# UNITED OROGEN LIMITED

ABN 45 115 593 005

# INTERIM FINANCIAL STATEMENTS 2010

## For the Half-Year Ended 31 December 2010

# CONTENTS

Your directors present their report together with the financial statements for the half year ended 31 December 2010, and the independent review report there on.

**Directors**

The following persons were directors of the company during the half year and up to the date of this report:

David Alan Zohar – Executive Director and Company Secretary
John Karajas – Non Executive Director
Zhukov (Zeke) Pervan – Non Executive Director and Chairman
William Edwin Bannister – Managing Director (resigned 17 December 2010)
Noel Taylor – Managing Director (appointed 30 November 2010)

**Review of Operations**

The principal activity of the Company during the course of the financial period was mineral exploration.

The net loss of the company for the half year ended 31 December 2010 was $462,773 (2009: $406,170). No dividends were paid and the directors have not recommended the payment of a dividend.

**Western Australia**

**1. Horseshoe West ( EL52/2016)**

Exploration has recommenced after signing an agreement with the Native Title Holders as represented by the Jidi Jidi Corporation.

The Exploration Licence 52/2016 lies between the Horseshoe Lights copper-gold deposit which is 10 km to the east and the Fortnum Gold Mine, a distance of some 12 km to the west. The main target sought is a copper-gold deposit similar to that of the Horseshoe Lights Deposit, which has produced 1.6 million tonnes for 217,500ozs of gold at a grade of 4.29gm/t and 1.7 million tonnes treated for 54,800 tonnes of copper (3.24%); 94,000ozs Gold (1.73gm/t); 2,928,000ozs silver (53.9gm/t) and 52,800kg of mercury (31.3gm/t).

United Orogen have held the ground for over two years and have always believed that the Horseshoe Lights deposit is of the Volcanogenic Massive sulphide (VMS) type and, usually, where ever they occur they occur in clusters, ie there are more than one. In this case that belief has been proven true for approximately 75 km to the east Sandfire Resources Ltd have been drilling the DeGrussa Prospect and reporting grades of copper and gold similar, if not better than those mined at the Horseshoe Lights Mine.

The Horseshoe Lights deposit is hosted by the Narracoota Formation in close proximity to the overlying Ravelstone Formation (Thaduna Greywackes). The Degrussa deposit of Sandfire Resources is reported to be in the Narracoota Formation.

The Horseshoe West prospect being explored by United Orogen is occupied by Thaduna Greywackies of the Ravelstone Formation and some are exposed but much of the ground is covered by sands, clays and gravels. Rock chip sampling has produced up to 52ppb gold. 404 soil samples have been taken and analysed with results up to 38ppb Au and copper values up to 74ppm. This is important for the area is highly leached. This leads to a depletion of copper in the near surface environment whilst gold tends to remain and is therefore detectable.

Additional soil sampling will be required to tie in the previous samples in an attempt to delineate targets that warrent follow up geophysical work. It is thought that an airborne EM system would be the better way to explore. However as there are gold mines in close proximity any EM responce would have to be ground checked with IP. Following the geophysics drilling will be the next exploration tool used.

**2 Nabberu Basin**

ELA 69/2475 and ELA 69/2476 have recently been granted. Exploration will commence in the new year. Research work into previous exploration on EL69/2336 is nearly complete. This will give a guide to the direction of the exploration program.

**3 Mt Vernon**

EL 52/2338 was flown using a helicopter searching for the uranium response located by Geopeko in 1981. The anomalous horizon was found but appeared to be part of the weathering profile rather than a sedimentary horizon. The highly anomalous parts were secondary quartz veins containing uraniferous material which was concentrated in the veins. The best response gave 310ppm U using a hand held differential spectrometer. The analytical results gave values to 63ppm U, copper values to 383ppm and zinc values to 0.24%- similar to those located by Geopeko in 1981. Platinum and palladium were not analysed in 1981 but there was minimal platinum and up to 188ppb palladium; disappointing However Aurora Minerals Ltd has announced significant rock chip results for manganese to the west of EL52/2338. The area within this EL will be ground checked to determine if the mineralised trend continues.

**Northern Territory**

**1. Treasure.**

At EL25346 Mithrill have completed their first pass drilling at the Baldrick Prospect in the first quater. Three shallow holes were completed targeting the mineralised contact of the Baldrick gabbroic body. Hole BARc005 missed the main body but intersected a narrow interval of weakly mineralised gabbro that returned 5m at 0.11% Ni from 43 metres. DHEM surveys are planned.

Drill hole BARC006 was collared in the gabbro and intersected a mix of weathered and fresh mineralisation at shallow depths-assays returned 8m at 0.26%Ni and 0.12% Cu from 21m. BARC007 was drilled directly beneath the main gossan at Bardrick and intersected a combination of oxide (weathered) and sulphide mineralisation with assays returning 9m at 0.48%Ni and 0.37%Cu from 4m.

UOG will have 13 % interest after Mithrill earn 80%. The other 7% is owned by Aluminex. No work was done in the second quater.

**2. Florence Creek and Lucky U**

The regional magnetic data was scrutinised for targets similar to those that generated the Mithrill gabbroic projects. Arial photographs were also examined to pick up simiar visual features to that produced by the Baldric and Blackadder prospects. Thirteen targets were generated and each was visited using a helicopter. There was a lack of gabbros exposed. A calc silicate horizon was found that had malachite showing. A sample was taken and it returned 4.29% Cu.

The airborne magnetic information gathered at the start of this exploration program will be re-examined in the hope of producing gabbroic style targets. These will be ground tested next year.

- **Oil and Gas Exploration**

  **Western Australia**

  Arc Energy has withdrawn from EP448 in the Canning Basin. The future of this tenement is being debated.

**Auditor's Independence Declaration**

The auditor's independence declaration under Section 307C of the Corporations Act 2001 for the half year ended 31 December 2010 has been received and is set out on page 4.

Signed in accordance with a resolution of Directors

Zhukov Pervan

Dr Zhukov Pervan
Chairman

2 March 2011
Perth Western Australia

*The information within this report as it relates to geology and mineral resources was compiled by the Managing Director, Mr. Noel Taylor. He has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr. Taylor consents to the inclusion in the report of matters based on information in the form and context which it appears.*

ROTHSAY

96 Parry Street, Perth WA 6000 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9227 0552 www.rothsay.com.au


The Directors
United Orogen Ltd
Level 7
231 Adelaide Terrace
Perth WA 6000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2010 interim financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GR Swan

Graham R Swan (Lead auditor)

Rothsay

Rothsay Chartered Accountants

Dated 2nd March 2011

Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

# UNITED OROGEN LIMITED
# STATEMENT OF COMPREHENSIVE INCOME
## For the half year ended 31 December 2010

| | Note | 31 December 2010 $ | 31 December 2009 $ |
|---|---|---|---|
| **Revenue from continuing operations** | 3 | 23,815 | 24,524 |
| Other Income | 3 | 8,567 | 18,184 |
| Administration | | (103,357) | (100,530) |
| Exploration costs | | (90,688) | (115,261) |
| Occupancy costs | | (5,630) | (5,243) |
| Depreciation | | (5,892) | (6,155) |
| Employment costs (including directors) | | (289,588) | (216,189) |
| Impairment of available for sale financial assets | | - | (5,500) |
| **Loss Before Income Tax** | | (462,773) | (406,170) |
| Income tax expense | | - | - |
| **Loss for the Half Year** | | **(462,773)** | **(406,170)** |
| **Other comprehensive income** | | | |
| Changes in the fair value of available-for-sale financial assets | | **828,693** | **73,020** |
| **Other comprehensive income for the half year, net of tax** | | **828,693** | **73,020** |
| **Total comprehensive income for the half-year** | | **365,920** | **(333,150)** |
| **Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company** | | | |
| Basic profit/(loss) per share (cents) | 4 | (0.71) | (0.63) |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# UNITED OROGEN LIMITED
# STATEMENT OF FINANCIAL POSITION
## As at 31 December 2010

| | Note | 31 December 2010 $ | 30 June 2010 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 224,418 | 688,421 |
| Trade and other receivables | | 24,769 | 24,526 |
| **TOTAL CURRENT ASSETS** | | 249,187 | 712,947 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant & equipment | 5 | 836,068 | 840,311 |
| Available for sale financial assets | 6 | 1,413,542 | 584,849 |
| **TOTAL NON-CURRENT ASSETS** | | 2,249,610 | 1,425,160 |
| **TOTAL ASSETS** | | 2,498,797 | 2,138,107 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 74,166 | 69,117 |
| Provisions | | 9,944 | 22,223 |
| **TOTAL CURRENT LIABILITIES** | | 84,110 | 91,340 |
| **TOTAL LIABILITIES** | | 84,110 | 91,340 |
| **NET ASSETS** | | 2,414,687 | 2,046,767 |
| **EQUITY** | | | |
| Contributed equity | | 6,699,752 | 6,697,752 |
| Reserves | | 912,573 | 83,880 |
| Accumulated losses | | (5,197,638) | (4,734,865) |
| **TOTAL EQUITY** | | 2,414,687 | 2,046,767 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# UNITED OROGEN LIMITED
# STATEMENT OF CHANGES IN EQUITY
## For the half year ended 31 December 2010

| | Contributed Equity $ | Accumulated Losses $ | Option Reserve $ | Available-for-sale investments Revaluation Reserve $ | Total $ |
|---|---|---|---|---|---|
| **2009** | | | | | |
| **Balance at 1 July 2009** | **6,697,752** | **(3,730,196)** | **80,380** | **74,000** | **3,121,936** |
| Total comprehensive (loss) for the year | - | (406,170) | - | 73,020 | (333,150) |
| **Balance as at 31 December 2009** | **6,697,752** | **(4,136,366)** | **80,380** | **147,020** | **2,788,786** |

| | Contributed Equity $ | Accumulated Losses $ | Option Reserve $ | Available-for-sale investments Revaluation Reserve $ | Total $ |
|---|---|---|---|---|---|
| **2010** | | | | | |
| **Balance at 1 July 2010** | **6,697,752** | **(4,734,865)** | **80,380** | **3,500** | **2,046,767** |
| Total comprehensive (loss) for the year | | (462,773) | - | 828,693 | 365,920 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions of equity, net of transaction costs | 2,000 | - | - | - | 2,000 |
| **Balance as at 31 December 2010** | **6,699,752** | **(5,197,638)** | **80,380** | **832,193** | **2,414,687** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# UNITED OROGEN LIMITED
# STATEMENT OF CASH FLOWS
## For the half year ended 31 December 2010

| | 31 December 2010 $ | 31 December 2009 $ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers (inclusive of goods and services tax) | 26,196 | 26,976 |
| Payments to suppliers and employees (inclusive of goods and services tax) | (408,430) | (334,685) |
| Payments for exploration, evaluation and acquisition costs (inclusive of goods and services tax) | (90,688) | (109,756) |
| Interest received | 8,567 | 18,184 |
| NET CASH OUTFLOWS FROM OPERATING ACTIVITIES | (464,355) | (399,281) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for property, plant and equipment | (1,648) | (743) |
| NET CASH OUTFLOWS FROM INVESTING ACTIVITIES | (1,648) | (743) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issues of shares and exercise of options | 2,000 | - |
| NET CASH INFLOWS FROM FINANCING ACTIVITIES | 2,000 | - |
| NET (DECREASE) IN CASH HELD | (464,003) | (400,024) |
| Cash and cash equivalents at the beginning of the half year | 688,421 | 1,406,867 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR** | 224,418 | 1,006,843 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

These half yearly financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by United Orogen Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

*Going Concern*

For the half year ended 31 December 2010, the company recorded a loss of $462,773. At 31 December 2010, the cash balance was $224,418.

The accounts have been prepared on a going concern basis. The Directors have undertaken a review of the Company's mining tenements and operating structure, and have entered into a Heads of Agreement with Iron Mountain Mining Limited to alleviate some of its tenement commitments until such time that future capital raising can be undertaken in order to continue the exploration and development of the company's mining tenements to achieve a position where they can prove exploration reserves.

Should future capital raising and/or asset sales be insufficient to meet the budgeted operational activities of the Company, then the going concern basis of accounting may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded amounts that might be necessary should United Orogen Ltd not be able to continue as a going concern.

## 2. Segment Reporting

The company's sole operations are within the mineral exploration industry within Australia.

The company has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

Given the nature of the company, its size and current operations management does not treat any part of the company as a separate operating segment. Internal financial information used by the company's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The company managers operate to manage the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

## 3. Revenue

| | HALF YEAR 31.12.2010 | HALF YEAR 31.12.2009 |
|---|---|---|
| **From Continuing Activities** | | |
| Sales Revenue - Services | 23,815 | 24,524 |
| **Other Income** | | |
| Interest received | 8,567 | 18,184 |
| | 32,382 | 42,708 |

## 4. Loss per share

| | HALF YEAR 31.12.2010 | HALF YEAR 31.12.2009 |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 64,769,538 | 64,762,853 |
| Loss used to calculate basic and dilutive EPS | (462,773) | (406,170) |
| **Basic loss per share (cents per share)** | (0.71) | (0.63) |

## 5. Property, Plant and Equipment

| | 31.12.2010 | 30.06.2010 |
|---|---|---|
| Land and Buildings | | |
| At cost | 845,602 | 845,602 |
| Accumulated depreciation | (20,993) | (17,662) |
| Total Land and Buildings | 824,609 | 827,940 |
| Plant and Equipment | | |
| At cost | 36,854 | 35,206 |
| Accumulated depreciation | (25,395) | (22,835) |
| Total Plant Equipment | 11,459 | 12,371 |
| Total Property, Plant and Equipment | 836,068 | 840,311 |

## 6. Available for Sale Financial Assets

| | | |
|---|---|---|
| Listed investment at fair value [1] | 1,413,542 | 584,849 |
| | 1,413,542 | 584,849 |
| At beginning of period | 584,849 | 911,496 |
| Fair value adjustments | 828,693 | (70,500) |
| Impairment of available for sale financial assets | - | (256,147) |
| At end of period | 1,413,542 | 584,849 |

[1] Fair value of investments in listed corporations is assessed as the bid price on the Australian Securities Exchange at the close of business on balance date.

**7. Contingent Liabilities**

The Directors are not aware of any contingent liabilities as at 31 December 2010.

**8. Dividends**

No dividends were paid or proposed during the period.

The Company has no franking credits available at 31 December 2010.

**9. Events occurring after the reporting period**

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**10. Related Party Transactions**

**a) Administrative related transactions**

Director related entities paid for expenses on behalf of United Orogen Limited throughout the half year. The following table details the related company, the total value of services provided and expenses paid for during the half year and the balance owing at 31 December 2010 (if any):

| Related Company | Value of services for the period ended 31 December 2010 (excl GST) | Balance owing at 31 December 2010 (excl GST) |
|---|---|---|
| Iron Mountain Mining Limited | 34,450 | 17,371 |
| Eagle Nickel Limited | 30 | - |

United Orogen Limited provides employment services to related parties, as well as paying for numerous expenses on their behalf, which are recharged to that company throughout the half year. The following table details the company, total services provided and expenses recharged for the half year and balance outstanding at 31 December 2010:

| Related Company | Value of services for the period ended 31 December 2010 (excl GST) | Balance owing at 31 December 2010 (excl GST) |
|---|---|---|
| Iron Mountain Mining Limited | 17,723 | 7,359 |
| Eagle Nickel Limited | 7,312 | 3,738 |
| Red River Resources | 1,551 | 842 |
| Actinogen Limited | 957 | 547 |

**b) Tenement related transactions**

During the half year ended 31 December 2010, United Orogen Limited received $2,301 (excl GST) from Iron Mountain Mining Limited, a Director related entity of David Zohar, for tenement related expenses.

During the half year ended 31 December 2010, United Orogen Limited paid $1,909 (excl GST) to Iron Mountain Mining Limited, a Director related entity of David Zohar, for tenement related expenses. $309 (excl GST) of this amount is outstanding as at 31 December 2010.

During the half year ended 31 December 2010, United Orogen Limited paid $424 (excl GST) to Actinogen Limited, a Director related entity of David Zohar, for tenement related expenses. $100 (excl GST) of this amount is outstanding as at 31 December 2010.

During the half year ended 31 December 2010, United Orogen Limited paid $25 (excl GST) to Red River Resources Limited, a Director related entity of David Zohar, for tenement related expenses.

**c) Joint venture transactions**

The company was a participant in the joint venture arrangement with Red River Resources Limited and Swancove Enterprises Pty Ltd, of which Mr Zohar is a Director and/or Significant Shareholder.

No transactions occurred between United Orogen Limited and Red River Resources Limited nor with Swancove Enterprises Pty Ltd for the period to 31 December 2010.

**d) Investments in related entities**

As at 31 December 2010 the Company holds the following shares in Director related entities of David Zohar, 2,000,000 ordinary shares in Actinogen Ltd at a fair value of $110,000; 10,232,341 ordinary shares in Iron Mountain Mining Limited at a fair value of $1,279,043; 1,000,000 ordinary shares in Black Gold Resources Limited at a fair value of $nil; and 500,000 ordinary shares and 250,000 options in Eagle Nickel Limited at fair values of $24,500 and $nil respectively. These shares and options were also on hand as at 1 July 2010.

# DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:

 (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

 (ii) Giving a true and fair view of the entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date, and

(b) 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 directors.

Dr Zhukov Pervan
Chairman

2 March 2011
Perth, Western Australia

ROTHSAY

96 Parry Street, Perth WA 6000 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9227 0552 www.rothsay.com.au

**Independent Review Report to the Members of United Orogen Ltd**

**The financial report and directors' responsibility**
The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for United Orogen Ltd for the half-year ended 31 December 2010.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and 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 conducted our review in accordance with Auditing Standard on Review Engagements 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of United Orogen Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of United Orogen Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 31 December 2010 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

**Rothsay**

GR Swan

**Graham R Swan**
**Partner**

Dated 2nd March 2011

Chartered Accountants