MIDWINTER
RESOURCES NL

(ACN 126 129 413)

Annual Report

For the Year Ended
30 June 2012

CONTENTS

Corporate Directory

DIRECTORS

Adrian Griffin (Managing Director)

Martin Pyle (Non-executive Chairman)

Bryan Dixon (Non-executive Director)

David Seymour (Non-executive Director)

Philip Miolin (Non-executive Director)

COMPANY SECRETARY

Piers Lewis *(resigned 12.9.2011)*
Julie Hill *(appointed12.9.2011)*

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 2
38 Richardson Street
West Perth
WA 6005
Phone: +618 9322 6451
Facsimile: +618 9322 6398
Email: info@midwinterresources.com.au
Website: www.midwinterresources.com.au

AUDITORS

Bentleys
Level 1, 12 Kings Park Road
West Perth
WA 6005

SHARE REGISTRY

Advanced Share Registry
150 Stirling Hwy
Nedlands
WA 6009

Tel: +61 8 9322 6451
Fax: +61 8 9322 6398

STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited
Home Exchange – Perth
ASX Codes: MWN

CHAIRMAN'S LETTER

Dear Fellow Shareholder

Midwinter Resources NL (Midwinter) actively sought to diversify its commodity portfolio this year while keeping a focus on the ferrous metals industries. Early in 2012 Midwinter entered into an agreement to acquire 100% of the issued capital of Teeman (Pty) Ltd, a company incorporated in Swaziland. Teeman's principal asset is a prospecting right application over the Mpaka Colliery which was operated by Gencor until 1992.

The project is located on established rail and is only 80km from the port of Maputo. Coal produced from Mpaka was sold to markets for use as a reductant in the ferrochrome and ferromanganese industries.

The Teeman application has not yet been determined and all stakeholders eagerly await a positive outcome.

Our push to expand our iron ore exploration portfolio has been partially successful with confirmation (after year end) that several of our applications for additional exploration acreage in the Limpopo Province of South Africa have been accepted by the Department of Mineral Resources and processing of the applications is advancing.

In addition Midwinter has made application for several exploration tenements on the West Coast of South Africa prospective for phosphate. Midwinter believes there is strong demand in fertilizer products and that increasing population and improvements in living standards will drive buoyancy in demand and price of feed materials in this industry over the longer term.

Midwinter has, like most junior exploration companies, endured a challenging year from a share price perspective. Equity capital markets have generally shunned junior companies and the cost of equity capital has increased accordingly. However, the company was able to secure an additional approximately $840,000 of working capital via a placement completed May. We are also pleased to welcome a new substantial shareholder to the register; Mr Alan Jenks from the United Kingdom.

While advancing our current exploration project Midwinter's board and management team will continue to explore a range of additional opportunities to expand our exploration/development portfolio by taking advantage of the trying conditions which is seeing many good projects becoming available as owners struggle to fund their commitments.

I would like to thank the small but dedicated management team and staff at Midwinter for their contributions during the year. Your board greatly appreciates shareholder support in these trying conditions and we look forward to a prosperous year ahead.

Yours sincerely

Martin Pyle
CHAIRMAN

DIRECTORS' REPORT

Your directors present their report on the Midwinter Resources NL (the "Company") and its controlled entity (the "consolidated entity") for the year ended 30 June 2012 (the "year").

1. DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Adrian Griffin	Managing Director
Martin Pyle	Non-Executive Chairman
Bryan Dixon	Non-Executive Director
Philip Miolin	Non-Executive Director
David Seymour	Non-Executive Director

BOARD OF DIRECTORS

The names and details of the consolidated entity directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Martin Pyle ***(Non-Executive Chairman)***

Mr Pyle has a broad range of experience gained over 25 years in the resources industry in Australia. His roles have included positions as Corporate Finance Executive with prominent East and West Coast broking firms. During this time he was responsible for the generation and execution of resources related equity raisings, mergers and acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies and is Managing Director of Aurora Minerals Limited; Executive Director of Desert Energy Limited and non-executive director of Gold Road Resources Limited.

Mr Pyle has a Bachelor of Science degree with First Class Honours in Geology and a Masters of Business Administration.

Adrian Griffin **(Managing Director)**

Mr Griffin has extensive experience in the resource sector accumulated over 35 years. He has held directorships in a number of private and listed resource companies and has been responsible for operating large integrated mining and processing facilities including the Bulong nickel-cobalt operation in the late 1990s. Mr Griffin has substantial experience in the mining industry in South Africa and in particular was founder and technical director of Ferrum Crescent Ltd, a developer of iron ore in that country. Mr Griffin is currently a director of Northern Minerals Limited and Potash West NL.

Bryan Dixon ***(Non-Executive Director)***

Mr Dixon has substantial experience in the mining sector and in the management of public and listed companies. Previously, Mr Dixon has been employed by KPMG, Resolute Samantha Limited, Société Générale and Archipelago Resources Plc. Mr Dixon is Managing Director of ASX listed Blackham Resources Ltd and also holds a non-executive directorship with Hodges Resources Limited. Mr Dixon is a Chartered Accountant and brings additional project development, project acquisition, financing and corporate skills to the Company.

Philip Miolin ***(Non-Executive Director)***

Mr Miolin has a Bachelor of Arts and is presently actively involved in the Arts with roles including administration and practice. An Associate Lecturer at Curtin University, he brings to the Company experience in project initiation, implementation and management, both domestically and abroad. He has a long history of involvement in the resources sector and is a long-term investor in Australian mining stocks. He has a network of mining industry contacts that will further assist in the Company's growth.

DIRECTORS' REPORT (Continued)

David Seymour ***(Non-Executive Director)***

Mr Seymour has over 25 years' experience at executive level in the financial markets primarily in Investment banking and equities. He spent 10 years as a director of Capital Markets with UBS as well as holding positions as a Treasurer and General Manager with other financial institutions.

Mr Seymour has experience in equity/capital markets raisings, due diligence, risk management and ASX compliance and regulatory requirements combined with an extensive knowledge of global interest rate markets. David brings additional financial, strategic and investment analysis skills to the Company.

COMPANY SECRETARY

Julie Hill (appointed 12 September 2011)

Ms Hill is a Chartered Accountant and a Chartered Secretary and has significant experience in the key roles of Company Secretary, Chief Financial Officer and Non-executive Director. Industries of experience include mineral exploration, rail, political advocacy, chartered accounting, and the wine industry.

Ms Hill has considerable experience in the development of the corporate and financial management of companies in Australia and overseas including statutory and taxation requirements, listing requirements and foreign exchange.

Piers Lewis (resigned 12 September 2011)

Directorships of other listed companies

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

Name	***Company***	***Period of directorship***
Martin Pyle	Syndicated Metals Limited	From 24 May 2010 to 29 November 2011
	Aurora Minerals Limited	From 7 May 2010
	Desert Energy Limited	From 7 May 2010
	Gold Road Resources Limited	From 23 June 2010
Adrian Griffin	Ferrum Crescent Limited	From 11 January 2010 to 1 September 2010
	Potash West NL	From 12 November 2010
	Empire Resources Limited	From 3 February 2004 to 8 January 2010
	Northern Minerals Limited	From 22 June 2006
	Reedy Lagoon Corporation Limited	From 9 May 2007 to 27 November 2009
Bryan Dixon	Blackham Resources Limited	From 7 July 2006
	Hodges Resources Limited	From 17 August 2005

2. PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was mineral exploration and project acquisition.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year other than as stated in the Chairman's Report and outlined in the Review of Operations.

3. OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to $1,615,252 (2011: loss of $1,543,843).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS

INTRODUCTION

During the year the Midwinter Resources NL continued its activities as an explorer for materials required in the production of iron and steel. These materials include iron ore (specifically magnetite) limestone/marble (required for furnace flux) and coal, used as a reductant in the production of pig iron, ferromanganese and ferrochrome. The geographic focus for these activities was southern Africa.

NORTHERN LIGHTS MAGNETITE PROJECT – REPUBLIC OF SOUTH AFRICA

The Company continued exploration and assessment Northern Lights, its core project, located in the Limpopo Iron Province, Republic of South Africa (Figure 1).

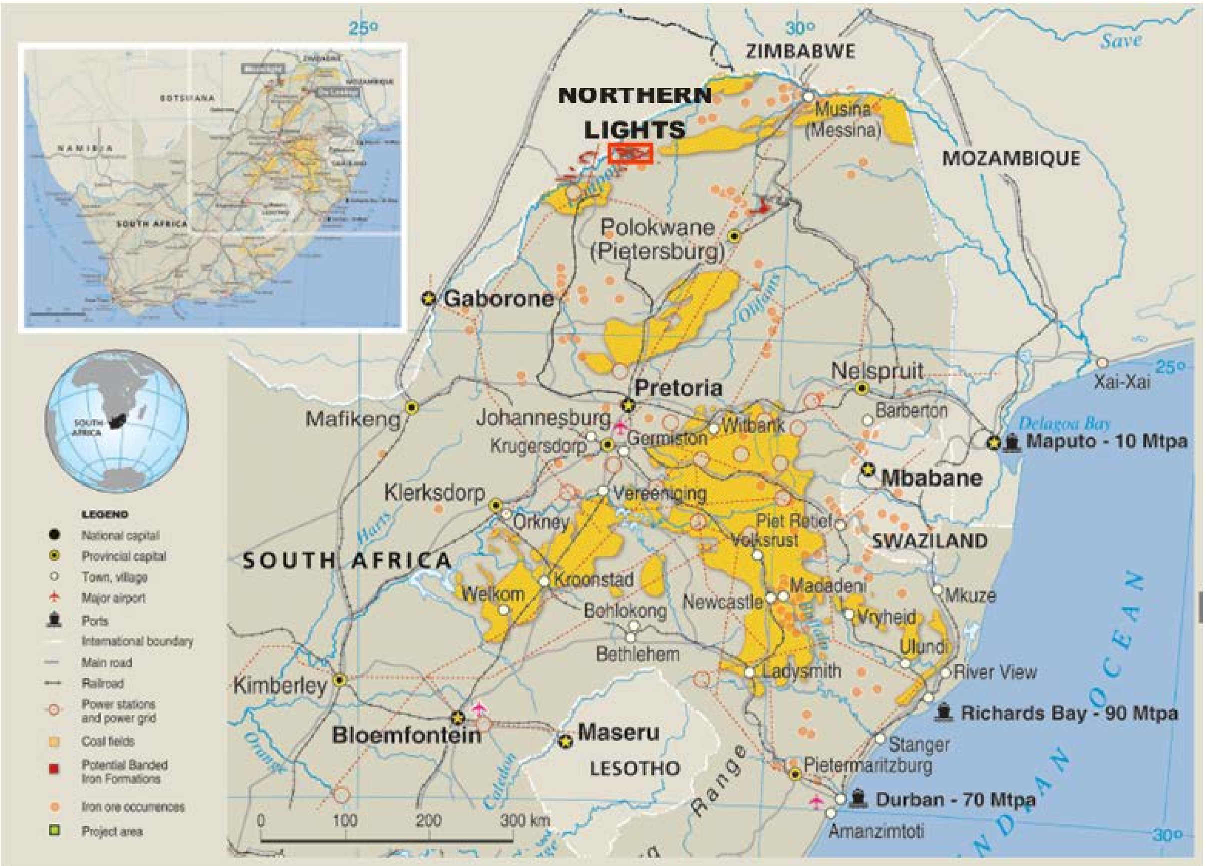

Figure 1 The Northern Lights project is located in the Limpopo Iron Province, approximately 300km north of Johannesburg.

The area under tenure was doubled in size by the grant of the Woolwich Prospecting Right which provided access to strong magnetic anomalies including the Halla feature and Kransvallei. Both of these features were drill tested. The best results were achieved at Halla, where widespread mineralization occurs in multiple BIF units over a width of 125 metres (Figure 2).

Metallurgical testing was undertaken on or from both Halla and Kransvallei. Fresh material from Halla subjected to a coarse grind (80% passing 103 microns) recovered about 90% of the iron into a concentrate of exceptional quality:

Iron	70.8%
Silica	1.34%
Alumina	0.38%
Phosphorous	0.00%

Similar results were also achieved from Kransvallei samples.

DIRECTORS' REPORT (Continued)

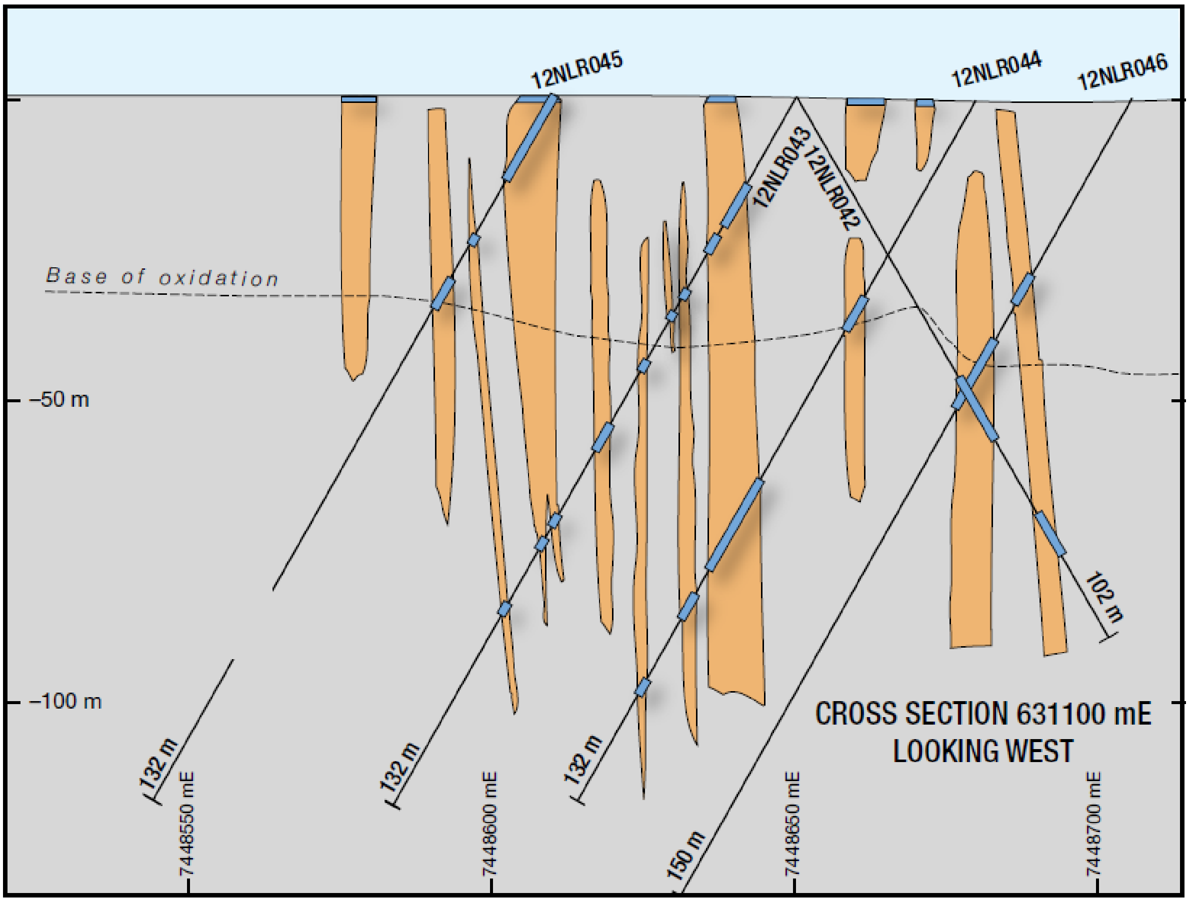

Figure 2. The Halla feature shows mineralization over a width of about 125m.

MPAKA METALLURGICAL COAL PROJECT - SWAZILAND

Midwinter entered into an agreement to acquire 100% of the issued capital of Teeman (Pty) Ltd, a company incorporated in Swaziland. Teeman's principal asset is a prospecting right application over approximately 16km2 covering the Mpaka Colliery (Swaziland) which was operated by Gencor until 1992. Mpaka is 50km east of Manzini and 125km west, from the Port of Maputo in Mozambique (Figure 3). Infrastructure is well developed in the area and the project is close to road and rail which can provide access to ports at Maputo (Mozambique) and Richards Bay (South Africa). Mpaka produced coal that was used as a reductant in the production of ferrochrome and ferromanganese in Mpumalanga (nearby in South Africa).

The Mpaka Coal Deposit is reported in "The Mineral Resources of Swaziland" as being semi-anthracite, with a low volatile matter content of 12% to 14%, an ash content of 14%, a high heat value (29MJ/kg), low sulphur content (0.35%), and a low phosphorous content (0.01%). It is reported as having a yield of 75%.

DIRECTORS' REPORT (Continued)

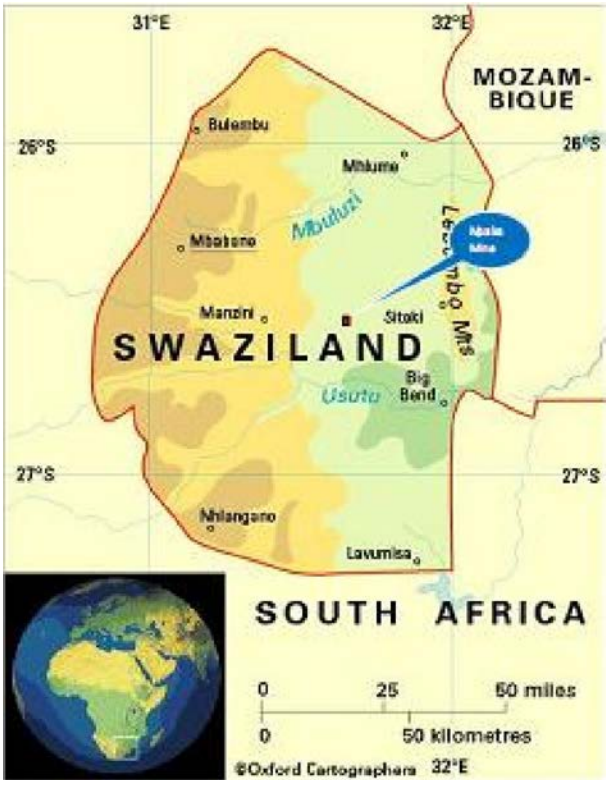

Figure 3 shows the location of the Mpaka coal project in Swaziland.

The coal exploration target within the application area is within the range of 55Mt to 85Mt at a yield of between 70% and 80%. Washed coal from the deposit is reported to have quality of the order of:

Moisture	1.0 - 1.6%
Ash Content	13 - 15%
Volatile Matter	12 - 14%
Phosphorous	0.005 - 0.015%
Sulphur	0.25 - 0.6%
Fixed Carbon	70 - 80%
Ash Fusion Temp.	1200 - 1300^{o}C
Calorific Value	28 - 32MJ/kg

At the end of the reporting period no determination had been made by the Swaziland government with respect to grant of the application.

SUBSEQUENT EVENTS

Subsequent to the end of the financial year, the Department of Mineral Resources in South Africa, rejected 7 of the 10 Midwinter pending applications for prospecting rights in the Limpopo Province; two were granted and one remains to be dealt with by the authority.

To reduce the Company's exposure to the ferrous metal industry further opportunities have been identified. This has resulted in the application of prospecting rights for phosphate on the south west coast of South Africa.

DIRECTORS' REPORT (Continued)

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

On 26 January 2012, the company registered a wholly owned subsidiary in Mauritius, Great African Resources.

On 18 May 2012, the company registered a subsidiary of Greater African Resources being Tyler Ray (Pty) Ltd in the Republic of South Africa. Greater African Resources holds 74% of the shares in Tyler Ray (Pty) Ltd.

Apart from these items, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

7. AFTER BALANCE DATE EVENTS

On 9 July 2012 3,500,000 shares were issued to sophisticated investors at $0.105 per share by way of a share placement which raised $367,500 (before costs) for the consolidated entity.

No matters or circumstances have arisen since the end of the financial year which significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

8. FUTURE DEVELOPMENTS

Other than as referred to in this report, further information as to the likely developments in the operations of the consolidated entity and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the consolidated entity and its shareholders.

9. FINANCIAL POSITION

The consolidated entity's working capital was $1,458,085 at 30 June 2012 (2011: $2,486,842).

In the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

10. DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the consolidated entity during the financial year was:

	Board Meetings	
	Number held and entitled to attend	**Number Attended**
David Seymour	5	5
Philip Miolin	5	3
Bryan Dixon	5	4
Martin Pyle	5	5
Adrian Griffin	5	5

11. ENVIRONMENTAL ISSUES

The consolidated entity's operations are subject to State and Federal laws and regulation concerning the environment. Details of the consolidated entity performance in relation to environmental regulation are as follows:

The consolidated entity's exploration activities are subject to the South African Mineral and Petroleum Development Act. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements. The consolidated entity aims to ensure the

DIRECTORS' REPORT (Continued)

appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the consolidated entity are not aware of any breach of environmental legislation for the financial year under review.
The Directors of the consolidated entity have reviewed the requirements under the Australian National Greenhouse Emission Regulation ("NGER"). NGER currently has no impact on the consolidated entity.

12. PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

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

13. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Midwinter Resources NL under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
17 November 2008	19 November 2013	$0.30	1,700,000
21 September 2010	13 September 2014	$0.30	2,350,000
28 September 2011	27 September 2013	$0.14	100,000
1 December 2011	29 December 2015	$0.25	1,500,000
			5,650,000

14. REMUNERATION REPORT (audited)

The report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Midwinter Resources NL in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any directors of the consolidated entity.

Remuneration Policy

The board policy is to remunerate directors, officers and employees at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The consolidated entity's aim is remunerate at a level that will attract and retain high-calibre directors, officers and employees. Company officers and directors are remunerated to a level consistent with the size of the consolidated entity.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All equity based remuneration paid to directors and executives is valued at the cost to the consolidated entity and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The issue of options to directors is in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The consolidated entity has not paid bonuses to directors or executives to date.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

Details of Remuneration for Year Ended 30 June 2012

The remuneration for each director and of the one executive officer of the consolidated entity during the year was as follows:

Directors and Executive Officers' Emoluments

	Short Term Benefits			Post Employment		Securities Issued		Total	Options % of Total Remuneration
	Salary, Fees & Superannuation	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	$	%
	Martin Pyle - Chairman								
2012	52,523	-	-	2,477	-	-	-	55,000	-
2011	55,806	-	-	-	-	-	93,187	148,993	63%
	Bryan Dixon - Non Executive Director								
2012	50,000	-	-	-	-	-	-	50,000	-
2011	50,000	-	-	-	-	-	93,187	143,187	65%
	Adrian Griffin - Managing Director								
2012	244,840			5,160			71,620	321,620	22%
2011	95,567	-	-	8,601	-	-	-	104,168	-
	Philip Miolin – Non Executive Director								
2012	35,000	-	-	3,150	-	-	-	38,150	-
2011	35,000	-	-	3,150	-	-	16,308	54,458	30%
	David Seymour – Non Executive Director								
2012	35,000	-	-	3,150	-	-	-	38,150	-
2011	35,000	-	-	3,150	-	-	16,308	54,458	30%
	Piers Lewis – Company Secretary								
2012	16,065	-	-	-	-	-	-	16,065	-
2011	49,175	-	-	-	-	-	-	49,175	-
	Julie Hill– Company Secretary								
2012	33,333	-	-	-	-	-	4,315	37,648	11%
2011	-	-	-	-	-	-	-	-	-
	Total								
2012	301,423	-	-	17,378	-	-	4,315	323,116	1%
2011	320,548	-	-	14,901	-	-	218,990	554,439	39%

** Mr Griffin was appointed to the board on 1 February 2011*
** Mr Lewis resigned as company secretary on 12 September 2011*
** Ms Hill was appointed as company secretary on 12 September 2011*

Employment Contracts of Directors and Senior Executives

The Managing Director, Mr Adrian Griffin, is employed under contract. This current contract commenced on 1 February 2011 and has a term of 3 years with an option to extend for a further 2 years. This contract provides Mr Griffin with a fee of $250,000. The company may terminate this employment agreement at any time and without prior notice if serious misconduct has occurred. In this event remuneration is only payable up until the date of the termination.

There were no formal contracts finalised as at the completion of the June 2012 financial year for Non-executive Directors. Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Director's fees of $55,000 were paid, or were due and payable to Mr Pyle and Whitby 2009 Pty Ltd inclusive of superannuation requirements. Mr Pyle is a director and shareholder of Whitby Pty Ltd.

Director's fees of $35,000 were paid, or were due and payable to Mr Seymour, exclusive of superannuation requirements.

Director's fees of $35,000 were paid, or were due and payable to Mr Miolin, exclusive of superannuation requirements.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

Director's fees of $50,000 were paid, or were due and payable to Warrior Strategic Pty Ltd. Mr Dixon is a director and shareholder of Warrior Strategic Pty Ltd.

Fees of $16,065 were paid to Small Cap Corporate for company secretarial services. Mr Lewis is a director and shareholder of Small Cap Corporate.

Fees of $33,333 were paid to DZB Pty Ltd for company secretarial services. Ms Hill is a director and shareholder of DZB Pty Ltd.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The number of ordinary shares and listed options held by each KMP of the consolidated entity during the financial year is as follows:

30-Jun-12

	Ordinary Shares			**Listed Options**			
Directors	Balance at beginning of period	Purchased / (Sold)	Balance at end of period	Balance at beginning of period	Expired	Issued / Purchased	Balance at end of period
M Pyle	1,237,107	-	1,237,107	-	-	-	-
A Griffin	270,470	100,000	370,470				
B Dixon	480,487	-	480,487	6,000	(6,000)	-	-
D Seymour	468,000	-	468,000	160,000	(160,000)	-	-
P Miolin	100,001	-	100,001	100,000	(100,000)	-	-
Total	2,556,065	100,000	2,656,065	266,000	(266,000)	-	-

30-Jun-11

	Ordinary Shares			**Listed Options**			
Directors	Balance at beginning of period	Purchased / (Sold)	Balance at end of period	Balance at beginning of period	Expired	Issued / Purchased	Balance at end of period
M Pyle	1,137,107	100,000	1,237,107	-	-	-	-
A Griffin	-	270,470	270,470				
B Dixon	480,487	-	480,487	6,000	(6,000)	6,000	6,000
D Seymour	220,000	248,000	468,000	160,000	(160,000)	160,000	160,000
P Miolin	100,001	-	100,001	100,000	(100,000)	100,000	100,000
Total	1,937,595	618,470	2,556,065	266,000	(266,000)	266,000	266,000

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

The number of partly paid contributing shares and unlisted options held by each KMP of the consolidated entity during the financial year is as follows:

30-Jun-12

	Partly Paid Contributing Shares			**Unlisted Options**			
Directors	Balance at beginning of period	Purchased / (Sold)	Balance at end of period	Balance at beginning of period	Expired	Issued / Purchased	Balance at end of period
M Pyle	1,403,143	-	1,403,143	1,000,000	-	-	1,000,000
A Griffin	334,082		334,082	-	-	1,500,000	1,500,000
B Dixon	750,000	-	750,000	1,000,000	-	-	1,000,000
D Seymour	300,449	-	300,449	525,000	-	-	525,000
P Miolin	100,000	-	100,000	525,000	-	-	525,000
Total	2,887,674	-	2,887,674	3,050,000	-	1,500,000	4,550,000

30-Jun-11

	Partly Paid Contributing Shares			**Unlisted Options**			
Directors	Balance at beginning of period	Purchased / (Sold)	Balance at end of period	Balance at beginning of period	Expired	Issued / Purchased	Balance at end of period
M Pyle	1,403,143	-	1,403,143	-	-	1,000,000	1,000,000
A Griffin	-	334,082	334,082	-	-	-	-
B Dixon	750,000	-	750,000	-	-	1,000,000	1,000,000
D Seymour	100,000	200,449	300,449	350,000	-	175,000	525,000
P Miolin	100,000	-	100,000	350,000	-	175,000	525,000
Total	2,353,143	534,531	2,887,674	700,000	-	2,350,000	3,050,000

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

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

During the year ended 30 June 2012, the terms and conditions relating to options granted as remuneration to key management personnel are as follows:

	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
Key Management Personnel								
Julie Hill	Share based	28/9/2011	Remuneration	100	-	-	-	-
Adrian Griffin	Share based	1/12/2011	Remuneration	100	-	-	-	-

During the year ended 30 June 2011, the terms and conditions relating to options granted as remuneration to key management personnel are as follows:

	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
Key Management Personnel								
Martin Pyle	Share based	21/9/2010	Remuneration	100	-	-	-	-
Bryan Dixon	Share based	21/9/2010	Remuneration	100	-	-	-	-
David Seymour	Share based	21/9/2010	Remuneration	100	-	-	-	-
Philip Miolin	Share based	21/9/2010	Remuneration	100	-	-	-	-

Note 1(a) The options vested on issue.

Options Issued as Part of Remuneration

The following options were issued to KMP as part of their remuneration for the year ended 30 June 2012. No cash consideration was paid by the recipients.

	Number Granted	Number Vested	Grant Date	Expiry Date	Exercise Price $	Fair Value at Grant Date $	% of Compensation for year consisting of options
Julie Hill	100,000	100,000	27.09.2011	27.09.2013	$0.14	0.04315	11
Adrian Griffin	1,500,000	1,500,000	1.12.2011	29.11.2015	$0.25	0.04775	22

End of Remuneration Report

15. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company paid a premium of $8,737 to insure Directors and Officers of the Company. The Directors and Officers have indemnities in place with the Company whereby the Company has agreed to indemnify the Directors and Officers in respect of certain liabilities incurred by the Director or Officer while acting as a director of the Company and to insure the Director or Officer against certain risks the Director or Officer is exposed to as an officer of the Company.

DIRECTORS' REPORT (Continued)

16. NON-AUDIT SERVICES

No non-audit services were provided to the consolidated entity in the year ended June 2012.

17. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and immediately follows the Directors' Report.

18. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Midwinter Resources support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Midwinter Resources is in compliance with those guidelines. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the consolidated entity. The consolidated entity's corporate governance statement and disclosures are contained in the annual report.

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

Adrian Griffin
Managing Director

Perth, Western Australia
27 September 2012

Competent Persons Statement:

The information contained in the report that relates to Exploration Results of projects owned by Midwinter Resources NL and is based on information compiled or reviewed by Mr. Adrian Griffin, who is an employee of the Company and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Griffin has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Midwinter Resources NL and Controlled Entities for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 27th day of September 2012

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	NOTE	Consolidated Entity 2012 $	Company 2011 $
Revenue	2	82,308	167,016
Occupancy costs		(38,409)	(40,200)
Professional fees		(55,669)	(88,390)
Compliance & regulatory expense		(58,197)	(12,520)
Employee Benefits Expense		(500,134)	(303,113)
Administration costs		(206,666)	(194,453)
Impairment of loans to associated companies		(567,828)	(841,500)
Exploration costs written off		(149,524)	(9,630)
Option Expense		(75,935)	(218,989)
Other Expenses		-	(2,064)
Share of losses from associated company		(45,198)	-
Loss before income tax benefit		(1,615,252)	(1,543,843)
Income tax expense	5	-	-
Loss from continuing operations		(1,615,252)	(1,543,843)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,615,252)	(1,543,843)
Basic loss per share (cents per share)	17	(5.3)	(5.3)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	NOTE	Consolidated Entity 2012 $	Company 2011 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,878,973	2,561,621
Trade and other receivables	7	24,892	14,265
Other Assets	11	6,305	3,588
TOTAL CURRENT ASSETS		1,910,170	2,579,474
NON CURRENT ASSETS			
Financial Assets	8	11,885	8,600
Investments accounted for using the equity method	9	754,802	800,000
Property, Plant & Equipment		2,459	4,707
Exploration and evaluation expenditure	12	-	22,260
TOTAL NON CURRENT ASSETS		769,146	835,567
TOTAL ASSETS		**2,679,316**	**3,415,041**
CURRENT LIABILITIES			
Trade and other payables	13	452,085	92,632
TOTAL CURRENT LIABILITIES		**452,085**	**92,632**
TOTAL LIABILITIES		**452,085**	**92,632**
NET ASSETS		**2,227,231**	**3,322,409**
EQUITY			
Issued Capital	14	5,995,131	5,514,292
Reserves	15	407,090	367,855
Accumulated losses		(4,174,990)	(2,559,738)
TOTAL EQUITY		**2,227,231**	**3,322,409**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOW
For the Year Ended 30 June 2012

	NOTE	Consolidated Entity 2012 $	Company 2011 $
Cash Flows from Operating Activities			
- Interest received		78,673	181,732
- Payments to suppliers and employees		(871,868)	(541,900)
- Payments for exploration and evaluation		(127,264)	(898,912)
Net cash used in operating activities	18	(920,459)	(1,259,080)
Cash Flows from Investing Activities			
- Purchase of Property, Plant and Equipment		-	(5,180)
- Purchase of financial assets		(6,000)	(6,600)
- Loan to other companies		(567,829)	-
Net cash used in investing activities		(573,828)	(11,780)
Cash Flows from Financing Activities			
- Proceeds from capital raising		839,988	-
- Payment for capital raising costs		(28,350)	-
Net cash provided by financing activities		811,639	-
Net increase / (decrease) in cash held		(682,648)	(1,270,860)
Cash at beginning of financial year		2,561,621	3,832,481
Cash at end of financial year	6	**1,878,973**	**2,561,621**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the Year Ended
30 June 2012

Company	**Issued Capital**	**Reserves**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2010	**4,714,292**	**148,866**	**(1,015,895)**	**3,847,263**
Loss for the year	-	-	(1,543,843)	(1,543,843)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,543,843)	(1,543,843)
Transaction with owner, directly recorded in equity:				
Issue of Shares	800,000	-	-	800,000
Issue of options	-	218,989	-	218,989
Balance at 30 June 2011	**5,514,292**	**367,855**	**(2,559,738)**	**3,322,409**
Consolidated Entity				
Balance at 1 July 2011	**5,514,292**	**367,855**	**(2,559,738)**	**3,322,409**
Loss for the year	-	-	(1,615,252)	(1,615,252)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,615,252)	(1,615,252)
Transaction with owner, directly recorded in equity:				
Issue of Shares	472,488	-	-	472,488
Capital raising costs	(28,349)	-	-	(28,349)
Issue of options	-	75,935	-	75,935
Option reserve	36,700	(36,700)	-	-
Balance at 30 June 2012	**5,995,131**	**407,090**	**(4,174,990)**	**2,227,231**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These consolidated financial statements and notes represent those of Midwinter Resources NL and controlled entity (the "consolidated entity"). Midwinter Resources NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Investments in Associates

Associates are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate company. In addition, the Company's share of the profit or loss of the associate company is included in the Company's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Company's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Company's investments in associates are provided in Note 9 and 10.

(b) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluation related to an area of interest is accumulated. Costs are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances the consolidated entity must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

These assets are considered for impairment on each reporting date, depending on the existence of impairment indicators including:

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- the period for which the consolidated entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the consolidated entity has decided to discontinue such activities in the specific area; and
- sufficient key 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 or by sale.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(c) Financial Instruments

Financial instruments in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The consolidated entity determines the classification of its financial instruments after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales

are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains
and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is

derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

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

Derecognition

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

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(f) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement 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.

(i) Taxation

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Trade and Other Payables

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

(k) Share Based Payments

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(l) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Earnings Per Share

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

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

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates - Impairment

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

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the consolidated entity as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgement – Exploration and evaluation costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the consolidated entity's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative figures are for the Company only as it acquired the controlled entity in the year ended 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for Application in Future Periods

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

AASB Reference	Title and Description	Effective date (i.e. annual reporting periods ending on or after)	Likely impact
AASB 2011-9	*Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]* This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially classifiable to profit or loss subsequently (reclassification adjustments).	30 June 2013	Impacts on separating components in other comprehensive income between reclassification and non-reclassification adjustments
AASB 2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]* This standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	30 June 2014	This will result in the removal of various key management personnel disclosures relating to disclosing entities within the financial report.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 9	*Financial instruments* AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11	31 December 2013	Depending on assets held, there may be significant movement of assets between fair value and cost categories and ceasing of impairment testing on available for sale assets. If the entity holds any 'own credit risk' financial liabilities, the fair value gain or loss will be incorporated in the OCI, rather than profit or loss, unless accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 10	*Consolidated Financial Statements* AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.	31 December 2013	Entities most likely to be impacted are those that: - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments , such as options or convertible debt.
AASB 11	*Joint Arrangements* AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG- 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.	31 December 2013	For entities, that have joint ventures that have been previously accounted using proportionate consolidation, they will need to change to equity accounting.
AASB 12	*Disclosure of Interests in Other Entities* AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 December 2013	There are some additional enhanced disclosures centred around significant judgements and assumptions made around determining control, joint control and significant influence.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 13	*Fair Value Measurement* AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	31 December 2013	For financial assets, AASB 13's guidance is broadly consistent with existing practice. It will however also apply to the measurement of fair value for non-financial assets and will make significant change to existing guidance in the applicable standards.
AASB 119	*Employee Benefits* The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The definition of short-term benefits has been revised, meaning some annual leave entitlements may become long-term in nature with a revised measurement. Similarly the timing for recognising a provision for termination benefits has been revised, such that provisions can only be recognised when the offer cannot be withdrawn. Consequential amendments were also made to other standards via AASB 2011-10.	31 December 2013	Only impacts entity's which have any defined benefit plans, and the removal of the deferral of gains and losses under the corridor approach.
Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine* This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.	1 January 2013	

NOTES TO THE FINANCIAL STATEMENTS

	2012	2011
	$	$

2. REVENUE

	2012 $	2011 $
Operating activities		
- interest received from financial institutions	82,308	166,416
- other revenue	-	600
Total Revenue	82,308	167,016

3. LOSS FOR THE YEAR

Loss before income tax includes the Following specific expenses:

	2012 $	2011 $
Expenses		
Exploration Expenditure written off	149,524	9,630
Employee equity settled benefits [1]	75,935	218,989
Defined Contribution Fund payments	15,540	17,492

[1] – For details of the consolidated entity's share-based payments refer to note 24.

4. AUDITORS' REMUNERATION

	2012 $	2011 $
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	33,745	26,545
	33,745	26,545

5. INCOME TAX EXPENSE

The components of the tax expense/(income) comprise:

	2012 $	2011 $
Current tax	-	(2,266)
Deferred tax	-	2,266
	-	-

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2012 $	2011 $
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2011: 30%)	(484,576)	(463,153)
Add/(Less) tax effect of:		
Non-deductible expenses	184,722	811
Option Expense	22,781	65,697
Foreign Expenditure	44,857	255,339
Interest accrual		
Tax benefit of deductible equity raising costs		
Deferred tax asset not brought to account	232,216	141,306
Income tax attributable to entity	-	-

No income tax is payable by the consolidated entity. The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

The consolidated entity has deferred tax assets not brought to account and available for offset of deferred tax liabilities amounting to $1,986,388 (2011: $835,629), the benefits of which will only be realised if the conditions for deductibility set out in Note 1(j) occur

6. CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank (AA rated institutions)	368,233	1,461,327
Petty cash	294	294
Deposits at call (i) (AA rated institutions)	1,510,446	1,100,000
	1,878,973	2,561,621

(i) The bank deposits are term deposits, and pay interest at an average rate of 5.08% per annum.

NOTES TO THE FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES

	Note	2012 $	2011 $
Accrued interest		7,562	3,927
GST receivable		17,330	10,339
		24,892	14,265

8. FINANCIAL ASSETS

	2012	2011
Non-Current		
Loans to associated companies	1,398,623	841,500
Less: Provision for impairment	(1,398,623)	(841,500)
	-	-
Held for trading financial asset	11,885	8,600
	11,885	8,600

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2012	2011
Associated companies	(a)	754,802	800,000
		754,802	800,000

(a) Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2012 %	Ownership Interest 2011 %	Carrying Amount of Investment 2012	Carrying Amount of Investment 2011
Unlisted:							
Capricorn Iron Ltd	Exploration	South Africa	Ord	49.0	49.0	754,802	800,000

(i) During the year ended 30 June 2011 Midwinter issued 5,000,000 shares in two tranches as consideration for 49% to the vendor shareholders of Capricorn Iron. The first tranche was 1,000,000 Midwinter shares at a deemed value of 16 cents per share (being $160,000), on 21 July 2010. The second tranche of 4,000,000 Midwinter at 16 cents per share was issued 20 September 2010.

Should certain conditions precedent be met, Midwinter will issue a further 5,000,000 Midwinter shares, acquiring the remaining issued capital of Capricorn Iron. However, at the date of this report, such conditions had not been met.

Further to this acquisition agreement, the consolidated entity is subject to the following additional contingent payments:

- 10,000,000 25 cent contributing shares partly paid to 0.01 cents ("contributing shares") at the later of a JORC compliant resource of 200Mt of iron ore at a grade of no less than 30%, and the abovementioned condition precedent.
- 5,000,000 contributing shares at the later of a JORC compliant resource of 500Mt of iron ore at a grade of no less than 30%, and the abovementioned condition precedent.
- 5,000,000 contributing shares at the later of a JORC compliant resource of 1Bt of iron ore at a grade of no less than 30%, and the abovementioned condition precedent.

10. ASSOCIATED COMPANIES

		Note	2012 $	2011 $
a.	Movements during the year in equity accounted investment in associated companies:			
	Balance at beginning of the financial year		800,000	-
Add:	New investments during the year		-	800,000
	Share of associated company's profit after income tax	10b	(45,198)	-
	Balance at end of the financial year		754,802	800,000

NOTES TO THE FINANCIAL STATEMENTS

ASSOCIATED COMPANIES Cont.	2012 $	2011 $
b. Summarised presentation of aggregate assets, liabilities and performance of associates:		
Current assets	68,143	126,991
Non-current assets	1,060,503	737,424
Total assets	1,128,646	864,415
Current liabilities	1,398,623	841,500
Non-current liabilities	-	-
Total liabilities	1,398,623	841,500
Net liabilities	269,977	22,915
Revenues	-	-
Profit after income tax of associates	(82,471)	-

c. Ownership interest in Capricorn Iron Limited at the end of that company's reporting period was 49% of ordinary shares. The end of the reporting period of Capricorn Iron is 30 June. The end of the reporting period coincides with the entity's holding company.

Capricorn Iron Limited owns 70% of issued ordinary shares of Capricorn Iron (Pty) Ltd.

d. The carrying value of this investment is ultimately dependent upon the successful exploitation of exploration activities located in South Africa the results of which still remain uncertain.

11. OTHER ASSETS

	2012	2011
Prepayments	6,305	3,588

12. EXPLORATION AND EVALUATION EXPENDITURE

		2012	2011
Non-Current			
Costs carried forward in respect of areas of interest in:			
- Exploration and evaluation phases – at cost	(a)	-	22,260
(a) **Movement**			
Brought forward		22,260	21,946
Exploration expenditure capitalised during the year		127,264	9,944
Provision for impairment		-	-
Exploration expenditure written off		(149,524)	(9,630)
		-	22,260

The value of the consolidated entity's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

13. TRADE AND OTHER PAYABLES

	2012	2011
Current - Unsecured		
Trade creditors	24,249	15,254
Other creditors and accrued expenses	402,628	49,437
Amounts payable to:		
- Key management personnel related entities	25,208	27,941
	452,085	92,632

(i)Creditors are non-interest bearing and are normally on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS

14. ISSUED CAPITAL

	2012 Number	2012 $	2011 Number	2011 $
(a) ***Share Capital***				
Ordinary Shares				
Fully Paid of no par value	34,500,002	5,993,961	30,000,042	5,513,122
(b) ***Other equity securities***				
Partly-Paid Contributing Shares	11,700,000	1,170	11,700,000	1,170
Total Contributed equity	**46,200,002**	**5,995,131**	**41,700,042**	**5,514,292**

Outstanding amount per partly paid ordinary share at 30 June 2012 is $0.2499 (2011: $0.2499).

The partly paid ordinary shares are issued with 11,700,000 outstanding calls of 24.99 cents each. The dates for the future calls are not before 31 December 2012. The partly paid shares carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the ball becoming payable.

(c) ***Reconciliation of the number of Ordinary Shares***

Movements in ordinary share capital of the Company during the past 2 years were as follows:	**No. Of shares**	**Value $**
Opening balance 1 July 2010	25,000,042	4,714,292
Shares issued during the year:		
21 July 2010 (i)	1,000,000	160,000
20 September 2010 (ii)	4,000,000	640,000
Closing balance 30 June 2011	30,000,042	5,514,292
Shares issued during the year		
21 May 2012 (iii)	4,500,000	472,488
Less: Transaction costs		(28,349)
Option reserve		36,700
Closing balance 30 June 2012	**34,500,042**	**5,995,131**

(i) On 21 July 2010 the Company issued 1,000,000 ordinary shares at $0.25 each in relation to the Northern Lights Project

(ii) On 20 September 2010 the Company issued 4,000,000 ordinary shares at $0.25 each in relation to the Northern Lights Project

(iii) On 21 May 2012 the Company issued 4,500,000 ordinary shares at $0.105 each as a share placement

(d) ***Capital Management***

Management controls the capital of the consolidated entity in order to ensure that the consolidated entity can fund its operations and continue as a going concern. Management of capital for an exploration consolidated entity will assist in providing the shareholders with adequate returns. The consolidated entity's capital includes ordinary share capital. There are no externally imposed capital requirements.

The working capital position of the consolidated entity at 30 June 2012 and 30 June 2011 are as follows:

	2012 $	**2011 $**
Cash and cash equivalents	1,878,973	2,561,621
Trade and other receivables	24,892	14,265
Held for trading financial assets	11,885	8,600
Trade and other payables	(452,085)	(92,632)
Working capital position	1,463,665	2,491,854

NOTES TO THE FINANCIAL STATEMENTS

15. RESERVES

Option Reserve		
Balance at the beginning of the financial period	367,855	148,866
Transfer expired listed options to Issued Capital	(36,700)	-
Unlisted options issued	75,935	218,989
Balance at the end of the financial year	407,090	367,855

2012	**Number of securities**	**Issue price**	**$**
Listed Options			
Balance at beginning of year	18,349,361	$0.01	183,500
Options expired	(18,349,361)		(183,500)
Balance at end of year	-		-
Unlisted Options			
Balance at beginning of year	4,050,000		331,155
Options expired	-		
Options Issued	1,600,000		75,935
Balance at end of year	5,650,000		407,090

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued.

16. FINANCIAL INSTRUMENTS

a. **Financial Risk Management Policies**

The consolidated entity's financial instruments consist solely of deposits with banks. No financial derivatives are held.

i. Financial Risk Exposures and Management

The main risk the consolidated entity is exposed to through its financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the consolidated entity.

Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. The consolidated entity does not have any significant liquidity risk as the consolidated entity does not have any collateral debts.

ii. **Fair Values**

The fair values of financial assets and financial liabilities are presented below and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (Cont.)

iii. **Sensitivity Analysis**

Interest Rate Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2012, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2012 $	2011 $
Change in loss		
— Increase in interest rate by 100 basis points	18,790	25,616
— Decrease in interest rate by 100 basis points	(18,790)	(25,616)
Change in equity		
— Increase in interest rate by 100 basis points	18,790	25,616
— Decrease in interest rate by 100 basis points	(18,790)	(25,616)

	Floating Interest Rate $	Fixed Interest maturing in 1 year or less $	Non interest bearing $	2012 Total $
2012				
Financial assets				
Cash and cash equivalents	368,233	1,510,446	294	1,878,973
Held for trading financial assets	-	-	11,885	11,885
Trade and other receivables	-	-	24,892	24,892
Total financial assets	368,233	1,510,446	37,071	1,915,750
Financial liabilities				
Trade and other payables	-	-	452,085	452,085
Total financial liabilities	-	-	452,085	452,085

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments held are level 1.

Weighted average interest rate 4.59%

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (Cont.)

	Floating Interest Rate $	Fixed Interest maturing in 1 year or less $	Non interest bearing $	Total $
2011				
Cash and cash equivalents	1,461,327	1,100,000	294	2,561,621
Held for trading financial assets	-	-	8,600	8,600
Trade and other receivables	-	-	14,265	14,265
Total financial assets	1,461,327	1,100,000	23,159	2,584,486
Financial liabilities				
Trade and other payables	-	-	92,632	92,632
Total financial liabilities	-	-	92,632	92,632

17. LOSS PER SHARE

	2012 $	2011 $
(a) Loss used in the calculation of basic EPS	(1,615,252)	(1,543,843)
	Number of Shares	*Number of Shares*
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	30,493,193	29,043,878

18. CASH FLOW INFORMATION

	2012 $	2011 $
Reconciliation of cash flows from operating activities with loss after income tax		
- Loss used after income tax	(1,615,252)	(1,543,843)
Non-cash flows in loss for the year		
- Depreciation	1,726	-
- Share Option Expense	75,935	218,989
- Share of associate company losses	45,198	-
- Fair value adjustment to investments	570,543	-
- Exploration write-off	149,524	-
- Write off of property, plant and equipment	522	-
- Cash flows not in loss for the year		
- Payments for exploration and evaluation	-	(9,945)
- Changes in assets and liabilities		
- Decrease/(Increase) in receivables & prepayments	(13,343)	14,717
- Decrease/(Increase) in Exploration	(127,264)	9,630
- Increase/(Decrease) in trade and other creditors, accruals and employee entitlements	(8,048)	51,372
Net cash outflows from Operating Activities	(920,459)	(1,259,080)

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS

(i) Segment performance

For management purposes the consolidated entity has one segment which is exploration activities relating to minerals.

30 June 2012

	Exploration	Total
	$	$
Revenue	-	-
Expenses	(149,524)	(149,524)
Total segment loss	**149,524**	**149,524**
Reconciliation of segment result to consolidated entity net loss		
i) Unallocated items		
- Interest revenue		82,308
- Impairment of assets		(567,828)
- Option Expense		(75,935)
- Personnel		(500,134)
- Compliance & Regulatory		(58,197)
- Administration		(206,666)
- Occupancy		(38,409)
- Professional fees		(55,669)
- Share of losses from associated company		(45,198)
Net loss from continuing operations		**(1,615,252)**

30 June 2011

	Exploration	Total
	$	$
Revenue	-	-
Expenses	(9,630)	(9,630)
Total segment loss	**(9,630)**	**(9,630)**
Reconciliation of segment result to consolidated entity net loss		
ii) Unallocated items		
- Interest revenue		167,016
- Impairment of assets		(841,500)
- Option Expense		(218,989)
- Personnel		(303,113)
- Corporate		(100,910)
- Administration		(194,453)
- Occupancy		(40,200)
- Other		(2,064)
Net loss from continuing operations		**(1,543,843)**

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS (Continued)

(ii) Segment Assets

30 June 2012

	Exploration	Total
	$	$
Segment Assets	-	-
Unallocated assets:		
- Cash and cash equivalents		1,878,973
- Trade and other receivables		24,892
- Equity accounted investments		754,802
- Other		20,649
Total Company Assets		**2,679,316**

30 June 2011

	Exploration	Total
	$	$
Segment Assets	22,260	22,260
Unallocated assets:		
- Cash and cash equivalents		2,561,621
- Trade and other receivables		14,265
- Equity accounted investments		800,000
- Other		16,895
Total Company Assets		**3,415,041**

(iii) Segment Liabilities

30 June 2012

	Exploration	Total
	$	$
Segment Liabilities	-	-
Unallocated liabilities:		
- Trade and other payables		452,085
Total Company Assets		**452,085**

30 June 2011

	Exploration	Total
	$	$
Segment Liabilities	-	-
Unallocated liabilities:		
- Trade and other payables		92,632
Total Company Assets		**92,632**

20. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 July 2012 3,500,000 shares were issued to sophisticated investors at $0.105 per share by way of a share placement which raised $367,500 (before costs) for the consolidated entity.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the financial operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Other that transactions disclosed in Note 22, for the financial year ended 30 June 2012 there were no such transactions.

22. KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	Position
Martin Pyle	Non-executive Chairman
Bryan Dixon	Non-executive Director
Philip Miolin	Non-executive Director
David Seymour	Non-executive Director
Adrian Griffin	Managing Director
Julie Hill	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report. The totals of remuneration paid to Key Management Personnel of the consolidated entity during the year is as follows:

	2012 $	2011 $
Short-term benefits	301,423	320,548
Post-employment benefits	17,378	14,901
Share based payments	4,315	218,990
	323,116	**554,439**

b. **Number of Options Held by Key Management Personnel**

	Balance 1.7.2011	Granted as Compensation	Options Exercised/Expired	Balance 30.6.2012	Total vested 30.6.2012	Total Exercisable 30.6.2012	Total Unexercisable 30.6.2012
Martin Pyle	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Bryan Dixon	1,006,000	-	(6,000)	1,000,000	1,000,000	1,000,000	-
Philip Miolin	625,000	-	(100,000)	525,000	525,000	525,000	-
David Seymour	685,000	-	(160,000)	525,000	525,000	525,000	-
Adrian Griffin	-	1,500,000	-	1,500,000	1,500,000	1,500,000	-
Julie Hill	-	100,000	-	100,000	100,000	100,000	-
Total	**3,316,000**	**1,600,000**	**(266,000)**	**4,650,000**	**4,650,000**	**4,650,000**	**-**

	Balance 1.7.2010	Granted as Compensation	Options Exercised/Expired	Balance 30.6.2011	Total vested 30.6.2011	Total Exercisable 30.6.2011	Total Unexercisable 30.6.2011
Martin Pyle	-	1,000,000	-	1,000,000	1,000,000	1,000,000	-
Bryan Dixon	6,000	1,000,000	-	1,006,000	1,006,000	1,006,000	-
Philip Miolin	450,000	175,000	-	625,000	625,000	625,000	-
David Seymour	510,000	175,000	-	685,000	685,000	685,000	-
Adrian Griffin	-	-	-	-	-	-	-
Total	**966,000**	**2,350,000**	**-**	**3,316,000**	**3,316,000**	**3,316,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS

22. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

c. Number of Ordinary Shares held by Key Management Personnel

	Balance 1.7.2011	Received as compensation	Options exercised	Net Change Other	Balance 30.6.2012
Martin Pyle	1,237,107	-	-	-	1,237,107
Bryan Dixon	480,487	-	-	-	480,487
Philip Miolin	100,001	-	-	-	100,001
David Seymour	468,000	-	-	-	468,000
Adrian Griffin	270,470	-	-	100,000	370,470
Julie Hill	-	-	-	-	-
Total	**2,087,578**	-	-	**100,000**	**2,187,578**

	Balance 1.7.2010	Received as compensation	Options exercised	Net Change Other	Balance 30.6.2011
Martin Pyle	1,137,107	-	-	100,000	1,237,107
Bryan Dixon	480,487	-	-	-	480,487
Philip Miolin	100,001	-	-	-	100,001
David Seymour	468,000	-	-	-	468,000
Adrian Griffin	-	-	-	270,470	270,470
Total	**1,717,108**	-	-	**270,470**	**2,087,578**

d. Number of Partially Paid Contributing Shares held by Key Management Personnel

	Balance 1.7.2011	Received as compensation	Shares Paid up	Net Change Other	Balance 30.6.2012
Martin Pyle	1,403,143	-	-	-	1,403,143
Bryan Dixon	750,000	-	-	-	750,000
Philip Miolin	100,000	-	-	-	100,000
David Seymour	300,449	-	-	-	300,449
Adrian Griffin	334,082	-	-	-	334,082
Julie Hill		-	-	-	-
Total	**2,137,674**	-	-	-	**2,137,674**

	Balance 1.7.2010	Received as compensation	Shares Paid up	Net Change Other	Balance 30.6.2011
Martin Pyle	1,403,143	-	-	-	1,403,143
Bryan Dixon	750,000	-	-	-	750,000
Philip Miolin	100,000	-	-	-	100,000
David Seymour	300,449	-	-	-	300,449
Adrian Griffin	-	-	-	334,082	334,082
Total	**1,803,592**	-	-	334,082	**2,137,674**

There have been no other transactions involving equity instruments other than those described in the tables above.

NOTES TO THE FINANCIAL STATEMENTS

23. EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2012 $	2011 $
No longer than one year	-	-
Longer than one year, but not longer than five years	-	-
Longer than five years	-	-
	-	-

If the consolidated entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

24. SHARE BASED PAYMENTS

There were share based payments to the directors of the consolidated entity for the year ended 30 June 2012. For details refer to Note 22 of the Notes to the financial accounts.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	Number	Weighted average exercise price
Options outstanding as at 30 June 2010	**1,700,000**	**$0.30**
Granted	2,350,000	$0.25
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2011	**4,050,000**	**$0.27**
Granted	1,600,000	$0.24
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2012	**5,650,000**	**$0.26**
Options exercisable as at 30 June 2012	5,650,000	$0.26
Options exercisable as at 30 June 2011	4,050,000	$0.27

The weighted average remaining contractual life of options outstanding at year end was 2.26 years. The weighted average exercise price of outstanding options at reporting date was $0.26.

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE BASED PAYMENTS (Continued)

Options granted to key management personnel under the company's Employee Incentive Scheme during the year were as follows:

- On 28 September 2011, 100,000 options granted to J Hill with an exercise price of $0.14 and an expiry date of 27 September 2013; and
- On 1 December 2011, 1,500,000 options granted to A Griffin with an exercise price of $0.25 and an expiry date of 29 November 2015.

These options all vested upon the date of grant and they are all unlisted and don't hold voting or dividend rights.

The fair value of the options granted is determined by using the Black-Scholes option pricing model.

The following table lists the inputs to the models used for the period ended 30 June 2012:

Allottees	Fair Value at Grant Date	Estimated Volatility	Life of Option (yrs)	Exercise Price	Share Price	Risk Free Interest Rate
J Hill	$0.04315	81%	2.00	$0.14	$0.11	4.75%
A Griffin	$0.04775	78%	4.00	$0.25	$0.11	4.75%

The expected volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information.

25. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities outstanding at the end of the year.

26. CONTROLLED ENTITY

	Class of Shares	Percentage Owned
Greater African Resources	Ordinary	100%

On 26 January 2012, the Company registered Greater African Resources, a company incorporated in Mauritius. Greater African Resources had no assets or liabilities at the date of acquisition and at 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

27. PARENT ENTITY DISCLOSURES

	2012 $	2011 $
(a) Statement of financial position		
Assets		
Current assets	1,910,170	2,579,474
Non-current assets	769,146	835,567
Total assets	**2,679,316**	**3,415,041**
Liabilities		
Current liabilities	452,085	92,632
Total liabilities	**452,085**	**92,632**
Equity		
Issued capital	5,995,131	5,514,292
Reserves	407,090	367,855
Retained profits	(4,174,990)	(2,559,738)
Total Equity	**2,227,231**	**3,322,409**
(b) Statement of comprehensive income		
Total profit/ (loss)	(1,615,252)	(1,543,843)
Total comprehensive income	(1,615,252)	(1,543,843)

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Midwinter Resources NL, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 45, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Adrian Griffin
Managing Director

Perth,
27 September 2012

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Midwinter Resources NL

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

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. The financial report of Midwinter Resources NL and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

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

Auditor's Opinion

In our opinion, the Remuneration Report of Midwinter Resources NL for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 27th day of September 2012

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 10 September 2012 were as follows:

Number Held as at 10 September 2012	Fully Paid Ordinary Shares
1-1,000	10
1,001 - 5,000	13
5,001 – 10,000	71
10,001 - 100,000	150
100,001 and over	63
TOTALS	**307**

Holders of less than a marketable parcel:
- fully paid shares 29

Substantial Shareholders

Substantial shareholders are set out below:

Shareholder	Number	
Mr Alan Jenks	5,513,613	14.5%

Restricted Securities

The Company has no restricted securities.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

ADDITIONAL SHAREHOLDER INFORMATION (CONT.)

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders are as follows:

Ordinary Shares		Number Held	% Held
1	Citicorp Nominees Pty Limited	3,023,693	7.96
2.	Kingsreef Pty Ltd	2,540,733	6.69
3.	Alan Jenks	2,500,000	6.58
4.	Mr Martin James Pyle <M Pyle Super fund A/C>	1,587,107	4.18
5.	Mr Robert Vanderland	1,300,000	3.42
6.	Wilgus Investments Pty Ltd	1,250,000	3.29
7.	Fehu Capital Pty Ltd	1,250,000	3.29
8.	Avon Valley Exploration Pty Ltd	1,150,000	3.03
9.	Apollinax Inc	1,000,000	2.63
10.	D W Sargeant Pty Ltd	750,000	1.97
11.	Coltrange Pty Ltd	700,000	1.84
12.	Aggregated Capital Pty Ltd <Super Fund No 2 Account>	700,000	1.84
13.	Borlan Pty Ltd <John Hughes S/F A/C>	666,666	1.75
14.	Clive Jones <The Alyse Investment Trust>	650,000	1.71
15.	Elsinore Nominees Pty Ltd	570,002	1.50
16.	JP Morgan Nominees Australian Limited <Cash Income A/C>	550,000	1.45
17.	Dyspo Pty Limited <Henty Super Fund A/C>	506,000	1.33
18.	Dyspo Pty Limited <Henty Superannuation A/C>	494,000	1.30
19.	G K Investments Pty Ltd	476,190	1.25
20.	Widerange Corporation Pty Ltd	446,701	1.18
		22,111,092	**58.19**

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd Edition. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

The Board of Directors of Midwinter Resources NL is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Midwinter Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

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

For further information on corporate governance policies adopted by Midwinter Resources NL, refer to our website: www.midwinterresources.com.au.

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2011/2012 financial year (Reporting Period).

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, 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.

Senior executives are responsible for supporting Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board has a majority of Directors who are independent.

The independent Directors of the Company are Martin Pyle, Bryan Dixon, David Seymour and Phil Miolin. These Directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter, for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company’s rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole non-independent director of the Company is Adrian Griffin, who is Managing Director.

The independent Chair of the Board is Martin Pyle.

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and re-appointment of directors is not automatic.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and therefore it is not structured in accordance with Recommendation 4.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Audit Committee, held one meeting during the Reporting Period. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

All of the directors consider themselves to be financially literate and possess relevant industry experience. Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. The remuneration of non-executive directors is set by reference to payments made by other companies of similar size and industry, and by reference to the director's skills and experience. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review. All of the directors' option holdings are fully disclosed. Executive Pay and rewards consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives is undertaken via an informal interview process which occurs annually or more frequently as required and otherwise takes place as part of the annual salary review under the senior executives' employment contract.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed above.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluating the performance of the Board and, when appropriate, Board committees and individual directors deemed. The Board is responsible for evaluating the Managing Director. The evaluations of the Board, and any applicable Board committees and individual directors are undertaken via informal discussions on an ongoing basis with the Chair.

The evaluation of the Managing Director is undertaken via an informal interview process which occurs annually or more frequently, at the Board's discretion.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.3)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Diversity Policy
(Recommendations: 3.2, 3.3, 3.4 & 3.5)

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

During the Reporting Period the Company developed and the Board adopted a Diversity Strategy which details the Company's measurable objectives for achieving gender diversity in accordance with the Diversity Policy. In doing this, and assigning the responsibility for the Diversity Policy and its administration, monitoring and review, the Company has achieved its structural and procedural measurable objectives set for [2011/12]. The Diversity Strategy includes a number of concepts including contribution to enhance local workforce and provision of opportunities for career development.

Initiation of programs and schemes to achieve these goals were achieved during the Reporting Period. The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce.
A summary of the Company's Diversity Policy is available on the Company's website.

The proportions of, women in senior executive positions and women on Board as at 30 June 2012 are set out below:

	2012	
	No.	**%**
Women on the Board	0	0
Women in senior management roles	1	50

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure is available on the Company's website.

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A copy of the Company's Shareholder Communication Policy is available on the Company's website.

Risk Management
Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director**,** who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

During the Reporting Period, management regularly reported to the Board on the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.

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 in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is available on the Company's website.

SCHEDULE OF MINERAL TENEMENTS
AS AT 19 SEPTEMBER 2012

Project	***Tenement***		***Interest held by Midwinter Resources NL***
	LP 1481PR		
Northern Lights	Rhenosterfontein		34.3%
Northern Lights	Haaskraal		34.3%
Northern Lights	Caledonia		34.3%
Northern Lights	Klipfontein		34.3%
Northern Lights	Bloemhof		34.3%
	LP 2176PR		
Northern Lights	Summerfield		34.3%
Northern Lights	Doornkraal		34.3%
Northern Lights	Frienship		34.3%
	LP 3069PR		
Northern Lights	Melkbosch		34.3%
Northern Lights	Sonkwasfontein		34.3%
Northern Lights	Tata		34.3%
Northern Lights	Kransvallei		34.3%
Northern Lights	Zeekoeivlei		34.3%
Northern Lights	Woolwichi		34.3%
Northern Lights	Deptford		34.3%
Northern Lights	Bristol		34.3%
Northern Lights	Tynemouth		34.3%
Northern Lights	Halla		34.3%

The above table outlines the tenements granted in the Company's Northern Lights project. Interest is beneficial interest and will increase to 70% upon ministerial consent being received.