HELIX RESOURCES LIMITED

ABN 27 009 138 738

FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2005

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Corporate Directory

Directors

R W MOSIG	Executive Chairman
R E M VITTINO	Chief Operating Officer
J DEN DRYVER	Non Executive Director
G J WHEELER	Non Executive Director

Secretary
R E M VITTINO

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ASX Listing

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	Options	HLXO

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Directors' Report

The Directors present the financial report of the Group, consisting of Helix Resources Ltd ["Company"] and its controlled entities, for the half-year ended 31 December 2005.

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

Mr Robert W Mosig	Executive Chairman
Mr Riccardo EM Vittino	Chief Operating Officer
Mr John den Dryver	Non Executive Director
Mr Gregory James Wheeler	Non Executive Director

REVIEW OF OPERATIONS
The Company in conjunction with its joint venture partners carried out active exploration over most of its projects during the period. At the Glenburgh project in the Gascoyne region of Western Australia, the Company carried out a 2,000 metre reverse circulation drilling program. Drilling was designed to evaluate two new gold anomalies identified earlier in 2005 from shallow drilling. All drilling samples were initially assayed in 4 metre composite intervals. Best results to date are from hole VRC 303 which intersected 4 metres grading 6.96g/t gold within a 24 metre zone of 1.55g/t. Results from the drilling have successfully defined two new mineralized systems and work will now concentrate on expanding the current JORC resource estimate of 1.09Mt @3.1g/t (cut). The drilling has also provided impetus to increase the Company's tenement holding in the region with the aim of applying the revised Glenburgh exploration model within the expanded land-holding.

Helix also completed a small geochemical orientation program at the Bilyuin Prospect near Meekatharra in Western Australia. The sampling successfully outlined areas of gold anomalism associated with selected structures in a volcanic breccia. Further sampling will continue.

Minotaur Exploration, the Company's joint venture partner, continued with its regional exploration program at the Tunkillia Gold Project. However, drilling rig break-downs were experienced and the program is not expected to be completed until next quarter. In addition to the exploration potential of the region, the Tunkillia Project already contains a JORC resource of 10.5Mt grading 2.2g/t for 730,000 ounces of gold at Area 223. With the recent increase in the gold price to AUD$740 per ounce, the partners are now re-assessing the economics of the resource.

At the West Pilbara Diamond Project, DeBeers maintains its earning-in agreement with Helix despite having transferred the balance of its surrounding West Pilbara, Balmoral Diamond Project to a third party. To date, DeBeers have identified at least 2 kimberlite dykes on the Helix tenements, Blacktop and Clurrie, both containing diamonds. Under the terms of the Earning-in Agreement, DeBeers has until June 2006 to spend a further $1.4 million to earn a 51% equity. The West Pilbara is a potential new diamond province and the Company looks forward to the further evaluation of the two known kimberlites and the exploration for new targets in the region.

On a Corporate note, the Company sold its 25% equity in the Menzies nickel project to Heron Resources Ltd for $610,000, settlement which occurred on January 31. The sale, along with the successful Rights Issue completed in late November of last year which raised $1.8 million, has provided additional working capital.

RESULT
The operating result for the half-year ended 31 December 2005 for the Group was a loss after income tax of $3,440,045. (2004: $254,000) Due to continued suppressed palladium prices directors decided to write down the carrying value of the Munni Munni project to a level more reflective of current market conditions.

EVENTS SUBSEQUENT TO REPORTING DATE
The Directors are not aware of any matter or circumstance that has arisen since 31 December 2005 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION
We have obtained an independence declaration from our auditors, Bentleys MRI, as presented on page 4 of this half-year financial report.

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

R E M Vittino
Executive Director

Dated this 14th day of March 2006

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF HELIX RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

a) no contraventions of the auditor independence requirements as set out in 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.

BENTLEYS MRI PERTH PARTNERSHIP

JW VIBERT
Partner

Signed at PERTH this 14th day of March 2006

Condensed Income Statement
HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated 2005 $	2004 $
Revenue from ordinary activities - interest		34,805	46,000
Proceeds from sale of investments		78,195	290,000
Loss on sale of mineral area		(183,399)	-
Reversal of directors' retirement provision		-	104,000
Legal and professional fees		(72,583)	(56,000)
Depreciation		(19,933)	(28,000)
Directors fees		(30,000)	(50,000)
Occupancy costs		(16,962)	(69,000)
Write down of investments		-	(161,000)
Employee benefits expense		(195,715)	(171,000)
Exploration expenditure written off		(2,943,354)	-
Public relations expenses		-	(24,000)
Travel and accommodation costs		(24,323)	(20,000)
Other expenses from ordinary activities		(66,776)	(115,000)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(3,440,045)**	**(254,000)**
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		-	-
LOSS FOR THE PERIOD		**(3,440,045)**	**(254,000)**
NET LOSS ATTRIBUTABLE TO MEMBERS OF HELIX RESOURCES LIMITED		**(3,440,045)**	**(254,000)**
Basic (loss) per share (cents)		(3.45)	(0.12)
Diluted (loss) per share (cents)		(3.45)	(0.12)

The consolidated financial statements should be read in conjunction with the accompanying notes.

Condensed Balance Sheet
AS AT 31 DECEMBER 2005

	Notes	Consolidated 31 December 2005 $	Consolidated 30 June 2005 $
CURRENT ASSETS			
Cash assets		1,952,205	1,635,873
Receivables		682,649	78,088
Other		277,493	306,410
TOTAL CURRENT ASSETS		2,912,347	2,020,371
NON-CURRENT ASSETS			
Investments		890	890
Property, plant and equipment		136,670	171,250
Mineral interests		8,575,668	11,201,564
Other		150,545	149,242
TOTAL NON-CURRENT ASSETS		8,863,773	11,522,946
INTANGIBLE ASSETS			
Computer Software		7,165	-
TOTAL INTANGIBLE ASSETS		7,165	-
TOTAL ASSETS		11,783,285	13,543,317
CURRENT LIABILITIES			
Payables		200,714	214,856
Provisions		31,746	67,375
TOTAL CURRENT LIABILITIES		232,460	282,231
NON CURRENT LIABILITIES			
Provisions		15,397	10,538
TOTAL NON CURRENT LIABILITIES		15,397	10,538
TOTAL LIABILITIES		247,857	292,769
NET ASSETS		11,535,428	13,250,548
EQUITY			
Contributed equity	5	45,291,980	43,567,055
Options Reserve	5	50,197	50,197
Accumulated losses	5	(33,806,749)	(30,366,704)
TOTAL EQUITY		11,535,428	13,250,548

The consolidated financial statements should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity
HALF-YEAR ENDED 31 DECEMBER 2005

	$	$	$	$
	Share Capital			Total
	Ordinary	Options Reserve	Retained Profits	
Balance at *1.7.2004*	41,611,571		(29,018,602)	12,592,969
Shares issued during the year	1,955,484			1,955,484
Loss attributable to members of the parent entity			(254,831)	(254,831)
Balance at *31.12.2004*	43,567,055		(29,273,433)	14,293,622
Balance at *1.7.2005*	43,567,055	50,197	(30,366,704)	13,250,548
Shares issued during the year	1,724,925			1,724,925
Loss attributable to members of parent entity			(3,440,045)	(3,440,045)
Balance at *31.12.2005*	45,291,980	50,197	(33,806,749)	11,535,428

The consolidated financial statements should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated 2005 $	2004 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(411,462)	(597,000)
Interest received		34,805	46,000
Other		4,909	-
NET CASH USED IN OPERATING ACTIVITIES		**(371,748)**	**(551,000)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(8,518)	-
Proceeds from sale of plant and equipment		16,000	-
Payments for exploration and evaluation		(1,110,857)	(652,000)
Payments for investments		(6,755)	119,000
Proceeds from sale of assets		73,286	290,000
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,036,844)**	**(243,000)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		1,916,768	2,054,000
Share and option issue transaction costs		(191,844)	(118,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,724,924**	**1,936,000**
NET INCREASE IN CASH HELD		316,332	1,142,000
CASH AT BEGINNING OF PERIOD		1,635,871	1,634,000
CASH AT END OF PERIOD		**1,952,203**	**2,776,000**

The consolidated financial statements should be read in conjunction with the accompanying notes.

Notes to the Half-Year Financial Statements
31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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 Helix Resources Limited as at 30 June 2005, as prepared under AGAAP. It is also recommended that the half-year financial report be considered together with any public announcements made by Helix Resources Limited during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year 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 Accounting Standard AASB 134: "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

(b) Accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards ("A-IFRS")

This interim financial report is the first Helix Resources Limited interim financial report to be prepared in compliance with requirements of A-IFRS. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. Compliance with A-IFRS ensures that the interim financial report complies with the requirements of International Financial Reporting Standards ("IFRS").

Financial statements of Helix Resources Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ("AGAAP"). AGAAP differs in certain respects from A-IFRS. When preparing this interim financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with A-IFRS. With the exception of financial instruments, the comparative figures were restated as appropriate to reflect these adjustments.

The Group has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to A-IFRSs on the Group's equity and its net income are given in the Statement of Changes in Equity.

Notes continued

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property. A summary of the Group's significant accounting policies is set out below.

(c) Going Concern
The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise further capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

(d) Acquisitions of assets
The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(f) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Notes continued

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Exploration and evaluation expenditure

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

(i) the rights to tenure of the areas of interest are current and the consolidated entity controls the area of interest in which the expenditure has been incurred; and
(ii) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
(iii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets will be assessed annually for impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The income statement will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets. Expenditure capitalised under the above policy is amortised over the life of the area of interest from the date that commercial production of the related mineral occurs. In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. 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.

(h) Provisions

Mine restoration and rehabilitation costs are provided for at the present value of future expected expenditures required to settle the Group's obligations on commencement of commercial production, discounted using a rate specified to the liability. When this provision is recognised a corresponding asset is also recognised as part of the development costs of the mine to the extent that it is considered that the provision gives access to future economic benefits. On an ongoing basis, the rehabilitation liability is re-measured at each reporting period in line with the changes in the time value of money (recognised as an expense in the income statement and an increase in the provision), and additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability.

Notes continued

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

(i) Employee Benefits

Share-based payments

Share-based compensation benefits are provided to employees via various Share Option Plans.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the Share Plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(j) Investments and other financial assets

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Notes continued

(j) Investments and other financial assets (cont.)

Adjustments on transition date: 1 July 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to accumulated losses or reserves.

From 1 July 2005
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. 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. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) 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.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised 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 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.

Notes continued

(j) Investments and other financial assets (cont.)
Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Derivatives
From 1 July 2004 to 30 June 2005
The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes in the carrying amounts of derivatives are taken to accumulated losses or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

From 1 July 2005
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

Notes continued

(k) Derivatives (cont.)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement

(l) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under A-IFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was nil.

(m) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Notes continued

(m) Income tax (cont.)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(n) Principles of Consolidation

A controlled entity is any entity controlled by Helix Resources Limited whereby Helix Resources Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies 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 / excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(o) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

2. SEGMENT REPORTING

The Group operated predominantly in one geographical segment and one business, being platinum, gold and other base metals exploration and development in Western Australia, South Australia and New South Wales.

3. CONTINGENT ASSETS OR LIABILITIES

There are no contingent assets or liabilities as at the reporting date.

Notes continued

4. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2005 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

5. CONTRIBUTED EQUITY

Reconciliation of Contributed Equity

Balance at beginning of the financial period	43,567,055	41,611,571
Add :		
Issue of 19,167,836 ordinary shares at 10 cents per share, less costs relating to issue	1,724,925	1,955,484
Balance at end of the financial period	**45,291,980**	**43,567,055**

6. IMPACTS ON THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The impacts of the adoption of Australian equivalents to International Financial Reporting Standards were outlined in the 30 June 2005 Annual Report. Reconciliations of equity at the date of transition to A-IFRS compared to previously accounts prepared under Australian Generally Accepted Accounting Principles ["AGAAP"] is outlined in the Consolidated Statement of Changes in Equity.

There are no material differences between the financial statements presented under A-IFRS and the financial statements presented under previous AGAAP.

Reconciliation of total equity presented under AGAAP to that under AIFRS:

	Consolidated		
	30 June 05	**31 December 04**	**1 July 04**
	$	**$**	**$**
Total equity under AGAAP	13,250,548	14,293,622	12,592,969
Adjustments to equity:			
Options reserve	50,197		
Accumulated losses	(50,197)		
Total equity under AIFRS	13,250,548	14,293,622	12,592,969

Reconciliation of loss after tax under AGAAP to that under AIFRS:

	Consolidated	
	Year ended 30 June 05	**Half-year ended 31 Dec 04**
	$	**$**
Loss after tax as previously reported	**(1,297,895)**	**(254,831)**
Recognition of share based payment	**(50,197)**	
Loss after tax under AIFRS	**(1,348,092)**	**(254,831)**

Cash Flow Statement

There are no material differences between the cash flow statements presented under A-IFRS and the cash flow statements presented under previous AGAAP.

In the opinion of the directors:

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

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

R E M Vittino
Executive Director

Dated this 14th day of March 2006

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF HELIX RESOURCES LIMITED

Scope

We have reviewed the financial report of Helix Resources Limited (the company) for the half-year ended 31 December 2005 as set out on pages 5 to 18. The company's directors are responsible for the financial report. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. We have performed an independent review of the financial report 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 Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. 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 provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 4 of the financial report has not changed as at the date of providing our review opinion.

Statement

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 the consolidated entity, comprising Helix Resources Ltd and the entities it controlled during the half-year 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 as at 31 December 2005 and of its performance for the half-year ended on that date; and
    ii. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

BENTLEYS MRI PERTH PARTNERSHIP

JW VIBERT
Partner

Dated this 14th day of March 2006
WEST PERTH, WA