



METEORIC RESOURCES

METEORIC RESOURCES NL

ABN 64 107 985 651

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2005

METEORIC RESOURCES NL

ABN 64 107 985 651

CONTENTS

HALF-YEAR FINANCIAL REPORT

	Page No.
Directors' Report	3
Auditor's Independence Declaration	12
Income Statement	13
Balance Sheet	14
Statement of Changes in Equity	15
Statement of Cashflows	16
Notes to and forming part of the Financial Statements	17
Directors' Declaration	27
Independent Review Report	28

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2005.

DIRECTORS

The following persons were directors of Meteoric Resources NL ("Meteoric") during the whole of the half-year and up to the date of this report:

Mr Peter Thomas
Mr Roger Thomson
Mr George Sakalidis

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2005 was \$954,590 (2004 - \$1,281,698).

The company's activities during the six month period are summarised as follows:

WILTHORPE (Meteoric 90%)

During the September quarter a 100-hole, 6,667m programme of wide-spaced inclined RAB drilling (200m-spaced north-south lines) was completed in the northern and southern Harrods extension zones for the first time. Also a 153-hole 1,227m shallow, vertical geochemical drilling programme was carried out to further define the 2.4km long bedrock gold anomaly at Harrods. Significant intersections are shown in Table 1.

The drilling encountered numerous mineralised intersections over the 2.4km length of this large mineralised system, as shown in Figure 1, indicating likely repetitions of the Harrods Central zone where some excellent high-grade intersections were obtained in previous RC drilling (see inset in the attached figure and the attached drill sections).

During the December quarter Meteoric completed a 269-hole, 14,597m RAB drilling programme. The RAB drilling completed coverage of the 2.4km-long Harrods bedrock gold anomaly on N-S lines 100m apart with drill spacings along the lines ranging from 25m to 40m and succeeded in defining a new zone of gold mineralisation at Harrods South.

Most of the 1m RAB sampling results have now been received (hole sequence WDRB-668-686 yet to be completed) and are shown in Table 2, including results from sampling of earlier drill holes showing anomalous 4m samples. The more recent results have identified several high-grade gold intercepts including **5m at 7.2g/t** from 10m in WDRB-837 (includes **2m at 16.4g/t** from 12m) and **6m at 31.2g/t** from 10m in WDRB-861 (includes **1m at 182.8g/t** from 12m). The intersection in WDRB-837 occurs in the area between Harrods Central and the new Harrods South zone. The very high-grade intercept in WDRB-861 occurs northeast along strike from Harrods South (described below) and may represent an extension of this new zone. A previously high-grade 4m composite intercept in WDRB-851 did not repeat well and is being resampled.

A significant result of the recent RAB drilling was the definition of a new 800m-long ENE-trending gold zone at Harrods South, as shown in Figure 2, where some 20 drill holes define a broad zone of gold mineralisation and anomalism ranging from 30m to 100m in width. Significant gold intercepts within this zone include; **1m at 3.9g/t** from 23m in WDRB-399, **5m at 4.2g/t** from 28m in WDRB-419, **1m at 8.2g/t** from 38m in WDRB-630, **2m at 4.9g/t** from 47m in WDRB-630, **2m at 3.3g/t** from 72m in WDRB-633, **1m at 4.5g/t** from 31m in WDRB-636, **2m at 3.1g/t** from 19m in WDRB-644, **4m at 20.9g/t** from 26m in WDRB-645 and **1m at 8.1g/t** from 38m in WDRB-652. In addition, the RAB drilling has identified numerous smaller zones of mineralisation, particularly in the area between Harrods Central and Harrods South.

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

A 13-hole, 1,396m RC drilling programme was completed at Harrods Central with the aim of testing interpreted positions of higher grade mineralisation. Preliminary 4m composite sample results are shown in Table 3 with follow-up sampling of selected 1m samples currently in progress. Some 1m RC results have been received and are shown in Table 4. The drilling has confirmed significant gold mineralisation in several holes including **4m at 6.4g/t** from 116m at end of hole in WDRC-47, **4m at 7.3g/t** from 84m in WDRC-49, **1m at 24.6g/t** from 21m in WDRC-53 and **1m at 12.1g/t** from 81m in WDRC-54. A summary of the more significant, high-grade results from the RC and aircore drilling to date at Harrods Central is shown in the inset in Figure 2. High-grade intercepts of **2m at 8.3g/t** from 7m and **4m at 38.0g/t** from 31m in WDRB-803 may represent a western extension to Harrods Central and will be tested with RC drilling. A detailed ground magnetic survey over the Harrods-Cartier area started in December has been delayed by wet weather.

BULLFINCH (Meteoric 90%)

RC drilling at Rutherfords Find intersected high grade gold mineralisation down dip from previous shallow drilling on old workings, with a best intersection of **4m at 10.1g/t Au** from 71m (**including 2m at 18.7g/t Au** from 72m). Limited RC drilling at Reynolds Find and Withers South did not intersect significant mineralisation. Significant intersections at Rutherfords Find include:

Rutherfords Find RC Drilling Results

Hole No	Collar Coordinates		From m	To m	Interval m	Gold Grade g/t Au
	N	E				
BRC-29	69632	11812	67	69	2	2.6
BRC-30	69632	11763	71	75	4	10.1
	including		72	74	2	18.7
BRC-31	69631	11663	66	67	1	0.9
BRC-34	69595	11711	129	131	2	2.6
BRC-35	69606	11789	109	110	1	2.6

1m samples, uncut
Dip -60°, azimuth 360°

Rutherfords Find, situated 8km east of the 1.4Moz Copperhead gold mine, consists of an east-west striking line of old workings over a strike length of 200m. The drilling results demonstrate a potential for high-grade shoots and further drilling is being planned to test the extent of the high-grade mineralisation.

A geochemical soil survey (200m x 40m spacing) was completed over 12sq km in the Rutherfords-Golden Frog area. The 1,450-sample programme has identified a NW-trending, 600m-long geochemical anomaly with gold values up to 10 times background and situated along strike from old gold diggings at Golden Frog near Rutherfords Find. A weaker linear gold trend through and SE of Rutherfords may represent an extension of this mineralisation. A programme of follow-up sampling is being carried out to define these and other anomalies revealed by the survey in preparation for test RAB drilling.

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

Table 1

HARRODS RAB INTERSECTIONS Phase 1

Hole No	Collar Coordinates		From m	To m	Interval m	Gold Grade g/t
	N	E				
WDRB-379	2982	6194	38	39	1	8.2
WDRB-389			28	29	1	2.0
WDRB-390	3111	6402	17	18	1	2.3
			22	23	1	2.4
			25	26	1	1.0
WDRB-398	3309	6602	3	4	1	1.1
			13	16	3	1.2
			28	32	4	1.7
			61	62	1	1.6
WDRB-399	3274	6602	23	24	1	3.9
			35	36	1	1.2
			94	95	1	1.1
WDRB-419	3327	6796	15	16	1	1.3
			28	33	5	4.2
		includes	31	32	1	17.97
WDRB-420	3293	6795	32	33	1	1.8
WDRB-424	3210	6802	12	15	3	3.5
			17	18	1	2.1
			26	27	1	5.4
			35	37	2	1.0
WDRB-425	3206	6804	22	23	1	1.5
WDRB-426	3170	6797	9	10	1	1.2
			37	38	1	2.2
WDRB-427	3151	6798	22	23	1	2.5
			27	28	1	2.0
WDRB-430	3052	6807	13	14	1	2.2
WDRB-433	2953	6795	9	10	1	1.3
WDRB-436	4161	6467	32	36	4	1.3
WDRB-437	4149	6460	37	38	1	2.7
			64	65	1	3.9
WDRB-438	4105	6473	9	14	5	1.4
			23	24	1	1.1
			26	27	1	1.1
WDRB-439	4080	6463	4	5	1	1.2
			18	19	1	1.4
			26	27	1	1.6
WDRB-442	5183	6410	72	74	2	3.4
WDRB-444	5115	6406	15	16	1	4.4
			33	34	1	1.1
WDRB-455	5245	6797	62	63	1	35.9 eoh
WDRB-464	5008	6798	10	11	1	1.8
WDRB-465	4973	6796	43	44	1	1.0
WDRB-466	4948	6793	45	47	2	4.6
WDRB-587*	3801	6660	4	8	4	6.3

1m samples, uncut

eoh – end of hole

* vertical hole, composite sample

Dip -60°, azimuth 180°

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

Table 2
HARRODS RAB INTERCEPTS Phase 2

Hole No	Collar Coordinates		From M	To m	Interval m	Gold Grade g/t
	E	N				
WDRB-121	6568	3662	31	32	1	1.1
WDRB-122	6567	3687	28	29	1	1.1
WDRB-128	6564	3837	17	18	1	1.2
WDRB-131	6563	3912	8	10	2	1.0
WDRB-132	6562	3937	12	13	1	2.1
WDRB-133	6562	3962	15	16	1	1.7
WDRB-135	6561	4012	21	22	1	1.1
WDRB-145	6768	3641	25	26	1	1.1
WDRB-146	6767	3666	7	8	1	1.0
WDRB-147	6767	3691	6	7	1	1.5
WDRB-152	6765	3816	14	16	2	1.1
			18	21	3	3.1
			28	32	4	1.3
WDRB-153	6764	3841	18	19	1	1.0
WDRB-154	6764	3866	25	28	3	1.1
			44	45	1	1.5
WDRB-155	6763	3891	19	20	1	1.8
WDRB-156	6763	3916	46	47	1	3.4
WDRB-158	6762	3966	8	9	1	1.9
WDRB-189	6964	3870	5	6	1	2.2
WDRB-627	6103	2988	45	46	1	2.0
WDRB-629	6104	2948	12	13	1	1.7
			17	18	1	1.7
WDRB-630	6100	2923	47	49	2	4.9
			55	58	3	1.2
WDRB-633	6300	3160	5	6	1	1.9
WDRB-634	6302	3125	44	46	2	1.9
WDRB-635	6299	3011	54	55	1	1.0
WDRB-636	6300	3075	31	32	1	4.5
WDRB 642	6500	3285	49	50	1	1.0
			72	73	1	1.2
			86	87	1	1.0
			104	105	1	1.1
WDRB 644	6500	3225	19	21	2	3.1
			39	40	1	1.5
			63	64	1	1.8
			107	108	1	1.3
WDRB 645	6500	3160	26	30	4	20.9
		including	26	27	1	75.3
			41	42	1	1.4
			57	60	3	1.6
			67	68	1	1.0
WDRB 646	6500	3120	35	36	1	1.0
WDRB 650	6700	3320	29	30	1	1.0
			39	41	2	1.7
WDRB 651	6700	3290	47	48	1	1.5
WDRB 652	6700	3265	38	39	1	8.1
WDRB-689	6660	3797	8	9	1	1.5
WDRB-692	6660	3725	36	37	1	1.5

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

WDRB-693	6660	3700	22	23	1	1.7
WDRB-695	6659	3650	24	25	1	1.1
WDRB-699	6660	4435	42	47	5	2.4
			52	58	6	1.9
			61	62	1	1.4
WDRB-700	6660	4406	33	34	1	1.1
WDRB-711	6660	4376	39	40	1	1.2
WDRB-714	6600	4460	54	55	1	1.5
WDRB-715	6660	4578	38	39	1	2.3
WDRB-716	6600	4548	31	32	1	1.6
WDRB-721	6660	4523	48	50	2	8.5 eoh
		including	49	50	1	15.4 eoh
WDRB-734	6700	5070	31	32	1	1.5
WDRB-735	6700	5032	42	43	1	1.1
WDRB-740	6700	4997	13	15	2	1.6
WDRB-754	6700	4688	31	32	1	4.0
WDRB-755	6700	4667	19	20	1	1.0
			41	42	1	1.3
WDRB-756	6700	4646	12	13	1	1.0
			23	24	1	2.3
WDRB-757	6700	4626	28	30	2	1.6
			32	33	1	1.3
WDRB-759	6900	5300	36	38	2	7.6
WDRB-799	6460	4355	45	47	2	1.7
WDRB-800	6460	4330	44	46	2	1.1
WDRB-801	6460	4309	16	17	1	2.6
			41	42	1	3.0
WDRB-802	6460	4283	17	18	1	4.7
			37	38	1	1.2
WDRB-803	6460	4263	7	9	2	8.3
			31	35	4	38.0
		including	31	32	1	140.5
			43	44	1	1.1
WDRB-824	6464	4044	5	8	3	1.1
WDRB-836	6860	3584	8	11	3	4.0
WDRB-837	6860	3560	10	15	5	7.2
		Including	12	14	2	16.4
WDRB-843	6900	3413	19	20	1	1.4
WDRB-851	6700	2990	43	44	1	1.5
			52	53	1	3.0
WDRB-861	7060	3369	10	16	6	31.2
		Including	12	13	1	182.8
WDRB-863	7060	3738	17	18	1	1.5

1m samples, uncut, drill azimuth 180°, dip -60°, eoh: end of hole

Samples analysed using an aqua regia digestion followed by solvent extraction and flame absorption spectrometry

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

Table 3
HARRODS RC INTERCEPTS
(4m Composite Samples)

Hole Number	Collar Coordinates		From M	To m	Interval m	Gold Grade g/t
	E	N				
WDRC-47*	6535	4355	4	8	4	3.8
			116	120	4	6.4eoh
WDRC-48*	6475	4355	4	8	4	1.2
			64	68	4	1.2
WDRC-49	6475	4365	52	56	4	2.0
			84	88	4	7.3
WDRC-50	6515	4375	36	40	4	2.3
WDRC-51	6535	4410	92	96	4	3.0
WDRC-52	6580	4390	52	56	4	1.0
WDRC-53	6515	4420	68	72	4	18.8
WDRC-54	6565	4480	64	68	4	1.7
			80	84	4	2.3
WDRC-55	6525	4280	4	16	12	1.3
WDRC-57	6455	4303	44	48	4	1.3
WDRC-58	6455	4343	64	68	4	1.2
WDRC-59	6535	4360	48	52	4	1.3
			56	60	4	3.6

4m composite samples, uncut, eoh : end of hole, drill azimuth 180°, dip -60° unless otherwise shown, * azimuth 090°, dip -60°. Samples analysed using an aqua regia digestion followed by solvent extraction and flame absorption spectrometry.

Table 4
HARRODS RC INTERCEPTS
(1m Samples)

Hole Number	Collar Coordinates		From M	To m	Interval m	Gold Grade g/t
	E	N				
WDRC-53	6515	4420	42	43	1	2.6
			71	72	1	24.6
			84	85	1	1.4
WDRC-54	6565	4480	11	12	1	1.4
			43	44	1	1.7
			55	57	2	2.0
			63	66	3	2.1
			81	90	9	2.0
		including	81	82	1	12.1
WDRC-55	6525	4180	6	13	7	1.7
			14	16	2	2.1
			78	79	1	1.3
WDRC-56	6485	4295	75	76	1	2.4
WDRC-57	6455	4303	11	12	1	1.2
			23	24	1	3.0
			27	28	1	1.3
			31	32	1	1.6
			47	50	3	2.1
			67	69	2	4.4

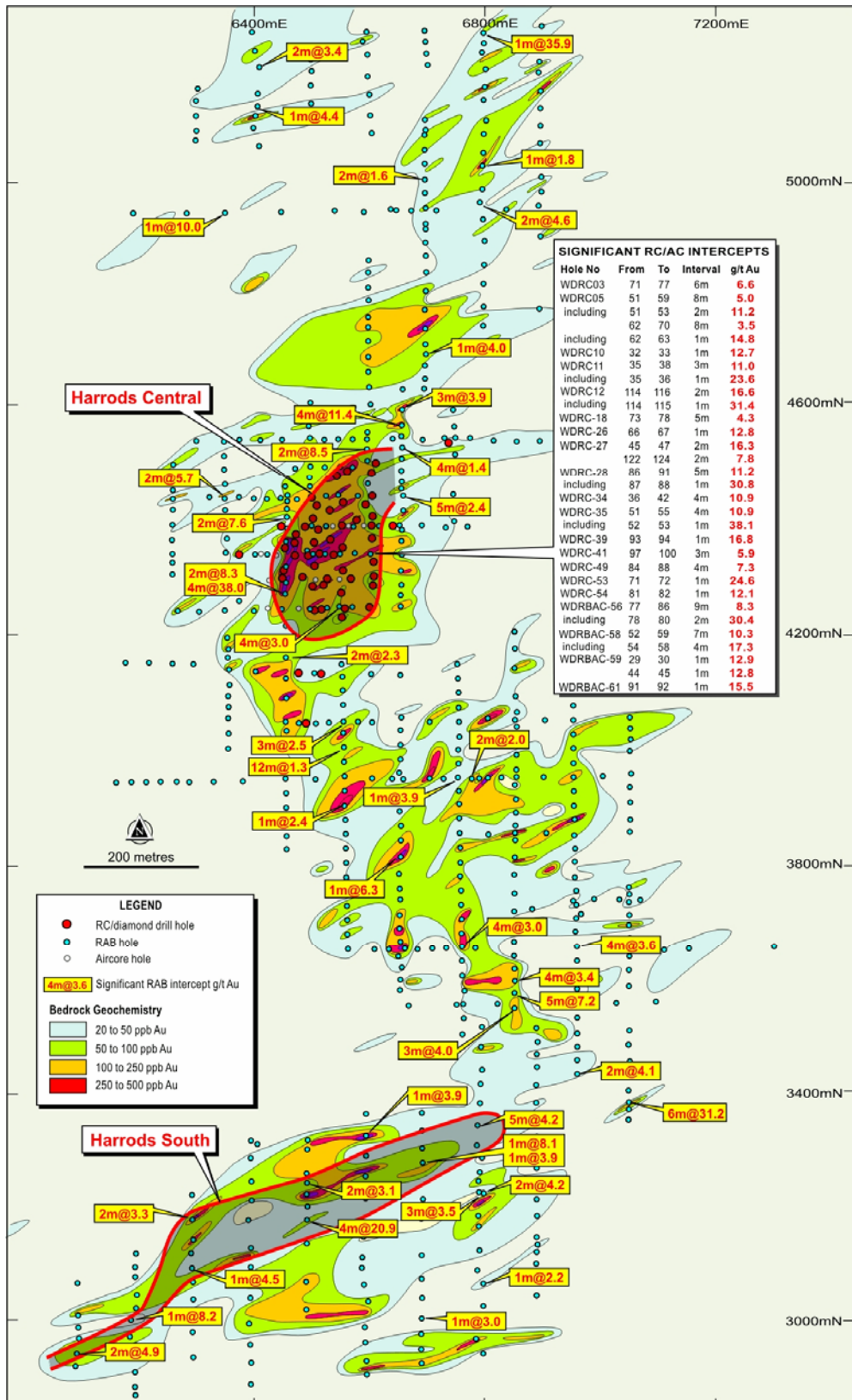
1m samples, uncut, drill azimuth 180°, dip -60°
 Samples analysed using an aqua regia digestion followed by solvent extraction and flame atomic absorption spectrometry

METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

Figure 2
HARRODS PROSPECT - BEDROCK GEOCHEMISTRY AND DRILLING Phase 2



METEORIC RESOURCES NL

ABN 64 107 985 651

DIRECTORS' REPORT

JARBORA HILL (Meteoric 100%)

Meteoric previously carried out a vacuum drilling programme to follow up anomalous gold in laterite identified by earlier drilling at this project in the Murchison region, about 20km along strike from Giralia's Snake Well gold project. The vacuum drilling defined four anomalous gold zones in laterite (plus 100ppb Au, maximum value 2,075ppb Au) at Emu Well, over a cumulative strike length of 700m. Most of this laterite anomaly has not been tested by previous drilling and a RAB drilling programme to test this attractive target is planned to commence in the March quarter 2006.

BARKLY (Meteoric earning up to 70%)

As reported last quarter, encouraging mineralisation was intersected at the Bluebird prospect 30km east of Tennant Creek in the NT. The drilling defined a 600m-long bedrock copper anomaly, open to the east, with a best intercept of **8m at 1.0% Cu and 0.3g/t Au** from 72m at end of hole. A programme of follow-up RAB drilling is being planned for the onset of the dry season in April/May.

WARREGO NORTH (Meteoric 100%)

A single 202m RC drill hole (WNRC-20) was completed at the Parakeet prospect targeting a combined gravity/magnetic anomaly 50m west of drill hole WNRC-03 (best intercept 14m at 0.3% Cu from 145m). The drill hole encountered hematite and magnetite altered sediments but did not intersect significant mineralisation, however the hole flattened substantially and may not have tested the target.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 2 of this report.

INDEPENDENCE DECLARATION BY AUDITOR

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 12 for the half-year ended 31 December 2005.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

RM THOMSON

Managing Director

16 March 2006

METEORIC RESOURCES NL

ABN 64 107 985 651

AUDITOR INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF METEORIC RESOURCES NL

In relation to the review of the financial report of Meteoric Resources NL for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; or
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

KC Somes

SOMES and COOKE
Chartered Accountants

METEORIC RESOURCES NL

ABN 64 107 985 651

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	Half Year Ended 31 Dec 2005 (\$)	Half Year Ended 31 Dec 2004 (\$)
Revenue from ordinary activities	3	82,244	121,898
Depreciation expense		(821)	(788)
Exploration and tenement expenses written off	2(a)	(793,758)	(1,229,738)
Other expenses from ordinary activities		(242,255)	(173,070)
Loss from ordinary activities before income tax expense		(954,590)	(1,281,698)
Income tax expense relating to ordinary activities		-	-
Loss from ordinary activities after related income tax expense		(954,590)	(1,281,698)
Loss from ordinary activities after related income tax expense attributable to members of Meteoric Resources NL		(954,590)	(1,281,698)
Basic loss per share (cents per share)		(2.3151)	(3.1422)
Diluted loss per share (cents per share)		(2.3151)	(3.1422)

The accompanying notes form part of these financial statements.

METEORIC RESOURCES NL

ABN 64 107 985 651

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	31 Dec 2005 (\$)	30 June 2005 (\$)
Current Assets			
Cash assets		2,050,469	3,145,016
Receivables		9,605	31,010
Prepayments		7,891	4,710
Total Current Assets		<u>2,067,965</u>	<u>3,180,736</u>
Non-Current Assets			
Plant and equipment		3,901	3,966
Other financial assets		234,322	71,000
Total Non-Current Assets		<u>238,223</u>	<u>74,966</u>
TOTAL ASSETS		<u>2,306,188</u>	<u>3,255,702</u>
Current Liabilities			
Payables		179,424	214,618
Provisions		5,920	-
Total Current Liabilities		<u>185,344</u>	<u>214,618</u>
TOTAL LIABILITIES		<u>185,344</u>	<u>214,618</u>
NET ASSETS		<u>2,120,844</u>	<u>3,041,084</u>
Equity			
Contributed equity		5,161,000	5,126,650
Accumulated losses		(3,040,156)	(2,085,566)
TOTAL EQUITY		<u>2,120,844</u>	<u>3,041,084</u>

The accompanying notes form part of these financial statements.

METEORIC RESOURCES NL

ABN 64 107 985 651

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	Share Capital (\$)	Accumulated Losses (\$)	Total (\$)
Balance at 1.7.2004		4,495,166	(39,061)	4,456,105
Shares issued during the period		940,198	-	940,198
Share issuance costs		(298,893)	-	(298,893)
Loss for period		-	(1,281,698)	(1,281,698)
Balance at 31.12.2004		<u>5,136,471</u>	<u>(1,320,759)</u>	<u>3,815,712</u>
Balance at 1.7.2005		5,126,650	(2,085,566)	3,041,084
Shares issued during the period		26,128	-	26,128
Share based payments		8,222	-	8,222
Loss for period		-	(954,590)	(954,590)
Balance at 31.12.2005		<u>5,161,000</u>	<u>(3,040,156)</u>	<u>2,120,844</u>

The accompanying notes form part of these financial statements.

METEORIC RESOURCES NL

ABN 64 107 985 651

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Half Year Ended 31 Dec 2005 (\$)	Half Year Ended 31 Dec 2004 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	88,132	117,792
Payments to suppliers and contractors	(164,630)	(237,898)
Interest received	82,244	121,898
Net cash provided by / (used in) operating activities	5,746	1,792
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(756)	-
Payments for exploration and evaluation	(914,616)	(786,885)
Security deposit paid	-	(8,000)
Repayment of loan	(45,247)	(431,178)
Purchase of investments	(163,323)	-
Purchase of new prospects	(2,480)	-
Net cash provided by / (used in) investing activities	(1,126,422)	(1,226,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new issues of shares	26,129	940,198
Share issue expenses	-	(298,893)
Net cash provided by financing activities	26,129	641,305
Net (decrease) / increase in cash held	(1,094,547)	(582,966)
Cash at the beginning of the financial period	3,145,016	4,637,371
Cash at the end of the financial period	2,050,469	4,054,405

The accompanying notes form part of these financial statements.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Basis Of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 - Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are consistent with those applied in the 30 June 2005 annual report as this report was presented under the previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

(a) Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial asset.

(b) Employee Entitlements

Wages and Salaries and Annual Leave - Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. There is no liability to Long Service Leave entitlements.

(c) Exploration and Evaluation Expenditure

All exploration and evaluation expenditure is expensed to profit and loss as incurred. The effect of this write-off is to increase the loss incurred from ordinary activities as disclosed in the Income Statement by \$793,758 and to decrease the carrying values in the Balance Sheet to \$Nil.

(d) Acquisition of Assets

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Income Tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet 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 recognized 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.

(g) Cash

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 30 days to maturity.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

(h) Impairment of Assets

At each reporting date, the company 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(i) Earnings Per Share

- (i) *Basic Earnings Per Share* - Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.
- (ii) *Diluted Earnings Per Share* - Diluted EPS is calculated as net profit attributable to members, adjusted for:
 - costs of servicing equity (other than dividends);
 - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
 - other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

(j) Non-current Assets

Items of plant and equipment are recorded at cost, being the fair value of consideration provided plus incidental costs. This cost is written off over its expected economic life, adjusted for any salvage value, if applicable. Estimates of remaining useful lives range between 4 and 5 years.

(k) Recoverable Amount

Non-current assets are not carried at an amount greater than their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. In determining recoverable amount the expected net cash flows have not been discounted.

(l) Financial Instruments

Financial Assets: Security deposits are recognised at their fair value. Other receivables are carried at nominal amount due less any provision for doubtful debts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

Financial Liabilities: Liabilities for trade creditors and other accruals 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 Company. Trade creditors are normally settled on 30 day terms.

Available-for-sale Financial Assets: Available-for-sale financial assets include any financial assets not included in the above categories and are initially measured at cost being the fair value of the consideration and including acquisition charges associated with the investment. Unrealised gains and losses arising from changes in the fair value of the investment are taken directly to equity.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

(m) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Share-based Payments

Share-based compensation benefits are provided to directors as approved in general meeting by members.

No expense is recognised in respect of share options granted prior to 1 January 2005. The shares will be recognised when the options are exercised and the proceeds are received and allocated to share capital.

In respect of share options granted after 1 January 2005, the fair value is recognised as an employee benefit expense with a corresponding increase in equity. The fair value of the options are calculated at the date of grant using Black-Scholes calculation principles and allocated to each reporting period evenly over the period from grant date to vesting date. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(o) Joint Ventures

Interest in joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed, liabilities and expenses incurred and revenue from the sale of joint venture output. Interest in joint venture operations are brought to account by including assets and liabilities in their respective classifications.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Previous AGAAP At 1.7.2004 \$	Transition Effect to A- IFRS \$	A-IFRS at 1.7.2004 \$
Reconciliation of Equity at 1 July 2004			
CURRENT ASSETS			
Cash and cash equivalents	4,637,371	-	4,637,371
Trade and other receivables	40,912	-	40,912
TOTAL CURRENT ASSETS	4,678,283	-	4,678,283
NON-CURRENT ASSETS			
Plant and equipment	5,528	-	5,528
Mineral interests	254,640	(254,640)	-
TOTAL NON-CURRENT ASSETS	260,168	(254,640)	5,528
TOTAL ASSETS	4,938,451	(254,640)	4,683,811
CURRENT LIABILITIES			
Trade and other payables	482,346	-	482,346
TOTAL CURRENT LIABILITIES	482,346	-	482,346
TOTAL LIABILITIES	482,346	-	482,346
NET ASSETS	4,456,105	(254,640)	4,201,465
EQUITY			
Issued capital	4,495,166	-	4,495,166
Accumulated losses	(39,061)	(254,640)	(293,701)
TOTAL EQUITY	4,456,105	(254,640)	4,201,465

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

	Previous AGAAP At 31.12.2004 \$	Transition Effect to A- IFRS \$	A-IFRS at 31.12.2004 \$
Reconciliation of Equity at 31 December 2004			
CURRENT ASSETS			
Cash and cash equivalents	4,054,405	-	4,054,405
Trade and other receivables	58,189	-	58,189
TOTAL CURRENT ASSETS	4,112,594	-	4,112,594
NON-CURRENT ASSETS			
Plant and equipment	4,740	-	4,740
Mineral interests	1,229,738	(1,229,738)	-
TOTAL NON-CURRENT ASSETS	1,234,478	(1,229,738)	4,740
TOTAL ASSETS	5,347,072	(1,229,738)	4,117,334
CURRENT LIABILITIES			
Trade and other payables	301,623	-	301,623
TOTAL CURRENT LIABILITIES	301,623	-	301,623
TOTAL LIABILITIES	301,623	-	301,623
NET ASSETS	5,045,449	-	3,815,711
EQUITY			
Issued capital	5,136,471	-	5,136,471
Accumulated losses	(91,022)	(1,229,738)	(1,320,760)
TOTAL EQUITY	5,045,449	(1,229,738)	3,815,711

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

	Previous AGAAP At 30.6.2005 \$	Transition Effect to A- IFRS \$	AFRS at 30.6.2005 \$
Reconciliation of Equity at 30 June 2005			
CURRENT ASSETS			
Cash and cash equivalents	3,145,016	-	3,145,016
Trade and other receivables	31,010	-	31,010
Prepayments	4,710	-	4,710
TOTAL CURRENT ASSETS	3,180,736	-	3,180,736
NON-CURRENT ASSETS			
Plant and equipment	3,966	-	3,966
Other financial assets	71,000	-	71,000
TOTAL NON-CURRENT ASSETS	74,966	-	74,966
TOTAL ASSETS	3,255,702	-	3,255,702
CURRENT LIABILITIES			
Trade and other payables	214,618	-	214,618
TOTAL CURRENT LIABILITIES	214,618	-	214,618
TOTAL LIABILITIES	214,618	-	214,618
NET ASSETS	3,041,084	-	3,041,084
EQUITY			
Issued capital	5,126,650	-	5,126,650
Accumulated losses	(2,085,566)	-	(2,085,566)
TOTAL EQUITY	3,041,084	-	3,041,084

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

	Previous AGAAP	Transition Effect to A- IFRS	A-IFRS
	\$	\$	\$
Reconciliation of Profit or Loss for the half year ended 31 December 2004			
Revenue from ordinary activities	121,897		121,897
Depreciation expense	(788)		(788)
Exploration and tenement expenses written off	-	(1,229,738)	(1,229,738)
Other expenses from ordinary activities	(173,070)		(173,070)
Loss from ordinary activities before income tax expense	(51,961)	(1,229,738)	(1,281,699)
Income tax expense relating to ordinary activities	-	-	-
Loss from ordinary activities after related income tax expense	(51,961)	(1,229,738)	(1,281,699)
Net Loss attributable to members of Meteoric Resources NL	(51,961)	(1,229,738)	(1,281,699)
Reconciliation of Profit or Loss for the year ended 30 June 2005			
Revenue from ordinary activities	213,344	-	213,344
Revenue from non-ordinary activities	-	-	-
Depreciation expense	(1,562)	-	(1,562)
Exploration and tenement expenses written off	(1,900,401)	-	(1,900,401)
Other expenses from ordinary activities	(357,886)	-	(357,886)
Loss from ordinary activities before income tax expense	(2,046,505)	-	(2,046,505)
Income tax expense relating to ordinary activities	-	-	-
Loss from ordinary activities after related income tax expense	(2,046,505)	-	(2,046,505)
Net Loss attributable to members of Meteoric Resources NL	(2,046,505)	-	(2,046,505)

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Notes to the reconciliations of equity and profit and loss at
1 July 2004, 31 December 2004 and 30 June 2005

	30.6.2005	31.12.2004	1.7.2004
	\$	\$	\$
(a) Retained earnings comprise:			
Impairment loss on mineral interests	-	(1,229,738)	(254,640)

An impairment loss amounting to \$1,900,401 has been recognised under the Australian equivalents to IFRS relating to mineral tenements written down to its recoverable amount.

This has been recognised in the income statement for the year ended 30 June 2005

NOTE 3 LOSS FROM ORDINARY ACTIVITIES

	Half Year Ended 31.12.2005	Half Year Ended 31.12.2004
	(\$)	(\$)

Profit from ordinary activities before income tax expense includes the following revenue which disclosure is relevant in explaining the financial performance of the Company:

Interest revenue	<u>82,244</u>	<u>121,898</u>
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NOTE 4 SEGMENT INFORMATION

The Company operates only in one business, being the exploration for and development of minerals. Geographically, the company's activities are conducted mainly within Western Australia and Northern Territory.

NOTE 5 EVENTS SUBSEQUENT TO REPORTING DATE

Since balance date, the company has placed 2,786,000 fully paid shares and 928,666 contributing shares with investors at an issue price of \$0.33 per fully paid share and \$0.05 per contributing share. The placement raised \$965,813 and the funds raised will be mainly directed to financing exploration of the company's Wilthorpe gold project.

METEORIC RESOURCES NL

ABN 64 107 985 651

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 6 CONTINGENT LIABILITIES

Native Title

The Company has been notified of a number of native title claims under the Commonwealth Native Title Act 1993, covering areas in Western Australia.

The Company is not in a position to assess the likely effect, if any, of any claim on the Company.

NOTE 7 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In accordance with the Financial Reporting Council's strategic directive, the Company is required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, this is the Company's first half-year report prepared under A-IFRS.

METEORIC RESOURCES NL

ACN 063 977 579

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the accompanying financial statements and notes:
 - (a) comply with Accounting Standard AASB 134 : Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the company as at 31 December 2005 and its performance for the half-year ended on that date.
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.

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

Signed at Perth: **Roger M Thomson**
Director

Dated this 16th day of March 2006.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METEORIC RESOURCES NL



Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, statement of cash flows and accompanying notes to the financial statements for the Meteoric Resources NL (the company) during the half-year, and the directors' declaration for the company, for the period ended at 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conduct an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investment Commission.

Our review was conducted in accordance with Australian Audit Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performances as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the Company during the period is not in accordance with:

- (a) the *Corporations Act 2001*, including
 - i. giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the period ended on that date; and
 - ii. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Somes and Cooke

KC Somes
Partner
16 March 2006