- Finance cost					(1,038,037)	(1,038,037)
- Other	-	-	-	-	-	-
<b>Net profit (loss) before tax</b>						<b>(3,858,519)</b>
Year ended 30.06.2011	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Revenue</b>						
External sales	-	-	-	-	-	-
Inter segment sales	-	-	-	-	-	-
Interest revenue	-	-	-	-	111,504	111,504
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,504</b>	<b>111,504</b>
<i>Reconciliation of segment revenue to group revenue</i>						
Unallocated items:						
Inter segment elimination						-
Total group revenue						111,504
<b>Segment net profit (loss) before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,708,224)</b>	<b>(1,708,224)</b>
<i>Reconciliation of segment results to group net profit/(loss) before tax</i>						
i. Amounts not included in segment result but reviewed by the Board						
- Corporate charges	-	-	-	-	-	-
- Depreciation and amortisation	-	-	-	-	(8,349)	(8,349)
- Equity accounted profits of associates & JVs	-	-	-	-	-	-
- Impairment of property plant and equipment	-	-	-	-	-	-
ii. Unallocated items:						
- Finance cost						-
- Other						-
<b>Net profit (loss) before tax</b>						<b>(1,716,573)</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

As at 30.06.2012	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Segment assets</b>	30,631,951	1,592,241	36,239	368,126	5,234,644	37,863,201
Segment assets increases/(decreases) for the period						
Capital expenditure	9,086,743	56,182	18,818	15,611	-	9,177,354
Acquisitions	14,583,091	-	-	205,890	-	14,788,981
Tenement Sale	(38,670)	-	-	-	-	(38,670)
Tenement surrender	-	-	(51,742)	-	-	(51,742)
Tenement Impairment	-	-	(36,238)	-	-	(36,238)
	<u>23,631,164</u>	<u>56,182</u>	<u>(69,162)</u>	<u>221,501</u>	<u>-</u>	<u>23,839,685</u>
<i>Reconciliation of segment assets to group assets</i>						
Unallocated assets:						
- Derivative Assets						-
- Deferred tax assets						-
- Intangibles						-
<b>Total group assets</b>						<u><u>37,863,201</u></u>

As at 30.06.2011	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Segment assets</b>	7,000,785	1,536,059	105,400	146,625	2,239,684	11,028,553
Segment assets increases/(decreases) for the period						
Capital expenditure	3,751,170	27,333	9,229	22,506	-	3,810,238
Acquisitions	3,249,615	-	-	-	-	3,249,615
	<u>7,000,785</u>	<u>27,333</u>	<u>9,229</u>	<u>22,506</u>		<u>7,059,853</u>
<i>Reconciliation of segment assets to group assets</i>						
Unallocated assets:						
- Derivative Assets						-
- Deferred tax assets						-
- Intangibles						-
<b>Total group assets</b>						<u><u>11,028,553</u></u>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

As at 30.06.2012	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Segment liabilities</b>	15,133,815	-	-	-	717,018	15,850,833
<i>Reconciliation of segment liabilities to group liabilities</i>						
Intersegment eliminations						-
Unallocated liabilities:						
- Retirement benefit obligations						-
- Deferred tax liabilities						-
- Other financial liabilities						-
- Current tax liabilities						-
<b>Total group liabilities</b>						<b>15,850,833</b>

As at 30.06.2011	Gullewa	WW	Donnellys	Widgie	All Other Segments	Total
<b>Segment liabilities</b>	1,076,584	-	-	-	606,236	1,682,820
<i>Reconciliation of segment liabilities to group liabilities</i>						
Intersegment eliminations						-
Unallocated liabilities:						
- Retirement benefit obligations						-
- Deferred tax liabilities						-
- Other financial liabilities						-
- Current tax liabilities						-
<b>Total group liabilities</b>						<b>1,682,820</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

	Consolidated Group 2012	Consolidated Group 2011
	\$	\$
<b>Note 23: Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(3,375,188)	(1,441,618)
Non-cash flows in loss after income tax		
Depreciation & amortisation expenses	32,896	8,349
Write-off of exploration & evaluation expenditure	51,742	10
Loss on disposal of plant & equipment	33,942	6,585
Prepayments	-	(5,650)
Impairment	36,238	-
Share based payments	1,038,037	633,900
Unrealised forex	(27,261)	-
Employee benefits expenses	-	34,737
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in trade & other receivables	43,630	(520,110)
Increase/(decrease) in trade & other payables	(690,085)	225,012
<i>Cash flow used in operating activities</i>	<b>(2,856,049)</b>	<b>(1,058,785)</b>

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Note 24: Share-Based Payments**

**Share based payments to unrelated parties**

On 16 December 2011 Mutiny issued 40,000,000 fully paid ordinary shares to ATW Gold Corp Pty Ltd ("ATW"). The shares were issued to ATW as compensation for surrendering the 10% Net Profit Interest that it was entitled to receive under the Gullewa Acquisition Agreement executed by the companies on 20 July 2010. The nominal value of the shares issued was \$3,200,000.

On 28 March 2012 Mutiny issued 1,408,451 fully paid ordinary shares, at a nominal value of \$100,000 to George Lee and nominee. The shares were issued as part consideration in relation to the Company's acquisition of the Widgie South Tenement (E15/1025).

On 18 May 2012 the Company issued 350,000 fully paid ordinary shares, with a nominal value of \$27,300 to Mr PR Giannini and Mr BA Parry. The shares were issued as consideration in relation to the Company's acquisition of a withdrawal document for Prospecting Licence P59/1989. Prospecting Licence application 59/1989 was located within the boundaries of a granted Mutiny Exploration Licence 59/1242. By securing the withdrawal of P 59/1989 it allowed Mutiny to amalgamate the ground the subject of P59/1989 into E 59/1242.

*The value of the share based payments have been capitalised as an acquisition cost in the company's statement of financial position.*

**Options**

On 21 September 2012 10,000,000 unlisted Options (ex date 21/09/2014, ex price \$0.15) were issued to Hartleys Limited pursuant to a Corporate Advisory Engagement Mandate executed by it and the Company.

At the AGM on 30 November 2011, the meeting resolved to issue Credit Suisse 30,000,000 free MYGOB (ex price \$0.14, ex date 27/11/2013) tradable options as per the terms of the Credit Suisse loan facility agreement.

All options previously granted to key management personnel are for ordinary shares in Mutiny Gold Ltd, which confer a right of one ordinary share for each option.

**Consolidated Group**

	2012				2011			
	Number of Options	Weighted Average Fair Value \$	Weighted Average Ex Price \$	Weighted Average Remaining Life	Number of Options	Weighted Average Fair Value \$	Weighted Average Ex Price \$	Weighted Average Remaining Life
Outstanding at beginning of the year	4,600,000				5,300,000			
Granted	40,000,000	0.039	0.1425	27 months	100,000	0.054	0.125	24 months
Forfeited	-				-			
Exercised	-				(200,000)			
Expired	-				-	(600,000)		
Outstanding at year end	<u>44,600,000</u>		0.1382	18 months	<u>4,600,000</u>		0.10	17 months
Exercisable at year-end	<u>44,600,000</u>				<u>4,600,000</u>			

The range of exercise prices at 30 June 2012 is \$0.10 - \$0.15 (2011: \$0.10 - \$0.125).

The weighted average fair value of the options granted during the year was 3.9 cents (2011: 5.4 cents).

This price was calculated using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	14.25 cents
Weighted average life of the option	27 months
Underlying share price	8 cents
Expected share price volatility	119%
Risk free interest rate	4.75%

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

---

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the option is based on the historical exercise patterns, which may not eventuate in the future.

The value of the share based payment to Hartleys (\$500,844) has been capitalised as a cost of capital raising in the Company's balance sheet.

The value of the share based payment to Credit Suisse (\$1,038,037) has been expensed as a finance cost in the Consolidated Statement of Comprehensive Income.

**Note 25: Events After the Balance Date**

**Issue of Shares to contractor**

On 20 August 2012 the Company issued 235,714 shares as a performance based bonus to a contractor.

The financial effects of the above have not been brought to account in the accounts at 30 June 2012.

**Note 26: Related Party Transactions**

	<b>Consolidated Group 2012</b>	<b>Consolidated Group 2011</b>
	\$	\$
Transactions with related parties:		
i) Director or related entities		
Consulting fees paid to Allan Brown & Associates Pty Ltd, a related entity to Mr Brown.	74,100	91,900
Professional consulting & corporate service fees paid and accrued to Jackson Greeve, an accounting practice where Mr Greeve & Mr O'Neill are partners.	-	29,147
Rent & outgoings paid and accrued to Jackson Greeve, an accounting practice where Mr Greeve & Mr O'Neill are partners.	8,358	72,209

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Note 27: Financial Risk Management Objectives and Policies and Processes**

The Group's financial instruments consist mainly of deposits with banks, short-term investments, non-current accounts receivable and payable.

The totals for each category of financial instrument, measured in accordance with AASB: 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2012	2011
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	8	4,251,094	1,571,784
Receivables – non-current	10a	424,203	-
		4,675,297	1,571,784
<b>Financial Liabilities</b>			
Trade and other payables at amortised cost	14	815,232	1,610,169
Borrowings	16	14,858,100	-
		15,673,332	1,610,169

**Financial Risk Management Policies**

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors, in its function as Audit Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for the developing and monitoring the Group's risk management policies.

**Interest rate risk**

The Company has cash subject to interest and therefore the interest rate risk impact is minimal. Management continually monitors the exposure to interest rate risk. The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

	< 1 Year	> 1 Year	Total	Weighted Average
			\$	Effective Interest Rate
Year ended 30 June 2012				
<i>Floating rate</i> Cash assets	4,251,094	-	4,251,094	1.29%
<i>Floating rate</i> ...Receivables	-	417,443	417,443	2.40%
<i>Non-interest bearing</i> ...Receivables	-	6,760	6,760	-
Year ended 30 June 2011				
<i>Floating rate</i> Cash assets	1,571,784	-	1,571,784	4.36%

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. In most cases, the Company requires full and final payment either prior to, or upon delivery of the goods to the customer. In limited cases where credit is provided, the Company trades on credit terms with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to a credit verification procedures.

In addition, receivables balances are monitored on an ongoing basis with the results that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

All amounts past due in excess of 30 days are individually assessed and provided for as doubtful if reasonable doubt as to collectability exists.

With respect to credit risk arising from financial assets of the Company, which comprise of cash and cash equivalents and receivables, the Company's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements.

Included in receivables is the amount for GST refundable, this amount is not past due nor impaired.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The Company also manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The table below summarises the maturity profiles of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months \$	3 to 12 Months \$	More than 12 months \$	Total \$
Year ended 30 June 2012				
Trade & other creditors	815,232	-	-	815,232
Borrowings	-	14,858,100	-	14,858,100
	815,232	14,858,100	-	15,673,332
Year ended 30 June 2011				
Trade & other creditors	1,610,169	-	-	1,610,169
	1,610,169	-	-	1,610,169

The Company also has an office lease agreement. The future contracted commitments at year end is disclosed in Note 19.

**Sensitivity Analysis**

**MUTINY GOLD LTD A.B.N. 72 101 224 999**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The following table illustrates sensitivity to the Group's exposures to changes in the interest rate. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	<b>Consolidated Group Profit \$</b>	<b>Equity \$</b>
2012		
+/- 2% in interest rate	+/- 85,022	+/- 85,022
2011		
+/- 2% in interest rate	+/- 32,203	+/- 32,203

**Note 25: Reserves**

Option Reserve

The option reserve records items recognised as expenses on valuation. The option reserve as at 30 June 2012 include previously issued Directors' options and Sherwin Iron Ltd options as well as the current year options issues to Hartleys and Credit Suisse.

**Note 27: Parent Entity Information**

Information relating to Mutiny Gold Ltd:	<b>2012 \$</b>	<b>2011 \$</b>
Current assets	4,711,060	2,183,976
Total assets	37,863,201	11,028,553
Current liabilities	15,813,615	1,682,820
Total liabilities	15,850,833	1,682,820
Issued capital	35,269,236	20,766,294
Retained earnings	(14,879,508)	(11,504,320)
Option Reserve	1,622,640	83,759
Total shareholders' equity	22,012,368	9,345,733
Profit or loss of the parent entity	(3,375,188)	(1,441,618)
Total comprehensive income of the parent entity	(3,375,188)	(1,441,618)

**Note 27: Company Details**

The registered office and principal place of business of the Company is:

29 Charles Street  
 South Perth WA 6151

Grant Thornton Audit Pty Ltd  
ABN 91 130 913 594  
ACN 130 913 594

10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

**T** +61 8 9480 2000  
**F** +61 8 9322 7787  
**E** info.wa@au.gt.com  
**W** www.grantthornton.com.au

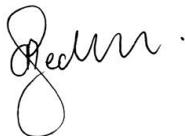
**Auditor's Independence Declaration  
To the Directors of Mutiny Gold**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mutiny Gold for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C A Becker  
Partner - Audit & Assurance

Perth, 28 September 2012

Grant Thornton Audit Pty Ltd  
ABN 91 130 913 594  
ACN 130 913 594

10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

**T** +61 8 9480 2000  
**F** +61 8 9322 7787  
**E** info.wa@au.gt.com  
**W** www.grantthornton.com.au

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

### **Report on the financial report**

We have audited the accompanying financial report of Mutiny Gold Limited (the 'Company'), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Mutiny Gold Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Material uncertainty regarding continuation as a going concern**

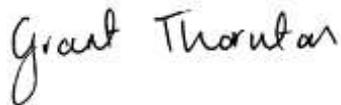
Without qualifying our opinion expressed above, we draw attention to the financial report which indicates that the consolidated entity incurred a net loss of \$3,375,188 and net cash outflows from operating activities of \$1,938,941 during the year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeds current assets by \$11,102,555 and total assets exceeds total liabilities by \$22,012,368. 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 therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

**Report on the remuneration report**

We have audited the remuneration report included in pages 26 to 29 of the directors' report for the year ended 30 June 2012. 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.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Mutiny Gold Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C A Becker  
Partner - Audit & Assurance

Perth, 28 September 2012