MacPhersons Resources Limited

(Formerly MacPhersons Reward Gold Limited)

ABN 98 139 357 967

Annual Financial Report

30 June 2012

MACPHERSONS

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CORPORATE INFORMATION

ABN 98 139 357 967

Directors
Ashok Parekh
Morrie Goodz
Jeffrey Williams

Company Secretary
Stephen Hewitt-Dutton

Principal Activity
Precious and base metal 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
Phone: 1300 55 70 10

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 Resources 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 Resources Limited (formerly MacPhersons Reward Gold Limited) and the entities it controlled during the financial year ended 30 June 2012. 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.

Other Directorships – A1 Consolidated Gold Limited (since 14 February 2011, listed on ASX 21 June 2012)

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 is an active public speaker at conferences and workshops on mine design, business improvement and strategic planning.

Other Directorships – A1 Consolidated Gold Limited (since 18 March 2011, listed on ASX 21 June 2012)

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 an advisor to Mineral Deposits Limited and a Non-Executive Director of A1 Consolidated Gold Limited.

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 increased from AUD$6 million in 2003 to over AUD$670 million in 2010.

Other Directorships – A1 Consolidated Gold Limited (since 5 May 2011, listed on ASX 21 June 2012)

Company Secretary

Stephen Hewitt-Dutton (appointed 17 March 2010)

CA B.Bus.

Stephen is a Chartered Accountant and is an Associate Director of Trident Capital Pty Ltd. He 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 year was to evaluate and develop various mineral exploration projects.

Operating and Financial Review

	2012 $	2011 $
Net loss for the year	11,723,666	5,747,273

The net loss for the year ended 30 June 2012 and 30 June 2011 has been calculated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), and includes exploration expenditure of $6,959,544 (2011: $3,916,232) expensed in accordance with the Group's accounting policy.

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:

- Commence an aggressive drilling program to evaluate our core assets;
- Build a resource inventory with a view to near term production;
- Review processing options and develop a path to 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 identified a processing path option through the purchase of Nimbus gold and silver processing plant located 10km east of the Kalgoorlie Super Pit;
- The Company completed project due diligence and found that the Nimbus Project and surrounding Boorara project provided significant exploration target potential;
- By October 2011, the Company had completed the Nimbus mine and mill asset purchases, the Boorara tenements purchases and had commenced diamond drilling.
- In March 2012, the Company released a Maiden JORC Mineral Resource statement on Nimbus and had successfully completed developing and proving up an exploration target.
- During the year, the Company completed the various levels of Nimbus mill refurbishment, installation of 5.5km of powerline to connect to the State Power Grid, installation of mine site offices, a drill core facility and various other infrastructure projects at the Nimbus Mine;
- The Company also completed Stage 1 and 2 drilling programs at its Coolgardie Projects including the MacPhersons Reward and Tycho gold projects; and
- To reflect the Company's growth and diversification, the Company changed its name to MacPhersons Resources Limited.

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

- Completed Stage 2 drilling at the Nimbus Silver-Gold-Zinc projects including the release of Mineral Resource Estimates which had exceeded exploration targets by more than 200%;
- Prepared a pit optimisation study and had commenced a strategic planning, risk management and scoping study to lead into a feasibility study;
- Carried out metallurgical testwork, had preliminary process flowsheets designed and were finalizing plant options and the procurement of long-lead items for the proposed plant expansion for completion in 2013; and
- The Company also released JORC Classified Mineral Resource Statements for its gold projects at Boorara, Tycho and MacPhersons Reward.

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 complete the Nimbus Gold and Silver Mill Expansion in late 2013 as we move from developer to producer.

The Company has been very active this year 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 Group during the year other than as outlined in this report.

Meetings of Directors

During the year, 9 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number Attended
Morrie Goodz	9	9
Jeff Williams	9	9
Ashok Parekh	8	8

The Board of Directors also approved one (1) circular resolution during the year ended 30 June 2012 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	33,775,858

No share options of MacPhersons Resources 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

On 28 August 2012 the Company announced that it had completed a $12.6 million placement to institutional and sophisticated investors and also entered an offtake agreement in relation to silver produced at the Nimbus silver mine. The placement included an investment of $8.6 million by RK Mine Finance (part of the Red Kite group) with $6.6 million of the Red Kite investment being at 41.8 cents per share and $2.0 million at 38 cents per share. The remaining $4.0 million was placed to institutional and sophisticated investors. At the date of this financial report the Company has allotted shares in relation to $9.6 million which has been received. The Company has received firm commitments of the remaining $3.0 million and shares will be allotted once cleared funds and documentation is received by the Company.

In conjunction with the placement to Red Kite, the Company has entered into a Contract for Sale and purchase of Silver (Offtake Agreement) with RK Mine Finance. The offtake has been structured such that silver product produced at Nimbus is to be purchased by RK Mine Finance at a price consistent with the London Silver Market Fixing Price quotations. The Offtake Agreement contains other terms and conditions standard for an agreement of this nature. The offtake is for a fixed 12 million ounces of silver and does not specify a timeframe for delivery.

On 16 August 2012 the Company issued 50,000 fully paid ordinary shares to employees in accordance with their employment agreements.

Other than as disclosed 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 Group, the results of those operations, or the state of affairs of the Group 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 Group 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 Resources Limited (formerly MacPhersons Reward Gold Limited) (the "Company") for the financial year ended 30 June 2012. 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 2012 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 specific executives

Table 1: Directors' remuneration for the years ended 30 June 2012 and 30 June 2011

		Short-term employee benefits	Post-employment benefits		
		Salary & Fees $	Super-annuation $	Total $	Performance Related %
Ashok Parekh	2012	208,000	18,720	226,720	-%
	2011	92,000	8,280	100,280	-%
Morrie Goodz	2012	316,336	47,600	363,936	-%
	2011	212,346	50,471	262,817	-%
Jeff Williams	2012	-	-	-	-%
	2011	-	-	-	-%

Table 2: Remuneration of specific executives for the years ended 30 June 2012 and 30 June 2011

		Short-term employee benefits	Post-employment benefits		
		Salary & Fees $	Super-annuation $	Total $	Performance Related %
Stephen Hewitt-Dutton	2012	83,252	-	83,252	-%
	2011	57,400	-	57,400	-%

Stephen Hewitt-Dutton was not in receipt of any remuneration or any other fees from MacPhersons Resources Limited during the 2012 and 2011 financial years. Mr. Hewitt-Dutton is an employee of Trident Management Services Pty Ltd, to which MacPhersons Resources Limited paid fees under a Service Agreement for the provision of accounting and company secretarial services.

Service Agreements
The agreements related to remuneration are set out below:

a) Ashok Parekh is engaged as an executive director of the Company pursuant to an employment agreement between the Company and Ashok Parekh. The term of the engagement is 4 years from December 2010, unless otherwise terminated in accordance with the agreement.

   The remuneration package is made up of:
   - annual salary of $208,000 plus statutory superannuation;
   - a cash or share bonus as determined by the Board from time to time.

   If Mr Parekh terminates the Employment Agreement by reason of non-payment of remuneration or an un-remedied breach by the Company the Executive Director will be entitled to the following payments:
   - within the first two years of the term the Company shall pay to Mr Parekh the balance of the first two year term plus six months' salary; or
   - after serving two years of the term, the Company shall pay Mr Parekh six month's salary.

The Company or Mr Parekh may terminate the Employment Agreement with six months written notice without cause. In the event that the Company terminates the Employment Agreement without cause Mr Parekh will be entitled to the following payment:

- within the first two years of the term the Company shall pay to Mr Parekh the balance of the first two year term plus six months' salary; or
- after serving two years of the term, the Company shall pay Mr Parekh six month's salary.

The employment agreement contains additional provisions considered standard in an agreement of this type.

b) The Company has entered into a consultancy agreement with Goodz & Associates GMC Pty Ltd ("Consultant"), whereby the Company has agreed to pay remuneration of $28,394 per month, plus a vehicle or reasonable vehicle allowance, to Goodz & Associates GMC Pty Ltd to secure the services of Morrie Goodz, as Managing Director. The payment is inclusive of all statutory entitlements. Goodz & Associates GMC Pty Ltd is an entity in which Mr Goodz has an interest. The term of the agreement is for a period of 36 months commencing 1 February 2012 and the monthly fee is subject to annual review. The Company may also pay Goodz & Associates GMC Pty Ltd a bonus of up to 25% of the annual fee at the Board's discretion.

If Goodz & Associates GMC Pty Ltd terminates the consultancy agreement by reason of non-payment of fees or an un-remedied breach by the Company the consultant will be entitled to the following payments:

- within the first two years of the term the Company shall pay to the Consultant the balance of the first two year term plus six months' fees; or
- after serving two years of the term, the Company shall pay the Consultant six month's fees.

The Company or the Consultant may terminate the consultancy agreement with six months written notice without cause. In the event that the Company terminates the consultancy agreement without cause the Consultant will be entitled to the following payment:

- within the first two years of the term the Company shall pay to the Consultant the balance of the first two year term plus six months' fees; or
- after serving two years of the term, the Company shall pay the Consultant six month's fees.

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 11 and forms part of this directors' report for the year ended 30 June 2012.

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 28 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MacPhersons Resources Limited (formerly MacPhersons Reward Gold Limited) for the year ended 30 June 2012, 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.

This declaration is in respect of MacPhersons Resources Limited.

Perth, Western Australia	**L DI GIALLONARDO**
28 September 2012	**Partner, HLB Mann Judd**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
Revenue	2	**951,187**	**866,779**
Administration expense		(1,048,784)	(561,133)
Depreciation		(244,925)	(72,549)
Office and site office costs		(655,694)	(172,842)
Acquisition costs – stamp duty		(513,071)	(687,267)
Exploration expenditure		(6,959,544)	(3,916,232)
Employee benefits expenses		(3,252,833)	(1,204,029)
Loss before income tax expense		**(11,723,666)**	**(5,747,273)**
Income tax expense	3	-	-
Net loss for the year		**(11,723,666)**	**(5,747,273)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**(11,723,666)**	**(5,747,273)**
Basic loss per share (cents per share)	5	(5.61)	(4.73)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
Current Assets			
Cash and cash equivalents	7	8,191,562	23,899,008
Trade and other receivables	8	289,208	1,020,186
Total Current Assets		8,480,770	24,919,194
Non-Current Assets			
Property, plant and equipment	9	4,219,909	772,366
Deferred exploration and evaluation expenditure	10	23,313,827	16,349,151
Total Non-Current Assets		27,533,736	17,121,517
Total Assets		36,014,506	42,040,711
Current Liabilities			
Trade and other payables	11	618,535	1,653,562
Employee entitlements	12	77,424	20,554
Total Current Liabilities		695,959	1,674,116
Non-Current Liabilities			
Trade and other payables	11	700,000	-
Employee entitlements	12	1,036	418
Total Non-Current Liabilities		701,036	418
Total Liabilities		1,396,995	1,674,534
Net Assets		34,617,511	40,366,177
Equity			
Issued capital	14	53,388,278	47,413,278
Accumulated losses	15	(18,770,767)	(7,047,101)
Total Equity		34,617,511	40,366,177

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(12,049,709)	(5,465,885)
Payment of stamp duty on acquisition		(1,193,071)	-
Interest received		1,272,064	298,902
Other receipts		106,511	22,964
Net cash (used in) operating activities	7	(11,864,205)	(5,144,019)
Cash flows from investing activities			
Purchase of property plant & equipment		(1,285,608)	(496,600)
Proceeds on sale of assets		30,000	-
Acquisition of tenements		(452,064)	-
Deposit paid re acquisition of Kalgoorlie Ore Treatment Company Pty Ltd		-	(100,000)
Payment for Kalgoorlie Ore Treatment Company Pty Ltd, net of cash acquired	17	(3,171,569)	-
Payment for Polymetals (WA) Pty Ltd, net of cash acquired		(2,489,000)	-
Payment for MacPhersons Reward Pty Ltd, net of cash acquired	17	-	(120,072)
Net cash (used in) investing activities		(7,368,241)	(716,672)
Cash flows from financing activities			
Proceeds from the issue of shares		3,750,000	30,000,000
Payment of share issue costs		(225,000)	(1,736,496)
Repayment of loan		-	(13,053)
Net cash provided by financing activities		3,525,000	28,250,451
Net increase/(decrease) in cash and cash equivalents		(15,707,446)	22,389,760
Cash and cash equivalents at beginning of year		**23,899,008**	**1,509,248**
Cash and cash equivalents at end of year	7	**8,191,562**	**23,899,008**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Note	Issued Capital $	Accumulated losses $	Total Equity $
Balance at 1 July 2011		**47,413,278**	**(7,047,101)**	**40,366,177**
Total comprehensive loss for the year		-	(11,723,666)	(11,723,666)
Share based payments	14	2,450,000		2,450,000
Shares issued during the year	14	3,750,000	-	3,750,000
Less: capital raising costs	14	(225,000)	-	(225,000)
Balance at 30 June 2012		**53,388,278**	**(18,770,767)**	**34,617,511**

Consolidated	Note	Issued Capital $	Accumulated losses $	Total Equity $
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**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 financial report has also been prepared on a historical cost basis. Cost is based on the fair value 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 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. 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 the Group's business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 28 September 2012.

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 Resources Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. MacPhersons Resources 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 2012

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 Resources 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.

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 Rsources 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 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 recognised 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 amortisation of assets used in exploration and evaluation activities along with those for general and administrative costs are 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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, 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 the 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 2012

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;
- 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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 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 Resources Limited (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the 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 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(v) Parent Entity Financial Information

The financial information for the parent entity, MacPhersons Resources 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 Resources 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 2012 $	Consolidated 2011 $
Included in the net loss for the period are the following revenue and expense items:		
(a) Revenue		
Interest received or receivable	814,674	843,815
Proceeds on sale of assets	30,000	-
Other revenue	106,513	22,964
	951,187	866,779
(b) Exploration Expenses		
Consultancy fees	992,830	847,542
Hire of plant & equipment	154,916	17,900
Drilling costs	4,174,923	2,315,666
Materials & mining supplies	221,164	163,358
Repairs & maintenance	155,242	43,581
Assays and sampling	785,295	248,041
Surveying	115,053	138,523
Other Exploration	360,121	141,621
	6,959,544	3,916,232
(b) Other Expenses		
Auditor's remuneration	39,970	48,000
Advertising and sponsorships	112,183	87,713
Travel and accommodation	212,888	125,349

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX

		Consolidated 2012 $	Consolidated 2011 $
(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	(11,723,666)	(5,747,273)
	Prima facie tax benefit on loss at 30%	3,517,100	1,724,182
	Less:		
	Tax effect of:		
	- Other non-allowable items	(4,897)	(872)
		(4,897)	(872)
	Add:		
	Tax effect of:		
	Capital raising costs	114,690	101,012
	Unused tax benefit not recognised as deferred tax asset	(3,626,893)	(1,824,322)
		(3,512,203)	(1,723,310)
	Income tax benefit	-	-
	The applicable weighted average effective tax rate is as follows:	30%	30%
(c)	The following deferred tax balances at 30% have not been recognised:		
	Deferred Tax Assets at 30% (2011: 30%):		
	Carry forward revenue losses	11,210,374	1,972,222
	Capital raising costs	357,569	404,050
	Deductible temporary differences	119,797	35,869
		11,687,740	2,412,141

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 2012 $	Consolidated 2011 $
Deferred tax liabilities:		
At 30% (2010: 30%)		
Accrued income	26,285	163,474
Prepayments	779	-
Capitalised exploration	4,679,460	
	4,706,524	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 Resources Limited and its 100% owned Australian resident subsidiaries have 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 Resources 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 mineral 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.

NOTE 5: LOSS PER SHARE

	Consolidated 2012 $	Consolidated 2011 $
Basic loss per share:		
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	(11,723,666)	(5,747,273)
	Number	**Number**
Weighted average number of ordinary shares	209,107,948	121,402,927

The Company has not disclosed diluted earnings per share as the effect of potential ordinary shares is to decrease the loss per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6: DIVIDENDS

No dividends were declared or paid during the year.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated 2012 $	Consolidated 2011 $
Cash at bank	2,692,562	2,139,008
Cash on term deposit	5,499,000	21,760,000
	8,191,562	23,899,008

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 was not party to any borrowing facilities for the year ended 30 June 2012.

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

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 2012 $	Consolidated 2011 $
Net loss for the year	(11,723,666)	(5,747,273)
Adjustments for:		
Non-cash expenses – depreciation	244,925	72,549
Decrease/(Increase) in debtors	189,479	(178,572)
(Increase) in prepayments	(18,189)	(29,291)
Decrease/(Increase) in interest receivable	457,390	(544,912)
Increase/(Decrease) in creditors	(361,632)	661,458
Increase/(Decrease) in accruals	(680,000)	601,050
Increase in employee entitlements	57,488	20,972
Proceeds from sale of fixed assets	(30,000)	-
Net cash (used in) operating activities	(11,864,205)	(5,144,019)

(ii) Non-cash financing and investing activities

The company engaged in the following non-cash financing activities for the year ended 30 June 2012:

- Acquisition of Kalgoorlie Ore Treatment Company Pty Ltd (refer note 17);
- Acquisition of Polymetals (WA) Pty Ltd (refer note 10); and
- Acquisition of tenements (refer note 10).

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

- Acquisition of MacPhersons Reward Pty Ltd (refer note 17);
- Acquisition of tenements (refer note 10); and
- Repayment of loans to MacPhersons Reward Pty Ltd under the terms of the Option Agreement for the acquisition (refer Note 17).

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated 2012 $	Consolidated 2011 $
Prepayments	58,837	40,648
Interest receivable	87,617	544,912
GST recoverable	75,468	267,885
Deposit paid	-	100,000
Sundry debtors	67,286	66,741
	289,208	1,020,186

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Consolidated	Motor Vehicles $	Property Improvements $	Plant & Equipment $	Processing Plant $	Total $
Year ended 30 June 2012					
Opening balance at 1 July 2011	160,774	251,535	360,057	-	772,366
Additions	64,686	89,830	929,947	2,608,005	3,692,468
Depreciation charge for the year	(48,356)	(27,463)	(169,106)	-	(244,925)
At 30 June 2012, net of accumulated depreciation and impairment	177,104	313,902	1,120,898	2,608,005	4,219,909
At 30 June 2012					
Cost					4,543,720
Accumulated depreciation and impairment					(323,811)
Net carrying amount					4,219,909

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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	177,043	142,543	275,258	594,844
Depreciation charge for the year	(16,269)	(8,484)	(47,796)	(72,549)
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

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2012 $	Consolidated 2011 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	**16,349,151**	**-**
Acquisition of MacPhersons Reward Pty Ltd (Note 17)	-	14,604,151
Acquisition of Kalgoorlie Ore Treatment Company Pty Ltd (Note 17)	2,351,763	-
Acquisition of Polymetals (WA) Pty Ltd (i)	3,000,851	-
Acquisition of tenements (i)	1,612,062	1,745,000
Total deferred exploration and evaluation expenditure	**23,313,827**	**16,349,151**

(i) The amounts for the 2012 year relate to the acquisition of tenements through the acquisition of Polymetals (WA) Pty Ltd and also other tenements purchased directly during the year.
The comparative amount 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables (i)	436,958	724,515
Accruals	51,000	720,000
Other creditors	130,577	209,047
	618,535	1,653,562

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

NON-CURRENT		
Amount due under contract	700,000	-

Amount payable to Cazaly Resources Limited on 7 December 2014 under a contract for the acquisition of tenements dated 7 December 2011

NOTE 12: EMPLOYEE ENTITLEMENTS

CURRENT		
Annual leave	77,424	20,554
NON-CURRENT		
Long service leave provision	1,036	418

NOTE 13: REMUNERATION OF AUDITORS

	Consolidated 2012 $	Consolidated 2011 $
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	39,970	43,000
Other services in relation to the entity and any other entity in the Group – Preparation of an investigating accountant's report	-	15,000
	39,970	58,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 14: ISSUED CAPITAL

Ordinary shares issued and fully paid	53,388,778	47,413,278

	2012		2011	
	No.	$	No.	$
Movement in ordinary shares on issue				
Opening balance	194,045,079	47,413,278	39,891,675	2,903,752
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)
Shares issued 8 September 2011 – Acquisition of Kalgoorlie Ore Treatment Company Pty Ltd	5,360,000	1,500,000	-	-
Shares issued 19 October 2011 – Acquisition of Polymetals (WA) Pty Ltd	1,721,502	500,000	-	-
Placement 21 October 2011	12,500,000	3,750,000	-	-
- Issue costs	-	(225,000)	-	-
Shares issued 16 December 2011 – Acquisition of tenements	1,279,571	390,000	-	-
Shares issued 23 December 2011 – Acquisition of tenements	193,548	60,000	-	-
Balance at end of financial year	215,099,700	53,388,278	194,045,079	47,413,278

(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.

Options	2012 No.	2012 Weighted average exercise price	2011 No.	2011 Weighted average exercise price
Outstanding at beginning of year	22,000,000	0.30	-	-
Issued during the year	-	-	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 $
Unlisted 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:

	2012 $	2011 $
Opening balance	(7,047,101)	(1,299,828)
Net loss for the year	(11,723,666)	(5,747,273)
Balance at end of financial year	(18,770,767)	(7,047,101)

NOTE 16: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group did not enter into or trade financial instruments, including derivates 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(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 ongoing 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.

The Group held the following financial instruments as at 30 June 2012 and 30 June 2011:

2012 - Consolidated	**Floating interest rate**	**Non-interest bearing**	**Fixed interest rate maturing in: 1 year or less**	**Total carrying amount**	**Weighted average effective interest rate**
	2012	**2012**	**2012**	**2012**	**2012**
Financial Instruments	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash at bank	2,692,562	-	-	2,692,562	3.48
Term deposits	-	-	5,499,000	5,499,000	5.58
Receivables	-	289,207	-	289,207	-
Total financial assets	2,692,562	289,207	5,499,000	8,480,769	-
Financial liabilities					
Creditors & borrowings	-	618,535	-	618,535	-
Total financial liabilities	-	618,535	-	618,535	-

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**
	2011	**2011**	**2011**	**2011**	**2011**
Financial Instruments	**$**	**$**	**$**	**$**	**%**
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	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(c) Capital risk

MacPhersons Resources 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 $40,958 (2011: $119,495) and increase by $40,958 (2011: $119,495) respectively. This is attributable to the Group's exposure to interest rates on its cash deposits.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: ACQUISITION OF SUBSIDIARIES

Acquisition of Kalgoorlie Ore Treatment Company Pty Ltd

On 8 September 2011, the parent entity acquired 100 % of Kalgoorlie Ore Treatment Company Pty Ltd, an entity with a processing plant and tenements prospective for silver and base metals, for consideration of $4,999,680.

	$
Purchase consideration:	
Cash paid	3,499,680
5,360,000 shares at 28 cents per share	1,500,000
Total consideration	4,999,680

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

	Acquiree's carrying amount before acquisition $	Fair value adjustments $	Fair value $
Net assets acquired:			
Cash and cash equivalents	228,111	-	228,111
Trade and other receivables	7,700	-	7,700
Property, plant and equipment	2,520,493	-	2,520,493
Exploration assets (Note 10)	1,447,986	903,777	2,351,763
Trade and other payables	(608,067)	499,680	(108,387)
	3,596,223	1,403,457	4,999,680

The cash outflow on acquisition is as follows:	
Net cash acquired with subsidiary	228,111
Cash paid	(3,499,680)
Net cash outflow	(3,271,569)

Acquisition related costs estimated at $225,000, being stamp duty on the acquisition of Kalgoorlie Ore Treatment Company Pty Ltd, are included as 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 $6,242,575 and revenue from continuing operations would have been $630,143.

In determining the pro-forma revenue and profit of the Group had Kalgoorlie Ore Treatment Company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Acquisition of MacPhersons Reward Pty Ltd

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	148,979
44,384,696 shares at 30 cents per share	13,315,409
Total consideration	13,464,388

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)
	(340,304)	13,804,692	13,464,388
Goodwill on consolidation			-

The cash outflow on acquisition is as follows:	
Net cash acquired with subsidiary	28,907
Cash paid	(148,979)
Net cash outflow	(120,072)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: RELATED PARTY DISCLOSURE

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

	Country of	*% Equity Interest*		*Investment*	
Name	*Incorporation*	*2012*	*2011*	*2012*	*2011*
MacPhersons Reward Pty Ltd	Australia	100%	100%	13,995,409	13,995,409
Kalgoorlie Ore Treatment Company Pty Ltd	Australia	100%	-%	4,500,000	-
Polymetals (WA) Pty Ltd	Australia	100%	-%	3,000,000	-

MacPhersons Resources 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	30,938,369	2,837,489	33,775,858

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 Resources Limited. The company paid an amount of $156,053 (30 June 201: $477,151) in consultancy fees for the financial year ended 30 June 2012 to Goodz & Associates on normal commercial terms. The amount is made up of payments for the following:

	2012	**2011**
	$	**$**
Services of Mr Morrie Goodz [1]	108,029	96,000
Services of other Goodz & Associates staff or contractors [2]	16,080	116,055
Provision of equipment [2]	-	45,000
Reimbursement of disbursements [2]	27,944	216,096
Acquisition of assets [2]	4,000	4,000
Total	156,053	477,151

[1] Included in Mr Goodz remuneration in the Remuneration Report.
[2] Not included in Mr Goodz remuneration in the Remuneration Report

c) Ashok Parekh & Co Pty Ltd, a business controlled by Ashok Parekh provided accounting services to MacPhersons Resources Limited on normal commercial terms during the 2011 financial year. No services were provided during the 2012 financial year. The company paid an amount of $50,000 in professional fees and was also reimbursed for expenditure made on behalf of the Group totaling $3,575, for the financial year ended 30 June 2011.

d) The Group paid Goldfield Hotels Pty Ltd an amount of $33,964 (2010: $6,500) in relation to rent of the Group's premises at 109 Maritana Street, Kalgoorlie on normal commercial terms. An amount of $Nil (2011: $148,979) 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.

e) The Group has paid the Palace Hotel, a business owned by Mr Ashok Parekh a total of $14,487 (2011: $5,876) for the provision of function rooms and accommodation and meals for staff. All amounts were provided on an arm's length basis.

f) 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.

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:

Payable	2012 $	2011 $
Within one year	560,360	136,589
After one but no more than five years	1,322,264	387,849
More than five years	3,200,702	887,799
	5,083,326	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.

Payable	2012 $	2011 $
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 2012

NOTE 20: EVENTS AFTER THE REPORTING DATE

On 28 August 2012 the Company announced that it had completed a $12.6 million placement to institutional and sophisticated investors and also entered an offtake agreement in relation to silver produced at the Nimbus silver mine. The placement included an investment of $8.6 million by RK Mine Finance (part of the Red Kite group) with $6.6 million of the Red Kite investment being at 41.8 cents per share and $2.0 million at 38 cents per share. The remaining $4.0 million was placed to institutional and sophisticated investors. At the date of this financial report the Company has allotted shares in relation to $9.6 million which has been received. The Company has received firm commitments of the remaining $3.0 million and shares will be allotted once cleared funds and documentation is received by the Company.

In conjunction with the placement to Red Kite, the Company has entered into a Contract for Sale and purchase of Silver (Offtake Agreement) with RK Mine Finance. The offtake has been structured such that silver product produced at Nimbus is to be purchased by RK Mine Finance at a price consistent with the London Silver Market Fixing Price quotations. The Offtake Agreement contains other terms and conditions standard for an agreement of this nature. The offtake is for a fixed 12 million ounces of silver and does not specify a timeframe for delivery.

On 16 August 2012 the Company issued 50,000 fully paid ordinary shares to employees in accordance with their employment agreements.

There are no other matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

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

(ii) Executives

Stephen Hewitt-Dutton	Company Secretary

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 Resources Limited (number)

30 June 2012	Balance at beginning of year	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of year	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

30 June 2011	Balance at beginning of year	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of year	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 Resources Limited (number)

30 June 2012	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of year
Directors					
Ashok Parekh	30,938,369	-	-	2,837,489	33,775,858
Morrie Goodz	4,000,000	-	-	-	4,000,000
Jeffrey Williams	4,000,000	-	-	-	4,000,000
Executives					
Stephen Hewitt-Dutton	30,000	-	-	-	30,000
	38,968,369	-	-	2,837,489	41,805,858

Ordinary shares held in MacPhersons Resources 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	6,000,001	-	-	24,938,368	30,938,369
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	-	-	24,968,368	38,968,369

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 2012

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position

	2012	2011
	$	$
Assets		
Current assets	12,718,751	27,784,901
Non-current assets	22,372,473	14,066,159
Total assets	35,091,224	41,185,060
Liabilities		
Current liabilities	528,646	1,513,402
Non-current liabilities	1,036	20,972
Total liabilities	529,682	1,534,374
Equity		
Issued capital	53,388,277	47,413,278
Accumulated losses	(18,826,735)	(7,156,592)
	34,561,542	40,256,686

Financial performance

	2012	2011
	$	$
Loss for the year	(12,350,143)	(5,176,764)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(12,350,143)	(5,176,764)

Commitments

For details on commitments, see Note 19.

DIRECTORS' DECLARATION

1. In the opinion of the directors of MacPhersons Resources Limited ('the company'):

    a. The financial statements and notes thereto, as set out on pages 12 to 40 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 2012 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 2012.

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 28 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of MacPhersons Resources Limited (formerly MacPhersons Reward Gold Limited)

Report on the Financial Report

We have audited the accompanying financial report of MacPhersons Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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 entity'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 entity'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.

Independence

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

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of MacPhersons Resources Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration 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 and remuneration report.

Auditor's opinion

In our opinion:

(a) the financial report of MacPhersons Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in 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 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of MacPhersons Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

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L DI GIALLONARDO
Partner

Perth, Western Australia
28 September 2012