

MACPHERSONS REWARD GOLD LIMITED

MacPhersons Reward Gold Limited

ABN 98 139 357 967

Annual Financial Report

30 June 2011

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CORPORATE INFORMATION

ABN 98 139 357 967

Directors

Morrie Goodz
Jeffrey Williams
Ashok Parekh

Company Secretary

Stephen Hewitt-Dutton

Public Officer

Ashok Parekh

Principal Activity

Gold exploration

Head Office

109 Maritana Street
Kalgoorlie WA 6430

Registered Office

Level 24, St Martin's Terrace
44 St George's Terrace
Perth WA 6000

Share Register

Computershare
Level 2, 45 St Georges Terrace
Perth WA 6000, Australia

Solicitors

Price Sierakowski
Level 24, St Martin's Terrace
44 St George's Terrace
Perth WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing

MacPhersons Reward Gold Limited shares are listed on the Australian Securities Exchange (ASX: MRP)

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity (or Group) consisting of Macphersons Reward Gold Limited and the entities it controlled during the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities:

Ashok Parekh (appointed 9 September 2009)

BBUS FCA AIMM FTIA

Chairman – Executive Director

Mr Ashok Parekh is a chartered accountant who owns a large Accounting Practice in Kalgoorlie, which he has operated for 25 years. He was awarded the Centenary Medal in 2003 by the Governor General of Australia, and was recently awarded the Meritorious Service Award by the Institute of Chartered Accountants, the highest award granted by the Institute in Australia.

Mr Parekh has over 25 years experience in providing advice to mining companies and services providers to the mining industry. He has spent many years negotiating with public listed companies and prospectors on mining deals which have resulted in new IPOs and the commencement of new gold mining operations. He has also been involved in the management of gold mining and milling companies in the Kalgoorlie region, and has been the Managing Director of some of these companies. He is well known in the West Australian mining industry and has a very successful background in the ownership of numerous businesses in the Goldfields.

Morrie Goodz (appointed 20 January 2010)

MSc (Mining Geol), MBA, Cert Mine Manager (VIC), FAusIMM, MCanIMM

Managing Director – Executive Director

Mr Morrie Goodz is a mining geologist and a Fellow of the Australasian Institute of Mining and Metallurgy, with 33 years industry experience including nine years experience in international mineral exploration in North America and Africa. Since 1985, he has been based in Australia with operational and strategic management roles at the A1, Morning Star, Daisy-Milano and Kalgoorlie Consolidated Gold Mines. Since 1987, Mr Goodz has been the Principal Consultant of Goodz GMC providing geological and mine planning services.

Mr Goodz was responsible for the project conception and discovery of the Daisy Milano shear zone extension where, amongst other operations, he designed and constructed the current decline and underground operations at the Daisy Milano gold mine.

Mr Goodz is actively involved in promoting mining education with various professional bodies and the WA School of Mines, and was the Chair of the AusIMM Sustainable Mining conference held in August 2010. Mr Goodz is an active public speaker at conferences and workshops on mine design, business improvement and strategic planning.

Jeffrey Williams (appointed 20 January 2010)

BSc (Mining Eng), MBA, FAusIMM

Non-Executive Director

Mr Jeffrey Williams has 16 years experience as a professional mining engineer in Australia and seven years in the stockbroking industry and is a Fellow of the Australasian Institute of Mining and Metallurgy. In the mining industry, his experience ranges from mine planning, underground management and feasibility study through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following his Masters of Business Administration (MBA) programme in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry. Prior to joining Nimbus Resources (now Mineral Deposits Limited), he was the Head of Resources Research at James Capel Australia. Mr Williams is currently Managing Director of Mineral Deposits Limited and a Non-Executive Director of Morning Star Gold NL.

Mr Williams established Nimbus Resources in 1997, and acquired mineral sands assets from BHP-Billiton near Hawks Nest on the New South Wales coast in 1998. Mineral Deposits Limited has since secured the Sabodala gold and Grande Cote zircon projects in Senegal in West Africa, and commenced gold production in March 2009. The market capitalisation of Mineral Deposits Limited has increased from AUD\$6 million in 2003 to over AUD\$670 million in 2010.

Stephen Hewitt-Dutton (appointed 17 March 2010)

CA B.Bus.

Company Secretary

Stephen is a Chartered Accountant and is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. He has over 17 years of experience in corporate finance, accounting and company secretarial matters.

Before joining Trident Capital, Stephen was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years.

Principal Activities

The principal activity of the Group during the financial period was to evaluate and develop various mineral exploration projects.

Operating and Financial Review

	2011 \$	2010 \$
Net loss for the year	5,747,273	1,299,828

The net loss for the year ended 30 June 2011 and 30 June 2010 has been calculated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of Operations

The Company's objectives for the year were:

- Create a public entity and become an ASX-listed company;
- Commence an aggressive drilling program to evaluate our core gold assets;
- Build a resource inventory with a view to near term production; and
- Grow our assets and build shareholder value.

We are pleased to report that the Company has made significant progress in relation to these objectives. During the year the Company:

- Became a publicly listed company on December 24th, 2010;
- Completed the installation of mine site offices, a drill core facility and power station infrastructure at the MacPhersons mine site;
- Commenced drilling at the namesake 'MacPhersons' gold project at Coolgardie in Western Australia. The drilling commenced in January 2011;
- Successfully completed Stage 1 drilling at MacPhersons and had expanded to dual drilling programs on the advanced projects at Tycho and MacPhersons open pit; and
- Near-term production opportunities were bolstered by the signing of a Heads of Agreement with Reed Resources Ltd, to acquire the Nimbus silver-gold-zinc-copper-lead project in May. The acquisition brings the Company additional advanced mineral exploration projects and a fully permitted processing facility which will provide our Company the opportunity to manage its own processing requirements.

Subsequent to the end of the financial year, the Company has:

- Completed Stage 2 drilling at the Tycho and MacPhersons gold projects, and have independent consultants updating our JORC mineral resource inventory;
- Completed the acquisition of the Nimbus mines and processing facility with settlement having occurred on 8 September 2011;
- Completed an initial review of historical data on the Nimbus project which has identified a number of advanced exploration targets at Nimbus including a preliminary target¹ of up to 6 million ounces of silver immediately adjacent to and beneath the existing Nimbus mine. In addition there are numerous silver-gold-zinc-copper-lead VHMS intersections evident in historical drilling which support the identification of at least five massive sulphide drill targets; and
- Signed a binding Heads of Agreement with Polymetals Mining Ltd, to acquire the 33km² Boorara gold and polymetallic project which adjoins the Nimbus project area. This acquisition adds an immediate JORC gold resource inventory, along with four additional massive sulphide targets.

As a result of our recent acquisitions, the Company now has a broad range of assets which include gold, silver, zinc, copper and lead projects. It is our intention to commence production of gold within 12 months from the open pits at the MacPhersons and Tycho in Coolgardie.

As can be seen the Company has been very active since listing in December 2010 and the Directors are pleased with the progress that has been made, and in particular with the potential of the assets that have been accumulated. The Directors will continue to review our operations taking into account current market conditions, in order to maximise the benefit to all our shareholders.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the entity during the year other than as outlined in this report.

¹ NOTE: The Company advises that although these are defined as exploration targets only and the potential quantity and grade is conceptual in nature, this information is based upon a drill database with spacing of closer than 30m x 40m pattern, includes two open pit operations (2003 - 2007), 88 diamond core holes (21,477m), 331 RC holes (29,474m) and 97 grade control holes (3,108m). There has been insufficient recent exploration completed to define a mineral resource in accordance with JORC, and it is uncertain if further exploration will result in the determination of a mineral resource, however this required QA/QC diamond drilling will commence October 10th, 2011, and be used for completing the metallurgical studies.

Meetings of Directors

During the year, 7 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number Attended
Morrie Goodz	7	7
Jeff Williams	7	7
Ashok Parekh	7	7

The Board of Directors approved a total of five (5) circular resolutions during the year ended 30 June 2010¹ which were signed by all Directors of the Company.

Interests in the shares and options of the company

The following relevant interests in shares and options of the company were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Morrie Goodz	4,000,000	4,000,000
Jeff Williams	4,000,000	4,000,000
Ashok Parekh	6,000,000	30,965,219

No share options of MacPhersons Reward Gold Limited were granted to directors during or since the end of the financial year as part of their remuneration.

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of shares
31 December 2013	\$0.30	22,000,000

Significant events after reporting date

The Company has finalised the acquisition of 100% of the share capital of Kalgoorlie Ore Treatment Company Pty Ltd, the owner of the Nimbus silver mine, processing facility and associated assets. The acquisition settled on 8 September 2011. The Company paid \$3,628,000 in cash and \$1,500,000 in shares for the mine, processing facility and associated assets.

The Company has entered into a Heads of Agreement the acquisition Polymetals (WA) Pty Ltd, the holder of 33 km² of tenements surrounding the Nimbus silver mine. The acquisition is due to settle on 4 October 2011. The Company has agreed to pay consideration of \$2,400,000 cash and \$500,000 in shares for the company.

Except for the above, there has not been any matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the group. Therefore, this information has not been presented in this report.

Environmental legislation

The entity is not subject to any significant environmental legislation.

Indemnifying Officers or Auditors

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Remuneration Report

This report outlines the remuneration arrangements in place for the key management personnel of MacPhersons Reward Gold Limited (the “company”) for the financial year ended 30 June 2011. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel (“KMP”) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors

Ashok Parekh (Chairman)
Morrie Goodz (Managing Director)
Jeff Williams

Remuneration Philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Remuneration Committee is to assist the Board in establishing human resources and compensation policies and practices for the Directors (executive and non-executive) and senior executives, including retirement termination policies and practices, company share schemes and other incentive schemes, company superannuation arrangements and remuneration arrangements.

Remuneration Policy

The board’s policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group’s performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

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

Executives are also entitled to participate in the Employee Share Option Plan. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors’ interests with shareholder interests, the directors are encouraged to hold shares in the company.

The objective of the Company’s executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine 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.

Bonuses

No bonuses were given to key management personnel during the 2010 and 2011 year.

Performance based remuneration

The Company currently offers eligible executives participation in the Company Employee Share Option Plan. This is in addition to cash remuneration.

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

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options or Performance Rights to eligible directors and executives to encourage the alignment of personal and shareholder interests. The company believes the policy will be effective in increasing shareholder wealth. For details of directors' and executives' interests in options at year end, refer Note 21 of the financial statements.

Remuneration of directors and named executives

Table 1: Directors' remuneration for the years ended 30 June 2011 and 30 June 2010

		Short-term employee benefits	Post- employment benefits	Total \$	Performance Related %
		Salary & Fees \$	Super- annuation \$		
Ashok Parekh	2011	92,000	8,280	100,280	-%
	2010	-	-	-	-%
Morrie Goodz	2011	212,346	50,471	262,817	-%
	2010	-	-	-	-%
Jeff Williams	2011	-	-	-	-%
	2010	-	-	-	-%

Table 2: Remuneration of 5 named executives who received the highest remuneration for the years ended 30 June 2011 and 30 June 2010

		Short-term employee benefits	Post- employment benefits	Total \$	Performance Related %
		Salary & Fees \$	Super- annuation \$		
Stephen Hewitt-	2011	57,400	-	-	-%
Dutton	2010	1,320	-	-	-%

Stephen Hewitt-Dutton was not in receipt of any remuneration or any other fees from MacPhersons Reward Gold Limited during the 2011 financial year. Mr. Hewitt-Dutton is an employee of Trident Management Services Pty Ltd, to which the MacPhersons Reward Gold Limited paid fees under a Service Agreement for the provision of accounting and company secretarial services.

Employee Share Option Plans

There has been no share based compensation to directors or executives during the current financial year.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the year ended 30 June 2011.

Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

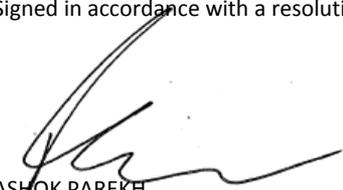
The company was not a party to any such proceedings during the year.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are detailed in Note 13 to the financial statements.

The board of directors 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 and APES 110: Code of Ethics for Professional Accountants.

Signed in accordance with a resolution of the directors.



ASHOK PAREKH
Chairman
Perth 30 September 2011

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance.

This Statement reports on the Company's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate by the Company to ensure they comply with changes in the law and reflect developments in Corporate Governance.

The Company is pleased to advise that its practices are largely consistent with the revised ASX Recommendations. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASXCGC in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the ASXCGC, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

Board of Directors of the Company

Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

As at the date of this report, the Board is comprised of three (3) Directors. Two (2) executive Directors and one non-executive Director.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The following criteria has been adopted by the Company as a non-prescriptive guide for independence:

An Independent Director is a Non-Executive Director and:

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) 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;
- (c) 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;
- (d) is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- (f) 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
- (g) 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 interests of the Company.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Ashok Parekh	2 years
Morrie Goodz	1.5 years
Jeffrey Williams	1.5 years

Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

Performance Review/Evaluation

It is the policy of the Board to conduct an annual evaluation of its performance and that of its senior executives. The objective of this evaluation will be to provide best practice corporate governance to the Company.

A copy of the Company's Board Performance Evaluation Policy is available in the corporate governance section of the Company's website.

Risk Management Policy

The Company has a Risk Management Policy which sets out the manner in which the Company identifies, assesses, monitors and manages business risk. All high level strategies and new initiative risks are reviewed annually by the Board at its annual strategy and planning meeting.

In relation to risk management, monitoring the status of each risk and any necessary action plans relating to their treatment takes place on a regular basis by controlled self assessment as well as by management's regular review of risk action plans, with respect to the effectiveness and suitability of each risk action plan.

The overall results of these assessments are presented to the Board at least annually and updated as necessary.

Any action or recommendations by senior management arising out of these review processes are approved by the Board and implemented by management.

A copy of the Risk Management Policy is available on the Company's website in the corporate governance section.

Audit Committee

Due to the size and scale of its operations (the Board only consists of three (3) members) the Company does not have a separate audit committee. It is the Board's view that an Audit Committee would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and it cannot be justified based on a cost benefit analysis.

Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies and practices which:

- (a) enable the Company to attract, retain and reward talented Directors and employees; and
- (b) reward Directors and employees fairly and responsibly.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing a remuneration committee consisting primarily of Independent Directors, chaired by an independent director and consisting of at least 3 members.

Nomination Committee

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

Corporate Governance Compliance

During the financial year MacPhersons Reward Gold Limited has complied with each of the 10 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Principal No	Recommendation	Compliance	Reason for Non-compliance
2.1	A majority of the Board should be independent Directors.	The Board has considered the guidance to Principle 2: <i>Structure the Board to Add Value</i> and in particular, Box 2.1, which contains a list of "relationships affecting independent status". Currently the Company has one independent director (Jeff Williams) and two non independent Directors (Morrie Goodz and Ashok Parekh)	Given the size and nature of the Company the Board considers the composition of the Board is appropriate at this stage.
2.2	The chair should be an independent Director.	The Chairman, Ashok Parekh, is not an independent Director.	Given the size and nature of the Company the Board considers that the appointment of the Chairman is appropriate at this stage.

Principal No	Recommendation	Compliance	Reason for Non-compliance
2.4	The Board should establish a nomination committee.	The Company currently does not have a separate Remuneration and Nomination Committee. The roles and responsibilities of a Remuneration and Nomination Committee are currently undertaken by the full Board. This charter can be assessed at the Company's website.	Given the size and nature of the Company the Board considers the composition of the Remuneration and Nomination Committee is appropriate at this stage.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; • has at least three members. 	The Company currently does not have a separate Audit Committee. The roles and responsibilities of an Audit Committee are currently undertaken by the full Board.	Given the size and nature of the Company the Board considers the composition of the Audit Committee is appropriate at this stage.
8.1	The Board should establish a remuneration committee.	The Company has not established a separate remuneration committee. The roles and responsibilities of a Remuneration and Nomination Committee are currently undertaken by the full Board.	Given the size and nature of the Company the Board considers the composition of the Remuneration and Nomination Committee is appropriate at this stage.
8.2	The Remuneration Committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. 	The Company has not established a separate remuneration committee. The roles and responsibilities of a Remuneration and Nomination Committee are currently undertaken by the full Board.	Given the size and nature of the Company the Board considers the composition of the Remuneration and Nomination Committee is appropriate at this stage.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MacPhersons Reward Gold Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
30 September 2011

L DI GIALONARDO
Partner, HLB Mann Judd

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

		Consolidated 2011 \$	Company 2010 \$
Revenue	2	866,779	11,446
Administration expense		(561,133)	(108,051)
Depreciation		(72,549)	(6,337)
Office and site office costs		(172,842)	(146,252)
Acquisition costs – stamp duty		(687,267)	-
Exploration expenditure		(3,916,232)	(992,382)
Employee benefits expenses		(1,205,029)	(58,252)
Loss before income tax expense		(5,747,273)	(1,299,828)
Income tax expense	3	-	-
Net loss for the year		(5,747,273)	(1,299,828)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(5,747,273)	(1,299,828)
Basic loss per share (cents per share)	5	(4.73)	(7.68)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	Consolidated 2011 \$	Company 2010 \$
Current Assets			
Cash and cash equivalents	7	23,899,008	1,509,248
Trade and other receivables	8	1,020,186	107,131
Total Current Assets		24,919,194	1,616,379
Non-Current Assets			
Property, plant and equipment	9	772,366	250,071
Deferred exploration and evaluation expenditure	10	16,349,151	-
Total Non-Current Assets		17,121,517	250,071
Total Assets		42,040,711	1,866,450
Current Liabilities			
Trade and other payables	11	1,653,562	249,473
Employee entitlements	12	20,554	-
Total Current Liabilities		1,674,116	249,473
Non-Current Liabilities			
Loan from related party	11	-	13,053
Employee entitlements	12	418	-
Total Non-Current Liabilities		418	13,053
Total Liabilities		1,674,534	262,526
Net Assets		40,366,177	1,603,924
Equity			
Issued capital	14	47,413,278	2,903,752
Accumulated losses	15	(7,047,101)	(1,299,828)
Total Equity		40,366,177	1,603,924

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 \$	Company 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(5,465,885)	(1,149,495)
Interest received		298,902	11,399
Other receipts		22,964	-
Net cash (used in) operating activities	7	<u>(5,144,019)</u>	<u>(1,138,096)</u>
Cash flows from investing activities			
Purchase of property plant & equipment		(496,600)	(256,408)
Deposit paid re acquisition of subsidiary		(100,000)	-
Payment for subsidiary, net of cash acquired	17	<u>(120,072)</u>	<u>-</u>
Net cash (used in) investing activities		<u>(716,672)</u>	<u>(256,408)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		30,000,000	2,903,752
Payment of share issue costs		(1,736,496)	-
Repayment of loan		(13,053)	-
Net cash provided by financing activities		<u>28,250,451</u>	<u>2,903,752</u>
Net increase in cash and cash equivalents		22,389,760	1,509,248
Cash and cash equivalents at beginning of period		1,509,248	-
Cash and cash equivalents at end of period	7	<u>23,899,008</u>	<u>1,509,248</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

		Issued Capital	Accumulated losses	Total Equity
	Note	\$	\$	\$
Balance at 1 July 2010		2,903,752	(1,299,828)	1,603,924
Total comprehensive loss for the year		-	(5,747,273)	(5,747,273)
Share based payments	14	16,246,022		16,246,022
Shares issued during the year	14	30,000,000	-	30,000,000
Less: capital raising costs	14	(1,736,496)	-	(1,736,496)
Balance at 30 June 2011		47,413,278	(7,047,101)	40,366,177

		Issued Capital	Accumulated losses	Total Equity
	Note	\$	\$	\$
Balance on registration		-	-	-
Total comprehensive loss for the period		-	(1,299,828)	(1,299,828)
Shares issued during the period	14	2,903,752	-	2,903,752
Balance at 30 June 2010		2,903,752	(1,299,828)	1,603,924

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The comparative period covers the period from registration, 9 September 2009 to 30 June 2010 and relates to MacPhersons Reward Gold Limited as a single company. Consolidated financial statements are presented for the current year in accordance with note 1(d) following the acquisition of the subsidiary as set out in Note 17.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia. The entity's principal activities are to evaluate and develop various mineral exploration projects.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

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

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

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

(c) Statement of Compliance

The financial report was authorised for issue on 30 September 2011.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MacPhersons Reward Gold Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. MacPhersons Reward Gold Limited and its subsidiaries are referred to in this financial report as the group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(t)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Critical accounting judgments and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(f) Foreign Currency Translation

Both the functional and presentation currency of MacPhersons Reward Gold Limited is Australian dollars.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

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

(h) Income Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority

Tax consolidation legislation

MacPhersons Reward Gold Limited and its 100% owned Australian resident subsidiaries have not, at the date of signing this report, implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as each entity continued to act as a taxpayer on its own.

(i) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the company.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is shown in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been amortisation becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(m) Exploration and evaluation

Exploration and evaluation costs including costs of studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities along with those for general and administrative costs are only expensed in the period they are incurred. Acquisition costs of acquiring licences will be assessed on a case by case basis and, if appropriate, they will be capitalised. Those acquisition costs are carried forward when the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

The depreciable amount of all fixed assets is depreciated on a diminishing value 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:

Property improvements	2.5% per annum
Plant and equipment	8% to 40% per annum

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

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(r) Earnings per share

Basic earnings/loss per share is calculated as net profit/(loss) attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(t) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(u) Share-based Payment Transactions

(i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group currently has an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives in place.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(v) Parent Entity Financial Information

The financial information for the parent entity, MacPhersons Reward Gold Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of MacPhersons Reward Gold Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTE 2: REVENUE AND EXPENSES

	Consolidated 2011 \$	Company 2010 \$
Included in the net loss for the period are the following revenue and expense items:		
(a) Revenue		
Bank interest receivable	544,913	11,399
Interest received	298,902	48
Other revenue	22,964	-
	866,779	11,447
(b) Expenses		
Auditor's remuneration	48,000	10,000
Consultancy fees	847,542	309,438
Hire of plant & equipment	17,900	281,012
Drilling costs	2,315,666	288,158
Materials & mining supplies	163,358	51,618
Repairs & maintenance	43,581	48,336
Assays and sampling	248,041	5,915
Surveying	138,523	-
	4,083,510	1,085,467

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX

	Consolidated 2011 \$	Company 2010 \$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss before tax	(5,747,273)	(1,299,828)
Prima facie tax benefit on loss at 30%	1,724,182	389,948
Less:		
Tax effect of:		
- Other non-allowable items	(872)	-
	(872)	-
Add:		
Tax effect of:		
Capital raising costs	101,012	-
Unused tax benefit not recognised as deferred tax asset	(1,824,322)	(389,948)
	(1,723,310)	(389,948)
Income tax benefit	-	-
The applicable weighted average effective tax rate is as follows:	30%	30%

Amounts recognised directly in equity

The following current and deferred amounts were charged/(credited) directly to equity during the period:

Current tax:		
Share-issue costs	101,012	-
Deferred tax:		
Share issue costs deductible over 5 years	404,050	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated 2011 \$	Company 2010 \$
(c) The following deferred tax balances at 30% have not been recognised:		
Deferred Tax Assets at 30% (2010: 30%):		
Carry forward revenue losses	1,972,222	389,984
Capital raising costs	404,050	-
Deductible temporary differences	35,869	-
	2,412,141	389,984

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

	Consolidated 2011 \$	Company 2010 \$
Deferred tax liabilities:		
At 30% (2010: 30%)		
Accrued income	163,474	-

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits thereof.

Tax Consolidation

MacPhersons Reward Gold Limited and its 100% owned Australian resident subsidiaries have not yet resolved to consolidate under the tax consolidation legislation. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(h).

NOTE 4: SEGMENT REPORTING

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (deemed to be the Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of MacPhersons Reward Gold Limited reviews internal reports prepared as financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the year, the Group operated predominantly in one business and geographical segment being the gold exploration sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: LOSS PER SHARE

	Consolidated 2011 \$	Company 2010 \$
<i>Basic loss per share:</i>		
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share, are as follows:		
Loss for the year	(5,747,273)	(1,299,828)
	Number	Number
Weighted average number of ordinary shares	121,402,927	16,919,210

NOTE 6: DIVIDENDS

No dividends were declared or paid during the year.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated 2011 \$	Company 2010 \$
Cash at bank	2,139,008	1,509,248
Cash on term deposit	21,760,000	-
	23,899,008	1,509,248

Cash at bank earns interest at variable rates based on daily bank deposit rates. Term deposits have varying maturities and are matched to the Group's cash requirements.

The Group were not party to any borrowing facilities for the period ended 30 June 2011.

All cash was available for use, and no restrictions were placed on the use of cash at any time during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: CASH AND CASH EQUIVALENTS (Continued)

(i) Reconciliation of net loss for the year after income tax to net cash used in operating activities

	Consolidated 2011 \$	Company 2010 \$
Net loss for the year	(5,747,273)	(1,299,828)
Adjustments for:		
Non-cash expenses – depreciation	72,549	6,337
(Increase) in debtors	(178,572)	(107,131)
(Increase) in prepayments	(29,291)	-
(Increase) in interest receivable	(544,912)	-
Increase in creditors	1,262,508	249,473
Increase in employee entitlements	20,972	-
Increase in non-current creditors	-	13,053
Net cash (used in) operating activities	<u>(5,144,019)</u>	<u>(1,138,096)</u>

(ii) Non-cash financing and investing activities

The company engaged in the following non-cash financing activities for the period ending 30 June 2011:

- Acquisition of MacPhersons Reward Pty Ltd (refer note 17);
- Acquisition of tenements (refer note 14); and
- Repayment of loans to MacPhersons Reward Pty Ltd under the terms of the Option Agreement for the acquisition (refer Note 14).

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated 2011 \$	Company 2010 \$
Prepayments	40,648	11,357
Interest receivable	544,912	-
GST recoverable	267,885	95,774
Deposit paid	100,000	-
Sundry debtors	66,741	-
	<u>1,020,186</u>	<u>107,131</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Consolidated	Motor Vehicles	Property Improvements	Plant & Equipment	Total
	\$	\$	\$	\$
Year ended 30 June 2011				
Opening balance at 1 July 2010	-	117,476	132,595	250,071
Additions	168,355	133,715	197,540	499,610
Depreciation charge for the year	(16,269)	(8,484)	(47,796)	(72,549)
Written down value of assets acquired	8,688	8,828	77,718	95,234
At 30 June 2011, net of accumulated depreciation and impairment	160,774	251,535	360,057	772,366

At 30 June 2011

Cost	851,252
Accumulated depreciation and impairment	(78,886)
Net carrying amount	772,366

Company	Property Improvements	Plant & Equipment	Total
	\$	\$	\$
Period ended 30 June 2010			
At registration	-	-	-
Additions	117,492	138,916	256,408
Depreciation charge for the period	(16)	(6,321)	(6,337)
At 30 June 2010, net of accumulated depreciation and impairment	117,476	132,595	250,071

At 30 June 2010

Cost	256,408
Accumulated depreciation and impairment	(6,337)
Net carrying amount	250,071

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2011 \$	Company 2010 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	-	-
Acquisition of subsidiary (Note 17)	14,604,151	-
Acquisition of tenements (i)	1,745,000	-
Total deferred exploration and evaluation expenditure	16,349,151	-

(i) This relates to shares issued as part of the Initial Public Offering to acquire tenements (Note 14).

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

Trade payables (i)	724,515	138,369
Accruals	720,000	108,950
Other creditors	209,047	2,154
	1,653,562	249,473

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NON-CURRENT

Payable to related party	-	13,053
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NOTE 12: EMPLOYEE ENTITLEMENTS

CURRENT

Annual leave	20,554	-
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NON-CURRENT

Long service leave provision	418	-
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NOTE 13: REMUNERATION OF AUDITORS

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial report of the entity and any other entity in the Group	43,000	10,000
Other services in relation to the entity and any other entity in the Group – Preparation of an investigating accountant's report	15,0500	-
	58,000	10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14: ISSUED CAPITAL

	2011	2010
	\$	\$
Ordinary shares issued and fully paid	47,413,278	2,903,752

	2011		2010	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Opening balance	39,891,675	2,903,752	-	-
Shares issued – 9 September 2009	-	-	1	1
Shares issued – 20 January 2010	-	-	22,000,000	220,000
Shares issued – 16 March 2010	-	-	12,201,667	1,830,250
Shares issued – 23 March 2010	-	-	1,133,333	170,000
Shares issued – 1 April 2010	-	-	833,333	125,000
Shares issued – 29 June 2010	-	-	3,723,341	558,501
Shares issued 20 December 2010				
- IPO shares	100,000,000	30,000,000	-	-
- Acquisition of tenements	5,816,668	1,745,000	-	-
- Acquisition of subsidiary (note 17)	44,384,696	13,315,409	-	-
- Repayment of loan (i)	3,952,040	1,185,612	-	-
- Issue costs	-	(1,736,495)	-	-
Balance at end of financial year	194,045,079	47,413,278	39,891,675	2,903,752

(i) Under the terms of the Option Agreement for the acquisition of MacPhersons Reward Pty Ltd, the Company agreed to repay amounts expended on the MacPhersons Reward gold project as follows:

- | | | |
|--|------------------|-----------|
| • Palace Investment Trust (note 18(d)) | 1,976,020 shares | \$592,806 |
| • KM Wright Family Trust | 1,976,020 shares | \$592,806 |

Under the terms of the agreement the loans were repaid through the issue of shares at the IPO price of 30 cents per share prior to listing on the Australian Securities Exchange.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Options	2011 No.	2011 Weighted average exercise price	2010 No.	2010 Weighted average exercise price
Outstanding at beginning of year	-	-	-	-
Issued during the year	22,000,000	0.30	22,000,000	0.30
Outstanding at the end of the year	22,000,000	0.30	22,000,000	0.30
Exercisable at the end of the year	22,000,000	0.30	22,000,000	0.30

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Un-listed options (i)	22,000,000	20/01/10	31/12/2013	0.30	-

(i) These options were issued as free attaching options on seed capital raising.

NOTE 15: ACCUMULATED LOSSES

Movements in Accumulated Losses were as follows:

	2011 \$	2010 \$
Opening balance/Balance at date of registration	(1,299,828)	-
Net loss for the year	(5,747,273)	(1,299,828)
Balance at end of financial year	(7,047,101)	(1,299,828)

NOTE 16: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group did not enter into or trade financial instruments, including derivatives financial instruments, for speculative purposes. The use of financial derivatives was governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposures limits is reviewed by the directors on a continuous basis.

Exposure to credits, interest rate and currency risks arises in the normal course of the Group's business.

(b) Credit Risk

Credit risk arises from cash and cash equivalents, deposits held with banks and financial institutions as well as credit exposures to counterparties through the potential failure of counterparties to meet their obligations at maturity of contracts. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis, credit evaluations will be performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the reporting date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Group held the following financial instruments as at 30 June 2011 and 30 June 2010:

2011 - Consolidated	Floating interest rate	Non-interest bearing	Fixed interest rate maturing in: 1 year or less	Total carrying amount	Weighted average effective interest rate
Financial Instruments	2011	2011	2011	2011	2011
	\$	\$	\$	\$	%
Financial assets					
Cash at bank	2,139,008	-	-	2,139,008	4.28
Term deposits	-	-	21,760,000	21,760,000	6.16
Receivables	-	1,020,186	-	1,020,186	-
Total financial assets	2,139,008	1,020,186	21,760,000	24,919,194	-
Financial liabilities					
Creditors & borrowings	-	1,653,562	-	1,653,562	-
Total financial liabilities	-	1,653,562	-	1,653,562	-
2010 - Company					
Financial Instruments	2010	2010	2010	2010	2010
	\$	\$	\$	\$	%
Financial assets					
Cash at bank	1,509,248	-	-	1,509,248	2.5
Receivables	-	107,131	-	107,131	-
Total financial assets	1,509,248	107,131	-	1,616,379	-
Financial liabilities					
Creditors & borrowings	-	262,526	-	262,526	-
Total financial liabilities	-	262,526	-	262,526	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(c) Capital risk

MacPhersons Reward Gold Limited's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

(d) Liquidity risk

Maturity profile of financial instruments

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Group does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The directors monitor the cash-burn rate of the company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 day terms of creditor payments.

(e) Interest Rate Risk Sensitivity

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if the interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's net loss would decrease by \$119,495 and increase by \$119,495 respectively. This is attributable to the Group's exposure to interest rates on its cash deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(f) Fair value estimation

AASB 7 *Financial Instruments: Disclosures* require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

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

The Group's principle financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and loans payable. The main purpose of these non-derivative financial instruments is to finance the Group's operations.

NOTE 17: ACQUISITION OF SUBSIDIARY

On 20 December 2010, the parent entity acquired 100 % of MacPhersons Reward Pty Ltd, an exploration entity with tenements prospective for gold, for consideration of \$13,464,388.

	\$
Purchase consideration:	
Cash paid – reimbursement of expenditure	148,879
44,384,696 shares at 30 cents per share	13,315,409
Total consideration	<u>13,464,388</u>

The net assets acquired in the business combination at the date of acquisition, and the goodwill arising, are as follows:

	Acquiree's carrying amount before acquisition	Fair value adjustments	Fair value
	\$	\$	\$
Net assets acquired:			
Cash and cash equivalents	28,807	-	28,807
Trade and other receivables	60,280	-	60,280
Property, plant and equipment (Note 9)	95,234	-	95,234
Exploration assets (Note 10)	799,459	13,804,692	14,604,151
Trade and other payables	(1,324,084)	-	(1,324,084)
	<u>(340,304)</u>	13,804,692	<u>13,464,388</u>
Goodwill on consolidation			<u>-</u>

The cash outflow on acquisition is as follows:

Net cash acquired with subsidiary	28,807
Cash paid	(148,879)
Net cash outflow	<u>(120,072)</u>

Acquisition related costs of \$680,000, being stamp duty on the acquisition of MacPhersons Reward Pty Ltd, are included in other expenses in the statement of comprehensive income.

If the acquisition had taken place at the beginning of the period, the loss of the Group would have been \$5,821,348 and revenue from continuing operations would have been \$866,779.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

In determining the pro-forma revenue and profit of the Group had MacPhersons Reward Pty Ltd been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements and
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the acquisition.

NOTE 18: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of MacPhersons Reward Gold Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment	
		2011	2010	2011	2010
MacPhersons Reward Pty Ltd	Australia	100%	-%	13,995,409	-

MacPhersons Reward Gold Limited is the ultimate Australian parent entity and ultimate parent of the Group.

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

a) Transactions of Directors and Director related entities concerning Share or Options were:

Number of Shares and Options of the company held directly, indirectly or beneficially by Directors or Director-related entities at reporting date:

Shares	Held at beginning of the period	Changes during the period	Held at end of period
Morrie Goodz	4,000,000	-	4,000,000
Jeffrey Williams	4,000,000	-	4,000,000
Ashok Parekh	6,000,001	24,938,368	30,938,369

Options	Held at beginning of the period	Expired during the period	Held at end of period
Morrie Goodz	4,000,000	-	4,000,000
Jeffrey Williams	4,000,000	-	4,000,000
Ashok Parekh	6,000,000	-	6,000,000

b) Goodz & Associates, a business controlled by Morrie Goodz has been providing geological services to MacPhersons Reward Gold Limited. The company paid an amount of \$477,151 (30 June 2010: \$68,662) in consultancy fees for the financial year ended 30 June 2011 to Goodz & Associates on normal commercial terms. The amount is made up of payments for the following:

Services of Mr Morrie Goodz ¹	96,000
Services of other Goodz & Associates staff or contractors ²	116,055
Provision of equipment ²	45,000
Reimbursement of disbursements ²	216,096
Acquisition of assets ²	4,000
Total	477,151

¹ Included in Mr Goodz remuneration in the Remuneration Report.

² Not included in Mr Goodz remuneration in the Remuneration Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- c) Ashok Parekh & Co Pty Ltd, a business controlled by Ashok Parekh has been providing accounting services to MacPhersons Reward Gold Limited on normal commercial terms. The company paid an amount of \$50,000 (30 June 2010: \$Nil) in professional fees for the financial year ended 30 June 2011 to Ashok Parekh & Co Pty Ltd. Ashok Parekh and Co Pty Ltd was also reimbursed for expenditure made on behalf of the Group totaling \$3,575.
- d) On 20 December 2010 the Company issued 1,976,020 fully paid ordinary shares to Goldfields Hotels Pty Ltd as trustee for the Palace Investment Trust in full repayment of a \$592,806 loan provided by the Palace Investment Trust to the Company's subsidiary, MacPhersons Reward Pty Ltd. Mr Parekh is a beneficiary of the Palace Investment Trust and an associate of Goldfields Hotels Pty Ltd.
- e) An amount of \$148,979 (2010: \$Nil) was paid to Goldfields Hotels Pty Ltd as reimbursement for amounts paid by Goldfields Hotels Pty Ltd for exploration expenditure on the tenements acquired by the Group. The Group paid Goldfield Hotels Pty Ltd an amount of \$6,500 (2010: \$Nil) in relation to rent of the Group's premises at 109 Maritana Street, Kalgoorlie on normal commercial terms.
- f) The Group has paid the Palace Hotel, a business owned by Mr Ashok Parekh a total of \$5,876 (2010: \$Nil) for the provision of function rooms and accommodation and meals for staff. All amounts were provided on an arm's length basis.

No other benefits have been received or are receivable by Directors or Director related entities, other than those already disclosed in the notes to the financial statements.

NOTE 19: COMMITMENTS AND CONTINGENCIES

Exploration commitments

Future minimum commitments in relation to exploration and mining tenements as at the balance date are as follows:

	2011	2010
	\$	\$
Payable		
Within one year	136,589	-
After one but no more than five years	387,849	-
More than five years	887,799	-
	1,412,237	-

Other commitments

At 30 June 2011 the Company had entered into a binding Memorandum of Understanding with Reed Resources Limited to acquire all the issued capital in Kalgoorlie Ore Treatment Company Pty Ltd. The consideration for the acquisition was payable in cash (\$3,628,000) and shares \$1,500,000). Refer to note 20.

	2011	2010
	\$	\$
Payable		
Within one year	5,128,000	-
After one but no more than five years	-	-
More than five years	-	-
	5,128,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20: EVENTS AFTER THE REPORTING DATE

On 20 May 2011 the Company entered into binding Memorandum of Understanding to acquire Kalgoorlie Ore Treatment Company Pty Ltd ("KOTC") from Reed Resources Limited ("Reed"). KOTC is the owner of Nimbus Silver Mine and processing facility. The Nimbus Project comprises two granted mining leases (M26/490, M26/598).

Consideration for the acquisition of KOTC is:

- \$3,000,000 in cash;
- \$1,500,000 value in ordinary shares in the Company;
- Reed will retain a 1% net smelter royalty on zinc production from the two mining leases;
- Reimbursement of up to \$500,000 for ongoing infrastructure and mill refurbishment costs currently underway; and
- Toll milling agreement option provided to Reed to process ore mined from the Sand Queen mine located north of Kalgoorlie.

The agreement was subject to conditions precedent including due diligence and formal documentation. On 8 September 2011 the Company entered into a formal Share Sale Agreement and completed the acquisition of KOTC.

The Company has entered into a Heads of Agreement the acquisition Polymetals (WA) Pty Ltd, the holder of 33 km² of tenements surrounding the Nimbus silver mine. The acquisition is due to settle on 4 October 2011. The Company has agreed to pay consideration of \$2,400,000 cash and \$500,000 in shares for the company.

NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Ashok Parekh	Chairman (Executive)
Morrie Goodz	Managing Director
Jeffrey Williams	Director (non-executive)

(ii) Executives

Stephen Hewitt-Dutton	Company Secretary
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Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Option holdings of Key Management Personnel

Options held in MacPhersons Reward Gold Limited (number)

30 June 2011	Balance at beginning of year	Granted as remuneration	Options exercised	Net change Other #	Balance at end of year	Total	Vested and exer-cisable	Unvested
Directors								
Ashok Parekh	6,000,000	-	-	-	6,000,000	6,000,000	6,000,000	-
Morrie Goodz	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-
Jeffrey Williams	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-
Executives								
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Total	-	-	-	-	14,000,000	14,000,000	14,000,000	-

Includes forfeitures

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 June 2010	Balance at beginning of period	Granted as remune- ration	Options exercised	Net change Other #	Balance at end of period	Total	Vested and exercisable	Unvested
Directors								
Ashok Parekh	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000	-
Morrie Goodz	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000	-
Jeffrey Williams	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000	-
Executives								
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Total	-	-	-	14,000,000	14,000,000	14,000,000	14,000,000	-

Includes forfeitures

(c) Shareholdings of Key Management Personnel

Ordinary shares held in MacPhersons Reward Gold Limited (number)

30 June 2011	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of year
Directors					
Ashok Parekh	6,000,000	-	-	24,538,368	30,938,368
Morrie Goodz	4,000,000	-	-	-	4,000,000
Jeffrey Williams	4,000,000	-	-	-	4,000,000
Executives					
Stephen Hewitt-Dutton	-	-	-	30,000	30,000
	14,000,000	-	-	24,568,368	38,968,368

Ordinary shares held in MacPhersons Reward Gold Limited (number)

30 June 2010	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
Directors					
Ashok Parekh	-	-	-	6,000,000	6,000,000
Morrie Goodz	-	-	-	4,000,000	4,000,000
Jeffrey Williams	-	-	-	4,000,000	4,000,000
Executives					
Stephen Hewitt-Dutton	-	-	-	-	-
	-	-	-	14,000,000	14,000,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position

	2011	2010
	\$	\$
Assets		
Current assets	27,784,901	1,616,379
Non-current assets	14,066,159	250,071
Total assets	<u>41,791,060</u>	<u>1,866,450</u>
Liabilities		
Current liabilities	1,513,402	249,473
Non-current liabilities	20,972	13,053
Total liabilities	<u>1,534,374</u>	<u>262,526</u>
Equity		
Issued capital	47,413,278	2,903,752
Accumulated losses	(7,156,592)	(1,299,828)
	<u>40,256,686</u>	<u>1,603,924</u>

Financial performance

	2011	2010
	\$	\$
Loss for the year	(5,176,764)	(1,299,828)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	<u>(5,176,764)</u>	<u>(1,299,828)</u>

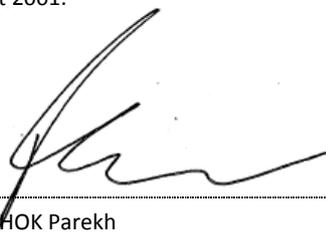
Commitments

For details on commitments, see Note 19.

DIRECTORS' DECLARATION

1. In the opinion of the directors of MacPhersons Reward Gold Limited ('the company'):
 - a. The financial statements and notes thereto, as set out on pages 15 to 42, are 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 2011 and of its performance the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
 - b. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



ASHOK Parekh
Chairman

Dated 30 September 2011

INDEPENDENT AUDITOR'S REPORT

To the members of MacPhersons Reward Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of MacPhersons Reward Gold Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 for the consolidated entity. The consolidated entity comprises 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 determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies 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 that we 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 and fair presentation of the financial report 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Macphersons Reward Gold Limited for the financial year ended 30 June 2011 included on Macphersons Reward Gold Limited's website. The company's directors are responsible for the integrity of the Macphersons Reward Gold Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

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 MacPhersons Reward 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 2011 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 Note 1(c).

Report on the Remuneration Report

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

Auditor's Opinion

In our opinion, the Remuneration Report of MacPhersons Reward Gold Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



HLB MANN JUDD
Chartered Accountants



L DI GIALLONARDO
Partner

Perth, Western Australia
30 September 2011

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 21 September 2011.

Shareholdings as at 21 September 2011

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Shareholder Name	Number of Shares	Percentage
Ashok Aaron Parekh	30,965,219	15.53%
Ray Wright	30,168,368	15.13%

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 31.

There is only one class of share and all ordinary shareholders have equal voting rights.

Voting rights

All ordinary shares carry one vote per share without restriction.

Unquoted securities

Securities	Number of Options	Number of Holders	Holders with more than 20%
Options exercisable at \$0.30 on or before 31 December 2013	22,000,000	5	2, refer note 21

On-market buyback

There is no current on-market buy-back

Stock Exchange listing

Quotation has been granted for the Company's Ordinary Shares.

Securities subject to escrow

The following securities are currently subject to escrow:

Securities	Escrow Period	Release Date	Number
Fully Paid Shares	12 months from issue	20 December 2011	5,816,668
Fully Paid Shares	24 months from quotation	24 December 2012	63,718,030
Unlisted Options, 30c, exp 31/12/2013	24 months from quotation	24 December 2012	20,000,000

Distribution of security holders

Category	Number of Holders	Number of Shares
1 – 1,000	4	915
1,001 – 5,000	124	371,131
5,001 – 10,000	160	1,354,074
10,001 – 100,000	582	24,778,207
100,001 and over	195	172,900,752
	1,065	199,405,079

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
GOLDFIELDS HOTELS PTY LTD <K M WRIGHT FAMILY A/C>	24,168,368	12.12
GOLDFIELDS HOTELS PTY LTD <PALACE INVESTMENT A/C>	24,168,368	12.12
BT PORTFOLIO SERVICES LIMITED <N J FAMILY SHARES NO 1 A/C>	8,383,333	4.20
BT PORTFOLIO SERVICES LIMITED <TWIN PINES BTML A/C>	8,333,333	4.18
BOND STREET CUSTODIANS LIMITED <KRET -V05765 A/C>	8,215,570	4.12
MR ASHOK PAREKH	6,000,000	3.01
RADA INVESTMENTS PTY LTD <WRIGHT FAMILY A/C>	6,000,000	3.01
REED RESOURCES LTD	5,360,000	2.69
DR NEELESH BHASIN	5,099,999	2.56
MR JAN GUNNINK + MRS MARIE ODILE CAROLINE GUNNINK <CAROJAN RETIREMENT FUND A/C>	4,229,999	2.12
MR MORRIE GOODZ	4,000,000	2.01
MR JEFF WILLIAMS + MS ROSALYN WILLIAMS <PARK VIEW SUPER FUND A/C>	4,000,000	2.01
WOONALEE PTY LTD <PESSIOS FAMILY S/F A/C>	3,333,330	1.67
MR WILLIAM DUDLEY JAMES POWELL	2,333,333	1.17
FOCUS MINERALS LIMITED	1,666,667	0.84
FOCUS OPERATIONS PTY LTD	1,666,667	0.84
ROCKET INVESTMENTS PTY LTD <ROCKET INVESTMENTS A/C>	1,666,667	0.84
IE PROPERTIES PTY LTD	1,516,667	0.76
FINANCIERE MOLIERE	1,450,000	0.73
MR ROHAN MARWAHA	1,390,731	0.70
TOTAL	122,983,032	61.70

Schedule of mining tenements

Area of Interest	Tenement reference	Nature of interest	Interest
MacPhersons Reward Project			
	M15/0040	Direct	100%
	M15/0128	Direct	100%
	M15/0133	Direct	100%
	M15/0147	Direct	100%
	M15/0148	Direct	100%
	M15/0731	Direct	100%
	P15/4792	Direct	100%
	P15/4793	Direct	100%
	P15/4794	Direct	100%
	P15/4795	Direct	100%
	P15/5261	Direct	100%
	P15/5273	Direct	100%
	P15/5274	Direct	100%
	P15/5275	Direct	100%
	L15/312	Direct	100%
	M15/0237	Direct	100%
	P15/5209	Direct	100%
	P15/5464	Direct	100%