



# **Overland Resources Limited**

ABN 92 114 187 978

## **Financial Report**

for the half year ended 31 December 2010

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## **CORPORATE DIRECTORY**

### **Directors**

Mr. Michael Haynes (Chairman)  
Mr. Hugh Bresser (Managing Director)  
Mr. Anthony Polglase (Non Executive Director)  
Mr. Gibson Pierce (Non Executive Director)  
Mr. Sias Els (Non Executive Director)

### **Company Secretary**

Mr. Nicholas Day

### **Registered Office and Principal Place of Business**

Level 2  
675 Murray Street  
West Perth WA 6005  
Australia  
Telephone: (+61 8) 9226 5566  
Facsimile: (+61 8) 9226 2027

### **Share Register**

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000 Australia  
Telephone: 1300 557 010  
International: (61 8) 9323 2000  
Facsimile: (61 8) 9323 2033

### **Stock Exchange Listing**

Overland Resources Limited shares  
are listed on the Australian Securities  
Exchange, the home branch being Perth.  
ASX Code: OVR

### **Auditors**

Ernst and Young  
11 Mounts Bay Road  
Perth WA 6000

## Directors' Report

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The Directors of Overland Resources Limited submit their report for the half-year ended 31 December 2010.

### Directors

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr. Michael Haynes	Chairman
Mr. Hugh Bresser	Managing Director
Mr. Anthony Polglase	Non Executive Director
Mr. Gibson Pierce	Non Executive Director
Mr. Sias Els	Non Executive Director (appointed 9 August 2010)

### Results of Operations

The Group's net loss after taxation attributable to the members of Overland Resources Limited for the half-year ended 31 December 2010 was \$493,238 (2009: \$384,838).

### Review of Operations

#### Yukon Base Metal Project

Overland Resources Limited ("Overland" or "Company") holds a 90% interest in mineral rights covering approximately 100km<sup>2</sup> at the Yukon Base Metal Project in the highly prospective and under explored Selwyn Basin of the Yukon Territory, Canada. This Project includes the shallow, high grade Andrew, Darcy and Darin Zinc Deposits.

During the six months from July to December 2010 the Company implemented a field program that included drilling 36 diamond core holes for a total of 3,668 metres.

As a result of successful exploration the resource at the shallow, high grade Darcy Zinc Deposit was doubled to:  
**3.5 Mt at 5.3% zinc**

The JORC Code compliant resource for the Yukon Base Metal Project now stands at:  
**11.0 Mt at 5.8% zinc and 1.0% lead**

**Table 1. JORC Code compliant resource for the Yukon Base Metal Project (2% zinc cut off)**

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)
Andrew	1,610,000	5.5	1.7	4,690,000	6.2	1.6	900,000	7.0	0.7	7,200,000	6.2	1.5
Darcy				884,000	5.3	0.1	2,601,000	5.3	0.0	3,485,000	5.3	0.0
Darin							360,000	4.0	0.2	360,000	4.0	0.2
<b>Total</b>	<b>1,610,000</b>	<b>5.5</b>	<b>1.7</b>	<b>5,570,000</b>	<b>6.1</b>	<b>1.3</b>	<b>3,865,000</b>	<b>5.6</b>	<b>0.2</b>	<b>11,045,000</b>	<b>5.8</b>	<b>1.0</b>

The 2010 field program confirmed the significant potential to continue to grow the resource base at the Yukon Base Metal Project. It also highlighted that there is potential to develop a longer life mining operation and to better optimise the use of capital in the mine development.

## Directors' Report

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During this period the Company continued to advance its feasibility study into the development of the Yukon Base Metal Project. Metallurgical test work on material from the Darcy Zinc Deposit was initiated. Metallurgical test work on material from the Andrew Zinc Deposit was completed. Long lead-time environmental test work commenced on material characterised as being representative of the Project's tailings.

Work to prepare for mine permitting continued throughout 2010. The Company is targeting submission of an application for mine permit and water license late in 2011 or early 2012.

In March 2011 the Company entered into subscription agreements to raise \$11.875 million through the issue of 47.5 million new shares at \$0.25 per share. The second tranche of this placement will require shareholder approval at a general meeting of shareholders to be held on March 30, 2011.

### Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2010.

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



### Hugh Bresser

Managing Director

16 March 2011

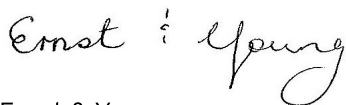
### Competent Person Statement

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Peter Ball is the Manager of Data Geo. Mr Peter Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peter Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to exploration results is based on information compiled by Mr Hugh Alan Bresser who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hugh Alan Bresser is a Director of Overland Resources Limited, He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Hugh Alan Bresser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Auditor's Independence Declaration to the Directors of Overland Resources Limited

In relation to our review of the financial report of Overland Resources Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'F Drummond'.

F Drummond  
Partner  
Perth  
16 March 2011

**Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2010**

	Notes	Consolidated	
		31/12/2010	31/12/2009
		\$	\$
<b>Continuing operations</b>			
<b>Revenue</b>			
Interest revenue		38,897	24,043
Other revenue		-	10,729
		<b>38,897</b>	<b>34,772</b>
<b>Expenses</b>			
Listing and share registry fees		(33,828)	(25,329)
Accounting and audit fees		(70,664)	(22,160)
Legal fees		(4,334)	(2,807)
Consultants and Directors fees		(233,769)	(225,527)
Depreciation		(3,774)	(4,007)
Administrative expenditure	3	(174,315)	(125,376)
Exploration expenditure write-off		-	(261)
Other expenses		(11,451)	(14,143)
<b>(Loss) from continuing operations before income tax</b>		<b>(493,238)</b>	<b>(384,838)</b>
Income tax expense		-	-
<b>(Loss) from continuing operations after income tax</b>		<b>(493,238)</b>	<b>(384,838)</b>
<b>Other comprehensive income</b>			
Foreign currency translation	9	(3,124,804)	(154,565)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(3,618,042)</b>	<b>(539,403)</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the parent</b>			
Basic loss per share (cents per share)		(0.34)	(0.52)
Diluted loss per share (cents per share)		(0.34)	(0.52)

Consolidated Statement of Financial Position as at 31 December 2010

	Notes	Consolidated	
		31/12/2010	30/06/2010
<b>ASSETS</b>		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		2,847,893	5,980,788
Trade and other receivables		331,468	613,253
<b>Total current assets</b>		<b>3,179,361</b>	<b>6,594,041</b>
<b>Non-current assets</b>			
Property, plant and equipment		319,905	379,050
Other assets		38,963	38,963
Exploration and evaluation expenditure		23,028,393	23,077,029
<b>Total non-current assets</b>		<b>23,387,261</b>	<b>23,495,042</b>
<b>TOTAL ASSETS</b>		<b>26,566,622</b>	<b>30,089,083</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		494,267	392,187
Provisions		-	9,911
<b>Total current liabilities</b>		<b>494,267</b>	<b>402,098</b>
<b>Non-current liabilities</b>			
Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>494,267</b>	<b>402,098</b>
<b>NET ASSETS</b>		<b>26,072,355</b>	<b>29,686,985</b>
<b>EQUITY</b>			
Contributed equity	8	28,972,840	28,972,840
Reserves	9	677,926	3,799,318
Accumulated losses		(3,578,411)	(3,085,173)
<b>TOTAL EQUITY</b>		<b>26,072,355</b>	<b>29,686,985</b>

Consolidated Statement of Changes in Equity for the half year ended 31 December 2010

	Issued Capital	Accumulated Losses	Share Based Payment Reserves	Foreign Currency Translation Reserves	Total
Consolidated	\$	\$	\$	\$	\$
At 1 July 2009	23,015,388	(2,267,111)	3,187,065	(297,081)	23,638,261
Loss for the period	-	(384,838)	-	-	(384,838)
Other comprehensive (loss)/profit	-	-	-	(154,565)	(154,565)
<b>Total comprehensive (loss)/profit for the year</b>	-	(384,838)	-	(154,565)	(539,403)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	943,500	-	-	-	943,500
Transaction costs on share issue	(32,695)	-	-	-	(32,695)
Share based payment	-	-	13,618	-	13,618
<b>Balance at 31 December 2009</b>	<b>23,926,193</b>	<b>(2,651,949)</b>	<b>3,200,683</b>	<b>(451,646)</b>	<b>24,023,281</b>
At 1 July 2010	28,972,840	(3,085,173)	3,207,493	591,825	29,686,985
Loss for the period	-	(493,238)	-	-	(493,238)
Other comprehensive (loss)/profit	-	-	-	(3,124,804)	(3,124,804)
<b>Total comprehensive (loss)/profit for the year</b>	-	(493,238)	-	(3,124,804)	(3,618,042)
<b>Transactions with owners in their capacity as owners</b>					
Share based payment	-	-	3,412	-	3,412
<b>Balance at 31 December 2010</b>	<b>28,972,840</b>	<b>(3,578,411)</b>	<b>3,210,905</b>	<b>(2,532,979)</b>	<b>26,072,355</b>

**Consolidated Statement of Cash Flows for the half-year ended 31 December 2010**

	Notes	Consolidated	
		31/12/2010	31/12/2009
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(579,296)	(423,303)
Interest received		61,140	24,043
<b>Net cash flows used in operating activities</b>		<u>(518,156)</u>	<u>(399,260)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,797)	-
Payments for expenditure on exploration		<u>(2,481,372)</u>	<u>(67,851)</u>
<b>Net cash flows used in investing activities</b>		<u>(2,485,169)</u>	<u>(67,851)</u>
<b>Cash flows from financing activities</b>			
Transaction costs of issue of shares		-	-
Proceeds from issue of shares		-	1,026,885
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>1,026,885</u>
Net increase / (decrease) in cash and cash equivalents		(3,003,325)	559,774
Cash and cash equivalents at beginning of period		5,980,788	1,686,661
Foreign Exchanges Variances on Cash		<u>(129,570)</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>		<u><b>2,847,893</b></u>	<u><b>2,246,435</b></u>

# Overland Resources Limited

## Notes to the financial statements for the half-year ended 31 December 2010

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### 1. Corporate Information

The financial report of Overland Resources Limited ("Overland" or "the Company") for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 16 March 2011.

Overland Resources Limited is a public Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

During the half year ended 31 December 2010, the principal activity was mineral exploration. The Group currently holds a base metals project in Canada.

### 2. Basis of Preparation and Accounting Policies

#### Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Overland Resources Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### New Accounting Standards and Interpretations

From 1 July 2010 The Group has adopted all Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010; including:

AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB's 5, 8, 101, 107, 117, 118, 136 & 139]  The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes have no or minimal effect on accounting.
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## Overland Resources Limited

### Notes to the financial statements for the half-year ended 31 December 2010

AASB 2010-3	<p>Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</p> <p>Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value.</p> <p>Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.</p> <p>Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.</p> <p>Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.</p>
AASB 2009-8	<p>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]</p> <p>This Standard makes amendments to Australian Accounting Standard AASB 2 <i>Share-based Payment</i> and supersedes Interpretation 8 <i>Scope of AASB 2</i> and Interpretation 11 <i>AASB 2 – Group and Treasury Share Transactions</i>.</p> <p>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.</p> <p>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p>
AASB 2009-10	<p>Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]</p> <p>The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.</p>

## Overland Resources Limited

### Notes to the financial statements for the half-year ended 31 December 2010

Interpretation 19	<p>Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments</p> <p>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</p> <p>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</p>
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Adoption of the new Accounting Standards and Interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new Standards or Interpretations.

	<b>Consolidated</b>	
	31/12/2010	31/12/2009
	\$	\$
<b>3. Administrative Expenditure</b>		
Advertising and promotions	7,400	1,500
Bank fees	904	632
Conferences and seminars	1,418	3,305
General office expenses	4,259	3,578
Insurance	11,344	10,454
Printing and stationery	4,452	13,084
Rent and outgoings	77,072	51,009
Telephone	20,957	1,249
Travel and accommodation	37,085	27,103
Others	9,424	13,462
Total administrative expenditure	<u>174,315</u>	<u>125,376</u>

#### 4. Dividends

No dividends have been paid or provided for during the half-year (2009: \$Nil).

#### 5. Segment Reporting

For management purposes, the Company is organised into one main operating segment, which involves exploration for zinc and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

## Overland Resources Limited

Notes to the financial statements for the half-year ended 31 December 2010

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### 6. Commitments and Contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report.

### 7. Events after the Reporting Date

On 2 March 2011, the Group announced a placement of 47.5 million new ordinary shares at a price of \$0.25 per share to raise \$11.875 million. Funds raised will be used to further advance the development of the Company's Yukon Base Metal Project.

On 14 January 2011, the Group issued 700,000 employee and consultant incentive options.

	<b>Consolidated</b>	
	31/12/2010	30/06/2010
	\$	\$

### 8. Contributed Equity

#### (a) Issued and paid up capital

Ordinary shares fully paid	<u>28,972,840</u>	<u>28,972,840</u>
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	31/12/2010		30/06/2010	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares on issue</b>				
Balance at beginning of period	146,564,725	28,972,840	74,000,003	23,015,388
Share Placement at \$0.085	-	-	70,600,000	6,001,000
Share Placement Plan at \$0.085	-	-	1,964,722	167,001
Transaction costs on share issue	-	-	-	(210,549)
	<u>146,564,725</u>	<u>28,972,840</u>	<u>146,564,725</u>	<u>28,972,840</u>

## Overland Resources Limited

Notes to the financial statements for the half-year ended 31 December 2010

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	Consolidated	
	31/12/2010	30/06/2010
	\$	\$
<b>9. Reserves</b>		
Share based payments reserve	3,210,905	3,207,493
Foreign currency translation reserve	(2,532,979)	591,825
	<b>677,926</b>	<b>3,799,318</b>

### Movement in reserves:

#### Share based payments reserve

Balance at beginning of period	3,207,493	3,187,065
Equity benefits expense	3,412	20,428
Balance at end of period	<b>3,210,905</b>	<b>3,207,493</b>

The Share based payments reserve is used to record the value of equity benefits provided to individuals acting as employees and directors as part of their remuneration, Initial Public Offer underwriting agreement and for the exercising of the option to purchase the Yukon Base Metal Project.

	Consolidated	
	31/12/2010	30/06/2010
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	591,825	(297,081)
Foreign currency translation	(3,124,804)	888,906
Balance at end of period	<b>(2,532,979)</b>	<b>591,825</b>

The foreign currency translation reserve is used to record currency differences arising from the translation of the financial statements of foreign operations.

## Overland Resources Limited

### DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Overland Resources Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including;
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standards AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Hugh Bresser  
Director  
16 March 2011

To the members of Overland Resources Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Overland Resources Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of Overland Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

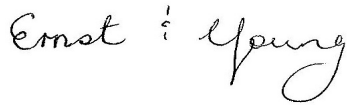
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Overland Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature, likely of F Drummond, written in a cursive script.

F Drummond  
Partner  
Perth  
16 March 2011