# MINING PROJECTS GROUP LIMITED

ABN 84 006 189 331

ANNUAL REPORT 2012

# Contents

# Chairman's Letter

Dear Shareholder,

The 2011/12 financial year has proven to be a year of transition for Mining Projects Group Limited ("MPJ" or "the Company").

Whilst the board continues to evaluate its uranium focused South African tenements, due to the depressed uranium market, the Company began a process of identifying prospective undervalued exploration opportunities. As such the Queensland coal sector presented as an opportunity that was experiencing some short-term challenges which were leading to depreciating valuations for prospective exploration ground.

On developing the position that the headwinds being faced by the industry had in all likelihood been overplayed, the Company adopted a strategy of developing an opportunistic Queensland based coal exploration portfolio.

To date MPJ has acquired one granted lease and two applications through two completed transactions. The tenements areas acquired through both transactions possess a number similar characteristics including; prospective historical data, proximity to significant existing deposits and mines and attractive transaction valuations, each of which demonstrate the type of portfolio MPJ is looking to develop.

The project area within Delcarmen Energy Limited ("Delcarmen") in particular looks prospective for high energy thermal coal and semi-soft coking coal, and is located only 170kms from Brisbane with good road infrastructure, and existing historical rail infrastructure exists. There are a number of significant mines and deposits are nearby including the Meandu mine which supplies coal to the Tarong and Tarong North Power stations. All of these factors provide the ingredients to unlock significant value.

The Company is currently continuing to liaise with DEEDI in order to accelerate the granting of the two applications which form the project area.

MPJ continues to review coal projects which it believes can complement the projects which have been acquired. MPJ is also continuing to assess a number of projects which focus on other commodities to provide balance to the project portfolio and not leave shareholders entirely exposed to one particular commodity.

On behalf of the board I wish to thank shareholders for their ongoing support and patience and look forward to advancing both the current projects which reside in the portfolio as well as further projects which may be acquired over the coming 12 months.

Yours faithfully,

Bryan J. Frost
Executive Chairman
Mining Project Group Limited

Dated: 28th Day of September 2012

## Review of Operations

Early in the financial year Mining Projects Group Limited (ASX : MPJ) ("MPJ" or "the Company") elected to assess further prospective exploration opportunities whilst it continues to re-evaluate its next exploration program for its existing uranium projects which have been reassessed due to unfavourable conditions within the uranium market.

The Company performed extensive due diligence investigations in respect to many projects across a number of commodities and jurisdictions to identify prospective opportunities with reasonable and achievable transaction costs.

MPJ subsequently elected to focus on coal exploration assets within Queensland due to the considerable decrease in project valuations due to depressed coal prices, allowing for quality assets to be acquired at more favourable terms.

MPJ believes recent downward pressure in both the thermal and coking coal markets has been over-played and that prices will recover once China recommences fostering infrastructure expansion. As such it has become an opportune time to develop a prospective coal exploration portfolio within Queensland. In addition to the development of this coal portfolio MPJ will continue to assess further projects outside the coal sector to provide balance with respect to exposure to other commodities.

## Coal Portfolio

As part of the strategy to develop a prospective coal portfolio MPJ thus far has entered into two transactions to acquire two lease applications and one granted lease;

### *Delcarmen Energy Limited*

On 7 February 2012, MPJ announced it had executed a binding Heads of Agreement ("HoA") to acquire two prospective Exploration Permits for Coal applications ("EPC"), EPC 2527 & EPC 2528, north and east of Kingaroy, 170kms west of Brisbane (Figure 1) which are prospective for high energy thermal coal and semi-soft coking coal.

MPJ acquired 100% of Delcarmen Energy Limited ("Delcarmen") for $1 million with consideration for the acquisition to be completed on a 50:50 equity and cash basis, subject to the granting of the applications. After completing successful due diligence, the Company executed a definitive sale of shares agreement with all Delcarmen shareholders on 27 March 2012 and consummated the acquisition with shareholder approval at the 18 May 2012 general meeting. On 5 July 2012 MPJ announced the acquisition of 100% of the issued capital of Delcarmen.

Delcarmen will receive 25 million ordinary fully paid shares, the allotment of which will be deferred pending the granting of the EPCs ("the Deferred Consideration Shares"). The issue of 12.5 million of the Deferred Consideration Shares will be deferred until the grant of EPC 2527 and the issue of the remaining 12.5 million Deferred Consideration Shares will be deferred until the grant of EPC 2528. A sum of $200,000 in cash will be payable to the shareholders of Delcarmen on each of EPC 2527 and EPC 2528 becoming granted.

The project area within the tenement boundaries covers approximately 1,030 km2. An initial geological study provided to the Company assessing the prospectivity of EPC 2527 & EPC 2528 suggests that the target area demonstrates potential for high energy thermal coal as well as semi-soft coking coal, primarily located within the Triassic-age Esk and Gayndah Formations. MPJ's first steps post acquisition will be to engage an independent consultant to develop a conceptual target and initial drill program for the Company.

Significant coal discoveries, deposits and mines in the Triassic Esk Basin or Esk Trough include:

- Stanwell Corporation's Kunioon deposit with measured open cut resource of 435 million tonnes of thermal coal which is supplying both Tarong Power Stations
- Rio Tinto's (ASX:RIO) Yarraman deposit just south of Tarong power Station with measured open cut of 54 million tonnes of thermal coal
- Cockatoo Coal's (ASX:COK) Taabinga deposit with measured open cut of 35 million tonnes of thermal coal

This acquisition provides MPJ with a footprint within a coal basin with coal discoveries, deposits and mines with an existing power station and historical rail infrastructure (which may require reconstruction and upgrading) dissecting the target area within 170kms from Brisbane.

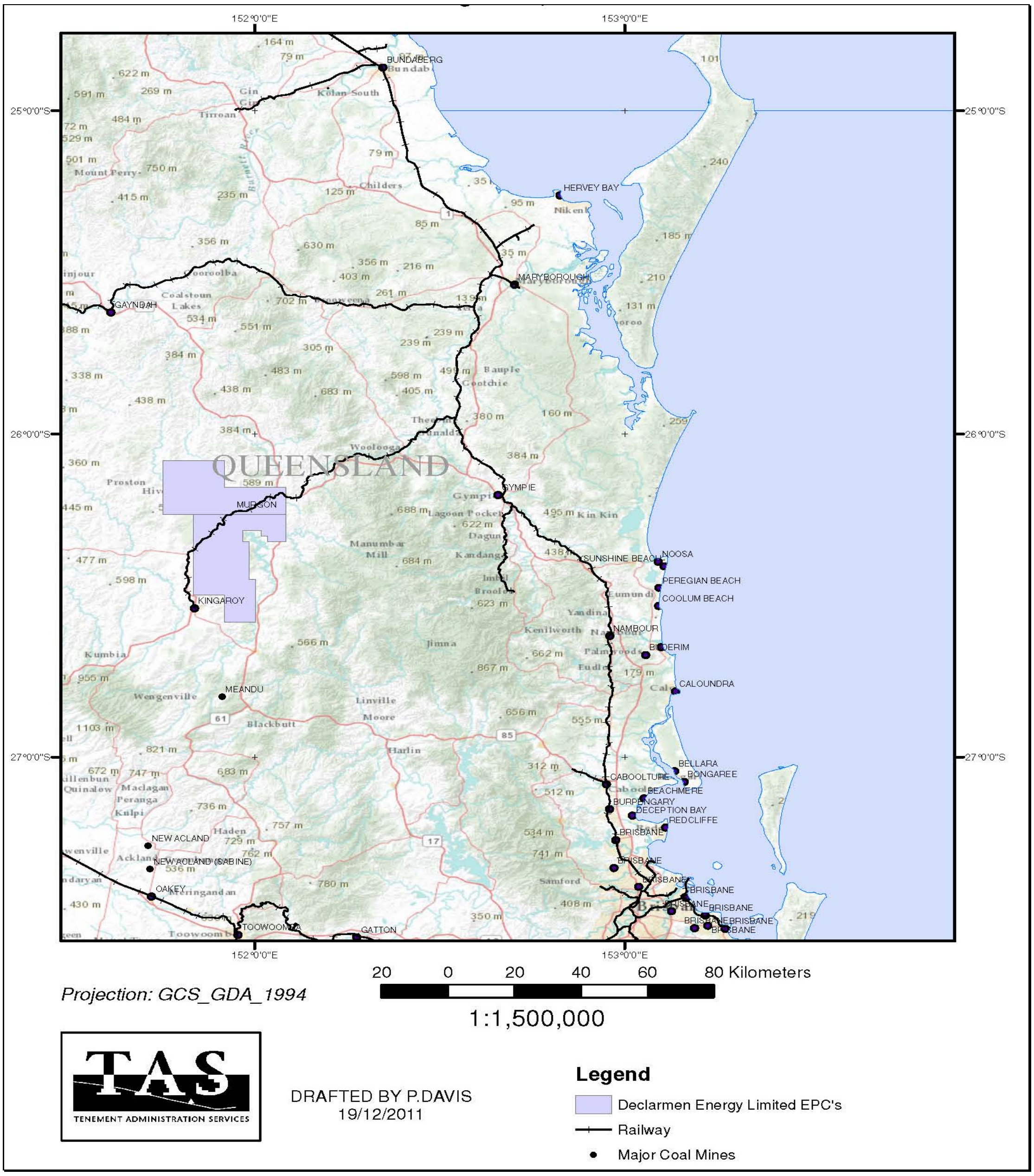


Figure 1. Delcarmen Regional Locality Map

*New Coal Energy Pty Ltd*

On 27 February 2012 MPJ executed its second acquisition agreement, agreeing to acquire coal exploration permit EPC 1992, subject to its granting, from New Coal Energy Pty Ltd ("NCE"). This application sits adjacent to Coalbank Limited's Central Project which is targeting Walloon coal measures in the Western Surat Basin (See Figure 2). On 9 May 2012 MPJ announced it received confirmation that EPC 1992 had been granted and renamed EPC 1992 as the Etona Coal Project ("Etona").

The consideration for the acquisition will be completed on the following basis;

- $40,615 payable in rent to the DEEDI;
- $25,000 payable to NCE on EPC 1992 becoming granted and NCE transferring the lease to MPJ; and
- The issue of 2.5 million MPJ fully paid ordinary shares at 2 cents per share to the introducer of the opportunity.

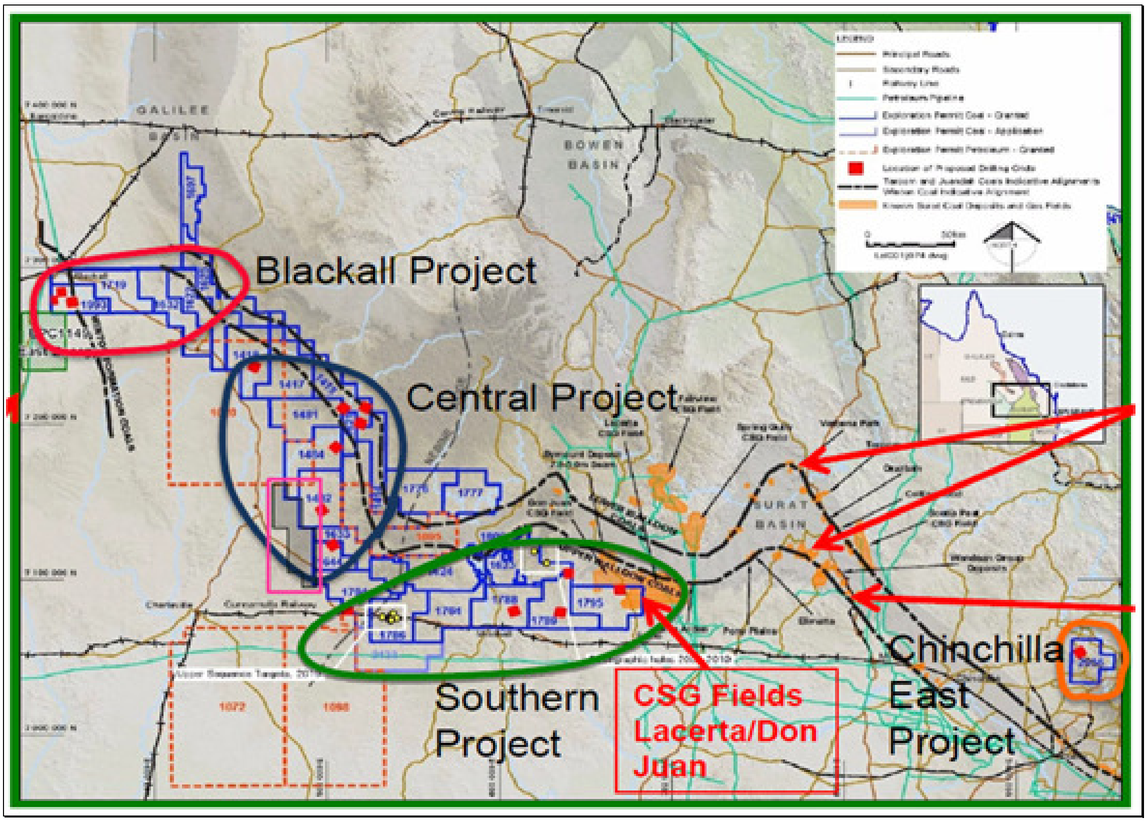


Figure 2. Etona Localilty Map (Source: Coalbank Limited)

As an initial step MPJ engaged an independent geologist to complete a geological review assessing the prospectivity of the EPC to establish an exploration target and consequent exploration steps to begin validating that target. This report established an exploration target range of between 50 and 155 million tonnes.

The Etona Coal Project sits adjacent to Coalbank Limited's (ASX:CBQ) Tambo Coal Project. MPJ was attracted to this exploration permit due to the size of the permit (300 sub-blocks), no impact from strategic cropping or native title, the possibility of shallow coals within the Orallo formation mined at the historical Maranoa Colliery and the exploration success of Coalbank providing the possibility of down-dip extensions within the Etona Project area.

The Etona Coal Project is continuous and covers 300 sub-blocks totalling an area of 947km$^2$. The project area is located 78km north-east of Charleville in central-west Queensland. The railway line runs from Charleville approximately 70km south to Roma, and then 550km east to the Barney Point Coal Terminal in Gladstone. Whilst the existing railway line is not coal wagon-rated, the relative proximity to road and rail infrastructure may potentially provide access to Etona, and could ultimately facilitate the delivery of coal to the local port.

The geology of the project area includes sedimentary rocks from the Cretaceous to Jurassic Eromanga Basin, and at much deeper depths, the Mid-Triassic to Late Carboniferous Bowen Basin, which are both known to contain thermal coals suitable for use in domestic or international coal markets.

The report cited inferences from petroleum wells and water bores previously drilled in the area to suggest the potential for large net volumes of thermal coal within the application area as several coal-bearing formations were identified which has led to the definition of an exploration target. The main exploration targets are the Cretaceous Orallo Formation, the Coreena Member of the Wallumbilla Formation, the Late Jurassic Westbourne Formation, and the Middle Jurassic Birkhead Formation.

Coal from the Orallo Formation has previously been mined south of Injune at the Maranoa Colliery. Detailed analysis of the water bore data has identified coal seams 0.3 to 3.5m at three depth bands within the tenure (at 25m, 130m and 550m). The thicker coals at 550m are most likely to represent down-dip extensions to shallower target coal seams (Walloon Coal Measure equivalents) in the adjacent Coalbank's Tambo project tenures.

The next steps for Etona include a further desktop study, interpretation of aerial and sensing images as well as a 2D seismic survey to further understand the prospectivity of this lease and finalise the initial drill program.

*Raptor Minerals (Pty) Limited*

The Board will continue to evaluate the Raptor tenements in the Karoo, South Africa. The exploration leases which currently reside within the portfolio are;

- Uitkyk and Schietkop prospects: Uranium targets in the Karoo Basin near Beaufort West township in the Western Cape Province
- Laingsburg Project: two uranium prospects (Spitzekop and Farm 45) close to Laingsburg township in the Western Cape

The Raptor uranium prospects were selected based on the potential indicated by exploration completed on the adjacent properties to host significant uranium mineralisation. Several significant uranium exploration and development projects are located in the Karoo Basin.

Raptor's Beaufort West properties in the Western Cape are contiguous with AREVA Resources South Africa (AREVA), Rietkuil (40million lbs U) and RystKuil (10 million lbs U) uranium projects.

Exploration thus far initially consisted of an airborne geophysical survey to identify any near surface uranium anomalies. The interpretation of the radiometric data showed a generally subdued contrast which may reflect the veneer of sedimentary cover and limited surface expression of the targeted lithologies, which have historically hosted the uranium mineralisation in this region. However two (2) of the five (5) areas tested showed minor uranium anomalies (greater than >5ppm mean equivalent uranium values (eU)) compared to the background values, whilst the remaining three (3) areas exhibited only subtle anomalism.

As such the next steps required to advance these exploration leases will require initial exploration programs, including mapping, sampling and trenching to help identify initial drill targets which may sit below the shallow cover which sits over these leases.

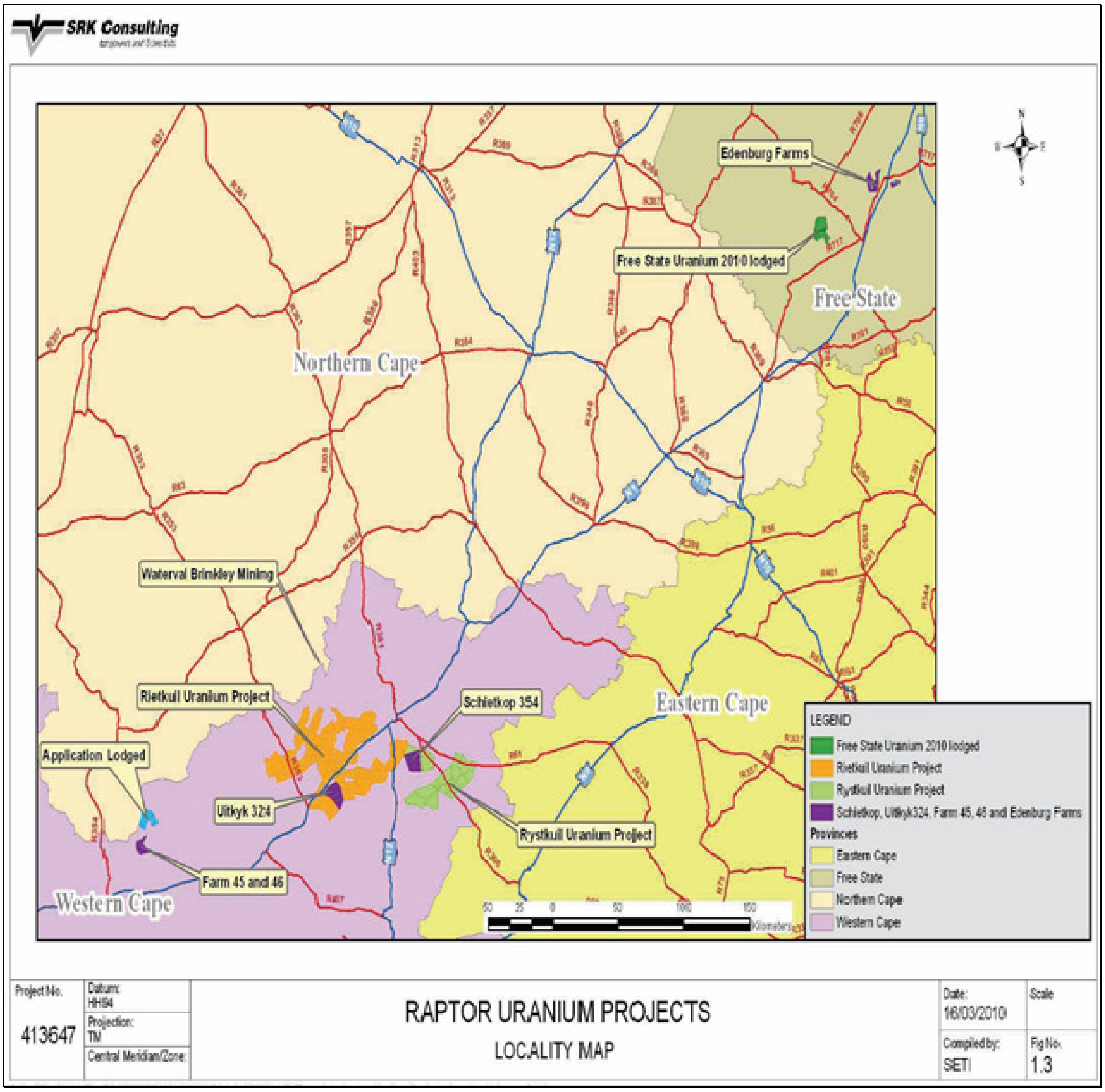


Figure 3. Location map of Western Cape uranium prospecting leases

# Directors' Report

The Board of Directors of Mining Projects Group Limited and its subsidiaries ('the Economic Entity') present their report for the year ended 30 June 2012.

## Directors

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

| **Mr Bryan Frost** | **Executive Chairman** |
|---|---|
| *First appointed to the Board* | 1991 |
| *Experience* | Mr Frost was a partner of a Melbourne based stockbroking firm until 1973, where he specialised in advising international investors, banks and investment funds on Australian arbitrage and investments. Mr Frost has over 30 years' experience and he has been involved in a number of public companies as an executive director and major shareholder and possesses extensive experience in financial engineering and management. |
| *Interest in shares and options** | 52,403,329 ordinary shares and 51,076,618 options over ordinary shares. |
| *Directorships in listed entities over the past three years* | Nil |
| *Directorships in unlisted entities* | Peregrine Corporate Limited |

| **Mr Richard Revelins** | **Executive Director & Company Secretary** |
|---|---|
| *First appointed to the Board* | 1991 |
| *Experience* | Mr Revelins has held senior executive positions in merchant banking and stockbroking firms and has acted as an advisor to a number of public companies in such matters as takeover, mergers and acquisitions, sale of businesses, debt and equity raisings and strategic financial advice. |
| *Interest in shares and options** | 28,950,885 ordinary shares and 29,725,473 options over ordinary shares. |
| *Directorships in listed entities over the past three years* | Prana Biotechnology Limited<br>- Company Secretary since 7 February 2000. |
| *Directorships in unlisted entities* | Peregrine Corporate Limited |

| **Mr James Babbage** | **Independent Non-Executive Director** |
|---|---|
| *First appointed to the Board* | 1991 |
| *Experience* | Mr Babbage has been a director of a number of public companies and possesses extensive experience in company and financial management, as well as being involved in the operation and management of mining companies. |
| *Interest in shares and options* | 150,000 ordinary shares and 125,000 options over ordinary shares. |
| *Committees* | Chairman of the Audit, Risk and Compliance Committee<br>Chairman of the Remuneration and Nomination Committee |
| *Directorships in listed entities over the past three years* | Nil |

* The relevant interests of each Director in shares and options as at the date of this report.

| Mr Phillip Hains | Executive Director & Company Secretary |
|---|---|
| *Appointed to the Board* | 25 January 2012 |
| *Experience* | Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company boards of directors and related committees. He has over 20 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants. |
| *Interest in shares and options** | 1,885,716 ordinary shares and 1,125,144 options over ordinary shares. |
| *Committees* | Member of the Audit, Risk and Compliance Committee<br>Member Remuneration and Nomination Committee |
| *Directorships in listed entities over the past three years* | Nil |

| Mr Christopher Taylor | Executive Director |
|---|---|
| *Resigned from the Board* | 21 October 2011 |
| *Directorships in listed entities over the past three years* | Nil |

* The relevant interests of each Director in shares and options as at the date of this report.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Company Secretary

Mr Richard Revelins throughout the financial year held, and continues to hold the position of Company Secretary. Mr. Phillip Hains became a Joint-Company Secretary of the Company on 25 January 2012.

## Principal Activity

The principal activity of the Economic Entity during the financial year was resource exploration and investment.

There have been no significant changes in the nature of those principal activities during the financial year not disclosed elsewhere in the Annual Report.

## Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2012 financial year.

## Earnings per Share

Basic loss per share: 2.90 cents (2011: 2.07 cents)

## Significant Changes in State of Affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Economic Entity during the financial year under review not otherwise disclosed in this Annual Report.

### Significant Events after Balance Date

The following significant announcements have been made subsequent to balance date:

| | | |
|---|---|---|
| 3 July 2012 | - | The Company announces a fully underwritten 4 for 5 Rights Issue to raise approximately $1.05 million before costs. |
| 5 July 2012 | - | The Company announced that it had completed the acquisition of Delcarmen Energy Limited subject to the granting of tenements EPC 2527 and EPC 2528. |
| 7 August 2012 | - | In accordance with the Rights Issue, the Company issues 105,289,176 fully paid ordinary shares (MPJ) and 105,289,176 options exercisable at $0.015 per option on or before 30 November 2014. |
| 14 August 2012 | - | The Company announces the issue of 5,716,200 fully paid ordinary shares (MPJ) in lieu of cash payment for professional services rendered to the Company. |

Other than the matters listed above, no other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

### Future Developments, Prospects and Business Strategies

The likely developments in the Economic Entity's operations, to the extent that such matters can be commented upon, are covered in the Review of Operations contained elsewhere in this Annual Report. In the opinion of the Directors, disclosure of information regarding the expected results of those operations in financial years after the current financial year is not predictable at this stage, or may prejudice the interests of the Economic Entity. Accordingly, this information has not been included in this Report.

### Review and Results of Operations

The Economic Entity's net loss after income tax for the financial year was $2,971,131 (2011: $1,500,202). The Review of Operations provides further details regarding the progress made by the Economic Entity since the prior financial year, which has contributed to its results for the year.

### Environmental Issues

The Economic Entity holds participating interests in a number of exploration licences. The various authorities granting such licences requires the holder to comply with directions given to it under the terms of the grant of the licence.

The Board is not aware of any breaches of the Economic Entity's licence conditions.

### Meetings of Directors

During the financial year, 20 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

| | Directors' Meetings | | Committee Meetings Audit, Risk & Compliance | |
|---|---|---|---|---|
| | Number attended | Number eligible to attend | Number attended | Number eligible to attend |
| Mr Bryan Frost | 14 | 14 | - | - |
| Mr Richard Revelins | 14 | 14 | - | - |
| Mr James Babbage | 14 | 14 | 5 | 6 |
| Mr Phillip Hains | 12 | 12 | 4 | 4 |
| Mr Christopher Taylor | 2 | 2 | 2 | 2 |

## Indemnification and Insurance of Directors and other Officers

The Economic Entity has not, during or since the end of the financial year in respect to any person who is or has been an officer or auditor of the Economic Entity or a related body corporate:

(a) indemnified or made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for costs or expenses to defend legal proceedings.

## Options over unissued shares

At the date of this report, the unissued ordinary shares of Mining Projects Group Limited under option are as follows:

| ASX Code | Number under option | Date of Expiry | Exercise Price |
|---|---|---|---|
| MPJO | 59,616,588 | 28 February 2013 | $0.030 |
| MPJOA | 41,299,175 | 6 July 2014 | $0.100 |
| MPJOB | 105,289,176 | 30 November 2014 | $0.015 |
| MPJAI | 400,000 | 5 October 2015 | $0.100 |
| MPJAI | 500,000 | 5 October 2015 | $0.250 |
| MPJAI | 500,000 | 5 October 2015 | $0.500 |
| MPJAK | 20,000 | 28 February 2014 | $0.030 |

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Mining Projects Group Limited.

## Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2012, the following ordinary shares were issued as a result of the exercise of options:

| ASX Code | Exercise Date | Exercise Price | Number of Shares Issued |
|---|---|---|---|
| MPJOA | 16/03/2012 | $0.03 | 20,000 |

No amounts are unpaid on any of the shares.

## Proceedings on Behalf of the Economic Entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Economic Entity, or to intervene in any proceedings to which the Economic Entity is a party, for the purpose of taking responsibility on behalf of the Economic Entity for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Economic Entity with leave of the Court under section 237 of the Corporations Act 2001.

## Non-Audit Services

The following non-audit services were provided by the Economic Entity's auditor, BDO East Coast Partnership (formally PKF Chartered Accountants). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO received, or are due to receive, the following amounts for the provision of non-audit services:

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Taxation and compliance services | - | 1,500 |

## Auditor's Independence Declaration

The lead Auditor's Independence Declaration, as required under section 307C of the Corporations Act 2001, for the year ended 30 June 2012 has been received and can be found in the section titled 'Auditor's Independence Declaration' within this Annual Report.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Economic Entity support, and adhere to, good corporate governance practices. The Economic Entity's Corporate Governance Statement is contained within the section of this Annual Report entitled 'Corporate Governance Statement'.

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## Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements of the Directors and Executives of the Economic Entity as required by the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration for each Director of the Economic Entity.

The Directors of the Economic Entity during the year were:

| | | |
|---|---|---|
| Mr Bryan Frost | Executive Chairman | |
| Mr Richard Revelins | Executive Director and Company Secretary | |
| Mr James Babbage | Independent Non-Executive Director | |
| Mr Phillip Hains | Executive Director and Company Secretary | (Appointed 25th January 2012) |
| Mr Christopher Taylor | Executive Director | (Resigned 21 October 2011) |

## Section A: Principles used to determine the nature and amount of Remuneration

### Remuneration Policy

The remuneration of all Executive and Non-Executive Directors, Officers and Employees of the Economic Entity is determined by the Remuneration Committee as of 3 August 2010. It was previously determined by the Board.

The Economic Entity is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of Shareholders.

Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by Shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

### Remuneration Policy versus Economic Entity Financial Performance

Over the past 5 years the Economic Entity has continued to acquire and maintain many participating interests in mining projects and companies that Directors believe have the potential to provide ongoing benefits to Shareholders. This is represented by the Economic Entity's interests in public and private companies, and direct participation in mining projects and joint ventures.

Some of the Economic Entity's investments have been realised over the past years and have provided trading profits and cash in-flows to fund ongoing activities. A number of projects and joint ventures are not at a stage where production or positive cash flows have yet been established, which may affect the Economic Entity's current performance and shareholder wealth.

The Company's earnings in the past 5 years have remained negative which is due to the nature of the Company as an early state mining Company. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Company.

| | |
|---|---|
| Loss financial year ended 2012 | ($2,971,131) |
| Loss financial year ended 2011 | ($1,500,202) |
| Loss financial year ended 2010 | ($2,417,225) |
| Loss financial year ended 2009 | ($13,000,986) |
| Loss financial year ended 2008 | ($3,016,380) |

Directors have been compensated for work undertaken and the responsibilities assumed in being Directors of this Economic Entity based on industry practice, as opposed to Economic Entity performance which is difficult to ascertain given the nature of the activities undertaken, as described above.

### Performance Based Remuneration

The purpose of a performance bonus is to reward individual performance in line with the Economic Entity's objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Economic Entity. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Economic Entity uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed, these include successful contract negotiations.

No performance based remuneration was granted during the reporting period (2011: $ nil).

## Section B: Details of Remuneration

### Details of Remuneration for the year ended 30 June 2012

The remuneration for each Director of the Economic Entity during the year was as follows:

| FY 2011/12 | Cash salary and fees $ | Superannuation Contribution $ | Other $ | Equity $ | Total $ |
|---|---|---|---|---|---|
| Bryan Frost | 249,996 | - | - | - | 249,996 |
| Richard Revelins | 165,138 | 14,862 | - | - | 180,000 |
| Jim Babbage | 40,000 | - | 6,500 * | - | 46,500 |
| Phillip Hains | - | - | 116,667 ** | - | 116,667 |
| Chris Taylor | 18,388 | 1,108 | 6,186 *** | - | 25,682 |
| | **473,522** | **15,970** | **129,353** | **-** | **618,845** |

* Fees received by Babbage & Co. for services rendered to Mining Projects Group Limited.

** Fees received by The CFO Solution for services rendered to Mining Projects Group Limited since Mr Phillip Hains became a Director.

*** Fees received by Mr Chris Taylor for geological consulting services rendered to Mining Projects Group Limited whilst a Director.

### Details of Remuneration for the year ended 30 June 2011

The remuneration for each Director of the Economic Entity during the year ended 30 June 2011 was as follows:

| FY 2010/11 | Cash salary and fees $ | Superannuation Contribution $ | Other $ | Equity $ | Total $ |
|---|---|---|---|---|---|
| Bryan Frost | 249,996 | - | - | - | 249,996 |
| Richard Revelins | 165,138 | 14,862 | - | - | 180,000 |
| James Babbage | 40,000 | - | 6,500 | - | 46,500 |
| Christopher Taylor | 43,842 | 3,600 | 67,434** | 10,900* | 125,776 |
| | **498,976** | **18,462** | **73,934** | **10,900** | **602,272** |

* On joining the Company as a Director during the 30 June 2010 financial year, the Board agreed to issue of 1.4 million MPJAI options to Christopher Taylor exercisable at various prices on or before 5 October 2015 as approved by shareholders pursuant to resolutions 3 and 4 at the September 2010 General Meeting of the Company. Refer to page 13 for details.

** Fees received by Mr. Taylor for geological consulting services rendered to Mining Projects Group Limited whilst a director.

### Performance income as a proportion of total remuneration

All executives are eligible to receive incentives by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares, or options, or as a portion of base salary. There is no fixed proportion between incentive and non-incentive remuneration.

Non-Executive Directors are not entitled to receive bonuses and/or incentives.

No performance incentives were paid during the reporting period (2011: $ nil).

### Details of options issued

As previously reported, no options were issued to Directors during the current financial year.

During the financial year ended 30 June 2010, 1.4 million MPJAI options were agreed to be granted to Mr Christopher Taylor, subject to shareholder approval. During the financial year ending 30 June 2011 on 5 October 2011, these options were issued to Mr. Taylor following receipt of shareholder approval:

- 400,000 unlisted MPJAI options exercisable at $0.10 on or before 5 Oct 2015. The options had a deemed value of $15,379 as calculated using the Black-Scholes valuation model when applying the following inputs:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant Date: | 5 Oct 2010 | Stock Price: | $0.06 | Volatility: | 90.50% | Dividend Yield: | 0.00% |
| Exercise Price: | $0.10 | Years to Expiry: | 5 years | Risk-free Interest Rate: | 4.83% | Option Fair Value: | $0.0384 |

- 500,000 unlisted MPJAI options exercisable at $0.25 on or before 5 Oct 2015. The options had a deemed value of $14,400 as calculated using the Black-Scholes valuation model when applying the following inputs:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant Date: | 5 Oct 2010 | Stock Price: | $0.06 | Volatility: | 90.50% | Dividend Yield: | 0.00% |
| Exercise Price: | $0.25 | Years to Expiry: | 5 years | Risk-free Interest Rate: | 4.83% | Option Fair Value: | $0.0288 |

- 500,000 unlisted MPJAI options exercisable at $0.50 on or before 5 Oct 2015. The options had a deemed value of $10,721 as calculated using the Black-Scholes valuation model when applying the following inputs:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant Date: | 5 Oct 2010 | Stock Price: | $0.06 | Volatility: | 90.50% | Dividend Yield: | 0.00% |
| Exercise Price: | $0.50 | Years to Expiry: | 5 years | Risk-free Interest Rate: | 4.83% | Option Fair Value: | $0.0214 |

During the 30 June 2010 financial year, the above options were listed as options to be issued to Mr. Taylor and a liability of $29,600 was recorded in that year. When the options were valued at the time of issue on 5 October 2010, it was determined the initial estimated valuation was understated by $10,900, and accordingly the balance of the total option valuation was reported as equity issued to Mr. Taylor in the financial year ended 30 June 2011.

### Employment contracts of Directors and key management personnel

Mr Christopher Taylor was the only Director under contract during the year ended 30 June 2012, which ceased upon his resignation on 21 October 2011. Chris Taylor continues to provide geological consulting services to the Company which are charged at standard arms-length commercial rates.

Mining Projects Group Limited has a contract with The CFO Solution, a specialist public practice, focusing on providing back office support, financial reporting and compliance systems for listed public companies. The contract commenced on 9 November 2006 and can be terminated with three months written notice of either party. Mr Phillip Hains is the sole Director and Principal of The CFO Solution. All fees relating to services rendered by The CFO Solution to Mining Projects Group Limited are charged at standard arms-length commercial rates as disclosed in the remuneration table above.

Since being a Director of the Company, The CFO Solution received fees of $116,667, which forms part of the total fees earned during the year of $280,000 for providing services to Mining Projects Group Limited.

Mr Phillip Hains is also a Director of Shared Office Services Pty Ltd which provides back office support services to Mining Projects Group Limited via a non-formal arrangement. Accordingly, Shared Office Services Pty Ltd charges a monthly fee to Mining Projects Group Limited for the use of the serviced office. The fee provides for occupancy, staffing and associated on-costs. Fees are charged at standard arms-length commercial rates. There is no formal agreement in place for this arrangement and there is no minimum notice period prior to termination of the arrangement. Mr Hains does not receive a financial benefit from this arrangement.

Since being a Director of the Company, Shared Office Services Pty Ltd has received fees of $31,392, which forms part of the total fees received during the year of $87,860.

Mining Projects Group Limited contracts Babbage & Co. to perform tax agent related services for the Company, which includes preparation and lodgement of Company tax returns, and other tax related matters. Services are performed on a task-by-task basis and no formal services contract between the parties exists. Mr Jim Babbage is the principal and owner of Babbage & Co. All fees relating to services rendered by Babbage & Co. to Mining Projects Group Limited are charged at standard arms-length commercial rates as disclosed in the remuneration table above.

END OF REMUNERATION REPORT

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Signed in accordance with a resolution of the Board of Directors.

Mr Bryan Frost

**Executive Chairman**

Dated: The 28th Day of September 2012.

A review of the Economic Entity's 'Corporate Governance Framework' is undertaken on a periodic basis to ensure that it is relevant and effective in light of the changing legal and regulatory requirements. The board of Directors' continue to adopt a set of Corporate Governance Practices and a Code of Conduct appropriate for the size, complexity and operations of the Company and its subsidiaries.

Unless otherwise stated, all Policies and Charters meet the ASX Corporate Governance Council's Best Corporate Governance principles and recommendations. The Economic Entity's Corporate Governance Statement is structured with reference to the Council's principals and recommendations which are as follows:

The Board's responsibilities are detailed in its Board Charter and cover the following broad categories:

| | |
|---|---|
| **Principle 1** | Lay solid foundations for management and oversight |
| **Principle 2** | Structure the board to add value |
| **Principle 3** | Promote ethical and responsible decision making |
| **Principle 4** | Safeguard integrity in financial reporting |
| **Principle 5** | Make timely and balanced disclosure |
| **Principle 6** | Respect the rights of shareholders |
| **Principle 7** | Recognise and manage risk |
| **Principle 8** | Remunerate fairly and responsibly |

## Role of the Board and Management

The Board's role is to govern the Economic Entity rather than to manage it. In governing the Economic Entity, the Directors must act in the best interests of the Economic Entity as a whole. It is the role of senior management to manage the Economic Entity in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

## Structure and Composition of the Board

The Board has been formed so that it has an effective mix of personnel who are committed to adequately discharging their responsibilities and duties, and being of value to the Economic Entity.

The names of the Directors, their independence, qualifications, experience and term of office are stated in the Directors' report within this Annual Report.

The Board believes that the interests of all Shareholders are best served by:

- Directors having the appropriate skills, experience and contacts within the Economic Entity's industry;
- Some major Shareholders being represented on the Board.

At present there is not a majority of the Directors classified as being 'Independent'. The number of Independent Directors on the Board may increase as the Economic Entity develops and grows, and the Board believes that it can attract appropriate Independent Directors with the necessary industry experience.

However, where any Director has a material personal interest in a matter, and in accordance with the Corporations Act 2001, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement aims to ensure that the interest of Shareholders, as a whole, is pursued and that their interest, or the Director's Independence, is not jeopardised.

The Economic Entity believes that at this stage in its development, the most appropriate person for the position of Chairman is an Executive Officer of the Economic Entity. The Executive Officer's overall expertise has been crucial to the Economic Entity's development and negates any perceived lack of independence.

Directors collectively, or individually, have the right to seek independent professional advice at the Economic Entity's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Board.

The Company does not have a Nomination Committee because it is deemed to be more efficient to have the Board consider membership nomination matters.

## Diversity Policy

The Company's objective is to have a workforce that is representative of the countries and communities in which it operates. Our workforce is employed based on the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality, physical appearance or ability.

The Company is committed to increasing diversity amongst its employees, not just in relation to gender diversity, but at its mining operations in consultation with local community groups and BEE partners/advisors.

Executive and Board positions are filled by the best candidate available at the time, without discrimination. The Company is committed to increase gender diversity within these positions when appropriate appointments become available. The Company is also committed to identifying suitable persons within the organisation and, where appropriate opportunities exist, advance diversity and support the promotion of talented employees into management positions within the Company.

The Company has not set any gender specific diversity objectives as it believes that multicultural diversity is as equally as important within the organisation.

The following table demonstrates the Company's gender diversity as at 30 June 2012:

| | Number of Males | Number of Females |
|---|---|---|
| Directors | 5 | - |
| Key Management Personnel | - | - |
| Other Company Employees / Consultants | 2 | 2 |

## Ethical and Responsible Decision-Making

As part of its commitment to recognising the legitimate interests of stakeholders, the Economic Entity has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Economic Entity has a share trading policy that regulates the dealings by Directors, Officers and Employees, in shares, options and other securities issued by the Economic Entity. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis with the Economic Entity are aware of the legal restrictions on trading in Economic Entity securities while in possession of unpublished price-sensitive information.

## Integrity in Financial Reporting

In accordance with the Board's policy, the Chairman and CFO have made attestations recommended by the ASX Corporate Governance Council as to the Economic Entity's financial condition prior to the Board signing this Annual Report.

The Economic Entity has a duly constituted Audit, Risk and Compliance Committee, consisting of the full board of the Company, with the Committee Chairman being an Independent Non-Executive Director. Due to the current composition of the board, it is not possible to meet the recommendation to have a minimum of three Non-Executive Directors, with the majority being independent. The current members of the Committee as at the date of this report, and their qualifications are detailed in the Directors' Report.

The Audit, Risk and Compliance Committee hold a minimum of two meetings each year. Details of attendance of the members of the Committee are contained in the Directors' Report.

### Timely and Balanced Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Economic Entity immediately notifies the ASX of information concerning the Economic Entity:

1 That a reasonable person would, or may expect to have a material effect on the price or value of the Economic Entity's securities; and

2 That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Economic Entity's securities.

### Rights of Shareholders

The Economic Entity respects the rights of its Shareholders, and to facilitate the effective exercise of Shareholder's rights, the Economic Entity is committed to:

1 Communicating effectively with Shareholders through ongoing releases to the market via ASX information and the General Meetings of the Economic Entity;

2 Giving Shareholders ready access to balanced and understandable information about the Economic Entity and Corporate Proposals;

3 Making it easy for Shareholders to participate in General Meetings of the Economic Entity; and

4 Requesting the External Auditor to attend the Annual General Meeting and be available to answer Shareholder's questions about the conduct of the audit, and the preparation, and content of the Auditor's Report.

Shareholders are also able to ring the registered office of the Economic Entity to make enquiries of the Economic Entity or obtain updated announcements via the ASX website.

### Recognised and Manage Risk

The Audit, Risk & Compliance Committee has established a policy for risk oversight and risk management within the Economic Entity. This is periodically reviewed and updated.

The CEO (Chairman) and CFO have given a statement to the Board that the integrity of the financial statements is founded on a good sound system of Risk Management and Internal Compliance and Controls based on the Economic Entity risk management policies.

### Encourage Enhanced Performance

A 'Performance Evaluation Policy' has been established to evaluate the performance of the Board, individual Directors and Executive Officers of the Economic Entity. The Board is responsible for conducting evaluations in line with these policy guidelines.

During the reporting period, the Board conducted performance evaluations on an informal basis which provided valuable feedback for future development.

Throughout the year, all Directors have access to all Economic Entity records and receive Financial and Operational updates on a regular basis.

All new Directors undergo an induction program.

## Remunerate fairly and responsibly

The Economic Entity adopted a Remuneration Committee on 3 August 2010. The members of the Committee are Mr. James Babbage (Chairman) and Mr. Phillip Hains. The Committee has yet to meet. The Board was previously responsible for remuneration matters. The Committee is responsible for:

- Setting the remuneration and conditions of service for all Executive and Non-Executive Directors, Officers and Employees of the Economic Entity. The aggregate of Non-Executive remuneration being approved by Shareholders at General Meetings of the Economic Entity from time to time.
- Approving the design of Executive & Employee incentive plans (including equity-based plans and options) and proposed payments or awards under such plans.
- Reviewing performance hurdles associated with incentive plans.
- Consulting appropriately qualified Consultants for advice on remuneration and other conditions of service.
- Succession planning for Senior Executive Officers.
- Performance assessment of Senior Executives Officers.

The Economic Entity is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with the Corporate Governance Principles and Recommendations' whilst supporting the interests of Shareholders. Senior Executives may receive a remuneration package based on fixed and variable components, determined by their position and experience. The granting of shares/options to Directors is subject to approval by Shareholders.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Economic Entity without prior Shareholder approval.

Current remuneration is disclosed in the Remuneration Report contained in the Directors' Report.

## Legitimate Interests of Stakeholders

The Board acknowledges the legitimate interests of various stakeholders such as Employees, Clients, Customers, Government Authorities, Creditors and the Community as a whole. As a good Corporate Citizen, it encourages compliance and commitment to appropriate corporate practices that are fair and ethical via its 'Code of Conduct Policy'.

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**DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF MINING PROJECTS GROUP LIMITED**

As lead auditor of Mining Projects Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- 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.

This declaration is in respect Mining Projects Group Limited and the entities it controlled during the period.

David Garvey

Partner

**BDO East Coast Partnership**

Melbourne, 28 September 2012

# Consolidated Statement of Comprehensive Income

## For the Year Ended 30 June 2012

| | Note | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|---|
| **REVENUE** | | | |
| Interest Revenue from external parties | 2 | 15,442 | 21,821 |
| Profit on sale of mining tenements | 2 | - | 201,421 |
| Other | 2 | 7,116 | 112,375 |
| **TOTAL REVENUE** | | **22,558** | **335,617** |
| Net movement in financial assets | 3b | (1,379,559) | 226,103 |
| **EXPENSES** | | | |
| Audit fees | 3a | (52,483) | (53,525) |
| Depreciation | | (21,951) | (21,117) |
| Tenement expenses | | (11,048) | (32,025) |
| Directors' & Consultants' fees | 3a | (689,855) | (584,872) |
| Impairment of tenement assets | | (3,272) | (409,652) |
| Travel & marketing | | (101,983) | (112,983) |
| Administration | | (110,718) | (181,606) |
| Professional fees | 3a | (332,237) | (284,751) |
| Rent | | (85,283) | (184,842) |
| Other expenses | | (205,300) | (196,549) |
| **Loss before income tax** | | **(2,971,131)** | **(1,500,202)** |
| Income tax expense | | - | |
| **Loss for the year after income tax** | | **(2,971,131)** | **(1,500,202)** |
| **Other comprehensive (expense):** | | | |
| Foreign exchange translation | | (113,549) | 14,402 |
| **Other comprehensive (expense) for the year, net of tax** | | **(113,549)** | **14,402** |
| **Total comprehensive (expense) for the year** | | **(3,084,680)** | **(1,485,800)** |
| **Loss attributable to:** | | | |
| Owners of Mining Projects Group Ltd | | (2,968,707) | (1,494,076) |
| Non-controlling interests | | (2,424) | (6,126) |
| | | **(2,971,131)** | **(1,500,202)** |
| **Total comprehensive income /(expense) attributable to:** | | | |
| Owners of Mining Projects Group Ltd | | (3,082,256) | (1,479,674) |
| Non-controlling interests | | (2,424) | (6,126) |
| | | **(3,084,680)** | **(1,485,800)** |
| Basic (loss) per share (cents per share) | 7 | (2.90) | (2.07) |
| Diluted (loss) per share (cents per share) | 7 | (2.90) | (2.07) |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

## As at 30 June 2012

| | Note | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|---|
| **<u>ASSETS</u>** | | | |
| ***<u>Current assets</u>*** | | | |
| Cash and cash equivalents | 8 | 202,682 | 317,609 |
| Trade and other receivables | 9 | 69,126 | 230,713 |
| Other financial assets | 10 | 645,733 | 2,183,039 |
| Deposit funds | 25 | 100,000 | - |
| Other assets | | 20,673 | 947 |
| **Total Current Assets** | | **1,038,214** | **2,732,308** |
| ***<u>Non-Current Assets</u>*** | | | |
| Trade and other receivables | 9 | 57,343 | 66,582 |
| Other financial assets | 10 | 381,063 | 620,869 |
| Property, plant and equipment | 12 | 34,888 | 56,222 |
| Exploration and evaluation costs | 13 | 1,037,890 | 1,008,143 |
| **Total Non-Current Assets** | | **1,511,184** | **1,751,816** |
| **TOTAL ASSETS** | | **2,549,398** | **4,484,124** |
| **<u>LIABILITES</u>** | | | |
| ***<u>Current Liabilities</u>*** | | | |
| Trade and other payables | 14 | 339,086 | 224,333 |
| Provisions | 15 | 9,013 | 13,931 |
| **Total Current Liabilities** | | **348,099** | **238,264** |
| **TOTAL LIABILITES** | | **348,099** | **238,264** |
| **NET ASSETS** | | **2,201,299** | **4,245,860** |
| **<u>EQUITY</u>** | | | |
| Issued capital | 17 | 32,259,264 | 31,219,145 |
| Foreign currency translation reserve | | (99,147) | 14,402 |
| Accumulated losses | | (29,949,321) | (26,980,614) |
| **Parent interests** | | **2,210,796** | **4,252,933** |
| Non-controlling interests | | (9,497) | (7,073) |
| **TOTAL EQUITY** | | **2,201,299** | **4,245,860** |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2012

| Consolidated Entity | Issued Capital $ | Foreign Currency Reserve $ | Accumulated losses $ | Non-controlling interests $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 30 June 2010** | **30,776,276** | **-** | **(25,486,538)** | **260** | **5,289,998** |
| **Total comprehensive expense for the period** | - | 14,402 | (1,494,076) | (6,126) | (1,485,800) |
| Non-controlling interest in subsidiaries acquired | - | - | - | (1,207) | (1,207) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Shares issued (net of costs) | 442,725 | - | - | - | 442,725 |
| Options exercised | 144 | - | - | - | 144 |
| **Balance at 30 June 2011** | **31,219,145** | **14,402** | **(26,980,614)** | **(7,073)** | **4,245,860** |
| **Total comprehensive expense for the period** | **-** | **(113,549)** | **(2,968,707)** | **(2,424)** | **(3,084,680)** |
| Non-controlling interest in subsidiaries acquired | | | | | - |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Shares issued (net of costs) | 1,004,719 | - | - | - | 1,004,719 |
| Options exercised | 400 | - | - | - | 400 |
| Options issued | 35,000 | - | - | - | 35,000 |
| **Balance at 30 June 2012** | **32,259,264** | **(99,147)** | **(29,949,321)** | **(9,497)** | **2,201,299** |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2012

| | Note | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Receipts from customers | | - | 20,069 |
| Payments to suppliers and employees | | (1,051,905) | (1,444,480) |
| Interest received | | 18,937 | 42,911 |
| Interest and other costs of finance paid | | - | (32) |
| **Net cash flows used in operating activities** | **20** | **(1,032,968)** | **(1,381,532)** |
| ***Cash flows related to investing activities*** | | | |
| Proceeds from sales of plant and equipment | | - | - |
| Payment for purchases of plant and equipment | | (617) | (48,219) |
| Proceeds from sales of equity investments | | 773,353 | 3,214,067 |
| Payment for purchases of equity investments | | (485,447) | (1,207,977) |
| Loans from/(to) other entities | | (25) | (159,560) |
| Payment for tenement and exploration | | (116,471) | (500,785) |
| Deposit paid as prepayment for acquisition of subsidiary | 25 | (100,000) | - |
| Acquisition of subsidiaries, net of cash acquired | 27 | - | (172,063) |
| **Net cash flows from investing activities** | | **70,793** | **1,125,463** |
| ***Cash flows related to financing activities*** | | | |
| Proceeds from issues of securities | | 993,132 | 144 |
| Capital raising costs | | (123,012) | (7,275) |
| **Net cash flows from/(used in) financing activities** | | **870,120** | **(7,131)** |
| **Net decrease in cash and cash equivalents** | | **(92,055)** | **(263,200)** |
| Cash and cash equivalents at the beginning of the year | 8 | 317,609 | 571,530 |
| Effects of exchange rate changes on cash and cash equivalents | | (22,872) | 9,279 |
| **Cash and cash equivalents at the end of the year** | **19** | **202,682** | **317,609** |

The accompanying notes form part of these financial statements.

## NOTE 1: BASIS OF PREPERATION

*Corporate Information*

The financial report of Mining Projects Group Ltd (the Economic Entity) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012.

Mining Projects Group Ltd (MPJ) is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The financial report covers the Economic Entity of Mining Projects Group Ltd and controlled entities. The separate financial statements of the parent entity, Mining Projects Group Ltd, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

The principal activity of the Company is resource exploration and investments.

*Basis of Preparation*

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, as appropriate for profit orientated entities.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

*Going concern*

The consolidated entity incurred a net loss after income tax of $2,971,131 for the year ended 30 June 2012 and had net cash outflows from operating and investing activities of $962,175. These conditions indicate a material uncertainty over the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- At 30 June 2012, the consolidated entity had cash and cash equivalents of $202,682 and had working capital, being current assets less current liabilities, of $690,115.
- Subsequent to balance date the company has undertaken a rights issue that resulted in the issue of on 7 August 2012 of 105,289,176 fully paid ordinary shares that raised approximately $1.05 million.
- The budgets and forecasts reviewed by the directors for a period of 12 months from the date of signing the financial report anticipate the business will hold cash and cash equivalents to fund its operations and exploration commitments. The Company will seek to raise further funding via the capital market to fund its ongoing activities should it be necessary to do so. In addition, the Company has the ability to raise cash funds from the disposal of its investment portfolio.
- Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- Expenditures on the current exploration program and working capital requirements will also be actively managed.
- Should additional funding be required the consolidated entity may attempt future equity capital raising initiatives, however it should be noted that while this source of funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

Based on the above, the directors are satisfied adequate plans are in place and that the consolidated entity will have sufficient sources of funding to meets its obligations and anticipated expenditure through to 30 September 2013 (12 months from date of audit report). On this basis the financial report has been prepared on the going concern basis.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

*Statement of Compliance*
The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**Amendments to International Accounting Standards**

The following amending Standards have been adopted from 1 July 2011. Adoption of these Standards did not have any effect on the financial position or performance of the Company:

| Ref | Title | Summary |
|---|---|---|
| AASB 124 | Related Party Disclosures (December 2009) | The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:<br>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other<br>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other<br>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other<br>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures. |
| AASB 1054 | Australian Additional Disclosures | This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.<br>This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:<br>(a) Compliance with Australian Accounting Standards<br>(b) The statutory basis or reporting framework for financial statements<br>(c) Whether the financial statements are general purpose or special purpose<br>(d) Audit fees<br>(e) Imputation credits |
| AASB 2011-1 | Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113] | This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054. |

Other than the amended accounting policies listed above, all other account policies adopted by the Company are consistent with the most recent Annual Report for the year ended 30 June 2011.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 30 June 2012:

| Ref | Title | Summary | Application date of standard | Impact on financial report | Application date |
|---|---|---|---|---|---|
| AASB 2012 - 5 | Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle | AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle.<br>The following items are addressed by this standard:<br>IAS 1 Presentation of Financial Statements<br>• Clarification of the requirements for comparative information<br>IAS 16 Property, Plant and Equipment<br>• Classification of servicing equipment<br>IAS 34 Interim Financial Reporting<br>• Interim financial reporting and segment information for total assets and liabilities | 1 January 2013 | The entity has not yet determined the potential effect of the standard. | 1 July 2013 |
| AASB 9 | Financial Instruments | Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. | 1 January 2015 | The entity has not yet determined the potential effect of the standard. | 1 July 2015 |
| AASB 10 | Consolidated Financial Statements | Consolidated Financial Statements changes the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements.<br>AASB 10 introduces a single definition of control that applies to all entities. | 1 January 2013 | The entity has not yet determined the potential effect of the standard. | 1 July 2013 |
| AASB 11 | Joint Arrangements | Joint Arrangements deals with the classification of joint arrangements with two or more parties having joint control. This standard also deals with the joint arrangements where parties do not share joint control.<br>AASB 11 replaces AASB 131 Interests in Joint Ventures.<br>Under AASB 11 joint ventures are accounted for using equity method. This standard is effective from 1 January 2013. The entity has not yet determined the potential effect of the standard. | 1 January 2013 | The entity has not yet determined the potential effect of the standard. | 1 July 2013 |
| AASB 12 | Disclosure of Interest in Other Entities | AASB 12 Disclosure of Interest in Other Entities is a disclosure standard and therefore will not affect any of the amounts recognised in the financial statements.<br>This standard is applicable to the entities with interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. | 1 January 2013 | The entity has not yet determined the potential effect of the standard. | 1 July 2013 |
| AASB 13 | Fair Value Measurement | AASB 13 Fair Value Measurement and AASB 2001-8 Amendments to Australian Accounting Standards arising from AASB 13.<br>It is effective from 1 January 2013 and explains how to measure fair value and aims to enhance fair value disclosures. The entity has not yet determined the potential effect of the standard. | 1 January 2013 | The entity has not yet determined the potential effect of the standard. | 1 July 2013 |

***Accounting Policies***

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

**a) Principles of Consolidation**

A controlled entity is any entity controlled by Mining Projects Group Ltd. Control exists where the Company has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Mining Projects Group Ltd to achieve the objectives of Mining Projects Group Ltd.

A list of controlled entities is contained in Note 11 to the financial statements. All of the Australian and South African controlled entities have a June financial year-end.

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

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

**b) Income Tax**

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or non-deductible items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet 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 Income Statement 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 economic 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.

Mining Projects Group Ltd and one of its wholly-owned Australian subsidiaries AMN Nominees Pty Ltd, formed an income tax consolidated group on 1 July 2002 under the tax consolidation regime. Mining Projects Group Ltd is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group as it is the head entity.

The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution of the group's income tax. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

**c) Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

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

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

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 20% to 33% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

**d) Exploration and Development Expenditure**

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

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

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

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

The costs of restoration obligations are provided for in full at the time of the activities which give rise to the need of restoration. Restoration costs include reclamation, site closure and monitoring of those activities, and are based on undiscounted prospective current cost estimates which satisfy anticipated legal requirements. Estimates of future costs are measured at least annually.

Where part of a joint venture is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the entity in the joint venture area of interest, exploration expenditure incurred and carried forward prior to farmout continues to be carried forward without adjustment, unless the terms of the farmout are excessive based on the diluted interest retained. A decision is then made to reduce exploration expenditure to its recoverable amount.

**e) Financial Assets**

*Recognition and initial measurement*

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or at cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised costs are calculated as:

i) the amount at which the financial asset or financial liability is measured at initial recognition;
ii) less principle repayments;
iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
iv) less any reduction for impairment.

The effective interest rate method is used to allocation interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs, and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the income statement.

The Economic Entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and the asset falls within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. They are measured and held at amortised cost.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets the whole category would be tainted and reclassified as available-for-sale. They are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

*Available-for-sale financial assets*

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither fixed maturity nor fixed or determinable payments. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*De-recognition*

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the profit and loss as gains or losses from investment securities.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments at reporting dates. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms-length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

*Impairment*

At each reporting date, the Economic 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 impairment has arisen. Impairment losses are recognised in the profit and loss.

**f) Impairment of Assets**

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

**g) Foreign Currency Transactions and Balances**

*Functional and presentation currency*

The functional currency of each of the Economic Entity's subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the profit and loss.

*Group companies*

The financial results and position of foreign operations whose function currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at the year-end exchange rates prevailing at the reporting date;
- income and expenses are translated at the average exchange rate for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve via other comprehensive income in the income statement. The cumulative amount of these differences are recycled in the income statement in the period in which the operation is disposed.

**h) Cash and Cash Equivalents**

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

**i) 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.

Dividend revenue is recognised when the right to receive a dividend has been established.

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).

**j) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

**k) Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Economic Entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

**l) Share capital**

Ordinary share capital is recognised as the fair value of the consideration received by the Economic Entity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**m) Earnings per share**

Basic earnings per share is determined by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares outstanding during the financial year. Where a net loss is made for the period, basic earnings per share and dilutive earnings per share are the same, because, the inclusion of options in the earnings per share calculation does not result in future dilution.

**n) 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. 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.

**o) Interests in Joint Ventures**

Where the Economic Entity is a venturer and so has joint control in a jointly controlled operation, the Economic Entity recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it occurs and the Economic Entity's share of the income that it earns from the sale of the goods or services by the joint venture.

**p) Investment in subsidiaries**

Investments in subsidiaries are carried at the lower of cost of acquisition or at their recoverable amount in the Economic Entity's financial statements.

## NOTE 2: REVENUE

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Operating revenue** | | |
| Interest Revenue - other persons/corporations | 15,442 | 21,821 |
| Profit on sale of mining tenements | - | 201,421 |
| Other | 7,116 | 112,375 |
| **Total operating revenue** | **22,558** | **335,617** |
| **Total revenue** | **22,558** | **335,617** |

## NOTE 3: (LOSS) FOR THE YEAR

### a) Expenditure

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Tax & Audit Fees** | | |
| Audit fees | 44,983 | 52,025 |
| Taxation fees | 7,500 | 1,500 |
| **Tax & Audit Fees** | **52,483** | **53,525** |
| **Directors' & consultants' fees** | | |
| Bryan Frost | 249,996 | 249,996 |
| Richard Revelins | 180,000 | 180,000 |
| Jim Babbage | 40,000 | 40,000 |
| Chris Taylor | 19,495 | 47,442 |
| Consultants | 200,364 | 67,434 |
| **Directors' & consultants' fees** | **689,855** | **584,872** |
| **Net movement in financial assets** | | |
| Sale Proceeds | (775,974) | (3,228,682) |
| Cost of shares sold | 1,290,947 | 5,680,150 |
| Brokerage | 2,621 | 14,615 |
| Foreign exchange | 744 | 211 |
| Changes in fair value | 861,221 | (2,692,397) |
| **Net movement in financial assets** | **1,379,559** | **(226,103)** |
| **Professional fees** | | |
| Legal fees | 60,030 | 26,345 |
| Other | 272,207 | 258,406 |
| **Professional fees** | **332,237** | **284,751** |

### b) Significant revenue and expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| Net (increase)/decrease in financial assets held for trading | 1,379,559 | (226,103) |
| Impairment of financial assets held for sale | - | - |
| | **1,379,559** | **(226,103)** |

The net movement in fair value of financial assets held for trading represents the increment/decrement in the fair value of assets held for trading at balance date and purchases and disposals during the reporting period.

## NOTE 4: INCOME TAX EXPENSES

| | | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|---|
| a) | **The components of tax benefit comprise** | | |
| | Current income tax benefit | 820,452 | 1,247,440 |
| | Deferred tax (expense)/income relating to the originating and reversal of temporary differences | (131,502) | 154,177 |
| | Tax losses not recognised | (688,951) | (1,401,617) |
| | | - | - |
| b) | **The prima facie tax on profit from continuing activities before tax is reconciled to the income tax expense as follows:** | | |
| | Prima facie tax benefit on loss from continuing activities before income tax at 30% (2011: 30%) | | |
| | - economic entity | 891,339 | 450,061 |
| | | **891,339** | **450,061** |
| | Add: | | |
| | Tax effect of non-deductible items: | | |
| | - Section 40/880 deduction | 34,122 | 47,616 |
| | - entertainment | (2,081) | (10,791) |
| | - other | 23,777 | (47,877) |
| | - impairment | (258,366) | 963,062 |
| | - foreign exchange | 160 | (454) |
| | | **688,951** | **1,401,617** |
| | Tax effect of current period losses not recognised as deferred tax assets | (688,951) | (1,401,617) |
| | **Income tax benefit/(expense) attributes** | - | - |
| c) | **Unrecognised deferred tax balances** | | |
| | **Deferred tax liabilities** | | |
| | Deferred exploration & evaluation costs * | 779,107 | 387,831 |
| | Other | 29,970 | 29,970 |
| | | **809,077** | **417,801** |
| | **Tax effect @ 30%** | **242,723** | **125,340** |
| | **Deferred tax assets** | | |
| | Investments | 4,792,130 | 3,633,948 |
| | Other | - | 13,931 |
| | Tax losses ** | 15,308,978 | 11,404,903 |
| | | **20,101,108** | **15,052,782** |
| | **Tax effect @ 30%** | **6,030,332** | **4,515,835** |
| | Net deferred tax asset not recognised | 5,787,609 | 4,390,495 |

* Included in this balance are exploration costs incurred by a subsidiary entity incorporated in South Africa. There is sufficient expenditure incurred to give rise to tax losses to be offset against any deferred tax liability in South Africa.

The benefit of tax losses and timing differences will only be achieved if:

(i) the Economic Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
(ii) the losses are transferred to an eligible entity in the Economic Entity; and
(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
(iv) no changes in tax legislation adversely affect the Economic Entity in realising the benefit from the deductions for the losses.

** These carry forward tax losses are gross tax losses from prior financial years amounting to $13,009,204. These losses are subject to further review by the consolidated entities to determine if they satisfy the necessary legislative requirements under the income tax legislation for the carry-forward and recoupment of tax losses.

Included in tax losses are transferred losses into the tax consolidated group relating to the years from 2000 to 2002. These transferred losses amount to $1,837,593 on a gross basis and are subject to utilisation on the basis of a 16% available fraction each year.

Additionally, a deferred tax asset has not been recognised in respect of these items because it is not probable that future profit will be available against which the Company can utilise the benefits.

**d) Tax-Consolidation Group**

Mining Projects Group Limited and one of its wholly-owned subsidiaries AMN Nominees Pty Ltd, formed a tax consolidated group with effect from 1 July 2002. Mining Projects Group Limited is the head entity in the tax consolidated group.

## NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

### a) Key Management Personnel Compensation

The aggregate compensation made to Directors of Mining Projects Group Ltd and other key management personnel of the Economic Entity is set out below:

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| Short-term employee benefits | 602,875 | 583,810 |
| Post-employment benefits | 15,970 | 18,462 |
| | **618,845** | **602,272** |

### b) Options and Rights Holdings

The number of options over ordinary shares in the Economic Entity held during the financial year by each Director of Mining Projects Group Ltd and other key management personnel of the Economic Entity, including their personally related parties, are set out below:

| | Balance at start of the year | Received as compensation | Options Exercised No. | Options Lapsed No. | Net change other * | Balance at the end of the year |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| Bryan Frost | 7,623,930 | - | - | - | 16,173,287 | 23,797,217 |
| Richard Revelins | 2,302,991 | - | - | - | 8,724,429 | 11,027,420 |
| Jim Babbage | 125,000 | - | - | - | - | 125,000 |
| Phillip Hains | - | - | - | - | 287,048 | 287,048 |
| Chris Taylor | 1,400,000 | - | - | - | - | 1,400,000 |
| | **11,451,921** | **-** | **-** | **-** | **25,184,764** | **36,636,685** |
| **2011** | | | | | | |
| Bryan Frost | 5,925,930 | - | - | - | 1,698,000 | 7,623,930 |
| Richard Revelins | 2,302,991 | - | - | - | - | 2,302,991 |
| Jim Babbage | 125,000 | - | - | - | - | 125,000 |
| Chris Taylor | - | 1,400,000 [1] | - | - | - | 1,400,000 |
| | **8,353,921** | **1,400,000** | **-** | **-** | **1,698,000** | **11,451,921** |

* The net change column above includes those options that have been acquired and disposed of by Directors as well as options issued during the year for Directors' participation in any placements/rights issues.

[1] Christopher Taylor received 1.4 million MPJAI options to Christopher Taylor exercisable at various prices on or before 5 October 2015 as approved by shareholders pursuant to resolutions 3 and 4 at the September 2010 General Meeting of the Company.

### c) Shareholdings

The number of shares in the Company held during the financial year by each Director of Mining Projects Group Limited and other key management personnel of the Economic Entity, including their personally related parties, are set out below:

There were no shares granted during the period as compensation.

| | Balance at start of the year | Received as compensation | Options Exercised No. | Options Lapsed No. | Net change other * | Balance at the end of the year |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| Bryan Frost | 11,170,085 | - | - | - | 13,953,843 | 25,123,928 |
| Richard Revelins | 4,947,847 | - | - | - | 5,304,985 | 10,252,832 |
| Jim Babbage | 150,000 | - | - | - | - | 150,000 |
| Phillip Hains | - | - | - | - | 1,047,620 | 1,047,620 |
| Chris Taylor | - | - | - | - | - | - |
| | **16,267,932** | **-** | | | **20,306,448** | **36,574,380** |
| **2011** | | | | | | |
| Bryan Frost | 9,270,084 | - | - | - | 1,900,001 | 11,170,085 |
| Richard Revelins | 4,317,847 | - | - | - | 630,000 | 4,947,847 |
| Jim Babbage | 150,000 | - | - | - | - | 150,000 |
| Chris Taylor | - | - | - | - | - | - |
| | **13,737,931** | **-** | **-** | **-** | **2,530,001** | **16,267,932** |

* The net change column above includes those shares acquired and sold by Directors as well as shares issued during the year to Directors' for their participation in any placements/rights issues.

All securities on issue were consolidated on a 50 for 1 basis as approved by members at the General Meeting on 9 September 2010.

### d) Loans to Directors and Other Key Management Personnel

There were no loans made to Directors or other Key Management Personnel of the Company, including their personally related parties.

### e) Other transactions with Key Management Personnel

There were no further transactions with Key Management Personnel not disclosed above or in Note 21.

## NOTE 6: AUDITORS' REMUNERATION

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| Remuneration of the auditor of the parent entity for: | | |
| - Audit fees | 44,983 | 52,025 |
| - Taxation services | - | 1,500 |
| | **44,983** | **53,525** |

## NOTE 7: EARNINGS PER SHARE

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| Basic (loss) per share (cents) | (2.90) | (2.07) |
| Diluted (loss) per share (cents) | (2.90) | (2.07) |
| a) Net profit / (loss) used in the calculation of basic and diluted loss per share | ($2,968,707) | ($1,494,076) |
| b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share | 102,365,798 | 72,081,859 |

As at 30 June 2012 the Company has issued options over unissued capital (see Note 17). As the exercise of these options would decrease basic loss per share, these options are not considered dilutive.

| | | 30 June 2012 | | 30 June 2011 | |
|---|---|---|---|---|---|
| | | No. of Options Exercised | $ | No. of Options Exercised | $ |
| c) | Subsequent to balance date, the following equity was issued/exercised which could have potentially had a significant impact on the quantity of shares and options on issue if they had been issued prior to balance date and used in the calculation of basic and dilutive loss per share. | | | | |
| | Ordinary fully paid shares | 20,000 | 0.03 | - | - |
| | Options exercised | (20,000) | (0.03) | - | - |

## NOTE 8: CASH AND CASH EQUIVALENTS

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| Cash at bank | 182,682 | 297,609 |
| Term deposits | 20,000 | 20,000 |
| | **202,682** | **317,609** |

**Reconciliation of cash**

Cash at the end of the financial year as show in the cash flow statement is reconciled to items in the balance sheet as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | 202,682 | 317,609 |
| | **202,682** | **317,609** |

## NOTE 9: TRADE AND OTHER RECEIVABLES

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Current** | | |
| Trade receivables * | 68,142 | 146,544 |
| Good and services tax refund due | 984 | 21,629 |
| Amounts receivable from unrelated entities | - | 62,540 |
| | **69,126** | **230,713** |
| **Non-current** | | |
| Tenement rehabilitation guarantees | 57,343 | 66,582 |
| | **57,343** | **66,582** |
| | **126,469** | **297,295** |

* No receivables are past their due date or impaired.

## NOTE 10: OTHER FINANCIAL ASSETS

| | Note | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|---|
| **Current** | | | |
| Financial assets (held for trading) at fair value through profit or loss | | 645,733 | 2,183,039 |
| | (a) | **645,733** | **2,183,039** |
| **Non-Current** | | | |
| Financial assets (available for sale) | | 1,337,748 | 1,937,932 |
| Accumulated Impairment | | (956,685) | (1,317,063) |
| | (b) | **381,063** | **620,869** |
| *Comprising of:* | | | |
| (a) Listed investments held at fair value | | | |
| - Shares held in listed corporations (current) | | 645,733 | 2,183,039 |
| | | **645,733** | **2,183,039** |
| (b) Unlisted investments held | | | |
| - Shares held in unlisted corporations at cost less accumulated impairment - unrelated (non-current) | | 381,063 | 516,875 |
| - Convertible notes | | - | 103,994 |
| | | **381,063** | **620,869** |
| **Total financial assets** | | **1,026,796** | **2,803,908** |

At each reporting date, the Economic Entity reviews the unlisted financial assets which are carried at cost to determine if there are indications of impairment. The Economic Entity considers factors such as recent arm length transactions resulting in capital raisings and commercial contracts to determine the estimated value of the investment.

## NOTE 11: CONTROLLED ENTITIES

| | Country of Incorporation | Percentage Owned (%)* | |
|---|---|---|---|
| | | 30 June 2012 $ | 30 June 2011 $ |
| **Parent Entity** | | | |
| Mining Projects Group Limited | Australia | | |
| **Subsidiaries of Mining Projects Group Limited** | | | |
| AMN Nominees Pty Ltd | Australia | 100.00 | 100.00 |
| Xplor Pty Ltd | Australia | 100.00 | 100.00 |
| Enoch's Point Pty Ltd | Australia | 96.86 | 96.86 |
| Horizon Energy Pty Ltd | Australia | 96.86 | 96.86 |
| Golden Mount Pty Ltd | Australia | 96.86 | 96.86 |
| Raptor Minerals (Pty) Ltd | South Africa | 100.00 | 100.00 |
| Nelesco 848 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| New Order Investments 149 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| Riverside Park Trading 270 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| Scarlett Ibis Investments 258 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| Olympic Park Trading 104 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| Stylestar Prop 176 (Pty) Ltd | South Africa | 74.00 | 74.00 |
| Scribaspace Investments (Pty) Ltd | South Africa | 70.00 | 70.00 |
| Scribamax Inv (Pty) Ltd | South Africa | 70.00 | 70.00 |

* Percentage of voting power is in proportion to ownership

## NOTE 12: PLANT AND EQUIPMENT

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Plant and equipment** | | |
| At cost | 192,093 | 191,476 |
| Accumulated depreciation | (157,205) | (135,254) |
| **Total plant and equipment** | **34,888** | **56,222** |
| **Movements in carrying amounts** | | |
| Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year: | | |
| Balance at the beginning of year | 56,222 | 29,120 |
| Additions | 617 | 48,219 |
| Depreciation expense | (21,951) | (21,117) |
| **Carrying amount at the end of the year** | **34,888** | **56,222** |

## NOTE 13: EXPLORATION AND EVALUATION ASSETS

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Non-Current** | | |
| **Exploration and tenement expenditure:** | | |
| *Talga Peak joint venture (80%)* | | |
| Balance at the start of the year | 8,412 | - |
| Exploration expenditure capitalised | 11,660 | 8,412 |
| Capitalised exploration costs written down | - | - |
| | **20,072** | **8,412** |
| *Egerton WA project (100%)*** | | |
| Balance at the start of the year | - | 373,832 |
| Exploration expenditure capitalised | - | 9,289 |
| Disposal of mining tenement | - | (383,121) |
| | **-** | **-** |
| *Mt Tarrengower project (98.86%)* | | |
| Balance at the start of the year | 185,576 | 171,286 |
| Exploration expenditure capitalised | 8,660 | 14,290 |
| Capitalised exploration costs written down | - | - |
| | **194,236** | **185,576** |
| *Golden Mountain project (98.86%)* | | |
| Balance at the start of the year | 190,600 | 155,058 |
| Exploration expenditure capitalised | 12,827 | 35,542 |
| Capitalised exploration costs written down | - | - |
| | **203,427** | **190,600** |
| *CyferKUIL project(70%)* | | |
| Balance at the start of the year | 818 | 5 |
| Exploration expenditure capitalised | 1,323 | 813 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (155) | - |
| | **1,986** | **818** |

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| *Zuinpingslaagte project (70%)* | | |
| Balance at the start of the year | 973 | 5 |
| Exploration expenditure capitalised | 507 | 968 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (176) | - |
| | **1,304** | **973** |
| *Spitz Kop project (74%)* | | |
| Balance at the start of the year | 1,236 | 4 |
| Exploration expenditure capitalised | 1,919 | 1,232 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (211) | - |
| | **2,944** | **1,236** |
| *Schiet Kop project (74%)* | | |
| Balance at the start of the year | 206,767 | - |
| Balance of project acquired | - | 150,886 |
| Exploration expenditure capitalised | 2,872 | 55,881 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (28,709) | - |
| | **180,930** | **206,767** |
| *Uitkyk project (74%)* | | |
| Balance at the start of the year | 207,148 | - |
| Balance of project acquired | - | 150,886 |
| Exploration expenditure capitalised | 3,350 | 56,262 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (28,734) | |
| | **181,764** | **207,148** |
| *Farm 45 (74%)* | | |
| Balance at the start of the year | 206,613 | - |
| Balance of project acquired | - | 150,886 |
| Exploration expenditure capitalised | 1,634 | 55,727 |
| Capitalised exploration costs written down | - | - |
| Foreign currency adjustment | (28,645) | |
| | **179,602** | **206,613** |
| *Boschkop project (74%) ** | | |
| Balance at the start of the year | - | - |
| Balance of project acquired | - | 150,886 |
| Exploration expenditure capitalised | - | 54,122 |
| Capitalised exploration costs written down | - | (205,008) |
| | **-** | **-** |
| *Wintershoek project (74%) ** | | |
| Balance at the start of the year | - | - |
| Balance of project acquired | - | 150,886 |
| Exploration expenditure capitalised | - | 53,758 |
| Capitalised exploration costs written down | - | (204,644) |
| | **-** | **-** |
| *Etona Coal Project (100%)* | | |
| Balance at the start of the year | - | - |
| Balance of project acquired | 25,000 | - |
| Exploration expenditure capitalised | 46,625 | - |
| Capitalised exploration costs written down | - | - |
| | **71,625** | **-** |
| **Total capitalised exploration expenditure** | **1,037,890** | **1,008,143** |

At reporting date the Group owned:

- 80% of the Talga Peak joint venture
- 100% of the Egerton WA project **
- 98.86% of the Mt Tarrengower project
- 96.86% of the Golden Mountain project
- 100% of Etona Coal Project ***
- 74% of the Spitz Kop project
- 74% of the Schiet Kop 354 project
- 74% of the Uitkyk 324 project
- 74% of the Farm 45 project
- 70% of the CyferKUIL project
- 70% of the Zuinpingslaagte project
- 74% of the Boschkop 227 project *
- 74% of the Wintershoek 128 project *

* These tenements were relinquished back to the government as at 12 July 2011.

** As per the ASX announcement on 24th May 2011, this tenement was sold to Exterra Resources Limited.

*** As per the ASX announcement on 9th May 2012, this tenement was acquired from New Coal Energy Pty Ltd.

Ultimate recovery of exploration costs is dependent upon the Company maintaining appropriate funding through success in its exploration activities or by capital raising, or sale/ farm-out of its exploration tenement interests to support continued exploration activities.

## NOTE 14: TRADE AND OTHER PAYABLES

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Current** | | |
| Trade payables | 192,388 | 118,680 |
| Sundry payables and accrued expenses | 146,698 | 105,653 |
| | **339,086** | **224,333** |

## NOTE 15: PROVISIONS

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| **Current** | | |
| Provisions | 9,013 | 13,931 |
| Balance at the end of the year | **9,013** | **13,931** |

## NOTE 16: NET TANGIBLE ASSETS

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| Net Tangible Assets | $2,201,299 | $4,245,860 |
| Shares (No.) | 131,611,470 | 74,454,882 |
| Net Tangible Assets (Cents) | 1.67 | 5.70 |

## NOTED 17: ISSUED CAPITAL

| | Note | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|---|
| Ordinary shares fully paid | 17(a) | 32,153,005 | 31,147,886 |
| Options over ordinary shares | 17(b) | 106,259 | 71,259 |
| | | **32,259,264** | **31,219,145** |

| | Note | 2012 No. | 2012 $ | 2011 No. | 2011 $ |
|---|---|---|---|---|---|
| **a) Ordinary Shares** | | | | | |
| At the beginning of reporting period | | 74,454,882 | 31,147,886 | 3,497,671,398 | 30,697,742 |
| *Shares issued during year* | | | | | |
| - Consolidation of shares 50:1 | i) | - | - | (3,427,717,990) | - |
| - Issue of shares | ii) | 49,636,588 | 992,731 | 4,500,000 | 450,000 |
| - Issue of shares to consultants | iii) | 7,500,000 | 135,000 | - | - |
| - Exercise of Options | iv) | 20,000 | 400 | 1,474 | 144 |
| Transaction costs relating to share issues | | | (123,012) | - | - |
| **At reporting date** | | **131,611,470** | **32,153,005** | **74,454,882** | **31,147,886** |

| 2012 | Details | Note | Number | Issue Price $ | Total $ |
|---|---|---|---|---|---|
| 8 Dec 2011 | Shares issued in accordance with 3:2 Rights Issue | ii) | 9,299,569 | 0.020 | 185,991 |
| 16 Dec 2011 | Shortfall shares issued to underwriter of the 3:2 Rights Issue | ii) | 40,337,019 | 0.020 | 806,740 |
| 13 Mar 2012 | Exercise of options | iv) | 20,000 | 0.020 | 400 |
| 2 May 2012 | Shares issued as per resolution 5b of May 2012 General Meeting | iii) | 2,500,000 | 0.020 | 50,000 |
| 24 May 2012 | Shares issued as per resolution 4 of May 2012 General Meeting | iii) | 5,000,000 | 0.017 | 85,000 |

| 2011 | Details | Note | Number | Issue Price $ | Total $ |
|---|---|---|---|---|---|
| 21 Sep 2010 | Consolidation of shares 50:1 | i) | (3,427,717,990) | - | - |
| 5 Oct 2010 | Issue to the vendors of Raptor Minerals (Pty) Ltd | ii) | 4,500,000 | 0.100 | 450,000 |
| 13 Aug 2010 | Exercise of Options | iv) | 30 | - | 3 |
| 4 Oct 2010 | Exercise of Options | iv) | 1,444 | - | 141 |
| | | | **(3,423,216,516)** | | **450,144** |

| | Note | 2012 No. | 2012 $ | 2011 No. | 2011 $ |
|---|---|---|---|---|---|
| **b) Options** | | | | | |
| At the beginning of reporting period | | 42,699,175 | 71,259 | 2,085,030,602 | 78,534 |
| *Options movements during year* | | | | | |
| - Consolidation of shares 50:1 | (i) | - | - | (2,043,329,953) | - |
| - Issue of options | (ii) | 49,656,588 | - | - | - |
| - Exercise of options | (iii) | (20,000) | - | (1,474) | - |
| - Issue of options to consultants | (iv) | 10,000,000 | 35,000 | 1,000,000 | - |
| Transaction costs relating to share issues | | | - | | (7,275) |
| **At reporting date** | | **102,335,763** | **106,259** | **42,699,175** | **71,259** |

| 2012 | Details | Note | Class | Number | Issue Price $ | Total $ |
|---|---|---|---|---|---|---|
| 8 Dec 2011 | Issue of free-attaching 1:1 options to Rights Issue subscribers | (ii) | MPJO | 9,299,569 | - | - |
| 16 Dec 2011 | Issue of shortfall free 1:1 options to Rights Issue underwriters | (ii) | MPJO | 40,337,019 | - | - |
| 8 Feb 2012 | Options issued as introductory fee for coal tenements venture | (iv) | MPJO | 5,000,000 | 0.003 | 15,000 |
| 16 Mar 2012 | Exercise of options | (iii) | MPJO | (20,000) | - | - |
| 16 Mar 2012 | Issue of new 1:1 free options upon exercise of MPJO options | (ii) | unlisted | 20,000 | - | - |
| 24 May 2012 | Shares issued as per resolution 4 of May 2012 General Meeting | (iv) | MPJO | 5,000,000 | 0.004 | 20,000 |
| | | | | **59,636,588** | | **35,000** |

| 2011 | Details | Note | Class | Number | Issue Price $ | Total $ |
|---|---|---|---|---|---|---|
| 13 Aug 2010 | Exercise of Options | (iv) | MPJO | (30) | - | - |
| 21 Sep 2010 | Consolidation of shares 50:1 | (i) | MPJO | (2,043,329,953) | - | - |
| 4 Oct 2010 | Exercise of Options | (iv) | MPJO | (1,444) | - | - |
| 5 Oct 2010 | Issue of options to C.Taylor as per GM resolution | (vii) | MPJOA | 500,000 | - | - |
| 5 Oct 2010 | Issue of options to C.Taylor as per GM resolution | (vii) | MPJOA | 500,000 | - | - |
| | | | | **(2,042,331,427)** | | **-** |

## NOTE 18: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

***Mabo Decision***

The decision of the High Court of Australia in June 1992 in Mabo and Others v The State of Queensland (no. 2) (1992) 175 CLR 1 recognised traditional native title rights of Aboriginal Australians to land in certain circumstances. As a consequence of the Mabo decision the Federal Parliament enacted the Native Title Act 1993. The Mabo decision and subsequent native title claims have resulted in uncertainties concerning the security of title to interests in land, including exploration and mining tenements on an Australia-wide basis.

The Company and controlled entities hold tenements in Western Australia. Some of these tenements may be subject to native title claims. Because of the uncertainties described above, the granting of exploration rights and ultimately mining from those tenements will depend on the outcome of the Native Title Claims and/or current negotiations by the Company.

The full impact of the consequences of the Mabo decision cannot be determined, but may in the future include:

- Tenements being made subject to conditions relating to native title
- Delays in the granting of new tenements or for renewals or extensions of existing tenements
- Claims for recognition of native title or for compensation by persons claiming native title

Other than as disclosed above the Economic Entity is not involved in any legal or arbitration proceedings nor, so far as the Directors are aware, of such proceedings pending or threatened against the Economic Entity.

## NOTE 19: OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and determining the allocation of resources.

The operating segments are identified by management based on the manner in which the expenses are incurred and resources allocated. Discrete financial information about each of these operating segments is reported to the board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

Operating segments

- Investments - The consolidated entity invests in a portfolio of listed investments for short term gains and liquidity purposes, and in unlisted equities for the purpose of long-term results.
- Exploration - The consolidated entity invests in exploration activities in areas of interest in order to identify mineral deposits for exploitation through sale of rights or mining activities.
- Corporate - The Corporate business segment consists of the Board of Directors and the costs of the consolidated entity communications and reporting.

The company owns interests in exploration assets and financial assets that are based in a number of different countries, however all assets are managed at a global level.

Segments are reported before tax. Tax is reflected in corporate expenditure.

| 30 June 2012 | Exploration & Mining $ | Investments $ | Corporate $ | Total $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest revenue | - | - | 15,442 | 15,442 |
| Net movement in fair value of financial assets held for trading | - | - | - | - |
| Unallocated revenue | - | - | 7,116 | 7,116 |
| **Total Revenue** | **-** | **-** | **22,558** | **22,558** |
| **Expenses** | | | | |
| Segment Expenses | (106,919) | (1,607,229) | (1,277,117) | (2,991,265) |
| Income Tax Expense | - | - | - | - |
| Profit/(loss) attributed to minority interest | - | - | (2,424) | (2,424) |
| **Net Result** | **(106,919)** | **(1,607,229)** | **(1,256,983)** | **(2,971,131)** |
| **Assets** | | | | |
| Segment assets | 1,037,890 | 1,026,796 | 484,712 | 2,549,398 |
| **Total Assets** | **1,037,890** | **1,026,796** | **484,712** | **2,549,398** |
| **Liabilities** | | | | |
| Segment liabilities | 38,205 | - | 309,894 | 348,099 |
| **Total Liabilities** | **38,205** | **-** | **309,894** | **348,099** |

| 30 June 2011 | Exploration & Mining $ | Investments $ | Corporate $ | Total $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest revenue | - | - | 21,821 | 21,821 |
| Net movement in fair value of financial assets held for trading | - | 92,375 | - | 92,375 |
| Profit on sale of mining tenement | 201,421 | - | - | 201,421 |
| Other unallocated revenue | - | 20,000 | - | 20,000 |
| **Total Revenue** | **201,421** | **112,375** | **21,821** | **335,617** |
| **Expenses** | | | | |
| Segment Expenses | (441,667) | 226,103 | (1,614,129) | (1,829,693) |
| Income Tax Expense | - | - | - | - |
| Profit/(loss) attributed to minority interest | - | - | (6,126) | (6,126) |
| **Net Result** | **(240,246)** | **338,478** | **(1,598,434)** | **(1,500,202)** |
| **Assets** | | | | |
| Segment assets | 1,008,143 | 2,803,908 | 672,073 | 4,484,124 |
| **Total Assets** | **1,008,143** | **2,803,908** | **672,073** | **4,484,124** |
| **Liabilities** | | | | |
| Segment liabilities | (13,931) | - | (224,333) | (238,264) |
| **Total Liabilities** | **(13,931)** | **-** | **(224,333)** | **(238,264)** |

## NOTE 20: CASH FLOW INFORMATION

| | Note | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|---|
| Reconciliation of Cash Flow from Operations with Result after Income Tax: | | | |
| **(Loss) for the Period** | | **(2,971,131)** | **(1,500,202)** |
| Add back depreciation expense | | 21,951 | 21,117 |
| Add back write-off unrecoverable loan/debts | | - | 52,304 |
| Add back impairment of asset | | 108,570 | - |
| Add back interest on other loans | | | (10,173) |
| Add back equity settled expense | | 170,000 | - |
| Decreases/(Increases) in Provisions for non-recovery of loan | | - | (118,998) |
| Add back loss/(gain) on revaluation of assets | | 861,221 | (2,367,940) |
| Add back loss on sales of equity investments | | 517,594 | 2,466,083 |
| Add back Provisions | | - | 3,502 |
| Add back exploration costs written down | | - | 409,652 |
| Decreases in Accounts Receivable | | 161,587 | 25,009 |
| (Increases) in Other Current Assets | | (18,357) | (302,377) |
| Increases/(Decreases) in Accounts Payable | | 114,753 | (47,372) |
| Increases/(Decreases) in Other Current Liabilities | | 844 | (12,137) |
| **Cash flow from operations** | | **(1,032,968)** | **(1,381,532)** |

## NOTE 21: RELATED PARTY TRANSACTIONS

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

The Directors of the Company during the financial year were:

- Bryan Frost
- Richard Revelins
- James Babbage
- Phillip Hains (Appointed: 25th January 2012)
- Christopher Taylor (Resigned: 21st October 2011)

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| ***Director related entities*** | | |
| ***Investments*** | | |
| The fair value of consideration paid for shares issued by the related party, and the fair value of the shares held at 30 June are disclosed. | | |
| During the year Mining Projects Group Limited held investments the following related parties. | | |
| **Raptor Minerals (Pty) Ltd**, a company in which Bryan Frost and Richard Revelins formally held an ownership interest. | | |
| Opening balance at fair value | 777,822 | 77,822 |
| Purchases | - | 700,000 |
| Recognised in statement of comprehensive income | - | - |
| **Holding at 30 June at fair value** | **777,822** | **777,822** |
| ***Services performed*** | | |
| **Peregrine Corporate Limited**, is a Company of which Bryan Frost and Richard Revelins are also directors of. During the year this entity provided corporate advice and capital raising underwriting services to Mining Projects Group Limited and standard commercial rates. | | |
| Value of services performed whilst a Director of MPJ | 65,520 | - |
| Value of services performed whilst a Director of MPJ - Equity Remunerated * | 105,000 | - |
| | **170,520** | **-** |
| **Babbage & Co. Pty Ltd**, is a Company owned and operated by James Babbage which provides taxation services to Mining Projects Group Limited and standard commercial rates. | | |
| Value of services performed whilst a Director of MPJ | 6,500 | 6,500 |
| | **6,500** | **6,500** |
| **The CFO Solution**, is a Company owned and operated by Phillip Hains which provides accounting and administration services to Mining Projects Group Limited and its subsidiaries and standard commercial rates. | | |
| Value of services performed whilst a Director of MPJ | 116,667 | - |
| | **116,667** | **-** |
| **Shared Office Services**, is a Company owned and operated by Phillip Hains which provides back office support services to Mining Projects Group Limited and its subsidiaries and standard commercial rates. | | |
| Value of services performed whilst a Director of MPJ | 31,392 | - |
| | **31,392** | **-** |
| **Christopher Taylor Geological Consulting Pty Ltd**, is a Company owned and operated by Christopher Taylor which provides geological and tenement services to Mining Projects Group Limited and its subsidiaries and standard commercial rates. | | |
| Value of services performed whilst a Director of MPJ | 6,186 | 67,344 |
| | **6,186** | **67,344** |
| **Total** | **331,265** | **73,844** |

* In accordance with Resolution 4 of May 2011 General Meeting, issue of 5 million shares issued for consulting fees for deemed value of $85,000 plus 5 million options for deemed value of $20,000.

## NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### a) Financial Instruments

The Economic Entity's financial instruments consist of cash and cash equivalents, trade and other receivables, other financial assets, and trade and other payables.

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| Cash and cash equivalents | 202,682 | 317,609 |
| Trade and other receivables | 126,469 | 297,295 |
| Other financial assets held for trading | 645,733 | 2,183,039 |
| Other financial assets available for sale | 381,063 | 620,869 |
| Trade and other payables | 339,086 | 224,333 |

The Economic Entity does not have any derivative instruments at 30 June 2012.

### b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Economic Entity's implementation of that system on a regular basis.

The Board seeks to ensure that the exposure of the Economic Entity to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

### c) Significant Accounting Policy

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

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and other financial assets are represented at their fair values determined in accordance with the accounting policies disclosed in Note 1.

### d) Capital Risk Management

The Economic Entity's objectives when managing capital are to safeguard the Economic Entity's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Economic Entity may issue new shares or reduce its capital, subject to the provisions of the Economic Entity's constitution.

The capital structure of the Economic Entity consists of equity attributed to equity holders of the Economic Entity, comprising issued capital and accumulated losses.

### e) Financial Risk Management

<u>Interest Rate Risk</u>

The Economic Entity is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Economic Entity's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

Cash at bank balances of $202,682 (2011: $317,609) are subject to interest rate risk, being held in accounts with floating interest rates. There is no other exposure to interest rate risk.

The Economic Entity has conducted a sensitivity analysis of the economic entity's exposure to interest rate risk. The analysis shows that if the Economic Entity's interest rate was to fluctuate as disclosed below and all other variables had remained constant, then the interest rate sensitivity impact on the Economic Entity's loss after tax and equity would be as follows:

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| 2.50% (2011: +4%) | 5,067 | 12,704 |
| -2.50% (2011: - 2%) | (5,067) | (6,352) |

Foreign Currency Risk

The Economic Entity is exposed to foreign currency risk via the cash and cash equivalents, investments offshore and trade and other payables that it holds. Foreign currency risk is the risk that the value of the financial investment will fluctuate due to changes in the foreign exchange rates. The Economic Entity does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing.

The following financial assets and liabilities are subject to foreign currency risk:

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| Cash and cash equivalents (AUD/CAD) | 391 | 391 |
| Cash and cash equivalents (AUD/ZAR) | 65,188 | 80,348 |
| Trade and other payables (AUD/ZAR) | 28,545 | 9,826 |
| Financial Assets held for trading (AUD/CAD) | 1,304,916 | 1,268,392 |
| Financial Assets held for trading (AUD/GPB) | 146,331 | 198,794 |
| Financial Assets held for trading (AUD/USD) | 100,000 | 155,136 |

Foreign currency risk is measured by regular review of our cash forecasts, monitoring the dollar amount and currencies that payments are anticipated to be paid in. The Economic Entity also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by the Board to be too high, then the Board has authority to take steps to reduce the risk. Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice or may include negotiations with suppliers to make payment in our functional currency.

The Economic Entity currently has investments outside of Australia which exposes it to transactional currency movements, where the Economic Entity is required to pay in a currency other than its functional currency. The Economic Entity is currently exposed to fluctuations in American dollars, Canadian dollars, Great British Pounds, and South African Rand. Analysis is conducted on a currency by currency basis using the same sensitivity variable.

The Economic Entity has conducted a sensitivity analysis of the Economic Entity's exposure to foreign currency risk. The analysis shows that if the Economic Entity's exposure to foreign currency risk was to fluctuate as disclosed below and all other variables had remained constant, then the foreign currency sensitivity impact on the economic entity's loss after tax and equity would be as follows:

| | 30 June 2012 $ | 30 June 2011 $ |
|---|---|---|
| Increase/(Decrease) in cash and cash equivalents | | |
| AUD/CAD 1.00% (2011: +6%) | 4 | 24 |
| AUD/CAD -1.00% (2011: - 7%) | (4) | (28) |
| AUD/ZAR 14.00% | 9,126 | - |
| AUD/ZAR -14.00% | (9,126) | - |
| Increase/(Decrease) in trade and other payables | | |
| AUD/ZAR 14.00% | 3,996 | - |
| AUD/ZAR -14.00% | (3,996) | - |
| Increase/(Decrease) in financial assets held for trading | | |
| AUD/CAD 1.00% (2011: +6%) | 13,049 | 79,049 |
| AUD/CAD -1.00% (2011: - 7%) | (13,049) | (91,441) |
| AUD/GPB 2.50% (2011: +6%) | 3,658 | (11,928) |
| AUD/GPB -2.50% (2011: - 6%) | (3,658) | 11,928 |
| AUD/USD 4.50% (2011: +9%) | 4,500 | (13,962) |
| AUD/USD -4.50% (2011: - 9%) | (4,500) | (13,962) |

Credit Risk

The Economic Entity is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk is the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Economic Entity. To reduce risk exposure for the Economic Entity's cash and cash equivalents, it places them with high credit quality financial institutions.

The Economic Entity has analysed its trade and other receivables below. All trade and other receivables disclosed below have not been impaired.

Receivables past due and impaired are $nil (2011: $nil). All other receivables past due are not considered impaired. Management believe that these debtors are recoverable and is satisfied that payment will be received in full. The ageing of the group's trade receivables at reporting date:

| | | 0-30 days | 30-60 days | 60-90 days | 90+ days | Total |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| Trade and other receivables | | | | | | |
| - | Trade receivables | 1,887 | - | - | 169 | 2,056 |
| - | Good and services tax refund due | 25,911 | - | - | - | 25,911 |
| - | Amounts receivable from related entities | - | - | - | 3,558 | 3,558 |
| - | Amounts receivable from unrelated entities | 57,343 | - | - | 37,601 | 94,944 |
| | | **85,141** | **-** | **-** | **41,328** | **126,469** |
| **2011** | | | | | | |
| Trade and other receivables | | | | | | |
| - | Trade receivables | 135,064 | - | 250 | - | 135,314 |
| - | Good and services tax refund due | - | - | - | 21,629 | 21,629 |
| - | Amounts receivable from related entities | - | - | - | - | - |
| - | Amounts receivable from unrelated entities | 66,989 | - | - | 73,363 | 140,352 |
| | | **202,053** | **-** | **250** | **94,992** | **297,295** |

Liquidity Risk

The Economic Entity is exposed to liquidity risk via its trade and other payables. Liquidity risk is the risk that the Economic Entity will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring the Economic Entity's undiscounted cash flow forecasts to ensure the Economic Entity is able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the activity. The Board considers when reviewing its undiscounted cash flows forecasts whether the Economic Entity needs to raise additional funding from the equity markets. The Economic Entity has analysed its trade and other payables below:

| | 0-30 days | 30-60 days | 60-90 days | 90+ days | Total |
|---|---|---|---|---|---|
| **2012** | | | | | |
| Trade and other payables | | | | | |
| - Trade and other payables (AUD) | 77,150 | 32,139 | 45,077 | 15,891 | 170,257 |
| - Trade and other payables (ZAR) | 28,545 | - | - | - | 28,545 |
| - Accrued expenses | 140,284 | - | - | - | 140,284 |
| | **245,979** | **32,139** | **45,077** | **15,891** | **339,086** |
| **2011** | | | | | |
| Trade and other payables | | | | | |
| - Trade and other payables (AUD) | 65,156 | 35,404 | - | - | 100,560 |
| - Trade and other payables (ZAR) | 39,956 | - | - | - | 39,956 |
| - Accrued expenses | 83,817 | - | - | - | 83,817 |
| | **188,929** | **35,404** | **-** | **-** | **224,333** |

### f) Net Fair Value

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, assets are carried at lower of cost or recoverable amount based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date is as follows:

| | 30 June 2012 | | 30 June 2011 | |
|---|---|---|---|---|
| | Carrying Amount $ | Net Fair Value $ | Carrying Amount $ | Net Fair Value $ |
| **Economic Entity** | | | | |
| *Financial Assets* | | | | |
| Cash and cash equivalents | 202,682 | 202,682 | 317,609 | 317,609 |
| Trade and other receivables | 126,469 | 126,469 | 297,295 | 297,295 |
| Other financial assets held for trading | 645,733 | 645,733 | 2,183,039 | 2,183,039 |
| Other financial assets available for sale | 381,063 | 381,063 | 620,869 | 620,869 |
| | **1,355,947** | **1,355,947** | **3,418,812** | **3,418,812** |
| *Financial liabilities* | | | | |
| Trade and other payables | 339,086 | 339,086 | 224,333 | 224,333 |
| | **339,086** | **339,086** | **224,333** | **224,333** |

### g) Market Risk

The Economic Entity is exposed to market price risk via the investments that it holds. Market risk is the risk that the value of an investment will decrease due to moves in market factors.

The Economic Entity has conducted a sensitivity analysis of the Economic Entity's exposure to market price risk. The variation disclosure of +5% and -5% (2011: +10% and -5%) are reflective of the economic entity's assumptions based on the current market climate. The Directors seek to mitigate this risk by monitoring market movements and maintaining a portfolio of diverse investments in various market sectors.

The Board do not follow a formally documented risk management policy. The analysis shows that if the Economic Entity's market price was to fluctuate as disclosed below and all other variables had remained constant, then the market price sensitivity impact on the Economic Entity's loss after tax and equity would be as follows:

| | 30 June 2012<br>$ | 30 June 2011<br>$ |
|---|---|---|
| *Increase/(Decrease) in financial assets held for trading:* | | |
| 5.00% (2011: 10%) | 32,287 | 218,304 |
| -5.00% (2011: -5%) | (32,287) | (109,152) |
| *Increase/(Decrease) in financial assets held for sale* | | |
| 5.00% (2011: 5%) | 19,053 | 31,043 |
| -5.00% (2011: -5%) | (19,053) | (31,043) |

Listed Investments

Net fair value of current listed investments are determined by reference to their quoted market bid price at balance date. Market values of all listed investments are disclosed in Note 10.

Unlisted Investments

Where there is no organised financial market, the unlisted investments are carried at cost unless there is evidence of impairment. The carrying value of unlisted investments is $381,063 (2011: $620,869).

## h) Financial Instruments Measured at Fair Value

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.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for asset or liability values that are not based on observable market data (unobservable inputs) (Level 3). Level 3 is applied to available for sale financial assets that are considered to be impaired.

| | 2012 | | | |
|---|---|---|---|---|
| | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
| **Financial Assets** | | | | |
| *Financial assets at fair value through the profit or loss:* | | | | |
| - listed investments (held for trading) | 645,733 | - | - | 645,733 |
| - unlisted investments (held for trading) | - | - | 381,063 | 381,063 |
| - derivative instruments | - | - | - | - |
| | **645,733** | **-** | **381,063** | **1,026,796** |
| *Held to maturity investments:* | | | | |
| - fixed interest securities | - | - | - | - |
| *Available for sale financial assets carried at cost less accumulated impairment* | | | | |
| - derivative instruments | - | - | - | |
| - listed investments | - | - | - | - |
| - unlisted investments | - | - | - | - |
| | **-** | **-** | **-** | **-** |
| | **645,733** | **-** | **381,063** | **1,026,796** |

| | 2011 | | | |
|---|---|---|---|---|
| | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
| **Financial Assets** | | | | |
| *Financial assets at fair value through the profit or loss:* | | | | |
| - listed investments (held for trading) | 2,183,039 | - | - | 2,183,039 |
| - unlisted investments (held for trading) | - | - | 516,875 | 516,875 |
| - derivative instruments | - | - | 103,994 | 103,994 |
| | **2,183,039** | **-** | **620,869** | **2,803,908** |
| *Held to maturity investments:* | | | | |
| - fixed interest securities | - | - | - | - |
| *Available for sale financial assets carried at cost less accumulated impairment* | | | | |
| - listed investments | - | - | - | - |
| - unlisted investments | - | - | - | - |
| | **-** | **-** | **-** | **-** |
| | **2,183,039** | **-** | **620,869** | **2,803,908** |

## NOTE 23: PARENT COMPANY INFORMATION

The following information has been extracted from the financial reports and records of the Parent Entity, Mining Projects Group Ltd, and has been prepared in accordance with the accounting standards.

| | Parent Entity | |
|---|---|---|
| | 30 June 2012<br>$ | 30 June 2011<br>$ |
| **STATEMENT OF FINANCIAL POSITION** | | |
| **Assets** | | |
| Current Assets | 332,902 | 605,146 |
| Non-Current Assets | 2,160,924 | 3,800,769 |
| **Total Assets** | **2,493,826** | **4,405,915** |
| **Liabilities** | | |
| Current Liabilities | 309,894 | 198,954 |
| **Total Liabilities** | **309,894** | **198,954** |
| **Net Assets** | **2,183,932** | **4,206,961** |
| **Equity** | | |
| Issued capital | 32,259,265 | 31,219,145 |
| Accumulated losses | (30,075,333) | (27,012,184) |
| **Total Equity** | **2,183,932** | **4,206,961** |
| **STATEMENT OF COMPREHENSIVE INCOME** | | |
| **Total Profit** | **(3,063,150)** | **(1,506,173)** |

Included in total loss is an impairment expense of $1.8 million relating to the loans provided to AMN Nominees Pty Ltd, Xplor Pty Ltd and Raptor Mineral Pty Ltd by the parent entity, based on the anticipated recoverability of these loans made to the subsidiaries.

## NOTE 24: SUBSEQUENT EVENTS

| | | |
|---|---|---|
| 3 July 2012 | - | The Company announces a fully underwritten 4 for 5 Rights Issue to raise approximately $1.05 million before costs. |
| 5 July 2012 | - | The Company announced that it had completed the acquisition of Delcarmen Energy Limited subject to the granting of tenements EPC 2527 and EPC 2528. |
| 7 August 2012 | - | In accordance with the Rights Issue, the Company issues 105,289,176 fully paid ordinary shares (MPJ) and 105,289,176 options exercisable at $0.015 per option on expiring or before 30 November 2014. |
| 14 August 2012 | - | The Company announces the issue of 5,716,200 fully paid ordinary shares (MPJ) in lieu of cash payment for professional services rendered to the Company. |

## NOTE 25: ACQUISITIONS SUBSEQUENT TO BALANCE DATE

On 5 July 2012 the Company announced the completion of the acquisition of 100% of the issued capital of Delcarmen Pty Ltd, effectively acquiring Exploration Permits for Coal (EPC 2527 & EPC 2528) north and east of Kingaroy, Queensland.

| | $ AUD |
|---|---|
| **Consideration paid or to be paid to vendors:** | |
| - Cash Consideration | |
| · Non-refundable deposit (PAID prior to 30 June 2012) | 20,000 |
| · Initial payment to vendors of Delcarmen (PAID prior to 30 June 2012) | 80,000 |
| · Payment to vendors upon issue of formal granting of tenement EPC 2527 (NOT YET PAID) | 200,000 |
| · Payment to vendors upon issue of formal granting of tenement EPC 2528 (NOT YET PAID) | 200,000 |
| - Share Consideration | |
| · Issue of 12.5 million fully paid ordinary MPJ shares at a deemed price of $0.02 per share to the vendors of Delcarmen upon issue of formal granting of tenement EPC 2527 (NOT YET PAID) | 250,000 |
| · Issue of 12.5 million fully paid ordinary MPJ shares at a deemed price of $0.02 per share to the vendors of Delcarmen upon issue of formal granting of tenement EPC 2528 (NOT YET PAID) | 250,000 |
| | **1,000,000** |
| **Contingent consideration to be paid to vendors** | |
| - Total Value of Fully Paid Ordinary shares in MPJ * | 250,000 |
| **Total consideration** | **1,250,000** |

* Note: Contingent consideration is only payable upon MPJ making an announcement on the ASX confirming JORC resources at the acquired tenements exceeding 100 million tonnes of coal. The consideration is payable in Mining Project Group Limited shares to the value of $250,000 based on the 30 day volume weighted average share price of MPJ shares prior to the announcement.

Due to the acquisition of Delcarmen being so close to the end of the reporting period and preparation of the Annual Report, the Company has not yet been able to verify the fair value of the net assets being acquired. Full details of the business combination will be reported in future financial reports.

## NOTE 26: COMPANY DETAILS

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

Suite 2, 1233 High Street, Armadale, Victoria, Australia. 3143

## NOTE 27: ACQUISITIONS DURING PRIOR YEAR

**Raptor Minerals (Pty ) Ltd**

On 9 September 2010 the shareholders of Mining Projects Group passed a resolution to acquire Raptor Minerals' group, a South African Gold and Uranium group.

Raptor has secured a number of granted prospecting rights strategically located in key regions of South Africa which has potential to host significant gold, uranium and molybdenum mineralisations.

The fair value of the assets and liabilities acquired by Mining Projects Ltd is as follows:

| | AUD$ |
|---|---|
| Purchase consideration [(a)] | 777,778 |
| Fair value of net identifiable assets acquired [(b)] | 777,778 |
| **(a) Purchase Consideration** | |
| Raptor shares acquired (No.) | 100 |
| Cash payment of AUD$250,000 | 250,000 |
| MPJ shares issued (No.) | 225,000,000 |
| Value of shares issued (@ AUD$0.002 per share) | 450,000 |
| Fair value of initial investment | 77,778 |
| **Total Purchase Consideration** | **777,778** |

In addition, in the event that MPJ sells or lists some or all of the tenements held by Raptor Minerals (or its subsidiaries) within three years, additional consideration equal to 50% of the sale proceeds received by MPJ less A$777,000 and any additional expenditure incurred by MPJ in developing the tenements, will be payable by MPJ.

**(b) Assets and Liabilities Acquired**

The assets and liabilities arising from the acquisition are as follows:

| | Acquiree's carrying amount (AUD$) | Fair Value (AUD$) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 77,937 | 77,937 |
| Trade and other receivables | 489 | 489 |
| | **78,426** | **78,426** |
| **Non-Current Assets** | | |
| Investments in subsidiaries | - | - |
| Loans to group companies | 18,664 | 18,664 |
| Loans to shareholders | 14,996 | 14,996 |
| Exploration and evaluation costs | - | 751,323 |
| | **33,660** | **784,983** |
| **Total Assets** | **112,086** | **863,409** |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Provisions | 4,567 | 4,567 |
| | **4,567** | **4,567** |
| **Non-Current Liabilities** | | |
| Loans from group companies | 56,385 | 56,385 |
| Other financial liabilities | 24,679 | 24,679 |
| | **81,064** | **81,064** |
| **Total Liabilities** | **85,631** | **85,631** |
| **Net Assets** | **26,455** | **777,778** |

# Director's Declaration

The Directors' of the Company declare that;

1. In the Directors' opinion the financial statements and the notes, as set out on pages 20 to 54, and the remuneration disclosures that are contained within the Remuneration report within the Directors' report, set out on pages 11 to 14, are in accordance with the Corporations Act 2001 , including:

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

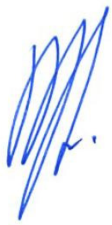
   b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 1; and

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

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



Mr. Bryan Frost
Executive Chairman
Mining Projects Group Limited

Melbourne
Dated: 28th Day of September 2011

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Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

# INDEPENDENT AUDITOR'S REPORT

To the members of Mining Project Group Limited

## Report on the Financial Report

We have audited the accompanying financial report of Mining Project Group Limited, 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 ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mining Projects Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Opinion**

In our opinion:

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

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

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 "Going concern" in the financial report, which indicates that the consolidated entity incurred a net loss of $2,971,131 during the year ended 30 June 2012 and had net cash outflows from operating and investing activities of $962,175. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion the Remuneration Report of Mining Projects Group Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

**BDO East Coast Partnership**

BDO

David Garvey

Partner

Melbourne, 28 September 2012

# Shareholder Information

As at 27th September 2012:

## Number of Holders of Equity Securities

### Ordinary Shares

242,616,846 fully paid ordinary shares are held by 3,149 individual shareholders.
All ordinary shares carry one vote per share.

### Options

MPJO - 59,616,588 options exercisable at $0.02 on or before 28 Feb 2013, are held by 231 individual shareholders;

MPJOA - 41,299,175 options exercisable at $0.10 on or before 6 Jul 2014, are held by 737 individual shareholders;

MPJOB - 105,282,868 options exercisable at $0.015 on or before 30 Nov 2014, are held by 261 individual shareholders; and

MPJAI - 1,400,000 options exercisable at various prices on or before 5 October 2015, are held by 3 individual shareholders.

Options do not carry a right to vote.
Voting rights will be attached to the unissued shares when the options have been exercised.

## Distribution of Holders in Each Class of Equity Securities

**Shareholders (MPJ)**

| | No. of Shareholders |
|---|---|
| 1 – 1,000 | 1,141 |
| 1,001 – 5,000 | 898 |
| 5,001 – 10,000 | 361 |
| 10,001 – 100,000 | 610 |
| 100,001 – | 139 |
| **Total Number of shareholders** | **3,149** |
| Unmarketable Parcels | 2,960 |

**Optionholders (MPJO)**

| | No. of Optionholders |
|---|---|
| 1 – 1,000 | 55 |
| 1,001 – 5,000 | 68 |
| 5,001 – 10,000 | 42 |
| 10,001 – 100,000 | 43 |
| 100,001 – | 23 |
| **Total Number of shareholders** | **231** |

**Optionholders (MPJOA)**

| | No. of Optionholders |
|---|---|
| 1 – 1,000 | 249 |
| 1,001 – 5,000 | 229 |
| 5,001 – 10,000 | 91 |
| 10,001 – 100,000 | 120 |
| 100,001 – | 48 |
| **Total Number of shareholders** | **737** |

**Optionholders (MPJOB)**

| | No. of Optionholders |
|---|---|
| 1 – 1,000 | 43 |
| 1,001 – 5,000 | 72 |
| 5,001 – 10,000 | 36 |
| 10,001 – 100,000 | 82 |
| 100,001 – | 28 |
| **Total Number of shareholders** | **261** |

## Twenty Largest Holders of Quoted Securities

**Fully paid ordinary shares**

| Shareholders | | Number | % |
|---|---|---|---|
| 1 | QUEENSLAND MM PL * | 37,925,302 | 15.63% |
| 2 | DARONTACK PL | 13,305,778 | 5.48% |
| 3 | MURDOCH CAP PL | 12,872,024 | 5.31% |
| 4 | SYRACUSE CAP PL | 12,158,100 | 5.01% |
| 5 | PEREGRINE CORP LTD * | 11,835,527 | 4.88% |
| 6 | TALEX INV PL | 9,290,675 | 3.83% |
| 7 | CHIFLEY PORTFOLIOS PL * | 8,581,349 | 3.54% |
| 8 | PENLEIGH BANNER PL | 8,148,809 | 3.36% |
| 9 | FGL ASSET MGNT LTD | 6,790,675 | 2.80% |
| 10 | BRIEN ALAN + MELINDA | 6,247,228 | 2.57% |
| 11 | SUBIACO CAP PL | 4,645,337 | 1.91% |
| 12 | LSAF HLDGS PL | 4,611,016 | 1.90% |
| 13 | JP MORGAN NOM AUST LTD | 4,564,947 | 1.88% |
| 14 | SEMERDZIEV IANAKI | 4,300,000 | 1.77% |
| 15 | ESTELVILLE NOM PL | 4,290,675 | 1.77% |
| 16 | ELINORA INV PL | 4,266,192 | 1.76% |
| 17 | LAMPAM PL | 3,871,959 | 1.60% |
| 18 | BRIDUN PL * | 3,645,002 | 1.50% |
| 19 | PTNRS CAPFIN | 2,025,000 | 0.83% |
| 20 | DARONTACK PL * | 2,007,461 | 0.83% |
| | **TOTAL** | **165,383,056** | **68.16 %** |

* Denotes Merged Holdings

**Optionholders (MPJO)**

| Optionholders | | Number | % |
|---|---|---|---|
| 1 | QUEENSLAND MM PL * | 11,173,287 | 18.74% |
| 2 | ELINORA INV PL | 8,126,000 | 13.63% |
| 3 | LSAF HLDGS PL | 8,126,000 | 13.63% |
| 4 | TALEX INV PL | 6,094,500 | 10.22% |
| 5 | PEREGRINE CORP LTD | 5,000,000 | 8.39% |
| 6 | BLACKALL CAP PL | 5,000,000 | 8.39% |
| 7 | BURFORD MATTHEW | 3,770,000 | 6.32% |
| 8 | DARONTACK PL | 3,724,429 | 6.25% |
| 9 | LAMPAM PL | 1,592,803 | 2.67% |
| 10 | BYNJA PL * | 1,500,000 | 2.52% |
| 11 | GOFFACAN PL | 524,388 | 0.88% |
| 12 | FRIEND MICHAEL JOHN | 518,000 | 0.87% |
| 13 | BEACH LAURENCE PERCY | 384,500 | 0.64% |
| 14 | ELLIOTT HLDGS PL | 333,334 | 0.56% |
| 15 | FOONG SWEE KAI | 290,834 | 0.49% |
| 16 | CFO SOLUTION TEAM PL * | 287,048 | 0.48% |
| 17 | LASTA NOM PL | 200,000 | 0.34% |
| 18 | HAY TREVOR NEIL | 200,000 | 0.34% |
| 19 | JP MORGAN NOM AUST LTD | 162,832 | 0.27% |
| 20 | BRIDUN PL * | 143,334 | 0.24% |
| | **TOTAL** | **57,151,289** | **95.87%** |

* Denotes Merged Holdings

### Optionholders (MPJOA)

| | Optionholders | Number | % |
|---|---|---|---|
| 1 | QUEENSLAND M M PL * | 4,849,589 | 11.74% |
| 2 | GOFFACAN PL | 3,590,952 | 8.69% |
| 3 | TALEX INV PL | 3,300,000 | 7.99% |
| 4 | GOFFACAN PL | 3,097,137 | 7.50% |
| 5 | DARONTACK PL * | 2,021,251 | 4.89% |
| 6 | MARTIN NICHOLAS KENT | 1,855,000 | 4.49% |
| 7 | FOSTER JANET I + MARINO D | 1,541,608 | 3.73% |
| 8 | ACTIONETTE PL | 1,524,375 | 3.69% |
| 9 | DAVISON RODNEY KENNETH | 1,200,000 | 2.91% |
| 10 | RONAY INV PL * | 1,100,000 | 2.66% |
| 11 | CARROLL RODNEY LEWIS | 903,995 | 2.19% |
| 12 | FROST BRYAN * | 818,226 | 1.98% |
| 13 | LAMPAM PL | 725,000 | 1.76% |
| 14 | NEW AGE ENERGY PL | 700,000 | 1.69% |
| 15 | SADARAJAK PL | 600,000 | 1.45% |
| 16 | ELLIOTT HLDGS PL | 500,000 | 1.21% |
| 17 | NEW AGE ENERGY | 500,000 | 1.21% |
| 18 | DARWELL HUGH | 461,611 | 1.12% |
| 19 | LASTA NOM PL | 443,092 | 1.07% |
| 20 | TORWOOD LIFESTYLE PL | 424,643 | 1.03% |
| | **TOTAL** | **30,156,479** | **73.00%** |

* Denotes Merged Holdings

### Optionholders (MPJOB)

| | Optionholders | Number | % |
|---|---|---|---|
| 1 | QUEENSLAND M M PL * | 17,162,697 | 16.30% |
| 2 | MURDOCH CAP PL * | 12,872,024 | 12.23% |
| 3 | SYRACUSE CAP PL | 12,000,000 | 11.40% |
| 4 | PEREGRINE CORP LTD * | 10,116,704 | 9.61% |
| 5 | DARONTACK PL | 8,581,349 | 8.15% |
| 6 | CHIFLEY PORTFOLIOS PL | 8,581,349 | 8.15% |
| 7 | GOFFACAN PL | 5,148,809 | 4.89% |
| 8 | ESTELVILLE NOM PL | 4,290,675 | 4.08% |
| 9 | TALEX INV PL | 4,290,675 | 4.08% |
| 10 | FGL ASSET MGNT LTD | 4,290,675 | 4.08% |
| 11 | BURFORD MATTHEW | 2,500,000 | 2.37% |
| 12 | SUBIACO CAP PL | 2,145,337 | 2.04% |
| 13 | JP MORGAN NOM AUST LTD | 1,707,486 | 1.62% |
| 14 | BEACH LAURENCE PERCY | 1,566,000 | 1.49% |
| 15 | BURFORD MATTHEW DAVID | 1,000,000 | 0.95% |
| 16 | BRIEN ALAN + MELINDA | 1,000,000 | 0.95% |
| 17 | FRIEND MICHAEL JOHN | 1,000,000 | 0.95% |
| 18 | SYRACUSE CAP PL | 872,024 | 0.83% |
| 19 | CFO SOLUTION TEAM PL * | 838,096 | 0.80% |
| 20 | CARROLL RODNEY LEWIS | 484,462 | 0.46% |
| | | **100,448,362** | **95.43%** |

* Denotes Merged Holdings

### Unquoted Equity Securities Holdings Greater than 20%

Nil

### Substantial Shareholders

The substantial Shareholders who have notified the Economic Entity in accordance with Section 671B of the Corporations Act are:

| | |
|---|---|
| Queensland Marketing Management Pty Ltd | 21,465,105 ordinary fully paid shares – 17.30% |
| Darontack Pty Ltd | 16,375,385 ordinary fully paid shares – 6.91% |
| Elinora Investments Pty Ltd | 14,347,541 ordinary fully paid shares – 6.06% |
| Syracuse Capital Pty Ltd | 14,230,124 ordinary fully paid shares – 5.59% |
| Murdoch Capital Pty Ltd <The Glovac S/F A/C> | 12,872,024 ordinary fully paid shares – 5.37% |
| Peregrine Corporate Limited | 12,575,527 ordinary fully paid shares – 5.31% |

### Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the Share Registry:

Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia 6153
Telephone: +61 (0)8 9315 2333 Facsimile: +61 (0)8 9315 2233
Email: registrar@securitytransfer.com.au

### Change of Address, Change of Name, Consolidation of Shareholdings

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

### Removal from the Annual Report Mailing List

Shareholders who wish to receive a hard copy of the Annual Financial Report should advise the Share Registry or the Company in writing. Alternatively, an electronic copy of the Annual Financial Report is available from www.asx.com.au or www.miningprojectsgroup.com.au. All shareholders will continue to receive all other shareholder information.

### Tax File Numbers

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

### CHESS (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertificated holdings under the Australian Securities Exchange (ASX) CHESS system should contact their stockbroker.

### Uncertificated Share Register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of your holding.

# Corporate Directory

**COMPANY**
Mining Projects Group Limited
ABN 84 006 189 331

**DIRECTORS**

| | |
|---|---|
| Mr Bryan Frost | Executive Chairman |
| Mr Richard Revelins | Executive Director |
| Mr James Babbage | Independent Non-Executive Director |
| Mr Phillip Hains | Executive Director |

**COMPANY SECRETARIES**
Mr Richard Revelins
Mr Phillip Hains

**COMPANY WEBSITE**
www.miningprojectsgroup.com.au

**REGISTERED OFFICE**
Suite 2, 1233 High Street
Armadale, Victoria
Australia 3143

Phone: +61 (0)3 9824 8166
Facsimile: +61 (0)3 9824 8161

**SOLICITORS**
Quinert Rodda & Associates
Level 19, 500 Collins Street
Melbourne, Victoria
Australia 3000

**SHARE REGISTRY**
Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia
Australia 6153

Telephone: +61 (0)8 9315 2333
Facsimile: +61 (0)8 9315 2233

Email: registrar@securitytransfer.com.au

**AUDITORS**
BDO East Coast Partnership
(Formally: PKF Chartered Accountants)
Level 14, 140 William Street
Melbourne, Victoria
Australia 3000

**SECURITIES QUOTED**
*Australian Securities Exchange (ASX)*

| | | |
|---|---|---|
| ASX Code: | MPJ | Ordinary Fully Paid Shares |
| | MPJO | Listed options exercisable at $0.02 per option on, or before, 28 Feb 2013, which upon exercise, grants the holder to receive one additional new option exercisable at $0.03 per option on, or before, 28 Feb 2014 |
| | MPJOA | Listed options exercisable at $0.10 per option on, or before, 6 Jul 2014 |
| | MPJOB | Listed options exercisable at $0.015 per option on, or before, 30 Nov 2014 |

**BANKERS**
National Australia Bank
Melbourne, Victoria
Australia 3000