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Midas Resources Limited

ACN 095 092 158



Annual Report 2012

Contents

CHAIRMAN'S LETTER	2
MANAGING DIRECTOR'S REVIEW OF EXPLORATION ACTIVITIES	3
TENEMENT SCHEDULE	23
DIRECTORS' REPORT	24
AUDITOR INDEPENDENCE STATEMENT	33
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	34
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	35
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	36
CONSOLIDATED STATEMENT OF CASH FLOWS	38
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	39
DIRECTORS' DECLARATION	71
INDEPENDENT AUDITOR'S REPORT	72
STATEMENT OF CORPORATE GOVERNANCE	74
ASX ADDITIONAL INFORMATION	80

Chairman's Letter

Dear Fellow Shareholder,

On behalf of the Board of Directors, it is my pleasure to present the Company's 2012 Annual Report and Financial Statements. The past year has seen some significant milestones for Midas, with the granting of its tenements in the Paterson Province and commencement of exploration in this highly prospective area. At the time of writing this report the Company is preparing to diamond drill its first target in the Paterson tenements and the Company's geologists have already generated a number of high quality drill targets. The Board sees the Paterson Project has a long term value-build with excellent leverage to discovery. The focus on copper and gold is entirely appropriate given the current trend in price of those commodities compared to the bulk commodities.

I would also like to take this opportunity to thank the Martu Traditional Owners for their cooperation in providing heritage clearance of Midas' planned work areas in the Paterson Province.

Scoping level studies have been completed on Fortitude and these have demonstrated that the project has significant value when it is mined as a satellite to an existing mining and CIL treatment operation. In this scenario the project could be developed at a very low capital cost and the ore trucked to an existing treatment plant via an existing haul road. The recent rise in the gold price to over US\$1750 will facilitate trucking over longer distances than previously considered and this gives access to additional treatment plants. It is the Company's objective to conclude an agreement for the mining and third party treatment of Fortitude at the earliest possibility.

During 2011/2012 the Company also evaluated a number of different options for the development of Fortitude including stand-alone and heap leach. Unfortunately the high CAPEX for such operations means that the Company should thoroughly examine all options for third party toll treatment before considering either of these expensive alternatives.

Exploration activity at the Lake Carey gold project has been low-key in the current year pending a positive outcome for the scoping study on Fortitude and establishment of a development pathway. This is not a reflection on the perceived prospectivity of the tenements but an appropriate allocation of the Company's resources. The objective is to continue to build value in the tenements through exploration and to expand the Resource base to a level that will support a substantial mine life.

In the West Pilbara, Midas has not been able to expand its iron ore resource through inorganic growth in what is a highly competitive market for iron ore deposits. As a result the Board took the view that the Company should not continue with iron ore exploration and should divest its iron ore interests through the sale of Midas subsidiary Mulga Minerals Limited to Pilbara Commodities Limited conditional on the successful IPO of that company. The sale of Mulga is still conditional on that IPO.

In the year ahead we have the clear objectives of making a discovery in the Paterson Project area and monetizing Fortitude through a mining development or a trade-sale.

I would like to acknowledge our hardworking Board and management team for their strong contributions to the Company's development and I would also like to thank our shareholders and stakeholders for their ongoing interest and support of the Company's activities.

Yours sincerely



John Hopkins
Chairman

Managing Director's Review of Exploration Activities

HIGHLIGHTS

BASE METALS

Significant progress has been made at the Paterson Project, Western Australia. A landmark access and heritage agreement was signed with the Traditional Owners and this led to the grant of three tenements. Additional ground has also been applied for in this highly prospective multi-metal province, giving the Company a significant and strategic tenement holding. Geophysical surveys have been completed over selected targets and some excellent drill targets have been identified. Several targets are now scheduled for diamond drill testing later in 2012 in the search for "Nifty" style high-grade copper deposits. It is important to note that these deposits are polymetallic and may contain lead, zinc, silver and cobalt as well as copper.

GOLD

Scoping level studies on Fortitude have demonstrated that the project has significant value as a satellite to an existing mining and treatment operation. The gold price has continued to firm during 2011/2012 and the economics of long distance trucking of Fortitude ore to existing treatment plants is improved. This is now the focus of evaluation and development work on Fortitude. Evaluation of different stand-alone development scenarios including a 400,000tpa CIL plant and a heap leach operation were generally not favourable due to high capital costs. The development of Fortitude as a satellite to an existing operation would need only low capital expenditure, and this is highly desirable for the economics of the project. Several companies that have operations in the district are currently carrying out Due Diligence on the project. The results of this work will also guide decisions concerning a commercial development. The exploration upside in the Lake Carey tenements is very good, with a range of exploration targets designated for drill testing.

In the Leonora area, Midas carried out drill testing of several gold targets and completed extensive geochemical sampling over key structures. Highly anomalous gold rock-chip values are widespread but to-date there have not been any potentially ore-grade drill intersections. A mining lease was granted over the Prospero gold Resource at Sunset Well, which will facilitate the advancement of that project.

IRON ORE

Following scoping studies and metallurgical investigations it was decided to divest the Company's iron ore assets including the West Pilbara CID Resource by vending them into an IPO for cash and shares. Completion and settlement of the sale is conditional on the successful IPO of Pilbara Commodities Pty Ltd. Pilbara is responsible for the maintenance of the tenements until the sale conditions are satisfied.

Managing Director's Review of Exploration Activities

WESTERN AUSTRALIAN PROJECTS

The Company has four areas of operations including the Paterson Province (East Pilbara), Lake Carey, Leonora, and Pilbara Iron Ore.



PATERSON PROJECT (100% Midas)

Three tenements have now been granted and the Company is increasing its focus in the Paterson Province. Additional tenements have been applied for. Important progress was made when a landmark Access Agreement was executed with Martu, who are the Tradition Owners. Following this agreement the DMP processed and granted three of the Company's tenement applications. The Company has 795km² of granted tenements and a total tenement area of 1,343km² including applications.

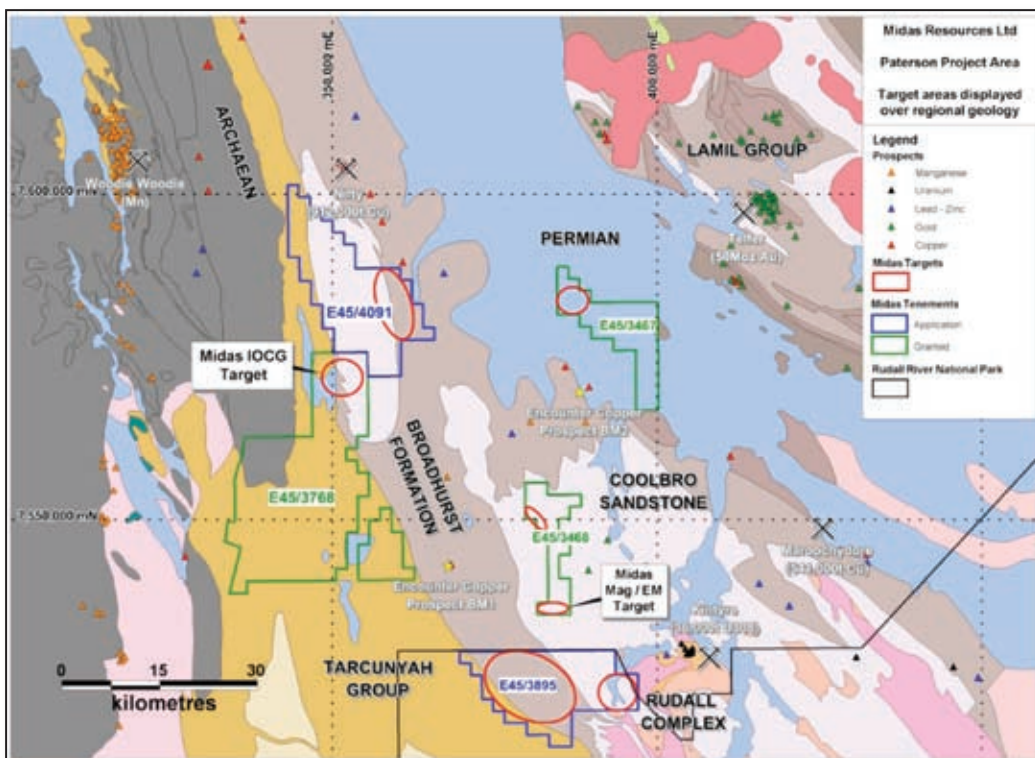


Figure 2. Midas Tenements in Paterson Province and Geology

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Managing Director's Review of Exploration Activities

VTEM Target

The primary focus of the Company's exploration is copper mineralisation, or "Nifty" style copper deposits similar to the style of copper mineralisation being mined at Nifty by Aditya Birla. Nifty copper deposits are in a class that is more widely known as "Mt Isa" style copper deposits. They occur in restricted Proterozoic sedimentary basins in close proximity to major faults. They are typically associated with carbonaceous, sulphur and metal rich sediments such as occur in the Broadhurst Formation, which is the preferred sedimentary host rock for Nifty style copper deposits in the Yeneena Basin. Geophysical surveys, such as the helicopter borne VTEM system, are very effective for defining targets in non-outcropping areas.

Midas has carried out a helicopter VTEM geophysical survey over a magnetic anomaly in E45/3468 and this has resulted in the identification of a coincident magnetic and electromagnetic anomaly. Modelling of the data has demonstrated a discrete conductor at shallow depth, immediately below a strong magnetic feature. There is no outcrop in the anomaly area other than a small nearby outcrop of Broadhurst shale. The geological setting conforms to a restricted sedimentary basin model. Midas is planning to test this target with a 500m deep diamond drill hole.

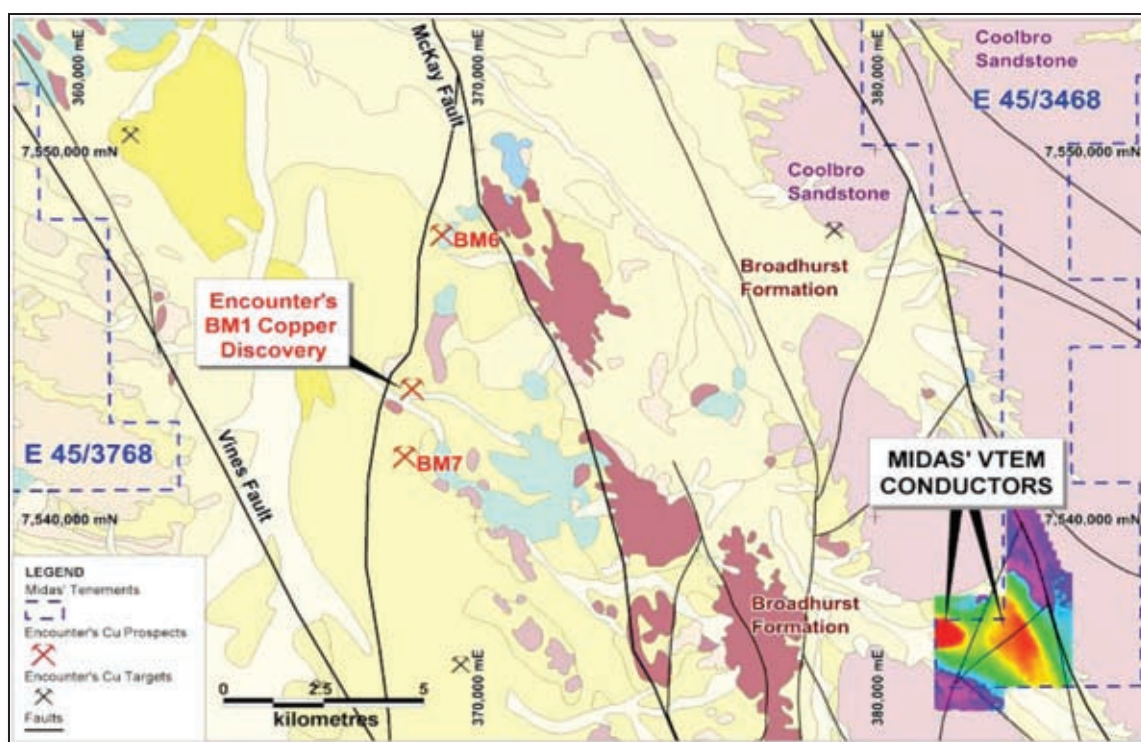


Figure 3. VTEM Target in E45/3468

Modelling of the VTEM data by the Company's consultant geophysicist has produced a 3D interpretation of the target. The VTEM conductor has a width of 200m, a vertical height of 500m and a strike length of ~800m. A 500m deep diamond drill hole is planned to test this anomaly.

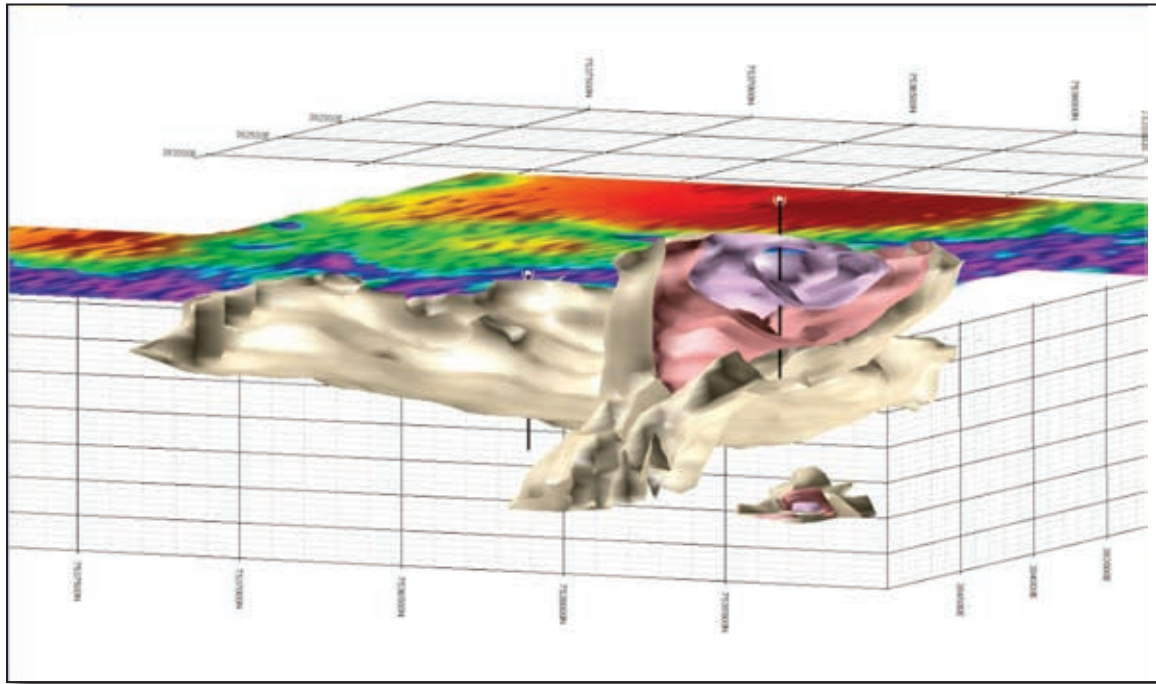


Figure 4. 3D view of VTEM Target and Planned Drill Hole overlain by Magnetic Image

IOCG Target

An IOCG target has been identified in E45/3768 (fig. 5), and ground geophysical surveys are planned in order to model the target for drill testing. The target has been identified on regional magnetic data sets as a sharp-point magnetic anomaly similar to the Crofton Suite granites in the Telfer area, which are genetically related to skarn and porphyry gold and copper mineralisation (Witt, 2012). Midas' IOCG target is close to the intersection between the Vines fault and a number of northeast structures which could have acted as fluid pathways within a mineralising system. Earlier companies including Esso Minerals (fig. 6) intersected strongly anomalous copper values in shallow drill holes in this area. Midas' IOCG target has not previously been drill tested and a drill hole of 650m depth is required in order to test the target. Ground geophysical surveys are planned to assist in modelling the depth to the top of the interpreted intrusion prior to finalising the design of the drill hole.

Midas has also qualified for a government EIS grant of up \$122,000 towards the cost of drilling this hole.

Managing Director's Review of Exploration Activities

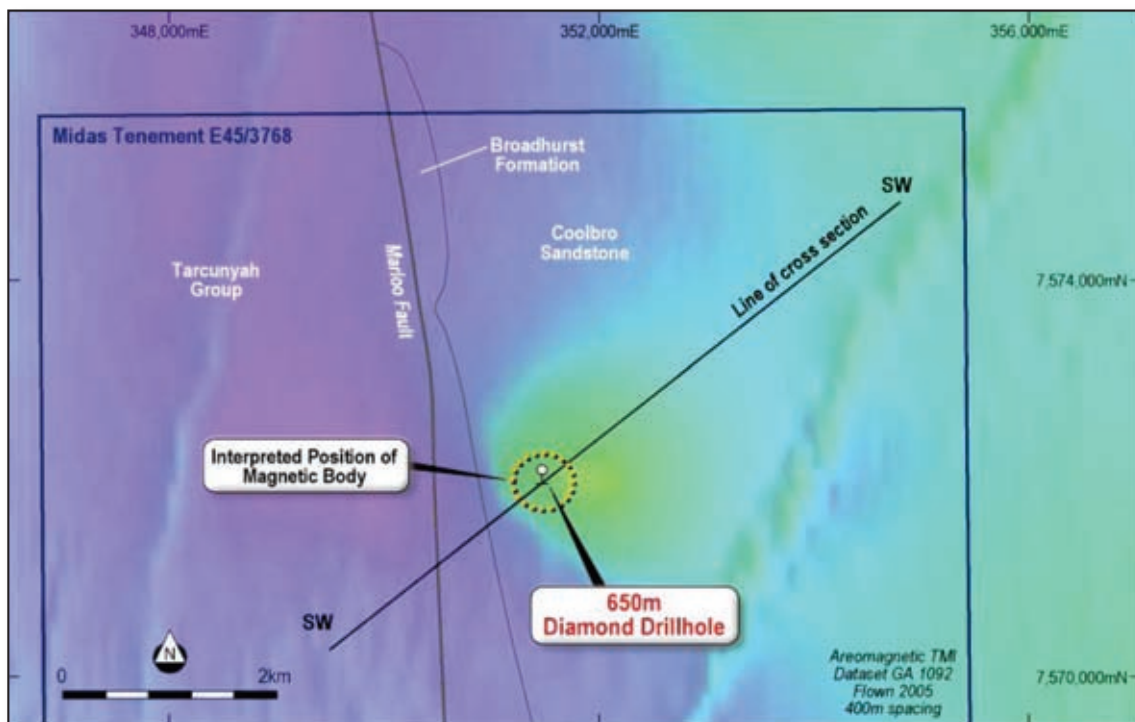


Figure 5. IOCG Target (Magnetic Anomaly) in E45/3768

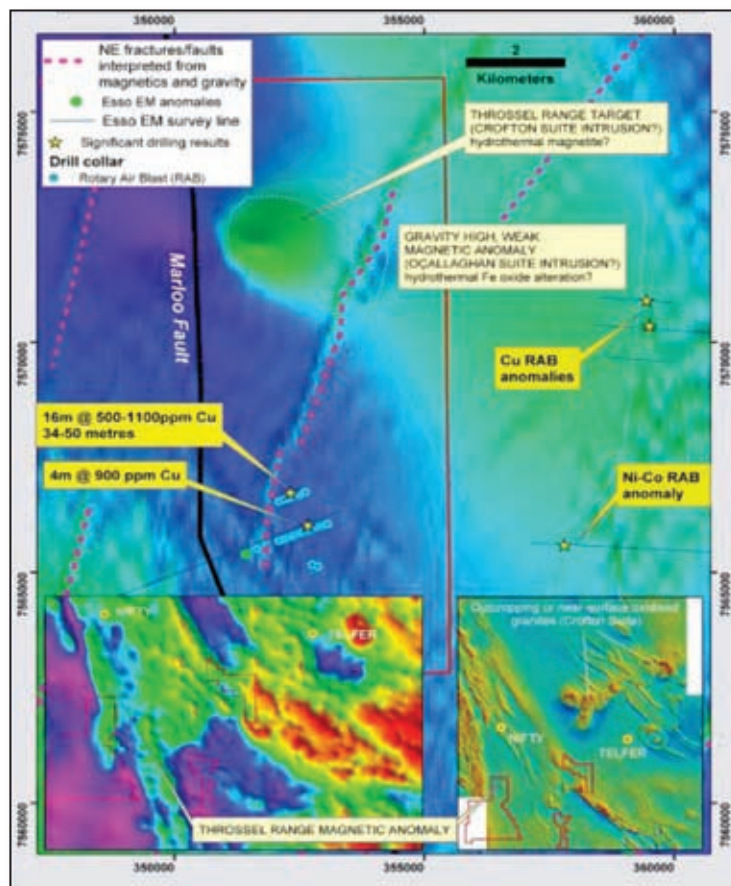


Figure 6. IOCG Target in E45/3768 and historical RAB Drill Holes

Managing Director's Review of Exploration Activities

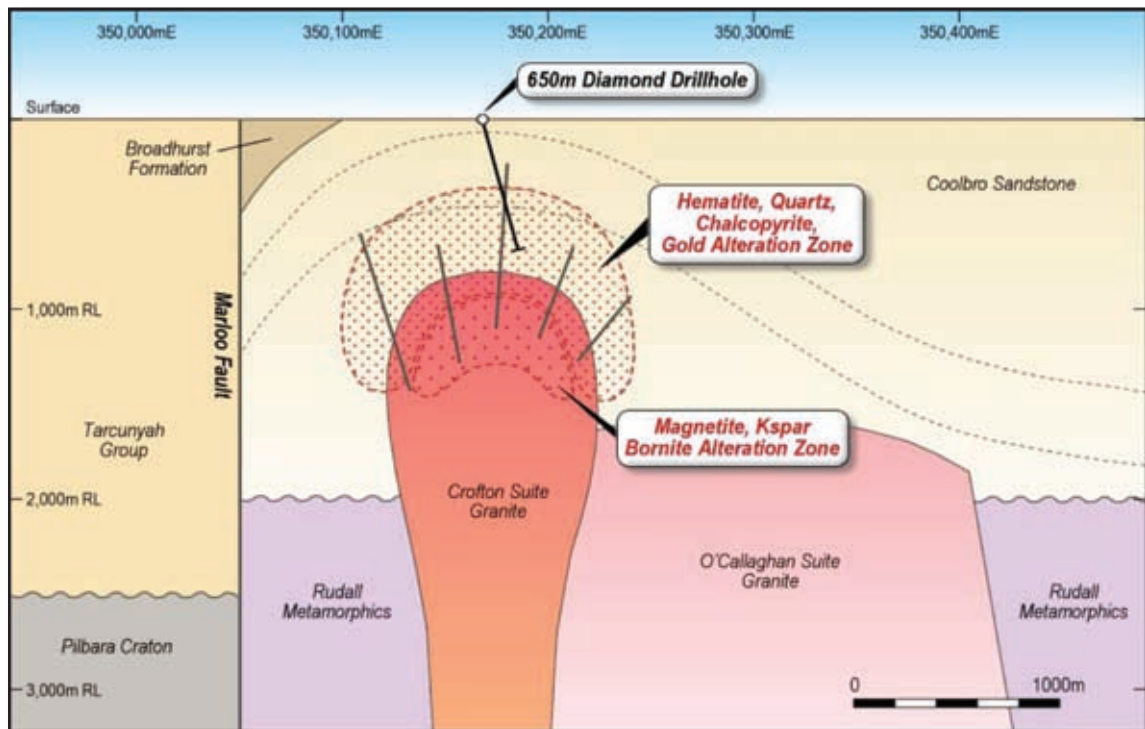


Figure 7. Conceptual geological cross section through the IOCG target.

The Martu Traditional Owners have cooperated with the successful completion of a number of heritage clearance surveys in the planned drill areas and along access tracks.

With success in any of the planned drill holes the Company has sufficient heritage clearances to be able to drill several step-out holes and thereby commence systematic drilling of a Resource.

The Company is continuing to work up new targets in both the granted and non-granted tenements. New tenement application E45/4091, which is immediately southwest of Nifty is considered particularly prospective due to the presence of substantial Broadhurst Formation and prospective northeast structures.

LAKE CAREY PROJECT (100% Midas)

Granted tenements cover an area of 226.3km² in the Laverton Tectonic Zone (LTZ) a highly prospective region of Western Australia's north-eastern Goldfields. The tenement package comprises six granted exploration licences, six granted mining leases and three granted prospecting licences. The main focus of gold exploration within the Lake Carey Project area has been the Fortitude and Bindah shear zones that extend the length of the Lake Carey tenement package.

Managing Director's Review of Exploration Activities

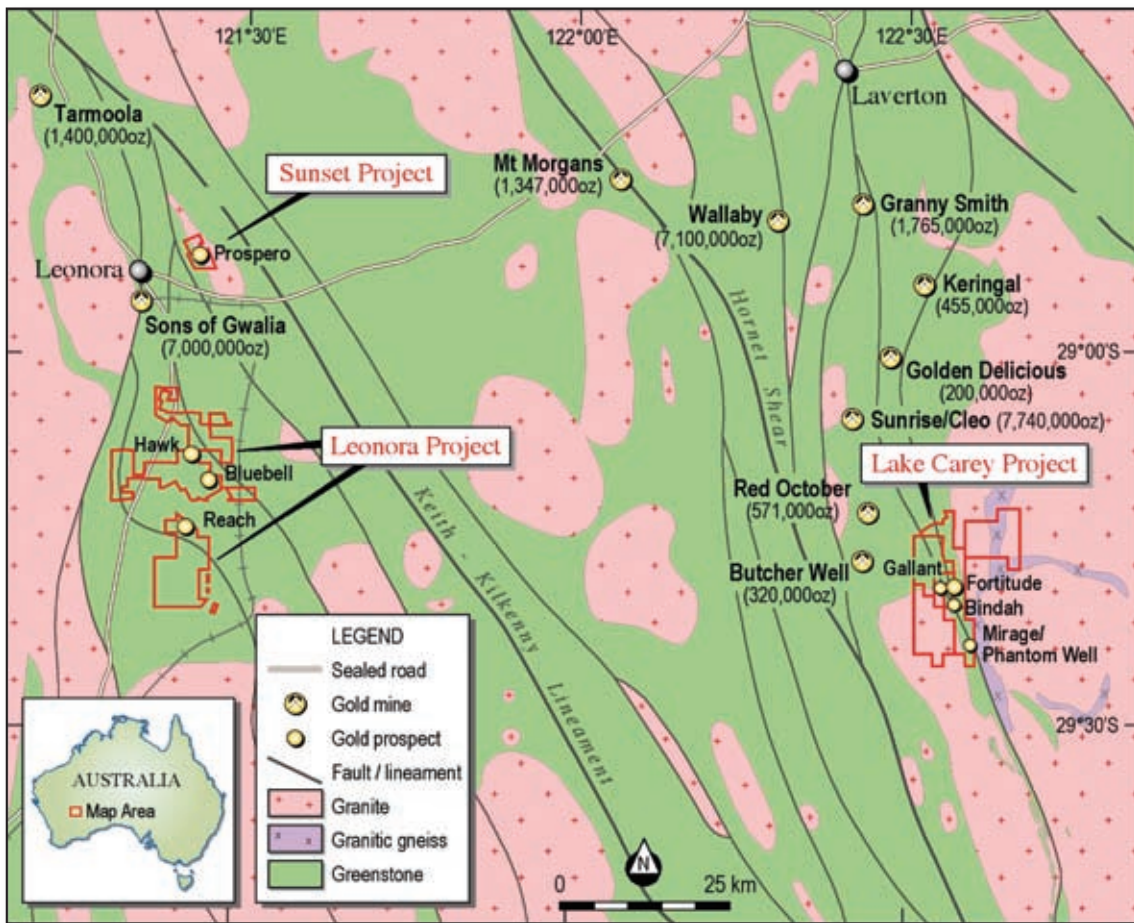


Figure 8. Location Map

FORTITUDE (M39/709, M39/710 & M39/1065)

Scoping level studies have been focussed on toll treatment of Fortitude ore at third party facilities that are within trucking distance using existing haul roads. The studies completed to-date have been encouraging in terms of the potential cash flow based on optimised pit shells. The current gold price facilitates trucking longer distances than previously considered and this broadens the scope of potential treatment possibilities.

A pit optimisation study was done by Runge Limited in 2012 with the following key inputs:

- \$1650/oz benchmark gold price
- 600,000tpa mining/treatment rate
- Mining dilution between 5% and 15% depending on ore type
- State Royalty of 2.0%
- CIL processing recovery of 92.5%
- Third party mining, haulage and treatment costs
- Discount rate of 11%
- Revenue factors from \$800/oz to \$2,500/oz at \$50 increments

At the benchmark gold price the study estimated the project recovered 72,600ozs.

Managing Director's Review of Exploration Activities

The Company is in discussion with the owners of several treatment plants that have expressed interest in treating ore from Fortitude and these owners are conducting Due Diligence. Commercial arrangements to be negotiated could include a mining joint venture or arms-length toll treatment agreement.

Several stand-alone development options for Fortitude were also evaluated during 2011/2012 including a new 400,000tpa CIL plant treating oxide, transitional and primary ore and a heap leach operation treating oxidised and transitional ore only. The high capital cost associated with these alternatives has led the Company to continue to focus on third party toll treatment options.

MINERAL RESOURCE

In May 2010 Runge Limited produced a JORC-compliant Ordinary Kriged (OK) Mineral Resource estimate for Midas' Fortitude gold deposit which was released to ASX on May 5, 2010:

Table 1. Fortitude Ordinary Kriged Mineral Resource Estimate (1.0g/t Au cut-off):

Zone	Indicated			Inferred			Total		
	Tonnes	Au g/t	Au Ounces	Tonnes	Au g/t	Au Ounces	Tonnes	Au g/t	Au Ounces
Oxide	572,800	2.1	38,700	221,000	1.9	13,500	794,000	2.0	51,400
Transitional	150,900	1.8	8,700	148,200	1.9	9,100	299,000	1.9	18,000
Fresh	2,034,700	1.9	124,900	3,161,200	1.9	190,900	5,196,000	1.9	315,800
Total	2,758,000	1.9	172,000	3,530,000	1.9	213,300	6,289,000	1.9	385,300

The estimate of Mineral Resources complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

PIT OPTIMISATION

Project costs, mining and metallurgical inputs, were developed by Runge from in-house experience and in consultation with Midas. The geological model was exported to Whittle pit optimisation software. The results were validated to ensure proper allocation of inputs. Pit shells and revenues were generated at a range of gold prices from \$800/oz to \$2,500/oz at \$50 increments for a base case gold price of \$1650/oz. The results are summarised in Figure 9.

Following the Pit Optimisation Runge assisted with the construction of a Project financial model that incorporates allowance for capital costs so that the NPV's of different scenarios can be compared and key sensitivities identified. The results strongly support the objective of treatment at a third party plant rather than stand-alone.

Managing Director's Review of Exploration Activities

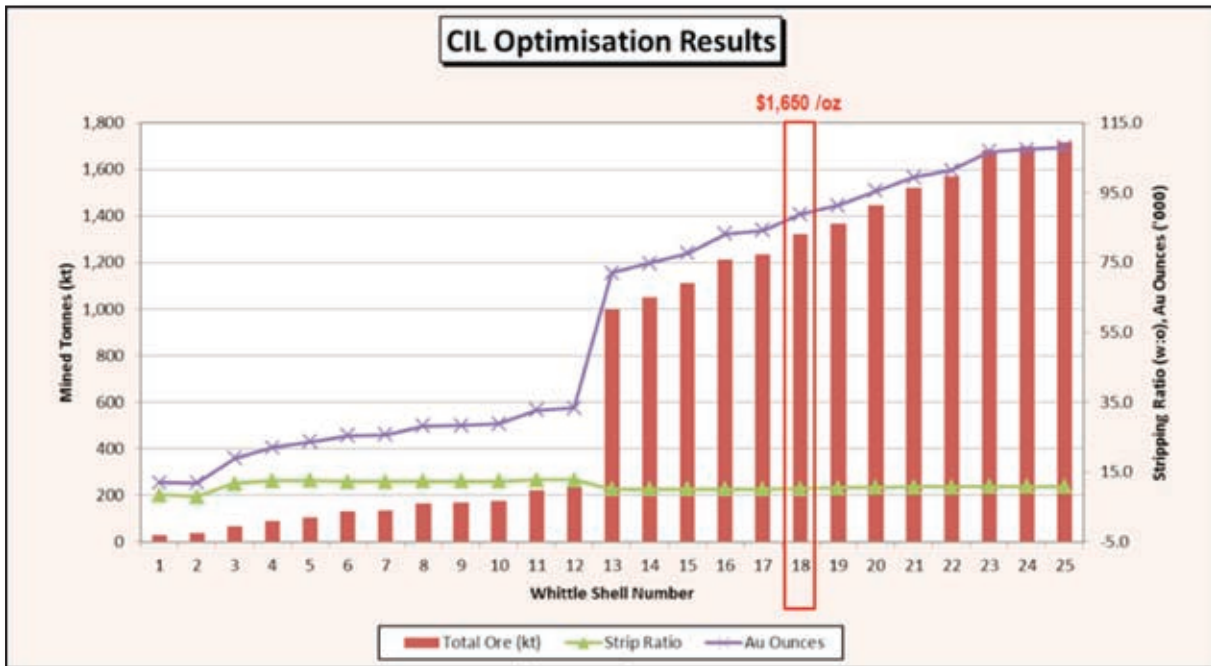


Figure 9. Pit Optimisation Results

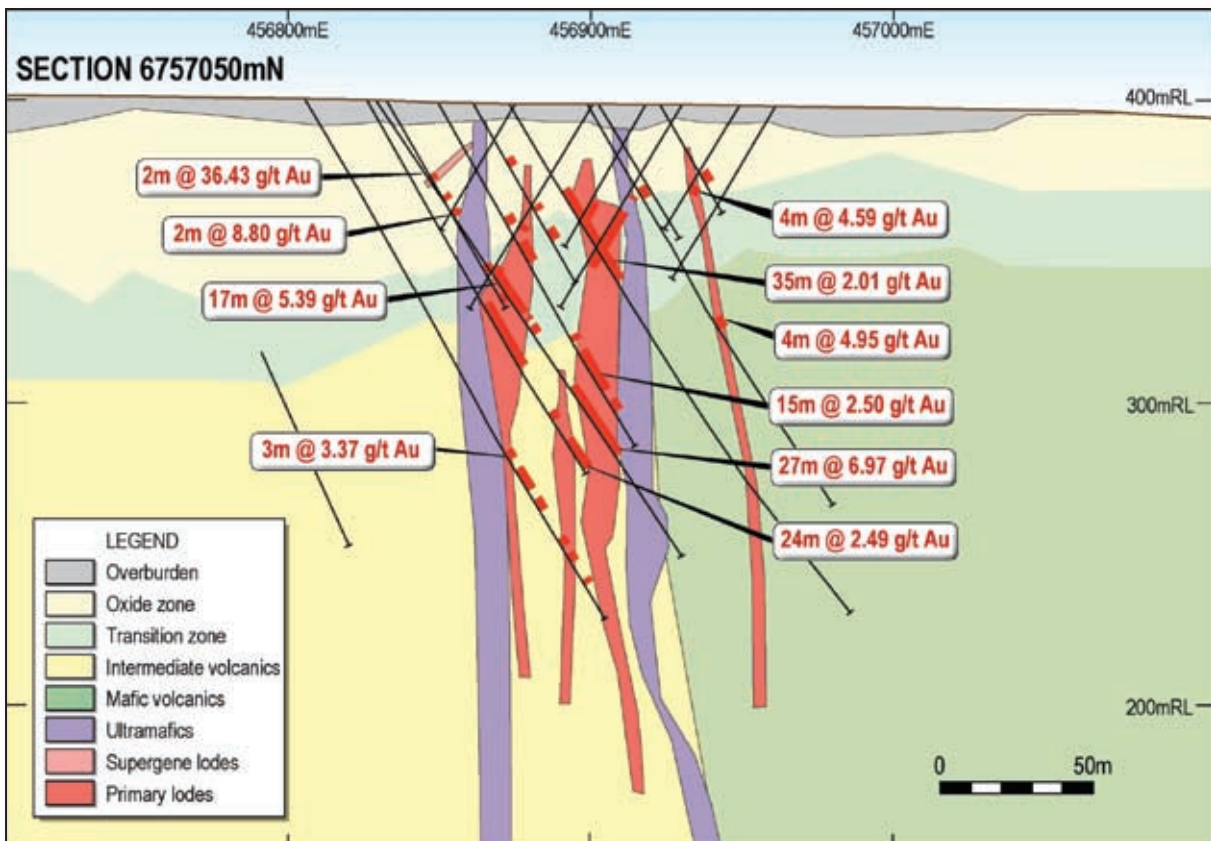


Figure 10. Fortitude Deposit Geological Cross Section 6757050mN

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Managing Director's Review of Exploration Activities

Gallant Resource (M39/198, E 39/1287)

Subject to the results of commercial discussions being conducted for Fortitude there is potential to extend the recent scoping study to include Gallant. Additional drilling and metallurgical test-work would be required to raise the classification of the Mineral Resource at Gallant to Measured and Indicated status under the JORC Code, which is a requirement for Reserve estimation and Feasibility studies.

In May 2011 the Company announced a maiden JORC compliant Inferred Mineral Resource estimate for Gallant, which is located three kilometres west of Fortitude:

Table 2. Gallant May 2011 Inferred Mineral Resource Estimate (1.0g/t Cut-off)

Zone Type	Tonnes	Au g/t	Au Ounces
Oxide	119,000	2.3	8,900
Transitional	82,000	2.4	6,200
Fresh	79,000	2.0	5,100
Total	280,000	2.2	20,100

The Mineral Resource was estimated by Runge Limited using Inverse Distance Squared (ID2) grade interpolation, constrained by resource outlines based on geologically-directed mineralisation envelopes prepared using a nominal 0.5g/t Au cut-off grade and a minimum down-hole intercept length of 2m.

Gallant is potentially a low-cost open-pittable gold deposit that could be developed jointly with the mining of the larger nearby Fortitude gold deposit. Midas plans to carry out more detailed feasibility work on Gallant subject to the results of negotiations concerning mining and treatment of Fortitude.

LAKE CAREY EXPLORATION

Exploration targets have been reviewed and prioritised for drill testing. There are currently four high-priority exploration targets (Figure 11) that require about 6,000m of aircore drilling for first-pass assessment. Most of these targets are covered by Lake Carey and they require the salt lake to be dry for drill-testing. Extensive rains in 2011 delayed comprehensive testing of these targets and as a result drilling was restricted to land areas south of Intrepid.

Managing Director's Review of Exploration Activities

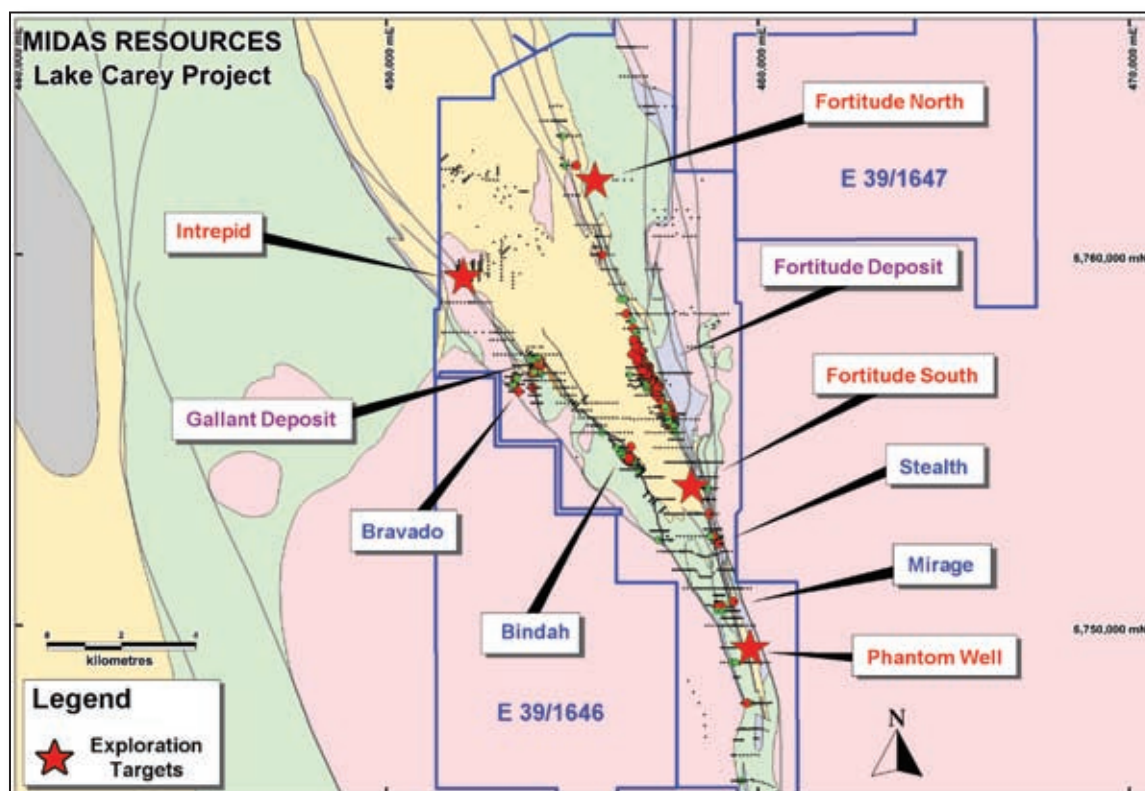


Figure 11. Exploration Targets and Midas Tenements

Intrepid (E39/348)

The Intrepid prospect covers an area of widespread gold anomalism on the Bindah Shear Zone in the northwest part of Midas' Lake Carey project. The Bindah shear is a target for base metals and gold mineralisation, and it contains Midas' Gallant gold Resource, as well as high-grade gold mineralisation at the Bindah open pit which was operated by WMC in the 1980's.

A program of aircore drilling was completed over the Bindah Shear zone south of Intrepid. Two east-west traverses were drilled 230m apart. The traverses were situated on the southern side of Lake Carey to the south of the Intrepid prospect. The objective was to identify the prospective contact between granite to the west and the Lake Carey intermediate volcanic package to the east. The Bindah Shear is interpreted to follow this lithological contact.

Seventeen aircore holes for a total of 1,532m were drilled at 50m intervals to blade refusal on a -60 degree west dip. Results greater than 100ppb Au are tabulated below:

Mineralised shears were located on both drill lines, with highly anomalous intersections in four drill holes within the Bindah shear zone. Results exceeding 100ppb Au are considered highly anomalous. Copper and zinc anomalies also occur in the shear zone in the vicinity of the gold mineralisation.

The recent aircore drilling demonstrates that the Bindah shear zone is well-developed in this area and carries gold mineralisation over significant strike length.

Systematic reconnaissance aircore drilling is required to adequately test the extent of the shearing and mineralisation in this area between the recent drill lines and the Gallant gold deposit located 2.5km to the south.

Managing Director's Review of Exploration Activities

Table 3. Aircore drill hole coordinates:

HoleID	MGA East	MGA North	RL	Max Depth	Dip	Mag Azimuth	Date
INAC143	452192	6759344	406	85	-60	248.5	15/10/2011
INAC144	452041	6759288	399	77	-60	248.5	15/10/2011
INAC145	451938	6759252	403	71	-60	248.0	15/10/2011
INAC146	452285	6759387	406	115	-60	270.0	15/10/2011
INAC147	452138	6759332	404	92	-60	249.5	15/10/2011
INAC148	452238	6759365	402	89	-60	248.0	15/10/2011
INAC149	452387	6759387	403	110	-60	270.0	16/10/2011
INAC150	452260	6759381	404	95	-60	260.0	16/10/2011
INAC151	452340	6759385	409	97	-60	270.0	16/10/2011
INAC152	452441	6759384	406	87	-60	270.0	16/10/2011
INAC153	452485	6759390	406	98	-60	270.0	16/10/2011
INAC154	452681	6759162	399	78	-60	272.0	16/10/2011
INAC155	452586	6759163	402	96	-60	270.0	17/10/2011
INAC156	452478	6759160	406	102	-60	270.0	17/10/2011
INAC157	452536	6759158	403	83	-60	270.0	17/10/2011
INAC158	452633	6759168	405	72	-60	270.0	17/10/2011
INAC159	452726	6759164	402	85	-60	270.0	17/10/2011
TOTAL				1532			

Table 4. Aircore drill intercepts greater than 0.1g/t (100ppm) gold:

Hole ID	MGA East	MGA North	RL	From	To	Interval	Au ppm	Cu ppm	Zn ppm
INAC143	452192	6759344	406	84.00	85.00	1.00	0.25	48	105
INAC146	452285	6759387	406	60.00	64.00	4.00	0.209	120	35
INAC146	452285	6759387	406	64.00	68.00	4.00	0.124	86	29
INAC146	452285	6759387	406	88.00	92.00	4.00	0.119	43	259
INAC146	452285	6759387	406	96.00	100.00	4.00	0.247	81	196
INAC146	452285	6759387	406	108.00	112.00	4.00	0.322	171	97
INAC146	452285	6759387	406	112.00	115.00	3.00	0.373	137	91
INAC151	452340	6759385	409	76.00	80.00	4.00	0.197	238	242
INAC151	452340	6759385	409	84.00	88.00	4.00	0.155	93	236
INAC151	452340	6759385	409	88.00	92.00	4.00	0.129	33	113
INAC156	452478	6759160	406	100.00	102.00	2.00	0.565	N/A	N/A

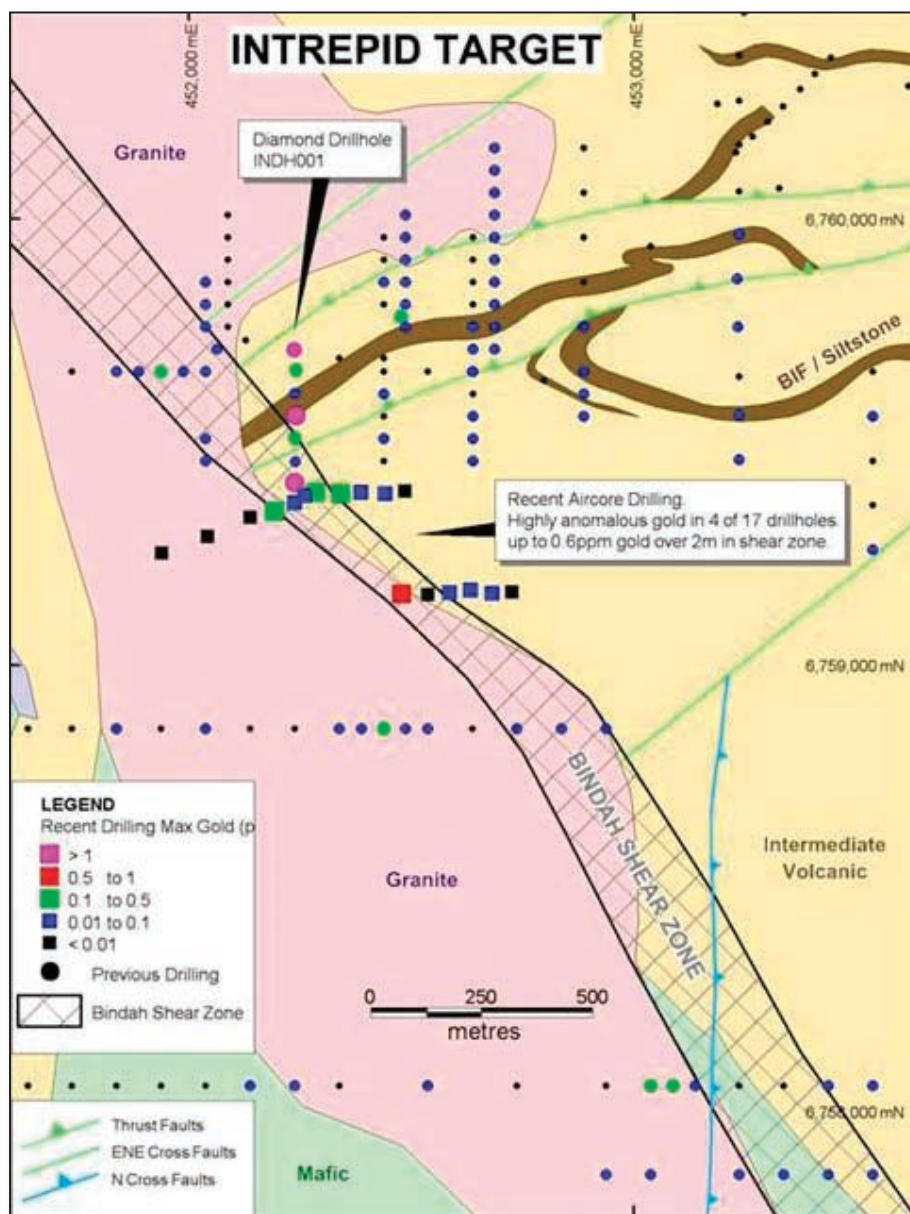


Figure 12. Map of 2011 aircore drilling south of Intrepid prospect

Other Targets (E39/1287, M39/1, M39/198, M39/286, P39/4471, P39/4644, P39/4645, E39/1286)

The Company consistently reviews and ranks the exploration targets at Lake Carey for drill follow-up. Additional drilling is planned and will be carried out in these tenements, as justified by results.

PHANTOM WELL PROJECT - Western Australia (E39/1288) (Midas 100%, Barranco Pty Ltd has the right to earn back to a 15% interest)

The Phantom Well tenement (E39/1288) is located immediately south of the Lake Carey Project in the Laverton Tectonic Zone. The project contains prospective structural targets in an area where the Fortitude and Bindah Shears converge.

Field activities included acquisition of existing geophysical datasets followed by review of the geology of the Stealth and Mirage prospects. Further drilling will be carried out as justified by the ongoing evaluations.

Managing Director's Review of Exploration Activities

LEONORA TENEMENTS

The Leonora tenements (fig. 13) comprise the Sunset Well project including the Prospero gold Resource, the Leonora South tenements and the Cazador Joint Venture (terminated 14 August, 2012).

The Sunset Well project comprises Mining Lease M37/1297 (replacing Prospecting Licences P37/6901 to P37/6907 inclusive) at Sunset Well.

The Leonora South project is situated between Leonora and Kookynie, and it consists of granted Exploration Licences E40/294 and E40/295, and Prospecting Licence P40/1282.

The now terminated Cazador Joint Venture comprised tenements E40/284 and E40/288 which adjoin Midas' Leonora South tenement package. Midas has a 100% interest in all tenements except the Cazador tenements.

The Company believes that the structural corridor between Kookynie and Leonora is highly prospective, as evidenced by the large number of historic gold prospects in this corridor. The coincidence of favourable geology and structure along with a high frequency of gold occurrences are all positive indicators of the potential for discovering more gold deposits in the area. The Company has carried out rock chip sampling, soil sampling, auger drilling and RC drilling in order to test various targets.

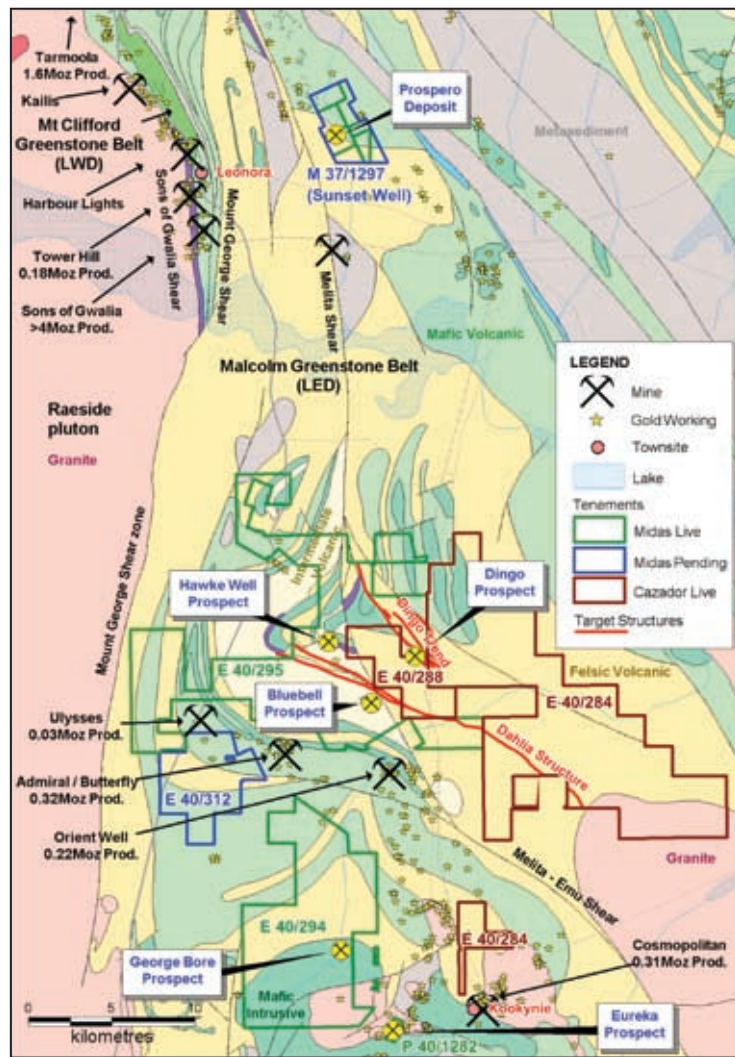


Figure 13. Leonora Project Tenements and Cazador JV Tenements

Managing Director's Review of Exploration Activities

MIDAS TENEMENTS

Rock chip sampling

Rock chip sampling has returned strongly anomalous gold results from historic gold workings and various outcrops associated with the regional Melita Shear Zone. Particularly in the vicinity of cross-cutting local shears and faults such as the Dahlia structure. Alluvial cover conceals these key structures over significant parts of the tenements. These covered areas contain significant exploration potential and have been the focus of a regional geochemical exploration program.

Table 5. Rock chip sample results greater than 0.1ppm Au:

Sample Coordinates		Tenement	Prospect	Sample ID	Au g/t	Au repeat g/t
East	North					
345985	6756838	E40/294		P0148	0.202	
347497	6771845	E40/295	Bluebell	J52735	0.93	0.885
347433	6771847	E40/295	Bluebell	J52736	6.05	5.51
347380	6771873	E40/295	Bluebell	J52737	2.46	2.56
347042	6771719	E40/295	Sunbeam	J52738	4.5	3.98
347030	6771733	E40/295	Sunbeam	J52739	19.45	21.675
346997	6771750	E40/295	Sunbeam	J52740	1.215	1.25
346916	6771791	E40/295	Sunbeam	J52741	3.015	2.85
346262	6777498	E40/295	Marvellette	J52928	6.01	5.3
346278	6773429	E40/295	Marvellette	J52929	0.924	
346335	6773372	E40/295	Marvellette	J52930	2.48	2.55
346656	6773354	E40/295	Marvellette	J52931	12.1	13.25
346593	6773364	E40/295	Marvellette	J52932	3.32	3.25
346538	6773372	E40/295	Marvellette	J52933	14.2	11.69
346495	6773377	E40/295	Marvellette	J52934	0.13	
346423	6773382	E40/295	Marvellette	J52935	13.89	12
347161	6772904	E40/295	Dahlia	J52936	1.575	1.42
347085	6772949	E40/295	Dahlia	J52937	26.25	26.785
347099	6772944	E40/295	Dahlia	J52938	4.57	4.89
347140	6772929	E40/295	Dahlia	J52939	2.43	2.1
346905	6773148	E40/295	Dahlia	J52940	0.37	
346107	6776894	E40/295	Hawk North	J52943	10.6	13.5
348092	6781878	E40/295	Princess Melita	J52951	24.55	24.3
348079	6781825	E40/295	Princess Melita	J52952	0.81	
347978	6780262	E40/295	Princess Melita	J52953	0.325	
347892	6780217	E40/295	Princess Melita	J52955	12.36	11.5
346085	6776866	E40/295	Melita_Shear	MB04659	0.151	0.124
346029	6776681	E40/295	Melita_Shear	MB04661	0.29	0.305
346255	6771927	E40/295	Sunbeam_W	MB04669	1.55	1.67
348813	6751821	P40/1282	Eureka	MB05675	0.197	0.185

Managing Director's Review of Exploration Activities

Geochemical Sampling

Geochemical sampling program was commenced over selected parts of Midas tenements E40/294 and E40/295. The objective was to determine if surface sampling techniques and partial digest analyses are capable of detecting primary gold mineralisation through residual to transported cover. The results are currently being assessed and will be used as the basis for planning future geochemical exploration in this area.

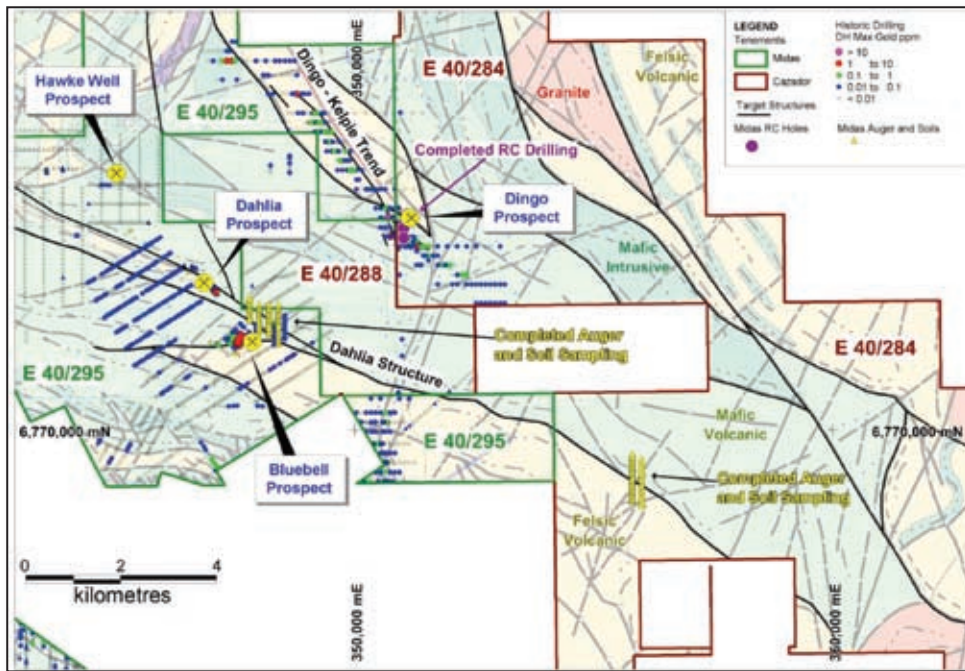


Figure 14. Midas E 40/295 and Cazador E 40/284 and E 40/288 showing soil/ auger (yellow triangles) and RC drill program (purple circles)

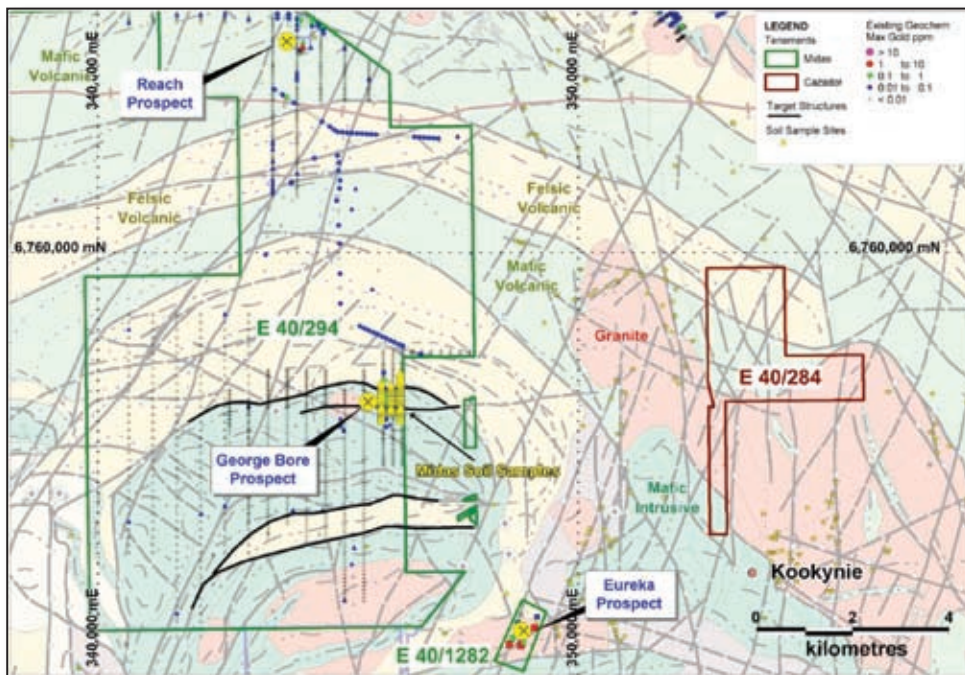


Figure 15. Midas E 40/294 with soil sample program marked in yellow triangles

Managing Director's Review of Exploration Activities

As part of the geochemical program, three soil orientation survey lines were run north-south across the George Bore prospect on Midas' E 40/294. Sample spacing varied from 25m to 50m along the lines. Historic RAB and auger sampling had shown a gold anomaly in 5m to 20m deep lateritic colluvium overlying a relict laterite profile in this area. The Midas soil assays have defined a gold anomaly that decreases in tenor as the cover deepens to the east. Auger drilling was not carried out because archaeological clearance for ground disturbance had not yet been received from DIA. Clearance is currently pending.

The initial geochemical sampling work done by Midas has defined gold anomalies at George Bore and at the Dahlia Prospect that justify follow-up including extended soil sampling and RAB or auger drilling.

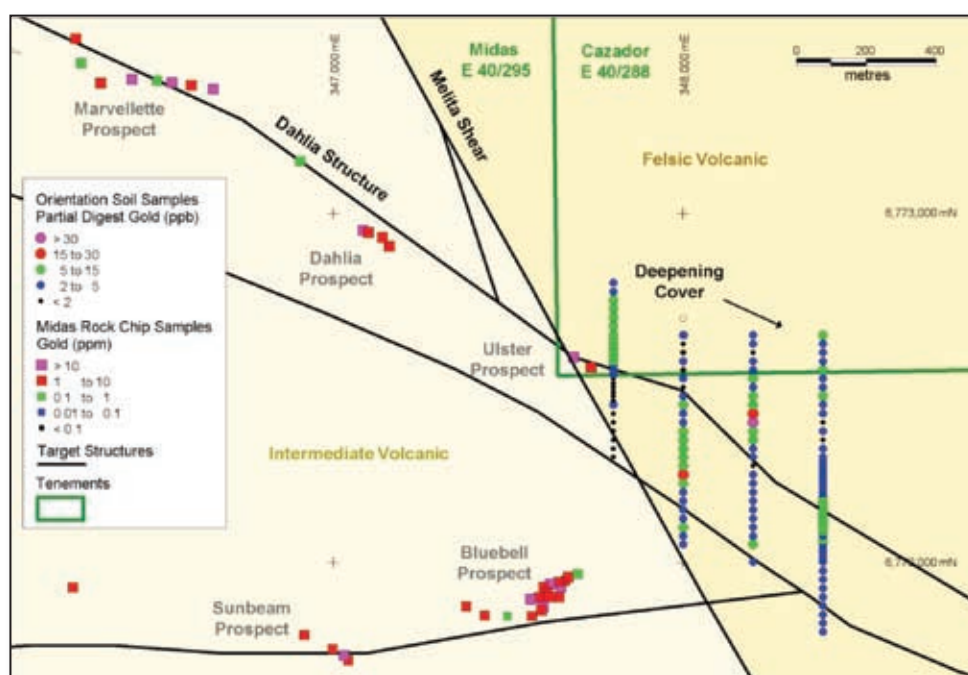


Figure 16. Rock chip and soil results in Dahlia Prospect area

CAZADOR JOINT VENTURE

E40/284 and E40/288 (Midas right to earn up to 75%)

A farm-in and Joint Venture agreement was executed between Cazador Resources Limited and Midas concerning granted Cazador tenements E 40/284 and E 40/288, which are contiguous with the Midas tenements.

Under the terms of the agreement signed on 12 April 2011 ("Commencement Date"), Midas could acquire a 75% interest in the tenements by spending at least \$500,000 on exploration within three years of the Commencement Date. Midas' minimum obligation was to maintain the tenements in good standing by meeting annual Form 5 expenditure requirements, and to spend a minimum of \$100,000 on exploration in the first year.

Following an initial round of RC drilling at the Dingo Well prospect it was decided to withdraw from the Joint Venture effective on the 14th August 2012.

Managing Director's Review of Exploration Activities

Cazador RC Drilling program

A program of RC drilling was completed on a gold target in the Dingo Well area in Cazador tenement E40/284. The objective was to test for primary gold mineralisation in the Dingo Well Shear Zone below previous drilling that intersected strongly anomalous gold values in the supergene zone associated with quartz veining. The program comprised two RC holes, DKRC001 and DKRC002, to maximum depths of 134m and 175m respectively.

The two RC holes did confirm the presence of a wide shear zone with steep to vertical shears containing quartz and sulphide veining beneath known supergene mineralisation, but the drill holes did not intersect significant gold mineralisation in the primary zone.

Table 5. Drill hole collar details

HOLE_ID	MAX DEPTH	EAST (MGA)	NORTH (MGA)	RL (m)	DIP	AZIMUTH
DKRC001	134.00	351017	6774017	395	-60	270
DKRC002	175.00	351004	6774256	407	-60	270

Table 6. Results at an 0.5 g/t Au cut-off grade

HOLE_ID	FROM (m)	TO (m)	Interval	Au g/t
DKRC001	40	44	4	1.38
DKRC002				No Significant Result

Note: No information is available concerning the true width of the mineralisation reported here.

Sunset Well M 37/1297 (Midas 100%)

Mining Lease M 37/1297 was granted on 20/08/2012, replacing tenements P37/6901 to P37/6907.

The Prospero deposit is located within a sequence of strongly deformed felsic to mafic volcanics. A Mineral Resource estimate was prepared by Runge Limited in 2011. The estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). Therefore it is suitable for public reporting. The Runge Inferred Mineral Resource estimate is presented in Table 7:

Table 7. Prospero June 2011 Inferred Mineral Resource Estimate (1.0g/t Au cut-off grade)

Zone Type	Tonnes t	Au Uncut g/t	Au Ounces
Oxide	609,000	1.40	27,900
Transitional	287,000	1.40	13,300
Fresh	200,000	1.40	9,000
Total	1,096,000	1.40	50,100

Managing Director's Review of Exploration Activities

Mulga Minerals Pty Ltd (100% Midas)

The Company further rationalised its iron ore tenements with the relinquishment of Yandicoogina tenements E47/1901 and E47/1958. This has allowed the Company to focus on the West Pilbara and Marandoo tenements which are perceived to have the best exploration and near-term development potential.

The tenement package consists of three tenements which are shown in Table 8.

Table 8. Iron Ore tenements:

Project	Tenement	Status	Area (km ²)
Marandoo	E47/1885	Granted	6
West Pilbara	E47/1893	Granted	49.2
	E08/1997	Granted	44.3
Total			99.5

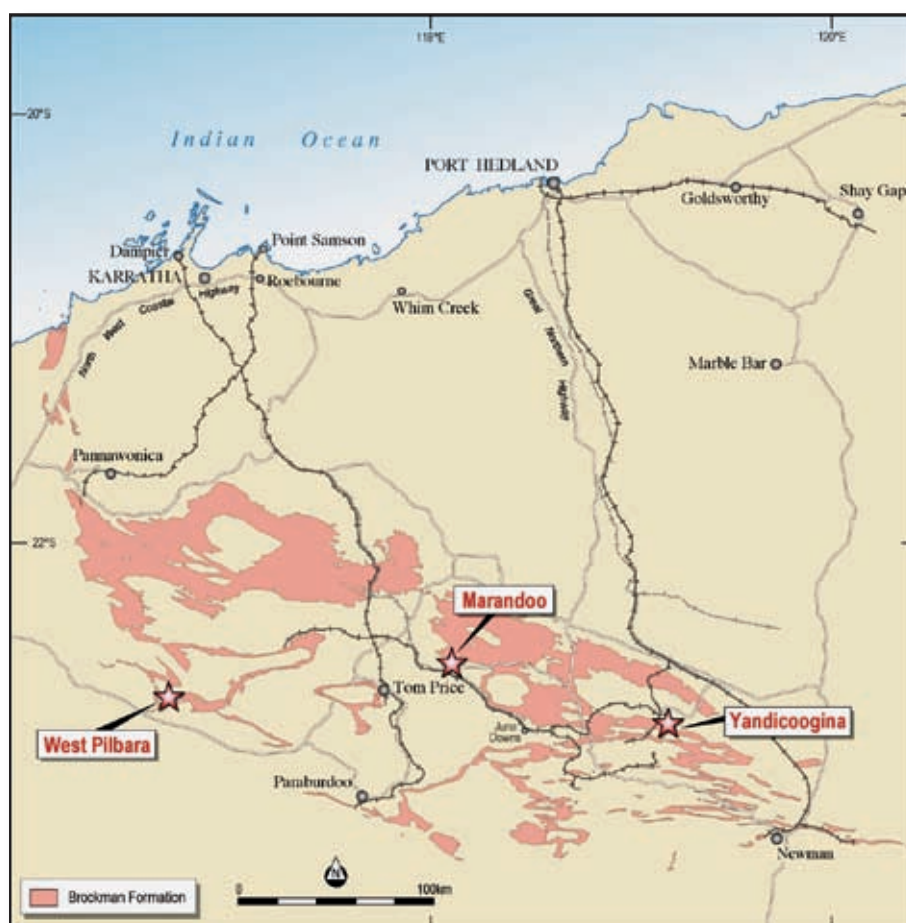


Figure 17. Iron Ore Project Locations

Managing Director's Review of Exploration Activities

West Pilbara Project - Iron Ore Resource

On 26 July, 2010 the Company released a JORC compliant Iron Ore Resource estimate at a 50% Fe cut-off grade which is reported in Table 9 below:

Table 9. Mineral Resource Estimate at 50% Fe Cut-off Grade:

Category	Tonnes	Fe%	P%	SiO2%	Al2O3%	LOI%
Indicated	11,500,000	53.1	0.042	7.75	5.57	9.86

During 2011 the Company carried out evaluation of various metallurgical beneficiation processes suitable for the West Pilbara CID material. The scope and cost of a metallurgical testwork program was established based on desk-top studies but it was decided not to proceed with a testwork program pending the results of efforts to acquire additional resources. Work focused on a possible consolidation of similar CID resources in the area with the objective of achieving a "critical mass" that would justify the negotiation of access to rail and port infrastructure.

Talks were held with a number of companies before it was decided to vend Mulga Minerals Pty Ltd into the IPO of Pilbara Commodities Limited (Pilbara). A conditional Sale Agreement was executed on June 30, 2012. The Agreement provides for:

- \$200,000 in cash on execution of the Share Sale Agreement (paid)
- \$400,000 in cash on admission of Pilbara Commodities to the Official List of the ASX.
- 4.0 million fully paid 20 cent shares in Pilbara Commodities, and
- 4.0 million 20 cent options expiring 30/6/2017

The Settlement Date for the sale is no later than 30 September unless the parties agree to extend the Settlement Date. At the date of this report the parties are currently discussing terms for an extension to the Settlement Date.

Competent Persons Statement

The information within this report as it relates to Exploration Results, Mineral Resources and Geology was compiled by Mr Geoff Balfe who is a member of the Australasian Institute of Mining and Metallurgy. Mr Balfe is a full time employee of the Company. Mr. Balfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results and Mineral Resources'. Mr Balfe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cautionary Statement

References to Exploration Targets and Potential are conceptual in the context of this report and it is uncertain if exploration will result in a Mineral Resource being defined in the tenements. There is no certainty that tenements applied for will eventually be granted to Midas Resources.

Tenement Schedule

As at September 30th 2012

Lake Carey Project

Western Australia - 100% Midas

Live Tenements

E39/348, E39/1286, E39/1287, E39/1646, E39/1647, M39/1, M39/198, M39/286, M39/709, M39/710, M39/1065, P39/4644 & P39/4645

Phantom Well

Western Australia - 100% Midas;

Barranco Pty Ltd has the right to earn back to a 15% interest.

Live Tenement

E39/1288

Sunset Well

Western Australia - Midas 100%

Live Tenements

M37/1297

Leonora District

Western Australia - 100% Midas

Live Tenements

E40/0294, E40/0295 and P40/1282

Paterson Province

Western Australia - Midas 100%

Live Tenements

E45/3467, E45/3468, E45/3768

Applications

E45/3895, E45/4091

Mulga Minerals

Western Australia - Midas 100% interest

(subject to conditional share sale agreement with Pilbara Commodities Ltd).

Live Tenements

E47/1885, E47/1893, E08/1997

Note: E, M and P are abbreviations for Exploration Licence, Mining Lease and Prospecting Licence respectively under the Western Australian Mining Act.

Directors' Report

The Directors present their report together with the financial report of Midas Resources Limited (“the Company”) and of the Group, being the Company and its subsidiaries, for the year ended 30 June 2012 and the auditor’s report thereon.

1. DIRECTORS

The Directors at any time during or since the end of the financial year are:

J Hopkins	Director since 1 June 2011
T Streeter	Director since 22 June 2001
G Balfe	Director since 10 August 2004

John Hopkins – Chairman (appointed Chairman from 1 July 2011)

LLB, FAICD

Mr. Hopkins is a graduate in law of the University of Western Australia and was admitted to practice as a barrister and solicitor for more than 35 years. During that time he was involved in a range of corporate, business and resource transactions for major national and international Corporations.

He is currently chairman of ASX listed tungsten and tin developer Wolf Minerals Ltd and was appointed chairman of ASX listed emerging coal producer Universal Coal Ltd in April 2012. He is a non executive director of base metals and uranium explorer Thundelarra Ltd.

He is a Fellow of the Australian Institute of Company Directors

Geoffrey (Geoff) D Balfe – Managing Director

B.App.Geol., MAIMM

Geoff is a qualified geologist with more than 35 years experience in Australia and overseas in the management and operation of major exploration and evaluation projects. Geoff’s extensive experience within Australia and overseas includes senior exploration management roles with MPI (10 years), ACM-Normandy (7 years) and AMAX (12 years), in addition to consultancy roles. His impressive track record includes direct involvement in the discovery and development of nickel ore bodies at Silver Swan and Forrestania in Australia, and of gold deposits in Turkey and Nevada (USA). He has also held previous board positions with an ASX listed company and in the subsidiaries of a number of resource companies, including MPI and ACM.

Terry Streeter – Non-Executive Director

Mr Terry Streeter is a Perth-based businessman and investor with long involvement in the exploration and mining industries.

He has been involved with the nickel sulphide industry since 1970 and provides the Board and shareholders with many years of experience in funding, listing and overseeing junior explorers in all exploration and economic cycles.

Directors' Report

2. DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
John Hopkins	Wolf Minerals Ltd	May 2010 – current
	Universal Coal Plc	October 2010 – current
	Thundelarra Exploration Ltd	September 2011 - current
	Hawkley Oil & Gas Ltd	December 2010 – January 2012
	Adamus Resources Ltd	Retired November 2010
	Dragon Mountain Gold Ltd	September 2008 – March 2010
Terry Streeter	Exoma Energy Ltd	Resigned March 2010
	Western Areas NL	December 1999 – current
	Fox Resources Limited	June 2005 – current
Geoff Balfe	Waratah Resources Limited	January 2012 - current
	None	

3. COMPANY SECRETARY

Mr Mark Pitts was appointed to the position of company secretary on 13 August 2010. Mr Pitts is a Chartered Accountant with over 25 years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a Partner in the corporate advisory firm Endeavour Corporate providing secretarial support, corporate and compliance advice to a number of ASX listed public companies.

4. DIRECTORS' MEETINGS

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company during their term in office in the financial year is as follows.

Director	Meetings held	Meetings attended
Mr J Hopkins	9	9
Mr T Streeter	9	9
Mr G Balfe	9	9

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the whole Board during regular Board meetings.

Directors' Report

5. REMUNERATION REPORT - AUDITED

5.1 Principles of compensation

Remuneration levels for key management personnel and other staff of the Group are competitively set to attract and retain appropriately qualified and experienced personnel. Staff remuneration is reviewed in January each year.

All non-executive Directors receive a fixed Directors' fee. Non-Executive Directors receive a fee of \$40,000 (plus superannuation benefits of 9%) per annum and the Non-Executive Chairman receives a fee of \$60,000 (plus superannuation benefits of 9%) per annum. The maximum aggregate amount of Directors' fees payable by the Company as approved by the shareholders at the 2011 annual general meeting is \$300,000. In November 2011, shareholders approved the grant of 1,000,000 incentive options to the Chairman. These options are not performance related but designed to provide an incentive to the Chairman to provide dedicated and ongoing commitment to the continued growth of the Company.

The Managing Director is employed on normal commercial terms by the Company. The level of remuneration and any incentive payments are reviewed annually. Currently the base cash component of remuneration is not dependent on the satisfaction of any performance condition.

In November 2006, shareholders approved the grant of 2,500,000 options to the Managing Director. Of these options, 1,500,000 are performance based with the options only being exercisable once the Company's share price reaches a prescribed level, which was not achieved prior to the options expiring in November 2011. In November 2010, shareholders approved the grant of 500,000 incentive options to the Managing Director.

Mr Balfe's employment has no fixed term and may be terminated by him or the Company with twelve weeks written notice. Mr Balfe is entitled to payment to the end of the notice period.

Mr Pitts is a Partner in the corporate advisory firm Endeavour Corporate providing secretarial support, corporate and compliance advice pursuant to a contract between Endeavour Corporate and the Company.

Other than the incentive and performance based options detailed above, there are no other items of contingent remuneration to Directors.

In December 2010, the Group introduced a share trading policy which sets out the circumstances in which directors, executives, employees and other designated persons may deal with securities held by them in the Company. This includes any shares or any other securities issued by the Company such as options. The policy includes restriction on key management personnel and other employees from entering into arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Directors have regard to the following indices in respect of the current financial year and the previous four financial years.

	2012	2011	2010	2009	2008
Loss attributable to owners of the company	(1,244,731)	(1,118,389)	(1,116,538)	(2,464,183)	(2,125,948)
Share price at year end	1c	3c	8c	2c	6c

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long term creation of shareholder wealth, the Board has regard for the stage of development of the Company's business and given consideration to the above financial indices outlined and other operational and business development achievements (including results of exploration activities) that are of future benefit to Company which are not reflected in the aforementioned financial measures.

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5.2 Directors' and senior executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the consolidated entity are:

		Primary		Post-employment		Equity Compensation		Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees \$	Non-Monetary benefits ⁽¹⁾ \$	Superannuation benefits \$	Options \$	Total \$			
Directors									
<i>Non-executive</i>									
Mr J Hopkins	2012	60,000	-	5,400	6,122	71,522	-	8.56%	
	2011	3,750	-	338	-	4,088	-	-	
Mr T Streeter	2012	39,996	-	3,600	-	43,596	-	-	
	2011	40,000	-	3,600	-	43,600	-	-	
Mr D Boyer (resigned 30 June 2011)	2012	-	-	-	-	-	-	-	
	2011	81,125	-	-	-	81,125	-	-	
<i>Executive</i>									
Mr G Balfie	2012	242,196	73,653	21,798	-	337,647	-	4.04%	
	2011	242,196	43,316	21,798	12,931	320,241	-	-	
Total, all specified Directors		2012	342,192	73,653	30,798	452,765	6,122		
	2011	367,071	43,316	25,736	12,931	449,054			
Executives									
Mr M Pitts (Company Secretary)	2012	72,000	-	-	-	72,000	-	-	
	2011	66,000	-	-	-	66,000	-	-	
Mr P MacLeod (resigned 13 Aug 2010)	2011	8,727	-	-	-	8,727	-	-	
Total key management personnel and Directors of the Company and Group		2012	414,192	73,653	30,798	524,765	6,122		
	2011	441,798	43,316	25,736	12,931	523,781			

⁽¹⁾ Non-monetary benefits comprise annual and long service leave entitlements as at balance date. The 2011 expense has been re-stated in accordance with 2012 measurement principle.

Directors' Report

5.3 Value of options to executives

The fair value of the options granted to executives as calculated at date of grant using Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the table above is the portion of the fair value of the options recognised in this reporting period. The inputs and assumptions used in the calculation of the fair value options granted to executives are disclosed in Note 22.

The value of options will only be realised if and when the market price of the Company shares, as quoted on the Australian Securities Exchange, rises above the Exercise Price of the options. Further details of the options are contained in the section Share Options below.

5.4 Options and rights over equity instruments granted as compensation

The terms of granted options:

Options	Grant Date	Expiry Date	Exercise price	Number of granted options	Number of vested options	Options vested during the year	Lapsed/ forfeited during the year	Fair value per option
<u>Incentive</u>								
Mr J Hopkins	15 Dec 2011	15 Dec 2014	\$0.02	1,000,000	1,000,000	1,000,000	-	\$0.006
Mr G Balfe	16 Dec 2010	15 Nov 2013	\$0.16	500,000	500,000	-	-	\$0.026
Mr G Balfe	29 Nov 2006	29 Nov 2011	\$0.10	1,000,000	1,000,000	-	1,000,000	\$0.068
Mr T Streeter	29 Nov 2006	29 Nov 2011	\$0.10	250,000	250,000	-	250,000	\$0.068
<u>Performance</u>								
Mr G Balfe	29 Nov 2006	29 Nov 2011	\$0.20	1,500,000	1,500,000	-	1,500,000	\$0.052

During the year, 1,000,000 options were granted to the Chairman (vesting immediately) and 400,000 options were granted to employees (150,000 with exercise price of \$0.02 vested immediately and 250,000 with exercise price of \$0.10 vest over a three year period with the first tranche vesting during the year).

1,250,000 director incentive and 1,500,000 director performance options expired on 29 November 2011.

Details on options that were granted as compensation to each key management person during the year are as follows:

Options	Grant Date	Expiry Date	Exercise price	Number of granted options	Options vested during the year	Fair value per option
Directors						
<i>Non-executive</i>						
Mr J Hopkins	15 Dec 2011	15 Dec 2014	\$0.02	1,000,000	1,000,000	\$0.006
Mr T Streeter	-	-	-	-	-	-
<i>Executive</i>						
Mr G Balfe	-	-	-	-	-	-
Executives						
Mr Mark Pitts	-	-	-	-	-	-

No options granted as compensation have been exercised during the year or to the date of this report.

The fair value for these options was calculated using the Black Scholes option pricing model. The inputs and assumptions used in the calculation of fair value of options are disclosed in Note 22.

Directors' Report

5.5 Analysis of options and rights over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to each director and executive are detailed in the table below:

	Number of granted options	Date granted	% vested in current year	% forfeited / lapsed in current year	Financial years in which grant vests
Directors					
<i>Non-executive</i>					
Mr J Hopkins	1,000,000	15 Dec 2011	100%	-	30 June 2012
<i>Executive</i>					
Mr G Balfe	500,000	16 Dec 2010	100%	-	30 June 2011

6. SHARE OPTIONS

Unissued shares under option

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

	Expiry Date	Exercise price	Number of shares
Director's Incentive Options	15 Dec 2014	\$0.02	1,000,000
Managing Director Incentive Options	15 Nov 2013	\$0.16	500,000
Employee Options (granted under Employee option scheme)	19 April 2013	\$0.16	200,000
	31 December 2013	\$0.10	600,000
	26 February 2015	\$0.02	150,000
	26 February 2015	\$0.10	250,000
Listed Options	30 November 2012	\$0.03	47,988,933
Total share options on issue			50,688,933

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

The Company has issued 137,360 (2011: 2,818,849) ordinary shares as a result of the exercise of listed options during the year; none of which were exercised by directors (2011: 2,813,293) (Refer Note 19 for details).

No shares have been issued since the year end to the date of this report as a result of the exercise of listed options.

Directors' Report

7. PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the financial year was mineral exploration in Australia.

8. RESULTS OF OPERATIONS

The Group has successfully established a significant tenement position in the Paterson Province where the Company is exploring for Nifty style copper deposits and IOCG copper-gold deposits. To-date three tenements have been granted in this region covering an area of 795km² with a further two applications in progress.

The Group is also committed to exploring its gold assets and building a gold business with a focus on a value-driven outcome for its advanced Lake Carey gold project in the Eastern Goldfields. Pit optimisation studies have been undertaken on the Lake Carey gold project with encouraging results. These studies have focused on the development of Fortitude as a satellite to an existing mining and treatment operation with toll treatment of Fortitude ore at a third party treatment plant. The Company is in discussions with several companies in the region concerning mining and treatment of the Fortitude gold deposit.

The Company entered into a conditional share sale agreement for the sale of Mulga Minerals Pty Ltd, which is the Group entity which holds the iron ore assets. The agreement was executed on 30 June 2012, and there are a number of conditions precedent to be met prior to settlement.

The Company successfully completed a rights issue during the year which raised \$3,120,098 upon the issue of 173,306,077 ordinary shares. Other issues were limited to exercise of listed options as detailed in section 6 above.

The Group made a loss for the period of \$1,244,731 (2011: \$1,118,389). Included in this amount are project evaluation and generation expenses of \$154,195 (2011: \$215,516) relating to tenements prior to grant; and \$178,233 (2011: \$24,920) impairment of exploration and evaluation expenditure previously capitalised.

9. DIVIDENDS

No dividends were paid or declared by the Company during the financial year.

10. EVENTS SUBSEQUENT TO BALANCE DATE

The following occurred subsequent to the year end:

- The Company received \$200,000 on satisfaction of the first condition precedent in the Share Sale Agreement of Mulga Minerals Pty Ltd (refer note 13).
- The Company has entered into loan agreements with two Director related entities, in which they will provide funding of up to \$300,000 to fund a drilling program in October. These loans have been obtained as unsecured debt at commercial rates, which may be converted to equity at 1.0 cent per share at either party's discretion.
- The Company withdrew from the Cazador Joint Venture effective 14 August 2012.

Other than the above, there has not been any matter or circumstance that has arisen after balance 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 periods.

11. LIKELY DEVELOPMENTS

The Company will continue planning and executing exploration and development work on its existing projects in Australia as well as projects under review in Australia and possibly other countries during the financial year.

Directors' Report

12. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options of the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Options over ordinary shares			
	Ordinary shares	Exercisable at \$0.03 Expiring 30/11/12	Exercisable at \$0.16 Expiring 15/11/13	Exercisable at \$0.02 Expiring 15/12/14
Mr J Hopkins	3,533,334	-	-	1,000,000
Mr T Streeter	99,178,360	9,556,690	-	-
Mr G Balfe	14,366,592	6,741,200	500,000	-

13. ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

14. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report and are also available on the Company's website at www.midasresources.com.au.

15. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future Directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

Directors' Report

16. NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, did not perform any other services in addition to their statutory duties.

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 33 and forms part of the Directors' report for the financial year ended 30 June 2012.

18. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors, other than that disclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

This report is made with a resolution of the Directors:



G Balfe
Director

Perth
28 September 2012

Auditor Independence Statement



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Midas Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'David Sinclair'.

David Sinclair
Partner

Perth

28 September 2012

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Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

	Note	Consolidated	
		30 June 2012 \$	30 June 2011 \$
Current Assets			
Cash and cash equivalents	10(a)	823,603	649,339
Deposits	10(b)	15,000	30,000
Trade and other receivables	11	28,273	49,164
Other investments	12	147,579	294,829
Assets held for sale	13	890,837	-
Total current assets		<u>1,905,292</u>	<u>1,023,332</u>
Non current assets			
Receivables		2	2
Plant & equipment	14	55,498	78,599
Exploration and evaluation expenditure	15	11,047,750	10,979,743
Total non current assets		<u>11,103,250</u>	<u>11,058,344</u>
Total assets		<u>13,008,542</u>	<u>12,081,676</u>
Current liabilities			
Trade and other payables	16	126,738	158,626
Interest bearing loans and borrowings	17	-	536,090
Provisions	18	165,918	133,777
Total current liabilities		<u>292,656</u>	<u>828,493</u>
Total liabilities		<u>292,656</u>	<u>828,493</u>
Net assets		<u>12,715,886</u>	<u>11,253,183</u>
Equity			
Share capital	19	27,320,123	24,473,521
Reserves	20	209,476	528,644
Accumulated losses		(14,813,713)	(13,748,982)
Total equity attributable to equity holders of the Company		<u>12,715,886</u>	<u>11,253,183</u>
Non-controlling interest		-	-
Total equity		<u>12,715,886</u>	<u>11,253,183</u>

The statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		30 June 2012	30 June 2011
		\$	\$
Continuing operations			
Other income		3,845	36,023
Marketing expenses		(42,872)	(53,769)
Exploration expenditure written off	4	(136,440)	(24,920)
Administrative expenses		(765,777)	(733,004)
Project evaluation and generation expenses		(154,195)	(215,516)
Occupancy expenses		(122,331)	(119,778)
Depreciation	4	(24,778)	(15,514)
Result from operating activities		<u>(1,242,548)</u>	<u>(1,126,478)</u>
Financial income		53,661	46,306
Financial expenses		(13,279)	(38,217)
Net financing income / (expense)	5	<u>40,382</u>	<u>8,089</u>
Loss before income tax		(1,202,166)	(1,118,389)
Income tax benefit	8	-	-
Net loss for the year from continuing operations		<u>(1,202,166)</u>	<u>(1,118,389)</u>
Discontinued operations			
Loss from discontinued operation (net of tax)	7	(42,565)	-
Loss for the year		<u>(1,244,731)</u>	<u>(1,118,389)</u>
Other comprehensive income			
Net change in fair value of available for sale assets		(147,250)	173,050
Total Comprehensive loss for the year		<u>(1,391,981)</u>	<u>(945,339)</u>
Loss for the year attributable to:			
Owners of the Company		(1,244,731)	(1,118,389)
Non-controlling interest		-	-
		<u>(1,244,731)</u>	<u>(1,118,389)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(1,391,981)	(945,339)
Non-controlling interest		-	-
		<u>(1,391,981)</u>	<u>(945,339)</u>
Loss per share:			
Basic and diluted loss per share	9(a)	(0.28) cents	(0.36) cents

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Share capital	Share based payment reserve	Fair value reserve	Accumulated losses	Non-controlling interest	Total
Consolidated – 30 June 2011						
Balance at 1 July 2010	22,960,075	482,731	69,981	(12,843,042)	-	10,669,745
Total comprehensive loss for the period						
Loss for the year	-	-	-	(1,118,389)	-	(1,118,389)
Net change in fair value of available-for-sale financial assets	-	-	173,050	-	-	173,050
Total comprehensive loss for the period	-	-	173,050	(1,118,389)	-	(945,339)
Shares issued for cash	1,443,750	-	-	-	-	1,443,750
Shares issued on conversion of options	84,565	-	-	-	-	84,565
Share issue costs	(14,869)	-	-	-	-	(14,869)
Share based payments	-	15,331	-	-	-	15,331
Options lapsed during the period	-	(212,449)	-	212,449	-	-
Balance at 30 June 2011	24,473,521	285,613	243,031	(13,748,982)	-	11,253,183

The statements of changes in equity are to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Share capital	Share based payment reserve	Fair value reserve	Accumulated losses	Non-controlling interest	Total
Consolidated – 30 June 2012						
Balance at 1 July 2011	24,473,521	285,613	243,031	(13,748,982)	-	11,253,183
Total comprehensive loss for the period						
Loss for the year	-	-	-	(1,244,731)	-	(1,244,731)
Net change in fair value of available-for-sale financial assets	-	-	(147,250)	-	-	(147,250)
Total comprehensive loss for the period	-	-	(147,250)	(1,244,731)	-	(1,391,981)
Shares issued for cash	3,120,098	-	-	-	-	3,120,098
Shares issued on conversion of options	4,121	-	-	-	-	4,121
Share issue costs	(277,617)	-	-	-	-	(277,617)
Share based payments	-	8,082	-	-	-	8,082
Options lapsed during the period	-	(180,000)	-	180,000	-	-
Balance at 30 June 2012	27,320,123	113,695	95,781	(14,813,713)	-	12,715,886

The statements of changes in equity are to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		30 June 2012 \$	30 June 2011 \$
Cash flows from operating activities			
Cash receipts from tenants		3,845	33,671
Cash paid to suppliers and employees		(891,126)	(854,193)
Payments for evaluation of new projects		(165,595)	(183,016)
Interest received		53,661	46,306
Interest paid		(49,369)	-
Net cash used in operating activities	25	<u>(1,048,584)</u>	<u>(957,232)</u>
Cash flows from investing activities			
Exploration expenditure		(1,137,077)	(759,137)
Acquisition of plant and equipment		(1,677)	(82,988)
Net cash used in investing activities		<u>(1,138,754)</u>	<u>(842,125)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		3,120,098	1,443,750
Proceeds from exercise of share options		4,121	84,565
Costs of capital raising		(277,617)	(14,869)
Proceeds from borrowings		-	500,000
Repayment of borrowings		(500,000)	-
Net cash from financing activities		<u>2,346,602</u>	<u>2,013,446</u>
Net increase in cash and cash equivalents		159,264	214,089
Cash and cash equivalents at 1 July		<u>679,339</u>	<u>465,250</u>
Cash and cash equivalents at 30 June	10	<u><u>838,603</u></u>	<u><u>679,339</u></u>

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Midas Resources Limited (the "Company") is a company domiciled in Australia. The Company's registered office is Level 1, 282 Rokeby Road, Subiaco WA. The consolidated financial statements of the Company for the financial year ended 30 June 2012 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the exploration and extraction of mineral resources.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue by the Directors on 28 September 2012.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except that available for sale financial assets are stated at their fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the functional and presentation currency of the Company and its subsidiaries.

(d) Use of estimates and judgements

Set out below is information about:

- critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgements

(i) Going concern

A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgement has been required in assessing whether the Group is a going concern as set out in note 2(f).

Estimates and assumptions

(ii) Ore Reserves

Economically recoverable reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2004 edition (the JORC Code). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economical factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

(iii) Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer note 3(o)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves (refer note 2(d)(ii)), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of on ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(o), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 3(f). The carrying amounts of exploration and evaluation assets are set out in note 15.

(iv) Impairment of assets

The recoverable amount of each non-financial asset is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policy note 3(f). Determination of the recoverable amount of an asset based on a discounted cash flow model, requires the use of estimates and assumptions, including: the appropriate rate at which to discount the cash flows, the timing of the cash flow and the expected life of the relevant area of interest, exchange rates, commodity prices, ore reserves, future capital requirements and future operation performance. Changes in these estimates and assumptions impact the recoverable amount of the asset, and accordingly could result in an adjustment to the carrying amount of that asset.

(v) Recognition of tax losses

In accordance with the Group's accounting policies for deferred taxes (refer note 3(k)), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise these losses. Determination of future taxable profits requires estimates and assumptions as to future events, circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves (refer note 2(d)(ii)), exchange rates, future capital requirements, future operation performance and timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

(e) Adoption of new and revised standards

New standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements, except for AASB9 *Financial Instruments*, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Groups has not opted to adopt this standard early and the extent of the impact of its application has not been determined.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION (continued)

(f) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2012, the Group has incurred a consolidated loss of \$1,244,731 and experienced net operating cash outflows of \$1,048,584 and net investing cash outflows of \$1,138,754. As at 30 June 2012 the Group had \$838,603 in cash and cash equivalents and net current assets of \$1,612,636.

The Company is focused on advancing its exploration and mining tenements in the Lake Carey (South Laverton) and Paterson Province (East Pilbara) regions in Western Australia and on moving its Fortitude Project at Lake Cary to development and the expectation is that further drill programs and pre-feasibility work will continue to enhance project values. Forecast expenditure for the coming twelve months is based on meeting these exploration and development goals.

The Company must raise additional funds to meet its ongoing obligations and subject to the results of its ongoing exploration activities, expand or accelerate its work programs. The Company's capacity to raise additional funds via equity issues will be impacted by the success of ongoing exploration activities. In this instance, the Company would consider securing additional funds through a capital raising via preferential issues to existing shareholders (pro rata offers and/or share purchase plans), placements to new and existing investors or through the realisation of assets.

As disclosed in Note 29, subsequent to year-end, the Company has obtained funding commitments from two Director related entities of up to \$300,000 to fund a drilling program in October 2012. These loans have been obtained as unsecured debt at commercial rates, which may be converted to equity at 1.0 cent per share.

If sufficient funding is not raised, there is capacity to reduce the Company's ongoing costs and commitments significantly. If necessary, non-core projects can be sold or farmed-out as required, to enable ongoing commitments to be met. The Company retains a 100% interest in all of its projects so there is considerable flexibility to spread risk and minimise financial commitments through third party equity participation in projects going forward.

The Directors have reviewed the Group's and Company's overall position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. Should the Company be unsuccessful in raising equity, there is material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and the amounts stated in the financial report.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in notes 2(e), which address changes in accounting policies.

Prior year comparatives have been reclassified where necessary to conform with current year presentation.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) *Joint ventures*

Joint ventures are those entities over whose activities the Company and Group have joint control, established by contractual agreement. The interest of the Company and Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) *Transactions eliminated on consolidation*

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(iv) *Non-controlling interests*

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Midas Resources Limited. When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) *Non-controlling interests (continued)*

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(v) *Business combinations*

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(c) Plant & equipment

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(f)).

Depreciation is charged to the income statement on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative periods are as follows:

- (i) plant and equipment 3 to 4 years

The residual value, if significant, is reassessed annually.

(d) Financial instruments

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets unless management intends to hold the investment for greater than twelve months from the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on quoted bid prices at reporting date.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in equity.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see accounting policy 3(k)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Share capital

Ordinary shares

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(i) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share based payment transactions

The share option programme allows Company and Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(j) Finance income and expenses

Net financing income

Net financing income comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and realised foreign exchange gains and losses. Interest income is recognised in the income statement as it accrues, using the effective interest method.

(k) Income tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision has been made for the present value of the estimated environmental clean up obligations outstanding at the balance sheet date.

(m) 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.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the Group has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- a) The rights to tenure of the area of interest are current; and
- b) At least one of the following conditions is also met:
 - i. The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
 - ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of explorations and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration and evaluation expenditure (continued)

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercial viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

Where a potential impairment is indicated, an assessment is performed for each area of interest. The Group performs impairment testing in accordance with accounting policy 3(f).

(p) Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets or components of a disposal group, are remeasured in accordance with the Groups' accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying value amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets which continue to be measured in accordance with the Group's accounting policy. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(q) Discontinued operations

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale or distribution (see note 3(p)), if earlier.

4. RESULT FROM OPERATING ACTIVITIES

Net loss for the year before tax has been arrived at after the charging the following expenses:

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Depreciation of plant & equipment	24,778	15,514
Total employee costs		
Salary and wages	603,266	501,790
Contributions to defined contribution plans	53,995	40,920
Equity settled share based payment transactions	8,083	15,331
Leave entitlements	43,540	17,541
Other employment costs	6,414	33,755
Total employee costs	715,298	609,337
Less: amount capitalised to exploration and evaluation	(331,570)	(278,795)
Total employee costs in loss before tax	383,728	330,542
Impairment losses	136,440	24,920

Notes to the Consolidated Financial Statements

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
5. FINANCE INCOME AND FINANCE COSTS		
Recognised in loss for the year:		
Interest income	53,661	46,306
	<u>53,661</u>	<u>46,306</u>
Net foreign exchange loss	-	(2,127)
Interest expense	(13,279)	(36,090)
	<u>(13,279)</u>	<u>(38,217)</u>
Net financing income / (expense)	<u>40,382</u>	<u>8,089</u>
Recognised in other comprehensive income:		
Net change in fair value of available for sale financial assets	(147,250)	173,050
	<u>(147,250)</u>	<u>173,050</u>
6. AUDITORS' REMUNERATION		
Auditors of the Company:		
Audit services:		
KPMG:		
Audit and review of financial reports	40,340	37,616
	<u>40,340</u>	<u>37,616</u>
7. DISCONTINUED OPERATIONS		
On 30 June 2012, the Company entered into a conditional share sale agreement for the sale of all the shares held in Mulga Minerals Ltd, a wholly owned subsidiary which holds title to the Group's iron ore assets; a separately identified segment of the Group (refer note 13).		
Results of discontinued operation		
Revenue	-	-
Expenses	(772)	-
Impairment losses	(41,793)	-
Results from operating activities	<u>(42,565)</u>	-
Tax	-	-
Loss for the year	<u>(42,565)</u>	-
Basic and diluted loss per share	(0.01)	-
The loss from discontinued operation of \$42,565 is attributable entirely to the owners of the Company.		
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	(771)	-
Net cash from investing activities	(67,497)	-
Net cash from financing activities	-	-
Net cash flows for the year	<u>(68,268)</u>	-

Notes to the Consolidated Financial Statements

Consolidated
30 June 2012 **30 June 2011**
\$ **\$**

8. INCOME TAX

(a) Income tax benefit

Current tax	-	-
Deferred tax	-	-
Total income tax benefit	<u>-</u>	<u>-</u>

Numerical reconciliation of income tax benefit to pre-tax accounting loss:

Loss for year	(1,244,731)	(1,118,389)
Income tax benefit using the Company's domestic tax rate of 30% (2011: 30%)	(373,420)	(335,517)
Adjusted for:		
Non-deductible expenses	2,834	5,406
Change in temporary differences	(332,644)	(212,392)
Current year tax losses not recognised	703,230	542,503

Income tax benefit	<u>-</u>	<u>-</u>
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(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Temporary timing differences related to:

Investments	43,317	-
Property, plant and equipment	494	101
Accrued expenses and provisions	57,210	60,161
Capital raising costs	99,226	58,376
Income tax losses	4,019,498	3,603,063
	<u>4,219,745</u>	<u>3,721,701</u>

(c) Recognised deferred tax assets & liabilities

Temporary timing differences related to:

Investments	-	(858)
Exploration and evaluation expenditure	(3,488,982)	(3,201,329)
Income tax losses	3,488,982	3,202,187
	<u>-</u>	<u>-</u>

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 Group can utilise the benefits from.

(d) Movement of temporary differences recognised during the year ended 30 June 2012:

Consolidated	Balance 1 July 2011	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2012
Exploration and evaluations expenditure	(3,201,329)	(287,653)	-	-	(3,488,982)
Tax loss carry-forwards	3,201,329	287,653	-	-	3,488,982
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(e) Movement of temporary differences recognised during the year ended 30 June 2011:

Consolidated	Balance 1 July 2010	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2011
Investments	51,057	-	(51,915)	-	(858)
Exploration and evaluations expenditure	(3,004,618)	(196,711)	-	-	(3,201,329)
Tax loss carry-forwards	2,953,561	196,711	51,915	-	3,202,187
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements

9. EARNINGS PER SHARE

Consolidated
30 June 2012 30 June 2011
\$ \$

(a) Basic and dilutive loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.

Options disclosed in Note 19(b) are potential ordinary shares which are considered anti-dilutive, therefore diluted earnings per share are the same as basic earnings per share.

(0.28) cents (0.36) cents

(b) Weighted average number of shares used in calculation of basic and dilutive earnings per share

444,645,800 312,240,775

10. (a) CASH AND CASH EQUIVALENTS

Cash at bank and on hand

823,603 649,339

823,603 649,339

(b) DEPOSITS

Current

Bank short term deposits

15,000 30,000

15,000 30,000

The Group's exposure to interest rate risk and sensitivity analysis for Financial assets and financial liabilities are disclosed in Note 27.

11. TRADE AND OTHER RECEIVABLES

Current

GST receivable

17,140 14,272

Security deposit

10,781 10,781

Other receivables

352 24,111

28,273 49,164

Trade and other receivables are non-interest bearing.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 27.

12. OTHER INVESTMENTS

Current

Investments in other entities

 Listed shares available for sale

147,579 294,829

Subsequent to year end the investment in listed shares has decreased in value to \$94,145 at the date of signing this financial report.

The Group's exposure to equity price risk and sensitivity analysis in disclosed in Note 27.

Notes to the Consolidated Financial Statements

13. ASSETS HELD FOR SALE

On 30 June 2012, the Company entered into a conditional share sale agreement for the sale of all the shares held in Mulga Minerals Ltd, a wholly owned subsidiary which holds title to the Group's iron ore assets. At the date of this report not all of the sale conditions have been met and settlement may not occur on the settlement date of September 30. It is anticipated that the settlement date may be extended to allow for certain conditions to be met and the sale to be completed.

At 30 June 2012 the disposal group comprised the following assets and liabilities:

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Assets classified as held for sale		
Exploration and evaluation expenditure	890,837	-

Cumulative income or expense recognised in other comprehensive income

There are no cumulative income or expenses recognised in other comprehensive income relating to these assets held for sale.

14. PLANT & EQUIPMENT

Office equipment and fittings at cost	231,167	229,490
Accumulated depreciation	(175,669)	(150,891)
Net book value	<u>55,498</u>	<u>78,599</u>

Reconciliation of office equipment is as follows:

Opening carrying value	78,599	11,125
Additions	1,677	82,988
Depreciation	(24,778)	(15,514)
Closing carrying value	<u>55,498</u>	<u>78,599</u>

15. EXPLORATION AND EVALUATION EXPENDITURE

Balance at 1 July	10,979,743	10,324,040
Exploration and evaluation expenditure additions	1,137,077	680,623
Exploration and evaluation expenditure written off ⁽¹⁾	(178,233)	(24,920)
Exploration and evaluation assets reclassified as available for sale	(890,837)	-
Balance at 30 June	<u>11,047,750</u>	<u>10,979,743</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

⁽¹⁾ Expenditure written off was following the relinquishment of tenements.

16. TRADE AND OTHER PAYABLES

Trade creditors and accruals	<u>126,738</u>	<u>158,626</u>
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All trade and other payables are non-interest bearing and payable on normal commercial terms.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

17. INTEREST BEARING LOANS

Related party loan	<u>-</u>	<u>536,090</u>
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The above loan from Velsberry Pty Ltd - a related company to Non-executive director Mr Terry Streeter was repaid during the year, including interest of \$49,369. The loan was unsecured with interest accruing at the agreed rate of 8% per annum on a monthly basis.

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Notes to the Consolidated Financial Statements

18. PROVISIONS	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
<i>Provision for annual leave and long service leave</i>		
Balance at beginning of year	51,277	41,110
Provision for leave entitlements for the year	43,541	10,167
Balance at end of year	94,818	51,277
<i>Provision for rehabilitation</i>		
Balance at beginning of year	82,500	50,000
Provision for rehabilitation of mineral tenements	(11,400)	32,500
Balance at end of year	71,100	82,500
	165,918	133,777

Provision has been made for the present value of the estimated environmental clean up obligations outstanding at the balance sheet date.

19. ISSUED CAPITAL	30 June 2012		30 June 2011	
	No.		No.	
(a) Share capital				
<i>Ordinary shares</i>				
On issue at 1 July	324,948,892		284,136,788	
Issued for cash – rights issue at 1.8 cents per share	173,306,077		-	
Exercise of share options at 3 cents per share	137,360		2,818,849	
Issued for cash – share purchase plan at 3.8 cents per share	-		37,993,255	
On issue at 30 June – fully paid	498,392,329		324,948,892	

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

(b) Options outstanding over ordinary shares	30 June 2012		30 June 2011	
	No.		No.	
Listed options exercisable at \$0.03 each expiring on 30 November 2012	47,988,933		48,126,293	
Director's options exercisable at \$0.10 each expiring 29 November 2011	-		1,500,000	
Managing Director's performance options exercisable at \$0.20 expiring 29 November 2011	-		1,500,000	
Managing Director's incentive options exercisable at \$0.16 expiring 15 November 2013	500,000		500,000	
Director options exercisable at \$0.02 expiring 15 December 2014	1,000,000		-	
Employee options exercisable at \$0.16 expiring 19 April 2013 ⁽¹⁾	200,000		200,000	
Employee options exercisable at \$0.10 expiring 31 December 2013 ⁽¹⁾	600,000		600,000	
Employee options exercisable at \$0.020 expiring 26 February 2015 ⁽¹⁾	150,000		-	
Employee options exercisable at \$0.10 expiring 26 February 2015 ⁽¹⁾	250,000		-	
	50,688,933		52,426,293	

⁽¹⁾ Options granted pursuant to an Employee Option Plan

Notes to the Consolidated Financial Statements

19. ISSUED CAPITAL (continued)

All options granted for no consideration.

250,000 unlisted directors' options lapsed in accordance with terms and conditions of grant following the resignation of Mr. D Boyer on 30 June 2011.

2,750,000 directors' options expired on 29 November 2011 (2011:600,000 employee options).

1,000,000 unlisted options were granted to the Chairman of the Board and 400,000 unlisted options were granted to employees during the year.

No unlisted options were exercised during the period.

137,360 listed options (2011: 2,818,849) exercisable at 3 cents each and expiring 30 November 2012 were exercised during the year.

Options carry no voting rights until converted to fully paid ordinary shares.

Dividends

No dividends were paid or declared for the year (2011: NIL).

20. RESERVES

Share based payment reserve ⁽¹⁾

Balance at beginning of period

Employee share options issued

Employee share options lapsed / forfeited

Consolidated
30 June 2012 **30 June 2011**
\$ \$

285,613 482,731

8,082 15,331

(180,000) (212,449)

113,695 285,613

Fair value reserve ⁽²⁾

Balance at beginning of period

Net increase/(decrease) in the market value of listed shares available for sale

243,031 69,981

(147,250) 173,050

95,781 243,031

209,476 528,644

⁽¹⁾ The share based payment reserve is used to record the fair value of options issued to Directors and employees under various share based payment schemes.

⁽²⁾ The fair value reserve is used to record changes in the fair value of available for sale investments until the investments are derecognised or impaired.

21. COMMITMENTS

a) Operating Lease Commitments

Not later than 1 year

Later than 1 year but not later than 5 years

Consolidated		The Company	
30 June	30 June	30 June	30 June
2012	2011	2012	2011
\$	\$	\$	\$

33,127

121,319

33,127

121,319

60,734

92,083

60,734

92,083

The Company has an operating lease over a storage facility for a period of 4 years, with an option to renew for a further 4 years. The option to renew was taken up during the year. As at balance date there was a balance of 34 months remaining.

The operating lease over the Company's head office is currently on a month to month basis.

Notes to the Consolidated Financial Statements

21. COMMITMENTS (Continued)

b) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments within Australia. These obligations may be reset when application for a mining lease is made and at other times.

The Group has a minimum expenditure commitment on tenure under its control.

The Company can apply for exemption from compliance with the minimum exploration expenditure requirements. Due to the nature and scale of the Company's exploration activities the Company is unable to estimate its likely tenement holdings and therefore minimum expenditure requirements more than 1 year ahead.

These obligations are not provided for in the financial report and are payable:

	Consolidated		The Company	
	30 June 2012 \$	30 June 2011 \$	30 June 2012 \$	30 June 2011 \$
Minimum exploration expenditure not later than 1 year	712,460	512,260	712,460	437,260

22. EMPLOYEE BENEFITS

Number of employees at year end

	30 June 2012 No.	30 June 2011 No.
Number of employees at year end	3	2

Defined contribution superannuation funds

Midas Resources Limited does not have a superannuation fund but makes contributions to defined contribution funds as specified by its employees. The amount paid to these funds for the financial year ended 30 June 2012 was \$53,995 (2011: \$40,920).

Employee option scheme

The Company has an Employee option scheme approved by shareholders. This scheme was approved by shareholders on 23 November 2010. The key features of this option plan are:

- The plan will be available to officers and employees of the Company and its subsidiaries other than Directors at the discretion of the Board.
- Options are granted for no consideration.
- The options are issued at an exercise price as determined by the Board from time to time.
- The number of shares the subject of options issued under this plan and other similar plans will not exceed 5% of the Company's issued capital from time to time.
- If a holder ceases to be an employee or officer during the exercise period the holder may exercise the options within 14 days of ceasing to be an employee or officer and thereafter the options will lapse.
- The options issued under this plan shall not be quoted on ASX.
- The options' terms are at the discretion of the Directors.
- At 30 June 2012 there were two employees, one contractor and one officer eligible for this plan.

Notes to the Consolidated Financial Statements

22. EMPLOYEE BENEFITS (continued)

The terms and conditions related to the grants of the share options under the share options scheme are as follows; all options are to be settled by physical delivery of shares:

Grant date / entitlement date	No of instruments	Vesting conditions	Contractual life
Option grant to employees on 21 July 2009	600,000	Vested one third each year from 31 December 2009 to 2011; expire at earlier of expiry date or termination of employment.	53 months
Options grant to employees on 21 April 2010	200,000	Vest on grant date; expire at earlier of expiry date or termination of employment.	36 months
Option grant to key managements on 16 December 2010	500,000	Vest on grant date; expire at earlier of expiry date or termination of employment.	35 months
Option Grant to employees on 27 February 2012	150,000	Vest on grant date; expire at earlier of expiry date or termination of employment.	36 months
Option Grant to employees on 27 February 2012	250,000	One third vests on grant date with the second third 12 months and final third 24 months from grant date; expire at earlier of expiry date or termination of employment.	36 months

Summary of options over unissued ordinary shares granted under the employee option scheme

Grant date	Exercise date on or after	Expiry date	Exercise Price	Number of options at beginning of year	Options granted	Options lapsed/ forfeited	Options exercised	Number of options at end of year	
								On issue	Vested
30 June 2012									
21 July 09	31 Dec 09	31 Dec 13	\$0.10	200,000	-	-	-	200,000	200,000
21 July 09	31 Dec 10	31 Dec 13	\$0.10	200,000	-	-	-	200,000	200,000
21 July 09	31 Dec 11	31 Dec 13	\$0.10	200,000	-	-	-	200,000	200,000
21 April 10	21 April 10	19 April 13	\$0.16	200,000	-	-	-	200,000	200,000
16 Dec 10	16 Dec 10	15 Nov 13	\$0.16	500,000	-	-	-	500,000	500,000
27 Feb 12	27 Feb 12	26 Feb 15	\$0.02	-	150,000	-	-	150,000	150,000
27 Feb 12	27 Feb 12	26 Feb 15	\$0.10	-	83,333	-	-	83,333	83,333
27 Feb 12	27 Feb 13	26 Feb 15	\$0.10	-	83,333	-	-	83,333	-
27 Feb 12	26 Feb 14	26 Feb 15	\$0.10	-	83,334	-	-	83,334	-
				1,300,000	400,000	-	-	1,700,000	1,533,333

Grant date	Exercise date on or after	Expiry date	Exercise Price	Number of options at beginning of year	Options granted	Options lapsed/ forfeited	Options exercised	Number of options at end of year	
								On issue	Vested
30 June 2011									
3 Jan 07	3 Jan 08	2 Jan 11	\$0.185	283,333	-	(283,333)	-	-	-
3 Jan 07	3 Jan 09	2 Jan 11	\$0.185	283,333	-	(283,333)	-	-	-
3 Jan 07	3 Jan 10	2 Jan 11	\$0.185	283,334	-	(283,334)	-	-	-
19 May 07	19 May 08	18 May 11	\$0.23	200,000	-	(200,000)	-	-	-
19 May 07	19 May 09	18 May 11	\$0.23	200,000	-	(200,000)	-	-	-
19 May 07	19 May 10	18 May 11	\$0.23	200,000	-	(200,000)	-	-	-
21 July 09	31 Dec 09	31 Dec 13	\$0.10	483,333	-	(283,333)	-	200,000	200,000
21 July 09	31 Dec 10	31 Dec 13	\$0.10	483,333	-	(283,333)	-	200,000	200,000
21 July 09	31 Dec 11	31 Dec 13	\$0.10	483,334	-	(283,334)	-	200,000	-
21 April 10	21 April 10	19 April 13	\$0.16	600,000	-	(400,000)	-	200,000	200,000
16 Dec 10	16 Dec 10	15 Nov 13	\$0.16	-	500,000	-	-	500,000	500,000
				3,500,000	500,000	(2,700,000)	-	1,300,000	1,100,000

Notes to the Consolidated Financial Statements

22. EMPLOYEE BENEFITS (continued)

Measurement of fair values

The fair value attributable to employee options is calculated using the Black Scholes option pricing model.

The fair value is based upon the following inputs and assumptions:

	31 Dec 2013	19 April 2013	15 Nov 2013	26 Feb 2015	26 Feb 2015
Options Expiring					
Share price at grant date	\$0.024	\$0.130	\$0.05	\$0.012	\$0.012
Exercise price	\$0.100	\$0.160	\$0.160	\$0.020	\$0.100
Expected volatility	112%	112%	119%	88.2%	88.2%
Option life	53 months	36 months	35 months	36 months	36 months
Risk free rate	5.44%	5.34%	5.13%	4.51%	4.51%
Fair value per option	\$0.0144	\$0.0857	\$0.0259	\$0.0056	\$0.0018

Consolidated	
30 June 2012	30 June 2011
\$	\$

Employee expenses relating to options granted under the employee option scheme

Share options granted in 2012	1,000	-
Share options granted in 2009	960	2,400
Share options granted in 2010	-	12,931
Total expense recognised as employee costs	1,960	15,331

Reconciliation of outstanding share options

The number and weighted average exercise price of share options under the employee share options scheme is as follows:

	No of options 2012	Weighted average exercise price 2012	No of options 2011	Weighted average exercise price 2011
Outstanding at 1 July	1,300,000	\$0.13	3,500,000	\$0.15
Granted during the year	400,000	\$0.07	500,000	\$0.16
Expired during the year	-	-	(600,000)	\$0.185
Forfeited during the year	-	-	(2,100,000)	\$0.16
Outstanding at 30 June	1,700,000	\$0.12	1,300,000	\$0.13
Exercisable at 30 June	1,533,333		1,100,000	

The options outstanding at 30 June 2012 have an exercise price in the range of \$0.02 to \$0.16 (2011: \$0.10 to \$0.16) and a weighted average contractual life of 3.47 years (2011: 3.62 years).

No share options were exercised in the year (2011: Nil).

Notes to the Consolidated Financial Statements

23. RELATED PARTIES

Key Management Personnel Compensation:

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive Directors

Mr J Hopkins (Chairman)

Mr T Streeter

Executive Directors

Mr G Balfe (Managing Director)

Executives

Mr M Pitts (Company Secretary)

The key management personnel compensation comprised:

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Short-term employee benefits	487,845	485,114
Post-employment benefits	30,798	25,736
Share- based payments	6,122	12,931
	<u>524,765</u>	<u>523,781</u>

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and executives. Remuneration packages include a mix of fixed remuneration and equity-based fixed and performance remuneration.

Information regarding individual Directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' report.

Loans from Directors

At 30 June 2011 the Company owed Velsberry Pty Ltd, a related company to Non-executive Director Mr T Streeter, \$500,000 (\$536,090 including interest). The loan was unsecured with interest accruing at the agreed rate of 8% per annum on a monthly basis. The loan was repaid in October 2011 including total interest of \$49,369. The balance at 30 June 2012 was NIL (2011:\$536,090) and the highest balance during the year was \$549,369, which includes interest.

Equity instruments

All options refer to options over ordinary shares of Midas Resources Limited, which are exercisable on a one for one basis.

3,000,000 Director options lapsed or were forfeited in this financial year.

1,000,000 options were issued to the Chairman in terms of his appointment during the year (2011: 500,000 issued to Managing Director)

No options were issued to executives in regard to their employment or provision of services during this financial year (2011: Nil)

No listed options held by Directors and executives expired during the year (2011: 14,477,374).

Notes to the Consolidated Financial Statements

23. RELATED PARTIES (continued)

Equity instruments (continued)

Option holdings

The movement during the reporting period in the number of options over ordinary shares in Midas Resources Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Year ended 30 June 2012	Held at beginning of period	Granted	Purchased	Exercised	Lapsed or Expired	Held at end of period	Vested and exercisable at end of period
Directors							
Mr J Hopkins	-	1,000,000	-	-	-	1,000,000	1,000,000
Mr T Streeter	9,806,690	-	-	-	(250,000)	9,556,690	9,556,690
Mr G Balfe	9,741,200	-	-	-	(2,500,000)	7,241,200	7,241,200
Executives							
Mr M Pitts	-	-	-	-	-	-	-
Year ended 30 June 2011	Held at beginning of period	Granted	Purchased	Exercised	Lapsed or Expired	Held at end of period	Vested and exercisable at end of period
Directors							
Mr D Boyer	10,037,705	-	-	(2,813,293)	(3,068,262)	4,156,150 ⁽ⁱ⁾	4,156,150
Mr T Streeter	20,815,957	-	-	-	(11,009,267)	9,806,690	9,806,690
Mr G Balfe	9,624,811	500,000	-	-	(383,611)	9,741,200	9,741,200
Mr J Hopkins	-	-	-	-	-	-	-
Executives							
Mr M Pitts	-	-	-	-	-	-	-
Mr P MacLeod (resigned 13 August 2010)	699,534	-	-	-	(666,234)	33,300 ⁽ⁱ⁾	33,300 ⁽ⁱ⁾

(i) Listed options held at date of resignation that remain exercisable.

Equity holdings and transactions

No shares were granted to key management personnel during the year as compensation (2010: Nil).

The movement during the reporting period in the number of ordinary shares in Midas Resources Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Year ended 30 June 2012	Held at beginning of period	Purchases	Sales	Held at end of period
Directors				
Mr J Hopkins	1,000,000	2,533,334	-	3,533,334
Mr T Streeter	58,789,472	40,388,888	-	99,178,360
Mr G Balfe	8,381,919	5,984,673	-	14,366,592
Executives				
Mr M Pitts	-	-	-	-

Notes to the Consolidated Financial Statements

23. RELATED PARTIES (continued)

Equity instruments (continued)

Equity holdings and transactions (continued)

Year ended 30 June 2011	Held at beginning of period	Purchases	Sales	Held at end of period
Directors				
Mr D Boyer (resigned 30 June 2011)	26,526,618	4,392,237	-	30,918,855
Mr T Streeter	55,000,000	3,789,472	-	58,789,472
Mr G Balfe	7,592,447	789,472	-	8,381,919
Mr J Hopkins	-	1,000,000	-	1,000,000
Executives				
Mr M Pitts	-	-	-	-
Mr P MacLeod (resigned 13 August 2010)	106,352	-	-	106,352 ⁽ⁱ⁾

(i) Shares held at date of resignation.

Other related party disclosure

The Company has a related party relationship with its controlled entities.

Transactions between the Company and its controlled entities consisted of:

- Loans advanced by Midas Resources Limited. The loans are interest free, unsecured and repayable at call. During the financial year ended 30 June 2012, loans to subsidiaries totalled \$2,335,025 (2011: \$2,987,177). These loans have been impaired by \$2,335,025 at 30 June 2012 (2011: \$2,987,177).
- Expenses incurred by Midas Resources Limited are on-charged to controlled entities at cost.
- Administrative services are provided at no cost to the controlled entities.

24. GROUP ENTITIES

Name	Country of Incorporation	Percentage held 2012	Percentage held 2011
Parent and ultimate controlling entity			
Midas Resources Limited			
Subsidiaries			
Mulga Minerals Pty Ltd ⁽ⁱ⁾	Australia	100%	100%
Midas Metals Asia Pty Ltd	Australia	85%	85%
Midas Mining (China) Limited (held 100% by Midas Metals Asia Pty Ltd)	Peoples Republic of China	85%	85%
Sichuan Precious Metals Limited (held 60% by Midas Mining (China) Limited)	Peoples Republic of China	51%	51%

- (i) On 30 June 2012, the Company entered into a Share Sale agreement for the sale of 100% of shares held in Mulga Minerals Ltd. The agreement contains several conditions which at the date of this report not all had been satisfied. Settlement date must be before September 30 unless varied (refer note13).

Notes to the Consolidated Financial Statements

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(1,244,731)	(1,118,389)
Adjustments for:		
Depreciation	24,778	15,514
Share based payments	8,082	15,331
Exploration expenditure written off	178,233	24,920
Interest accrued	(36,090)	36,090
Add/(less):		
Increase in provision for annual and long service leave entitlements	43,541	10,167
(Decrease) / Increase in rehabilitation provision	(11,400)	32,500
(Increase) / decrease in trade and other receivables	20,891	(20,795)
Increase/(decrease) in trade and other payables	(31,888)	47,430
Net cash used in operating activities	<u>(1,048,584)</u>	<u>(957,232)</u>

Notes to the Consolidated Financial Statements

26. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker, defined as the Board of Directors. The Group currently operates in one geographic segment, being Australia.

The Group has two reportable segments:

- Gold exploration
- Iron ore exploration⁽ⁱ⁾
- Multiple commodity exploration

For the year ended 30 June 2012	Gold	Iron Ore ⁽ⁱ⁾ (Discontinued)	Multi Commodity	Total Segments
External revenues	-	-	-	-
Interest income	-	-	-	-
Depreciation	-	-	-	-
Reportable segment loss after tax	(290,635)	(41,793)	-	(332,428)
Reportable segment assets	10,797,427	890,837	250,323	11,938,587
Capital expenditure	819,257	67,497	250,323	1,137,077
Reportable segment liabilities	117,651	2,344	358	120,353

For the year ended 30 June 2011	Gold	Iron Ore	Multi Commodity	Total Segments
External revenues	-	-	-	-
Interest income	-	-	-	-
Depreciation	-	-	-	-
Reportable segment loss after tax	(218,420)	(22,016)	-	(240,436)
Reportable segment assets	10,114,609	865,134	-	10,979,743
Capital expenditure	565,164	115,459	-	680,623
Reportable segment liabilities	(116,282)	(15,378)	-	(131,660)

- (i) The Iron Ore segment includes exploration assets held by the subsidiary Mulga Minerals Ltd. On 30 June 2012, the Company entered into a Share Sale agreement for the sale of 100% of shares held in Mulga Minerals Ltd. The assets have been reclassified as assets held for sale (refer note 13).

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Other income		
Total other income for reportable segments	-	-
Other income	3,845	36,023
Consolidated other income	<u>3,845</u>	<u>36,023</u>
Loss after tax		
Total loss for reportable segments	(332,428)	(240,436)
Unallocated amounts: corporate expenses	(912,303)	(877,953)
Consolidated loss after tax	<u>(1,244,731)</u>	<u>(1,118,389)</u>
Assets		
Total assets for reportable segments	11,938,587	10,979,743
Other assets	1,069,955	1,101,933
Consolidated total assets	<u>13,008,542</u>	<u>12,081,676</u>

Notes to the Consolidated Financial Statements

26. SEGMENT INFORMATION (continued)

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Liabilities		
Total liabilities for reportable segments	120,353	131,660
Other liabilities	172,303	696,833
Consolidated total liabilities	<u>292,656</u>	<u>828,493</u>
Other material items		
Interest income		
Total interest income for reportable segments	-	-
Unallocated	53,661	46,306
Consolidated total interest income	<u>53,661</u>	<u>46,306</u>
Depreciation		
Total depreciation for reportable segments	-	-
Unallocated	24,778	15,514
Consolidated total depreciation	<u>24,778</u>	<u>15,514</u>
Capital expenditure		
Total capital expenditure for reportable segments	1,137,077	680,623
Other capital expenditure	1,677	82,988
Consolidated total capital expenditure	<u>1,138,754</u>	<u>763,611</u>

27. FINANCIAL INSTRUMENTS DISCLOSURES

Overview

The Company and Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

As the Company operates in the mining explorer sector it does not have significant trade receivables and is therefore not exposed to credit risk in relation to trade receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments particularly in relation to intercompany receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any other counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk other than intercompany receivables which are fully impaired.

Notes to the Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Consolidated	Note	Carrying amount	
		30 June 2012	30 June 2011
		\$	\$
Cash and cash equivalents	10	823,603	649,339
Deposits	10	15,000	30,000
Trade and other receivables	11	28,273	49,164

Impairment losses

None of the Group's trade and other receivables are past due and impaired (2011: Nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (refer Note 2(f)). The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group may need to raise additional capital in the next 12 months dependent on exploration activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time. If it is considered unlikely that capital can be raised at a suitable price, exploration activities can be modified to ensure adequate levels of cash are maintained or funding may be obtained by way of directors' loans.

Typically the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

All financial liabilities are due and payable on terms of no more than 30 days. All financial liabilities are generally settled within stated payment terms.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has exposure to currency risk on investments held in British pounds as detailed in the table below. Other than this the Group has no exposure to currency risk on investments and transactions that are denominated in a currency other than the respective functional currencies of Group entities.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Notes to the Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

Currency risk (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows based on notional amounts:

<i>Consolidated</i>	30 June 2012	30 June 2011
	GBP	GBP
<i>In AUD</i>		
Cash	-	-
Trade and other receivables	-	-
Trade payables	-	-
Investments	147,579	294,829
Total exposure	<u>147,579</u>	<u>294,829</u>

The following significant exchange rates applied during the year:

AUD 1 =	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
GBP	0.65	0.62	0.65	0.66

Sensitivity analysis

A strengthening or weakening of the Australian dollar against the GBP at 30 June would have increased / (decreased) equity and (increased) / decreased loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Strengthening		Weakening	
	Equity \$	Loss \$	Equity \$	Loss \$
30 June 2012 (10 percent movement)	(13,416)	-	16,398	-
30 June 2011 (10 percent movement)	(26,803)	-	32,759	-

Notes to the Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

Interest rate risk

The Group is not exposed to interest rate risk on borrowings as it has no borrowings subject to variable interest. The Group is exposed to interest rate risk on its cash balances.

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest bearing financial instruments was:

	Consolidated Carrying amount	
	30 June 2012	30 June 2011
	\$	\$
Fixed rate instruments		
Deposits	15,000	30,000
Weighted average interest rates	5.77%	6.03%
Interest bearing loans		
Interest bearing loans	-	536,090
Weighted average interest rates	-	8%
Variable rate instruments		
Cash and cash equivalents	823,603	649,339
Weighted average interest rates	3.36%	3.78%

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity (2011: Nil)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

Consolidated	Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2012				
Variable rate instruments	8,236	(8,236)	8,236	(8,236)
30 June 2011				
Variable rate instruments	6,493	(6,493)	6,493	(6,493)

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Notes to the Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

Fair values versus carrying amounts

The fair values of financial assets and liabilities are as per the carrying amounts shown in the statement of financial position.

	30 June 2012	30 June 2011
	\$	\$
Assets carried at fair value		
Available-for-sale assets	147,579	294,829
Assets carried at amortised costs		
Cash and cash equivalents	823,603	649,339
Deposits	15,000	30,000
Trade and other receivables	28,273	49,164
Liabilities carried at amortised costs		
Trade and other payables	(126,738)	(158,626)
Interest bearing loans and borrowings	-	(536,090)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Assets carried at fair value	Level 1	Level 2	Level 3
Available-for-sale assets	147,579	-	-

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in equity instruments. These instruments, other than investments in subsidiaries, are classified as available-for-sale and carried at fair value with fair value changes recognised directly in equity until derecognised.

Refer to note 11 for further details in respect to investment assets held by the Group.

Sensitivity analysis

The Group's equity investments are listed on the AIM market of the London Stock Exchange. A 30% increase in stock prices at 30 June 2012 would have increased equity by \$44,274 (2011: \$88,449); an equal change in the opposite direction would have decreased equity by an equal but opposite amount.

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk at this stage.

Notes to the Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. PARENT ENTITY DISCLOSURES

Financial Position

	30 June 2012	30 June 2011
	\$	\$
Assets		
Current assets	1,977,952	1,249,909
Non-current assets	11,103,248	10,193,208
Total assets	<u>13,081,200</u>	<u>11,443,117</u>
Liabilities		
Current liabilities	292,657	814,221
Non-current liabilities	-	-
Total liabilities	<u>292,657</u>	<u>814,221</u>
Net Assets	<u>12,788,543</u>	<u>10,628,896</u>
Equity		
Issued capital	27,320,123	24,473,521
Accumulated losses	(14,741,056)	(14,373,269)
Fair value reserves	95,781	243,031
Share-based payments reserve	113,695	285,613
Total equity	<u>12,788,543</u>	<u>10,628,896</u>
Financial Performance		
Loss for the year	(547,788)	(1,209,898)
Other comprehensive income	(147,250)	173,050
Total Comprehensive income	<u>(695,038)</u>	<u>(1,036,848)</u>

Contingent liabilities of the parent entity

There are no contingent liabilities at 30 June 2012 (2011: None)

Commitments of the parent entity

For details on commitments, see note 21.

Notes to the Consolidated Financial Statements

29. EVENTS SUBSEQUENT TO BALANCE DATE

The following occurred subsequent to the year end:

- The Company received \$200,000 on satisfaction of the first condition precedent in the Share Sale Agreement of Mulga Minerals Pty Ltd (refer note 13).
- The Company has entered into loan agreements with two Director related entities, in which they will provide funding of up to \$300,000 to fund a drilling program in October. These loans have been obtained as unsecured debt at commercial rates, which may be converted to equity at 1.0 cent per share at either party's discretion.
- The Company withdrew from the Cazador Joint Venture effective on 14 August 2012.

Other than the above, there has not been any matter or circumstance that has arisen after balance 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 periods.

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Directors' Declaration

1. In the opinion of the Directors of Midas Resources Limited ("the Company"):
 - a) the consolidated financial statements and notes and the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - 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.
2. The Directors have been given the declarations by the chief executive officer and company secretary for the financial year ended 30 June 2012 pursuant to Section 295A of the Corporation Act 2001.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



G Balfe
Director

Perth

Dated 28 September 2012



Independent auditor's report to the members of Midas Resources Limited

Report on the financial report

We have audited the accompanying financial report of Midas Resources Limited (the company), which comprises the statement of financial position as at 30 June 2012, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors 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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

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Independent Auditor's Report



Independence

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

Auditor's opinion

In our opinion:

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

- (i) giving a true and fair view of the Group'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.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without modifying our opinion expressed above, attention is drawn to note 2(f) in the year end financial report. The matters set forth in note 2(f), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in Section 5 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

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

KPMG

David Sinclair
Partner

Perth

28 September 2012

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Statement of Corporate Governance

The Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a set of corporate governance policies and procedures. The corporate governance policies are available on the Company's website at www.midasresources.com.au.

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations during the period. Where a recommendation has not been followed that fact has been disclosed, together with the reasons for the departure.

This statement outlines the main Corporate Governance practices of Midas Resources Limited.

The Board of Directors

Role and responsibilities of the Board

The Board is responsible for the overall corporate governance of the Company including its strategic direction and goals, the management framework of the Company including a system of internal control, business risk management and the establishment of appropriate ethical standards. The Board is responsible for engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Board has delegated responsibility for the day to day running of the Company to the Managing Director. The Managing Director is responsible for setting the operational direction of the Company and which involves setting budgets, forecasts and exploration programs. All budgets and programs are reviewed by the Board and regular updates and forecast revisions are reported to the Board on a routine basis. The Chairperson and/or the Managing Director are responsible for reviewing the performance of the executive and staff respectively, at least once every calendar year with reference to the terms of their employment contract.

Composition of the Board

The Board currently comprises three Directors, two of whom are non-executive Directors. Mr John Hopkins has been appointed as the Non Executive Chairman of the Company.

Under the Constitution, the maximum number of Directors is ten and the minimum number is three. At each Annual General Meeting, one third of the Directors, excluding the Managing Director, must resign, with those Directors who have served longest being subject to rotation first. Additionally, any Director appointed by Directors in the preceding year must retire, and is eligible for re-election.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

The Company does not have a majority of independent directors.

Of the two non-executive directors Mr Terry Streeter is not considered to be independent as he is a substantial shareholder. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive directors.

Each individual member of the Board is satisfied that whilst the Board may not comply with this particular recommendation, the Board always acts with independence and in accordance with the Statement of Corporate Governance.

Statement of Corporate Governance

The Company's Chairman, is considered to be independent in accordance with the ASX Corporate Governance Council guidelines. The Board believes the Chairman is able to bring quality independent judgement to all relevant issues falling within the scope of the role of a Chairman.

The Board is committed to operating to industry best practice standards in all aspects of the Company's business and is responsible for the overall internal control of the Company. The internal control process derives from direct involvement in management and operations by the Managing Director with close and regular consultation with the Chairman and review between all the Directors and external accountants.

The Board has not conducted a formal independent evaluation of its performance. However, the Board is at all times aware of the need for it and individual Board members to perform to the benefit of all stakeholders.

Remuneration of Directors and executives

Non executive directors are eligible to receive a fixed directors' fee. The aggregate amount of directors' fees payable by the Company must be presented for approval to the shareholders in general meeting. The current pool of Directors fees available is \$300,000.

The objective of the Company's remuneration policies, processes and practices are to attract and retain appropriately qualified and experienced Directors who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives.

Options are issued to non executive directors as a cost effective incentive for them to build and establish the Company. Details of options issued are provided in the Financial Statements.

The Managing Director, Geoff Balfe is employed by the Company on normal commercial terms and is not being paid a director's fee in addition to his salary. Details of his remuneration are described in the Directors' Report and the notes to the financial statements.

The Managing Director can be further incentivised by the issue of performance based options which become exercisable once the share price has achieved certain threshold levels.

The Company does not have a separate remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

Conflict of interest

In accordance with the Corporations Act 2001 and the Company's constitution Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Statement of Corporate Governance

Independent professional advice and access to Company information

Each Director has the right of access to all relevant company information and to the Company's executives, and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

Board Committees

To assist the Board in fulfilling its responsibilities, it can appoint committees comprising people nominated at the discretion of the Board based on their expertise. ASX best practice recommendations suggest a company constitute Audit, Remuneration and Nomination Committees. Given the size of the Company the Board has not formed separate committees for Audit; Nominations; and Remuneration.

The Board's view is that the matters which would ordinarily be dealt with by these committees on behalf of the Board are more adequately dealt with by the full Board and that there are no efficiencies or benefits which could be gained by establishing an Audit, Nomination or Remuneration Committee.

Communication with shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Report, incorporating the annual audited financial statements, and the Half Yearly Report
- Notices of shareholder meetings including comprehensive explanatory statements as required.
- All documents that are publicly released through the ASX company announcements platform, and which contain material or price sensitive information, are immediately made available at the Company's website ; www.midasresources.com.au
- Copies of presentations made by the Company are also posted to the Company's website.
- Shareholder update letters and brochures are periodically mailed to all shareholders.

Continuous Disclosure

The Company has adopted a continuous disclosure policy so as to comply with its continuous disclosure obligations as an ASX listed company. The aims of this policy are to:

- assess new information and co-ordinate any disclosure or releases to ASX, or any advice required in relation to that information, in a timely manner;
- provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations;
- report to the Board on continuous disclosure matters; and
- ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Company Secretary.

This policy is to be reviewed each year by the full Board in the absence of an Audit Committee.

Risk Management

Principle 7.1 of the Corporate Governance Council requires the Company to establish a system of risk oversight and management and internal control. The Company recognises the importance of managing risk and continues to put in place systems to assess, monitor and manage risk based on the Company's size, history and strategy. The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Statement of Corporate Governance

The Company's Managing Director, subject to the review of the Board, is responsible for the identification of material risks to the business and the design and implementation of internal control systems to manage the identified risks. The Company has an internal control framework that includes the following:

- Financial reporting – there is a comprehensive budgeting and forecasting system with updates provided to the Board at each Board meeting. Monthly actual results are reported to the Board. Quarterly, half yearly and annual financial reports are prepared in accordance with the Corporations Act and ASX Listing Rules.
- The Company has comprehensive written policies covering:
 - Environmental principles
 - Resource development on or near aboriginal land
 - Health, Safety and the Environment
 - Environmental Management and Monitoring

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

Ethical standards

The Board adopts a proactive approach to promoting the practice of high ethical standards. All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company, in the following areas;

- professional conduct,
- dealings with suppliers, advisers and regulators,
- dealings with the community, and specifically in dealings with traditional landholders, and
- dealings with other employees.

Diversity policy

The Board has implemented a Diversity Policy in line with the ASX's Corporate Governance guidelines. The Company believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice.

The Diversity Policy seeks to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

Gender diversity

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2012:

	Male	Female	Total	Proportion Female
Board	3	-	3	0%
Senior Management	2	1	3	33%
Balance of Employees / Contractors	-	2	2	100%
	5	3	8	37%

Statement of Corporate Governance

Measurable objectives

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company does, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based solely on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

Statement of Corporate Governance

Trading in Securities

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the Corporations Act. The key aspects of the policy are:

- Directors and employees are discouraged from engaging in short-term or speculative trading of the Company's securities, except for the exercise of options where the shares will be sold shortly thereafter.
- All Key Management Personnel must not deal in Company securities at any time without prior approval of the Chairman or, in his absence, the Board or the Managing Director; and are to formally notify the Company Secretary of their beneficial shareholdings in the Company and any changes to this within 2 days of such change occurring.
- All Directors must not deal in Company securities without the approval of the Board or the next most senior director. All Directors must notify the Company Secretary of their intention to trade and provide the Company Secretary with subsequent confirmation of the trading that has occurred.
- A Director, key management personnel or any other employee or any entities controlled by them must not trade at any time when he or she is in possession of information which if generally available would materially affect the price or value of the Company's securities or at any time for a period of 2 trading days following a public announcement in relation to the matter.
- In addition to the overriding prohibition against dealing in the Company's securities when in possession of inside information, directors and key management personnel are prohibited from dealing in the Company's securities during prescribed "closed" periods. The Company has nominated the closed periods to run from the end of financial quarter to 30 June and 31 December up to the date of release by the Company of its quarterly activity reports for those financial quarters.

ASX Additional Information

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 28 September 2012.

(a) Ordinary shareholders

Twenty largest holders of ordinary shares

	Number of shares	% held
Velsberry Pty Ltd * ¹	59,677,605	11.97
Jungle Creek Gold Mines Pty Ltd * ¹	39,500,755	7.93
David Donald Boyer * ¹	33,175,976	6.66
Avanteos Investments Ltd	14,366,592	2.88
Mr Steven Stravos Tsallis	8,149,372	1.64
Mr Nicholas Charles George Streeter	7,700,000	1.55
Velinger Holdings Pty Ltd	7,086,720	1.42
Ms Mooi Fah Lee	6,739,046	1.35
APM Capital Pty Ltd	6,500,000	1.30
Finance Associates Pty Ltd <Superfund account>	6,338,500	1.27
Gemranch Pty Ltd	5,600,000	1.12
National Nominees Ltd	5,527,841	1.11
G Santalucia Investment Pty Ltd	5,464,286	1.10
Mr Vasilis Tsallis & Mrs Georgia Tsallis	5,000,000	1.00
Mr Glen Gurney	4,930,000	0.99
Mr Ianaki Semerdziev	4,371,677	0.88
Northmead Holding Pty Ltd	4,187,338	0.84
Mr Leon Zhou	4,100,000	0.82
Mr Alan Robert Greenwell & Mrs Margaret Eleanor Greenwell	3,800,000	0.76
Colbern Fiduciary Nominees Pty Ltd	3,539,000	0.71
	235,754,708	47.30

*¹ denotes substantial shareholders.

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders and is entitled to dividends when declared.

The total number of shares on issue is 498,392,329.

The number of shareholders holding less than a marketable parcel is 529.

There is no current on market buy back.

Distribution of ordinary shareholders

Category of shareholding	Number of shareholders
1 – 1,000	63
1,001 – 5,000	62
5,001 – 10,000	130
10,001 – 100,000	572
100,001 and over	423
Total	1,250

ASX Additional Information

(b) Options holders

Twenty largest holders of 3 cent listed options Expiring 30 November 2012	Number of listed options	% held
Jungle Creek Gold Mines Pty Ltd	7,110,186	14.82
Avanteos Investments Ltd <Symetry Delegates a/c>	6,741,200	14.05
David Donald Boyer	3,300,000	6.88
Lawrence Crowe Consulting Pty Ltd <LCC Super Fund>	3,173,973	6.61
Velsberry Pty Ltd	2,446,504	5.10
Nicolas Charles George Streeter	1,306,152	2.72
Super-man Holdings Pty Ltd <Peter Garrod Super Fund>	1,000,000	2.08
Mr Charles Lennox Browne & Mrs Gaydrie Browne	900,000	1.88
M&K Korkidas Pty Ltd <M&K Korkidas P/L Superfund>	819,351	1.71
Mr Gaetano Marchesani & Mrs Rosanna Marchesani	800,000	1.67
Misulija Pty Lt <Rowbottom Family a/c>	799,747	1.66
Mr Vasilis Tsallis & Mrs Georgia Tsallis	783,353	1.63
Anna Carina Pty Ltd	730,000	1.52
Velinger Holdings Pty Ltd	715,768	1.49
Mr Andrew John Buckley	709,334	1.48
Mr Michael Walter Rowbottom & Mrs Susan Marie Rowbottom <M&S Rowbottom Superfund a/c>	633,334	1.32
Mr Anthony John Vetter & Mrs Jeannette Vetter	500,000	1.04
Mr Russell Gregory Garrod	500,000	1.04
Dr Glen Whisson & Mrs Tania Whisson <Aqua Research & Market a/c>	500,000	1.04
BT & KR Ryan Pty Ltd <Superfund a/c>	496,573	1.03
	33,965,475	70.77

These listed options are exercisable at \$0.03 each with an expiry of 30 November 2012. There are 47,988,933 options in this class.

Distribution of listed option holders expiring

Category of option holding	Number of option holders
1 – 1,000	13
1,001 – 5,000	58
5,001 – 10,000	29
10,001 – 100,000	133
100,001 and over	58
Total	291

ASX Additional Information

(c) **Unquoted securities**

The Company has the following unquoted securities on issue.

Category of security	Number	Number of holders
Managing Director Incentive Options expiring 15 November 2013 exercisable \$0.16	500,000	1
Employee Options expiring 19 April 2013 exercisable at \$0.16	200,000	2
Employee Options expiring 31 December 2013 exercisable at \$0.10	600,000	2
Director Options expiring 5 December 2014 exercisable at \$0.02	1,000,000	1
Employee Options expiring 25 February 2015 exercisable at \$0.02	150,000	1
Employee Options expiring 25 February 2015 exercisable at \$0.10	250,000	1

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Midas Resources Limited

ACN 095 092 158

Level 1, 282 Rokeby Road
Subiaco Western Australia 6008

Tel: 61 8 9388 2211

Fax: 61 8 9388 2600

www.midasresources.com.au

office@midasresources.com.au