GLENEAGLE GOLD LIMITED

(ABN 27 103 782 378)

Half Year Report

31 December 2006

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CORPORATE DIRECTORY

CHAIRMAN

Tony Brennan

MANAGING DIRECTOR

Ian Prentice

NON-EXECUTIVE DIRECTOR

David Prentice

Joe Kennedy

Peter Hepburn-Brown

COMPANY SECRETARY

Kent Hunter

Suzie Foreman

PRINCIPAL & REGISTERED OFFICE

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HLB Mann Judd

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SHARE REGISTRAR

Advanced Share Registry Services Pty Ltd

110 Stirling Highway

NEDLANDS WA 6009

Telephone: (08) 9389 8033

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STOCK EXCHANGE LISTING

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: GLN, GLNO

BANKERS

Westpac Bank

109 St Georges Terrace

PERTH WA 6000

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tony Brennan	Non-Executive Chairman
Ian Prentice	Managing Director
David Prentice	Non-Executive Director
Joe Kennedy	Non-Executive Director
Peter Hepburn-Brown	Non-Executive Director
Company Secretaries	
Kent Hunter	Company Secretary
Suzie Foreman	Company Secretary

REVIEW OF OPERATIONS

Gleneagle Gold Limited advanced its strategy of recommissioning its wholly owned Fortnum treatment plant located about 850 kilometres north of Perth in the highly prospective Peak Hill Goldfield of Western Australia. The Company controls tenure covering over 2,500km^2 in this region, including the wholly owned 1.0 million tonne per annum Fortnum treatment plant and a resource base in excess of 1.0 million ounces. Ownership of the Fortnum treatment plant adjacent to a large resource base located on granted Mining Leases plus a series of high quality exploration targets provides Gleneagle with a competitive advantage in the district.

FORTNUM GOLD PROJECT (GLN - 100%)

The Fortnum Gold Project, located approximately 170km north of Meekatharra, covers an area of some 94 square kilometres within the broader Peak Hill Goldfield project area. The project contains the 1.0 million tonne per annum CIP treatment plant and associated infrastructure, including tails storage facilities, process water supply, accommodation village and an all weather airstrip.

During the half year ended 31 December 2006 the Company completed the refurbishment of the treatment plant and commenced recommissioning of the project, with first gold poured in early July 2006. The project encountered a series of operational issues which impacted on throughput levels and operating efficiencies during the period; with issues ranging from machinery breakdowns/minor repairs, inefficiencies in the gold stripping circuit and extended assay turn around times. An ongoing focus on the rectification of these operational issues resulted in a dramatic improvement in throughput levels and efficiencies by the end of the period.

Production levels during the half year were also impacted by lower than forecast head grades, largely due to the underperformance of the Toms orebody, with both tonnes and grade mined during the period being below those forecast from the independently estimated resource model. The Toms open pit, the main source of ore, was supplemented with ore from the Eldorado and Yarlarweelor North open pits, which delivered performances more in line with resource model estimates. Production for the half year amounted to some 13,564 ounces.

EXPLORATION/DEVELOPMENT

The Company has maintained a focus on exploration of its Peak Hill Goldfield landholding and has delivered success including:

- the discovery of the Forrest Gimp deposit, located some 12 kilometres south of the Fortnum treatment plant, with better RAB drill intersections of 22m at 2.51 grams per tonne,
- the identification of a series of early stage but very exciting prospects in the Doolgunna region to the east of the project area, including Jacques with bonanza grade (up to 299 grams per tonne) rock chip samples from outcropping quartz veins.

In addition to the ongoing exploration activity Gleneagle has completed a scoping study in to the potential underground development of the Starlight Group of deposits (resource of 1.97Mt at 4.1g/t for 259,400oz), which is located adjacent to and below existing underground development. This study identified a potential high grade mineable component of the resource and indicated the potential to enhance this zone with additional resource drilling.

CORPORATE

In November/December 2006 Gleneagle completed a placement to clients of Patersons Securities Limited and European investors, raising approximately $3.8 million (before costs) via the issue of 15.2 million shares at $0.25 per share. In parallel to this placement the Company offered a Shareholder Share Purchase Plan (SPP) under which eligible shareholders could apply for additional shares in Gleneagle up to $5,000 per shareholder at $0.25 per share. The SPP was underwritten up to the first $1.5 million. A total of $1.5 million was raised via the SPP.

RESULTS

The loss of the Company amounted to $9,706,967 (2005:$359,118).

Loss before Interest Tax, Depreciation and Amortisation of the Company (EBITDA) is $4,676,735 (2005:341,184).

The above loss includes an amount of $3,043,684 which relates to an impairment against the carrying value of mine development assets. This is a result of the modified mining schedule which now reduces reliance on the Tom's orebody and focuses on the accelerated development of the Yarlarweelor North ore body, resulting in a lower than previously forecast net present value of the project.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Ian Prentice

Ian Prentice

Managing Director

Dated this 16th day of March 2007.

HLB Mann Judd
Chartered Accountants

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Gleneagle Gold 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.

This declaration is in respect of Gleneagle Gold Limited.

Perth, Western Australia
16th March 2007

N G Neill
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership)

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Notes	2006 $	2005 $
Revenue			
Revenue from sales		10,685,858	3,423
Interest received		32,716	49,261
Total revenue		**10,718,574**	**52,684**
Other income		-	84,109
Change in gold inventory		4,807,462	-
Mining costs		(8,822,658)	-
Processing and maintenance costs		(6,634,931)	-
Site costs		(2,257,967)	-
Royalties		(193,844)	-
Consultants and professional fees		(146,321)	(61,037)
Office and administration costs		(638,137)	(239,374)
Finance costs		(140,676)	(535)
Depreciation and amortisation expenses		(1,845,872)	(17,399)
Write off of exploration expenditure		-	(92,415)
Impairment of mine development assets		(3,043,684)	-
Unrealised loss on gold option contracts		(1,508,913)	-
Other expenses		-	(45,696)
Fuel expense of fuel sales		-	(36,455)
Loss before income tax expense	2	**(9,706,967)**	**(359,118)**
Income tax expense		-	-
Loss after tax from continuing operations		**(9,706,967)**	**(359,118)**
Net loss for the period		**(9,706,967)**	**(359,118)**
Basic earnings/ (loss) per share (cents per share)		**(12.18)**	**(0.57)**

Diluted earnings per share does not represent an inferior view of the Company's performance and is not disclosed for this reason.

The accompanying notes form part of these financial statements

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	31 Dec 2006 $	30 June 2006 $
Assets			
Current Assets			
Cash and cash equivalents		1,079,583	1,961,613
Trade and other receivables		642,206	917,103
Inventories		6,142,345	364,981
Other financial assets		4,336,734	5,374,762
Total Current Assets		12,200,868	8,618,459
Non-Current Assets			
Other financial assets		-	21,277
Exploration, evaluation and development expenditure	4	17,564,193	16,716,989
Property, plant and equipment		1,249,949	1,094,371
Total Non-Current Assets		18,814,142	17,832,637
Total Assets		31,015,010	26,451,096
Liabilities			
Current Liabilities			
Trade and other payables		8,876,523	3,853,634
Borrowings	5	6,393,111	2,847,853
Other financial liabilities		1,792,250	1,328,250
Total Current Liabilities		17,061,884	8,029,737
Non-Current Liabilities			
Borrowings	5	776,183	156,389
Deferred tax liabilities		-	127,132
Provisions		1,703,126	1,703,125
Other financial liabilities		519,750	1,559,250
Total Non-Current Liabilities		2,999,059	3,545,896
Total Liabilities		20,060,943	11,575,633
Net Assets		10,954,067	14,875,463
Equity			
Issued capital	6	19,468,448	14,428,467
Reserves		2,693,674	1,948,084
Accumulated losses		(11,208,055)	(1,501,088)
Total Equity		10,954,067	14,875,463

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Issued Capital	Accumulated losses	Hedging Reserve	Option Premium Reserve	Total
	$	$	$	$	$
Balance at 1 July 2005	10,303,146	(599,753)	-	37,608	9,741,001
Shares issued during the half year	1,495,000	-	-	-	1,495,000
Transaction costs	(20)	-	-	-	(20)
Loss attributable to members	-	(359,118)	-	-	(359,118)
Recognition of share based payments	-	-	-	19,616	19,616
Balance at 31 December 2005	11,798,126	(958,871)	-	57,224	10,896,479
Balance at 1 July 2006	14,428,467	(1,501,088)	1,810,758	137,326	14,875,463
Shares issued during the half year (net of costs)	5,039,981	-	-	-	5,039,981
Net gains on cash flow hedges	-	-	470,952	-	470,952
Loss attributable to members of the parent entity	-	(9,706,967	-	-	(9,706,967)
De-recognition of deferred tax liability			127,132		127,132
Recognition of share based payments	-	-	-	147,506	147,506
Balance at 31 December 2006	19,468,448	(11,208,055)	2,408,842	284,832	10,954,067

The accompanying notes form part of these financial statements

CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	2006 $	2005 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Proceeds from sale of gold		10,685,858	3,423
Production, site and processing costs		(14,229,402)	-
Development expenses		(2,900,587)	-
Payments for consumables		(969,902)	-
Gold royalty payments		(193,843)	-
Payments for administration costs		(421,656)	(351,758)
Interest and bill discounts received		14,705	48,263
Borrowing costs		(316,462)	-
Payments for exploration and evaluation		(509,122)	(894,842)
Receipts - other		-	72,537
Net cash provided by/(used in) operating activities		(8,840,411)	(1,122,377)
Cash flows from investing activities			
Purchase of property, plant and equipment		(157,713)	(22,728)
Purchase of mining / exploration assets		(500,000)	(50,000)
Transfer from term deposit		-	109,000
Net cash provided by/(used in) investing activities		(657,713)	36,272
Cash flows from financing activities			
Proceeds from issue of shares		5,301,429	785,702
Payment for costs of issue of shares		(121,603)	(3,721)
Proceeds from borrowings		7,560,000	-
Repayment of borrowings		(3,500,000)	-
Repayment of finance and hire purchase contracts		(48,732)	-
Payment for hedge premiums on option contracts		(575,000)	-
Net cash provided by/(used in) financing activities		8,616,094	781,981
Net increase/(decrease) in cash held		(882,030)	(304,124)
Cash and cash equivalents at 1 July 2006		1,961,613	1,459,904
Cash at 31 December 2006		1,079,583	1,155,780

The accompanying notes form part of these financial statements

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report has been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Gleneagle Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006, unless otherwise stated.

In the half-year ended 31 December 2006, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

On 11th July 2007, the Company announced that it has commenced production at its wholly owned Fortnum CIP treatment plan, with an estimated throughput of 1 million tonnes of ore per annum.

Production from the plant for the half year to 31 December 2006 was 13,564 ounces (approximately 39% below the budget) due to a series of operational issues which impacted on throughput levels and operating efficiencies. The operational issues, identified as machinery breakdowns/minor repairs, inefficiencies in the gold stripping circuit and extended assay turn around times were largely addressed toward the end of the half year. By mid December the benefits of an improved maintenance program were reflected in reduced down time and increased throughput rates.

Production levels during the half year were also impacted by lower than forecast head grades, largely due to the underperformance of the Toms orebody, with both tonnes and grade mined during the period being below those forecast from the independently estimated resource model.

This below budget operating performance resulted in a working capital deficit at 31 December 2006 of $4.86 million. Of the $17 million of current liabilities at the year end, $6.3 was owed to Westpac Banking Corporation.

However, in the informed opinion of the directors', it has been concluded that the going concern basis is the appropriate basis for preparing the financial statements based on the following key considerations:

- On 2 February 2007, the Company announced that it had agreed to place 36.5 million ordinary shares at a price of 18 cents per share, with a one for two free attaching 20 cent option exercisable by 31 January 2009, to raise approximately $6.56 million (pre costs of the issue).

  The placement is to be completed in two tranches, with Tranche 1 consisting of approximately 14.8 million ordinary shares which were issued on 16th and 23rd February 2007, raising approximately $2.66 million, and Tranche 2 consisting of 21.3 million shares and 18 million options, raising approximately $3.9 million pre costs of the issue). The capital raised from the placement will be used to reduce debt levels ($2.5 million), provide working capital, and fund exploration.

  The directors of the Company are confident that the necessary funds will be available and/or raised as required to repay the Westpac financing facility as and when repayments become due and payable.

- The Company also has 15.7 million listed options on issue at the current date, exercisable at 20 cents on or before 30 June 2007. The options (if fully exercised) have a potential value of $3.1 million (pre capital costs). The Company will endeavour to engage an underwriter to the option exercise to ensure the

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

maximum exercisable value is obtained.

- The rectification of the operational issues that impacted on the efficiency of the processing circuit combined with an updated mining schedule which focuses on the accelerated development of the Yarlarweelor North deposit is expected to provide positive cash flows in the second half of the 2007 financial year.

Should the Company be unable to achieve its objectives as outlined above, there may be a degree of uncertainty as to its ability to continue as a going concern. The Company may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that may be necessary should the Company be unable to continue as a going concern.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

New accounting policies which have been applied for the first time this reporting period are as follows:

(a) Mine properties

Mine property assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase. When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

(b) Depreciation

With the exception of mine property assets, depreciation or amortisation is charged to the income statement over the lower of their estimated useful lives and the estimated remaining life of the mine. Mine property assets are amortised over the estimated remaining life of the mine. The estimated remaining life of the mine is based upon geological ore reserves ounces. Assets not linked to the mining operation are depreciated over their estimated useful lives using the straight line method.

The estimated useful lives in the current and comparative periods are as follows:

	2006	**2005**
Plant and equipment	18-40%	18–40 %

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences.

If the estimated remaining economic life of the mine, based on economically recoverable reserve ounces, is less than the depreciation period for an asset group then the depreciation period is limited to the estimated remaining economic life of the mine. The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of mining inventories is determined using a weighted average basis. Cost includes direct material, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition based on normal operating capacity of the production facilities.

Cost is accounted for as follows:

- Consumable Stores Purchase cost on a weighted average cost method
- Spare Parts Purchase cost on a weighted average cost method
- Gold in Circuit Processing costs including non-cash costs.
- ROM stockpile Mining costs including non-cash costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Revenue Recognition
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.
Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revaluations.

(d) Forward contracts for the sale of gold
The Company is exposed to changes in foreign exchange rates and gold prices from its activities. The Company uses forward contracts for the sale of gold to enable it to sell specified quantities of gold in the future at pre-determined prices to mitigate these risks. Forward contracts for the sale of gold are not held for speculative purposes. The forward contracts are generally held to maturity and used as the mechanism for the sale of gold. Gold is expected to be delivered into the flat forward contracts monthly based on forecast gold production. Up until December 2006 the Company continued to deliver into flat forward sales contract as they matured and forward contracts for the sale of gold were treated as normal sale and purchase contracts.

(e) Units of production method of amortisation
The Company applies the units of production method for depreciation of its mine assets based on gold ounces mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available future mineable ounces and the production capacity of the plants to be depreciated under this method. Factors that must be considered in determining resources and production capacity are the Company's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and the carrying values of assets.

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

3. REVENUES AND EXPENSES

	31 December 2006	31 December 2005
	$	$
Other Income		
Fuel sales and rebates	-	51,335
Other	-	32,774
	-	84,109

4. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Costs carried forward in respect of areas of interest in:			
Exploration and evaluation phases – at cost	4(a)	4,068,217	3,377,661
Development costs	4(b)	13,305,485	13,339,328
Capitalised borrowing costs		190,491	-
		17,564,193	16,716,989

a. Exploration and Evaluation

Movement in carrying amounts		
Brought forward	3,377,661	6,387,760
Exploration and evaluation expenditure capitalised during the period / year	690,556	8,729,195
Provision for restoration and rehabilitation costs	-	1,703,126
Transfer to development expenses	-	(13,339,328)
Write off of exploration expenses	-	(103,092)
	4,068,217	3,377,661

b. Development

Movement in carrying amounts		
Brought forward	13,339,328	-
Development expenditure capitalised during the period	4,679,311	-
Amortisation of development assets and capitalised finance costs	(1,669,470)	-
Impairment of mine development assets	(3,043,684)	-
Exploration and evaluation expenditure re-classified as development expenses	-	13,339,328
	13,305,485	13,339,328

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

5. BORROWINGS

	31 December 2006	30 June 2006
	$	$
Current		
Bank Loan	6,300,000	2,800,000
Finance Leases and hire purchase liabilities	83,111	47,853
Other	10,000	-
Total Current	6,393,111	2,847,853
Non-Current		
Bank Loan	550,000	-
Finance Leases and hire purchase liabilities	226,183	156,389
Total Non-Current	776,183	156,389
Total Borrowings	7,169,294	3,004,242

6. ISSUED CAPITAL

	31 December 2006	
	Number	$
Fully Paid Ordinary Shares	98,830,880	19,468,448
At the beginning of the reporting period	77,623,736	14,428,467
Shares issued during the period		
- 10,500,000 issued at 25 cents as Placement	10,500,000	2,625,000
- 3,000,000 issued at 25 cents under Share Purchase Plan	3,000,000	750,000
- 7,700,000 issued at 25 cents as Placement	7,700,000	1,925,000
- 7,144 exercise of options at 20 cents	7,144	1,429
Transaction costs relating to share issue		(261,448)
Total at reporting date	98,830,880	19,468,448

7. SEGMENT REPORTING

The Company operates predominantly in one geographical and segment, being Western Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2007, the Company announced that it had agreed to place 36.5 million ordinary shares at an exercise price of 18 cents per share, with a one for two free attaching 20 cent option exercisable by 31 January 2009, to raise approximately $6.56 million (pre costs of the issue).

The placement is to be completed in two tranches, with Tranche 1 consisting of approximately 14.8 million ordinary shares which were issued on 16th and 23rd February 2007, raising approximately $2.66 million, and Tranche 2 consisting of 21.3 million shares and 18 million options, (raising approximately $3.9 million pre costs of the issue). The capital raised from the placement will be used to reduce debt levels ($2.5 million), provide working capital, and fund exploration.

Other than outlined above, since 31 December 2006, no event has arisen that would be likely to materially affect the operations of the company, or the state of affairs of the company not otherwise disclosed in the company's financial report.

9. CONTINGENT LIABILITIES

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 6 to page 15:
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the Company's financial position as at 31 December 2006 and of its performance for the half-year then ended.
2. Subject to the satisfactory outcome of the matter as set out in Note 1, 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Ian Prentice

Ian Prentice
Director

Dated this 16th day of March 2007

HLB Mann Judd
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GLENEAGLE GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2006, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of Gleneagle Gold Limited.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls 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 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 financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company'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 Gleneagle Gold Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

HLB Mann Judd (WA Partnership)

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Gleneagle Gold Limited on 16th March 2007

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 Gleneagle Gold Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position 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 the *Corporations Regulations 2001*.

Inherent Uncertainty regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As outlined in Note 1, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
16th March 2007

N G NEILL
Partner