HADDINGTON
RESOURCES LIMITED
ABN 39 093 391 774

7 Havelock Street
West Perth WA 6005
Australia
PO Box 1909
West Perth WA 6872
Australia
Tel: +61 8 9488 5100
Fax: +618 9226 1551
Email: info@haddington.com.au
Web: www.haddington.com.au

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2006

HADDINGTON RESOURCES LIMITED
ABN 39 093 391 774

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DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

The directors of Haddington Resources Limited submit herewith the financial report for the half-year ended 31 December 2006. In accordance with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the directors of the Company during or since the end of the half-year are:

Colin McCavana
James Pearson
Clair Medhurst
Dennis O'Neill

RESULTS

The consolidated after tax profit/(loss) for the half-year ended 31 December 2006 was ($1,243,154) (2005: $304,419).

REVIEW OF OPERATIONS

During the half-year, the consolidated entity:

a) completed the sale of the company's tantalite concentrate inventory;

b) concluded the Tantalum Exploration Alliance with Mitsubishi Development Pty Ltd and Zinifex Limited on 30 September 2006;

c) continued exploration of its WA and NT tenements, focussing on the iron and uranium potential of the Shoobridge Project;

d) commenced a pre-feasibility study of the Balline alluvial garnet deposit located south of Kalbarri in WA;

e) undertook the sale of Haddington Gold Pty Ltd, which held a portfolio of copper/gold properties in Queensland;

f) continued to evaluate opportunities, both within Australia and internationally.

AUDITOR INDEPENDENCE

Pursuant to the provisions of section 307C of the Corporations Act 2001, the directors of the Consolidated entity have obtained a declaration of independence from the group's auditors. A copy of the declaration is attached to this report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Colin McCavana
Director

Perth, 16 March 2007

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated Half-Year Ended 31 Dec 2006 $	Consolidated Half-Year Ended 31 Dec 2005 $
Revenue			
Sales revenue (sales of goods)	2(a)	3,335,059	3,304,811
Cost of sales	2(c)	(3,464,569)	(2,017,878)
Gross profit/(loss)		(129,510)	1,286,933
Other revenues	2(b)	184,588	219,965
Administration expenses	2(d)	(677,684)	(732,874)
Other expenses	2(d)	(263,471)	(319,243)
Finance costs	2(e)	(2,471)	(4,072)
Profit/(loss) before income tax		(888,548)	450,709
Income tax expense		(354,606)	(146,290)
Profit/(loss) attributable to members of the parent entity		(1,243,154)	304,419
Basic (loss) earnings per share (cents per share)		(2.231)	0.554
Diluted (loss) earnings per share (cents per share)		(2.231)	0.526

The Income Statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Consolidated	
	31 Dec 2006 $	30 June 2006 $
CURRENT ASSETS		
Cash and cash equivalents	4,104,010	1,252,279
Trade and other receivables	303,450	590,522
Inventories	107,180	3,135,743
Other current assets	609,572	89,258
Current tax assets	163,556	142,871
TOTAL CURRENT ASSETS	5,287,768	5,210,673
NON-CURRENT ASSETS		
Property, plant and equipment	607,163	745,678
Exploration and evaluation	688,548	1,779,589
TOTAL NON-CURRENT ASSETS	1,295,711	2,525,267
TOTAL ASSETS	6,583,479	7,735,940
CURRENT LIABILITIES		
Trade and other Payables	238,781	331,959
Short-term borrowings	25,086	24,141
Short-term provisions	247,202	95,644
TOTAL CURRENT LIABILITIES	511,069	451,744
NON-CURRENT LIABILITIES		
Long-term borrowings	34,096	46,877
Long-term provisions	72,559	75,024
TOTAL NON-CURRENT LIABILITIES	106,655	121,901
TOTAL LIABILITIES	617,724	573,645
NET ASSETS	5,965,755	7,162,295
EQUITY		
Issued capital	8,687,660	8,687,660
Option reserve	139,615	93,001
Accumulated loss	(2,861,520)	(1,618,366)
TOTAL EQUITY	5,965,755	7,162,295

The Balance Sheet is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF-YEAR ENDED 31 DECEMBER 2006

	Issued Capital Ordinary	Retained Profits/ (Accumulated Losses)	Option Reserve	Total
Balance at 1.7.2005	8,435,660	765,684	7,223	9,208,567
Shares issued during the year	252,000			252,000
Profit attributable to members of parent entity	-	304,419	-	304,419
Option reserve on recognition of bonus element of option	-	-	78,204	78,204
Balance at 31.12.2005	8,687,660	1,070,103	85,427	9,843,190
Balance at 1.7.2006	8,687,660	(1,618,366)	93,001	7,162,295
Loss attributable to members of parent entity	-	(1,243,154)	-	(1,243,154)
Option reserve on recognition of bonus element of option	-	-	46,614	46,614
Balance at 31.12.2006	8,687,660	(2,861,520)	139,615	5,965,755

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated	
	Half-Year Ended 31 Dec 2006 $	Half-Year Ended 31 Dec 2005 $
Cash flows from operating activities		
Receipts from customers	3,330,145	4,581,200
Interest received	72,223	140,015
Interest paid	(2,471)	(13,647)
Payments to suppliers and employees	(1,073,484)	(6,015,017)
Net cash provided by/(used in) operating activities	2,326,413	(1,307,449)
Cash flows from investing activities		
Payments for development activities	(7,613)	(29,143)
Exploration expenditure recovered	800,070	-
Payments for exploration activities	(741,094)	(561,523)
Payments for property, plant and equipment	(14,208)	(70,954)
Proceeds from disposal of subsidiary	500,000	-
Cash (outflow)/inflow for short term deposits	-	113
Net cash provided by/(used in) investing activities	537,155	(661,507)
Cash flows from financing activities		
Proceeds from issue of shares	-	259,223
Payment of hire purchase liabilities	(11,837)	(31,297)
Net cash provided by/(used in) financing activities	(11,837)	227,926
Net increase/(decrease) in cash held	2,851,731	(1,741,030)
Cash at the beginning of the financial period	1,252,279	5,645,818
Cash at the end of the financial period	4,104,010	3,904,788

The Consolidated Cash Flow Statement is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The half-year financial report should be read in conjunction with the annual Financial Report of Haddington Resources Limited as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Haddington Resources Limited and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 134 'Interim Financial Reporting'. The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Haddington Resources Limited and its subsidiaries as at 31 December 2006 ('the Group').

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

		Economic Entity	
		Half-Year Ended 31 Dec 2006 $	Half-Year Ended 31 Dec 2005 $
2.	**PROFIT FROM ORDINARY ACTIVITIES**		
	The operating profit before income tax includes the following items of revenue and expense:		
a)	**Revenue**		
	Revenue from sales of tantalum concentrate	3,335,059	3,304,811
	Total sales revenues	3,335,059	3,304,811
b)	**Other revenues**		
	Interest received	72,223	140,015
	Exploration income	92,365	12,714
	Sundry income	20,000	67,236
	Total other revenues	184,588	219,965
	Total revenue	3,519,647	3,524,776
c)	**Cost of sales**		
	Production costs	3,169,234	1,104,788
	Government mining royalties	166,507	165,240
	Depreciation - plant & equipment	121,215	123,393
	Amortisation of development expenditure	7,613	624,457
	Total cost of sales	3,464,569	2,017,878
d)	**Other expenses**		
	Administration	677,684	732,874
	Depreciation - H.O, Corp & Exploration	31,509	25,382
	Impairment of mineral properties	67,777	201,574
	Option pricing	46,614	85,427
	Interest expense	-	9,575
	Exploration expense	11,160	4,834
	Loss on disposal of subsidiary	24,679	-
	Concentrate export	81,732	-
	Profit/(Loss) on sale of fixed asset	-	(7,549)
	Total other expenses	941,155	1,052,117
e)	**Borrowing costs**		
	Hire purchase interest expense	2,471	4,072

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

3. DIVIDENDS

In respect of the half years ended 31 December 2005 and 2006, the Company has not paid a dividend and no interim dividend is recommended.

4. SEGMENT INFORMATION

The economic entity operated predominantly in one geographical segment being Australia and one business, being mining and exploration of mineral resources.

5. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities since the last annual reporting date.

6. CORRECTION OF ERROR, CHANGE IN ACCOUNTING POLICY AND REVISION OF ACCOUNTING ESTIMATES

An error in the classification of exploration expenditure reimbursed by the Tantalum exploration alliance partners resulted in the profit/(loss) of the consolidated entity being overstated by $84,761 for the half year ended 31 December 2005 and $290,051 and for the year ended 30 June 2006, with the non-current asset exploration and evaluation also overstated by the same amount for each period.

The error has been corrected by re-stating each of the affected financial statement line items for the prior year, as described above.

Basic and diluted earnings per share for the prior half-year have also been re-stated. The amount of the correction for both basic and diluted earnings per share was a reduction of 0.088 cents and 0.082 cents per share respectively.

7. EVENTS AFTER THE BALANCE SHEET DATE

The financial report was authorised for issue on 16 March 2007 by the board of directors. There were no other events after the balance sheet date.

8. ACQUISITIONS AND DISPOSALS

On 23 August 2006, the consolidated entity disposed of Haddington Gold Pty Ltd, which held a significant portfolio of copper/gold properties in the Cloncurry region of north-west Queensland. Haddington will receive $1,000,000 in cash, with $500,000 received on settlement and $500,000 payable 12 months from settlement. A royalty of up to $500,000 is payable for a 2% Net Smelter Royalty on production from the properties.

The consolidated entity recorded a loss on sale of Haddington Gold Pty Ltd of $24,679.

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001:*

   (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 as at 31 December 2006 and of the performance for the half-year ended on that date of the consolidated entity.

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.

On behalf of the Directors:

COLIN McCAVANA
Director

Perth, 16 March 2007

Grant Thornton

Grant Thornton Western Australian Partnership
ABN 21 965 022 882
Chartered Accountants, Business Advisers and Consultants

Independent Review Report

To the Members of Haddington Resources Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Haddington Resources Limited and the entities it controlled (consolidated entity), which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Haddington Resources Limited and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity 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) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Engagement ASRE 2410: Review of an Interim Financial Report 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 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Haddington Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Level 6
256 St Georges Terrace
Perth 6000 Australia
GPO Box P1213
Perth WA 6844
T + 61 8 9481 1448
F + 61 8 9481 0152
E gtperth@gtwa.com.au
W www.grantthornton.com.au

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 complied with the independence requirements of the Corporations Act 2001.

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 Haddington 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 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON WESTERN AUSTRALIAN PARTNERSHIP
Chartered Accountants

CYRUS PATELL
Partner

Perth, WA

16 March 2007

Grant Thornton

Grant Thornton Western Australian Partnership
ABN 21 965 022 882
Chartered Accountants, Business Advisers and Consultants

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Haddington Resources Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON WESTERN AUSTRALIAN PARTNERSHIP

CYRUS PATELL
Partner

Dated 16 March 2007

Level 6
256 St Georges Terrace
Perth 6000 Australia
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Perth WA 6844
T + 61 8 9481 1448
F + 61 8 9481 0152
E gtperth@gtwa.com.au
W www.grantthornton.com.au