



ABN 92 114 187 978

Financial Report
for the half-year ended 31 December 2009

CORPORATE DIRECTORY

Directors

Mr Michael Haynes (Chairman)
Mr Hugh Bresser (Managing Director)
Mr Anthony Polglase (Non Executive Director)
Mr Gibson Pierce (Non Executive Director)

Company Secretary

Mr Scott Funston

Registered Office

Level 2
675 Murray Street
West Perth WA 6005
Australia
Telephone: (61 8) 9226 5566
Facsimile: (61 8) 9226 2027

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000 Australia
Telephone: 1300 557 010
International: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia

Stock Exchange Listing

Overland Resources Limited shares
are listed on the Australian Securities
Exchange, the home branch being Perth
ASX Code: OVR

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DIRECTORS' REPORT

The Directors of Overland Resources Limited submit the condensed financial report for the half-year ended 31 December 2009.

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.

Mr Michael Haynes	Non Executive Chairman
Mr Hugh Bresser	Managing Director
Mr Anthony Polglase	Non Executive Director
Mr Gibson Pierce	Non Executive Director

RESULTS

The loss after tax for the half year ended 31 December 2009 was \$384,838 (31 December 2008 loss of \$472,680).

REVIEW OF OPERATIONS

Yukon Base Metal Project

Overland Resources Limited (ASX:OVR, "Overland Resources" or "Company") owns a 90% interest in the Yukon Base Metal Project located in the highly prospective and under explored Selwyn Basin of the Yukon Territory, Canada. The Company has mineral rights covering approximately 108km², including the shallow, high grade Andrew Zinc Deposit and the high grade Darcy Zinc Deposit.

During the six months from July to December 2009 Overland Resources Limited commenced a definitive feasibility study on the Yukon Base Metal Project. This study commenced following the completion of an updated mine optimisation and economic assessment which incorporated the results from heavy liquid separation (HLS) test work and an operational optimisation review.

In December 2009 the Company entered into subscription agreements to raise \$6 million through the issue of approximately 70.6 million new shares ("Placement") and opened a Shareholder Purchase Plan (SPP).

In December 2009 the Company entered into an agreement whereby Macquarie Bank Limited (Macquarie Bank) has the right to provide up to 50% of any future debt finance required to develop the Yukon Base Metal Project.

Refinement of the Preliminary Mining Evaluation

During the six month period ending December 2009 the Company completed a review to identify possible ways to reduce capital and operating costs for the Yukon Base Metal Project.

Dense Media Separation Results

In November 2009 Overland Resources Limited received results of heavy liquid separation (HLS) test work conducted by independent laboratory SGS Lakefield in Canada. HLS is used in the laboratory to simulate the process of Dense Media Separation (DMS) which would be undertaken on a commercial scale.

The results of the HLS test work conducted on the material from the Andrew Zinc Deposit were exceptional, achieving over 90% waste rejection while retaining over 80% of the zinc metal. In all three test cases zinc grade was increased at least eight times that of the head grade of the initial sample (2.4% zinc).

Mine Design and Optimisation

In December 2009 the Company announced the results of re-optimisation of the open pit mine design for the Yukon Base Metal Project, taking into account the positive DMS test results together with anticipated lower transport costs.

Mine design results indicated that the optimised open pit mining inventory at the Andrew Zinc Deposit can be increased to 8.2Mt at 4.1% Zn and 1.4% Pb (compared to the previously optimised open pit of 1.1Mt at 5.7% Zn and 1.8% Pb). This represents a seven fold increase in the open pit mining inventory at the Andrew Zinc Deposit since the May 2009 mining study .

The optimised open pit mining inventory at the Darcy Zinc Deposit has been increased to 1.7Mt at 5.8% Zn (from a previous 1.2Mt at 7.8% Zn).

The total open pit mining inventory for the Yukon Base Metal Project, allowing for 10% mining dilution and 95% ore recovery, now stands at 9.9Mt at 4.3% Zn and 1.2% Pb, over double the number of mineable tonnes indicated in the previous study.

Economic Assessment

Reduced Capital Costs

The increased size of the open pit operation mitigates the requirement to initially establish a higher cost underground mining operation. This equates to a saving of more than US\$30 million, or 32%, of the previously estimated initial capital expenditure. Initial capital cost for the Project is now forecast to be US\$63 million.

Increased Cash Flow

It is anticipated that the overall project economics will be improved substantially due to:

- (i) The expectation that trucking costs can be reduced from US\$0.14/t/km to US\$0.10/t/km;
- (ii) Achieving lower mining cost per tonne of ore by eliminating high cost underground mining; and
- (iii) Increasing the total amount of saleable product (due to DMS application).

The Company's financial modelling indicates the new larger proposed open pits at the Andrew and Darcy Zinc Deposits, combined with DMS technology, and allowing for reduced transport costs, could provide an undiscounted cash flow of US\$174 million after capital expenditure (compared to the Company's May 2009 forecast of US\$116 million – all other parameters remaining the same). This represents a 75% increase in forecast cash flow over the current life of the project.

Definitive Feasibility Study

The Company was very encouraged by the results of the recent economic assessment and in December 2009 commenced a definitive feasibility study (DFS) into the development of the Yukon Base Metal Project. A team of professionals has been assembled and feasibility work has commenced. Additional preparations are underway for further drilling and target evaluation in 2010.

The Company anticipates the definitive feasibility study into the development of the Yukon Base Metal Project will be completed towards the end of 2010.

Exploration Potential

Mineralisation at both the Andrew Zinc Deposit and the Darcy Zinc Deposit remains open in all directions. There is considerable potential for mineralisation to extend beyond the bounds of the current drilling. The Company intends undertaking additional work to expand the resource bases at both deposits. This would add considerable value to any mining operation established at the Yukon Base Metal Project.

The Andrew and Darcy Zinc Deposits are 600m apart and lie within a NW-SE trending mineralised corridor. Soil geochemistry samples collected from this mineralised corridor show it to be highly anomalous in zinc over at least 2,500 metres of strike. The entire mineralised corridor is yet to be adequately tested. The Company has identified six high priority zones for drilling including the Darin Zone, to the south east, where analytical results returned from limited diamond drilling include:

- **21.2m at 4.8% zinc from 103.1m, and**
- **10.5m at 3.6% zinc from 3.7m**

The Company believes that potential exists to double the resource base at the Yukon Base Metal Project by conducting a systematic drilling programme over these exploration targets.

It is anticipated that all new resources discovered within this 2,500m mineralised corridor would have similar metallurgical characteristics to the material from the Andrew Zinc Deposit and could be processed through the same treatment facility, increasing the economic life of the project. As a result minimal additional capital expenditure would be required to bring these new discoveries into production.

Placement and Share Purchase Plan

In December 2009 the Company entered into agreements with institutional, sophisticated and industry investors to raise \$6 million through the issue of approximately 70.6 million new shares at \$0.085 per share. The Placement received shareholder approval at a general meeting of shareholders held on 5 February 2010.

The Company also announced in December 2009 that existing shareholders registered on 31 December 2009 were entitled to participate in a SPP.

Project Finance

During December 2009 Overland Resources entered into an agreement whereby Macquarie Bank has the right to provide up to 50% of any future debt finance required to develop the Yukon Base Metal Project (at commercially competitive terms).

SUBSEQUENT EVENTS

On 16th February 2010 the Company announced it had completed a Placement and a Share Purchase Plan.

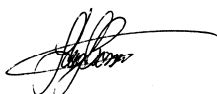
The Company received shareholder approval at a General Meeting on 5th February 2010 to facilitate the completion of the Placement.

The Company received applications for 1,964,722 ordinary shares, raising \$167,001, under the Share Purchase Plan and applications for 59,500,000 ordinary shares, raising \$5,057,500 under Tranche 2 of the Placement, with Tranche 1 of the Placement completed on 31 December 2009.

AUDITOR'S DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, 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 2008.

This report is signed in accordance with a resolution of the Board of Directors.



Hugh Bresser
Managing Director

Perth, Western Australia
16th March 2010

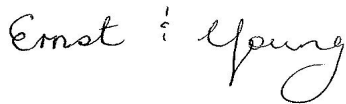
Competent Person Statement

Overland Resources Limited has not yet reported any ore reserves from the Andrew Zinc Deposit. While the Company remains optimistic it will report reserves in the future, any discussion in relation to production targets is only conceptual in nature and there has been insufficient work to define a Mineral Reserve and it is uncertain if further work will result in the determination of a Mineral Reserve.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peter Ball is the Manager of Data Geo. Mr Peter Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peter Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditor's Independence Declaration to the Directors of Overland Resources Limited

In relation to our review of the financial report of Overland Resources Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'F Drummond'.

F Drummond
Partner
16 March 2010

Statement of Comprehensive Income *for the half-year ended 31 December 2009*

	Notes	Consolidated	
		31/12/2009 \$	31/12/2008 \$
Continuing Operations			
Revenue			
Interest revenue		24,043	128,515
Other revenue		10,729	-
		<u>34,772</u>	<u>128,515</u>
Expenses			
Listing and share registry expenses		(25,329)	(29,902)
Accounting and audit fees		(22,160)	(45,766)
Legal fees		(2,807)	(3,609)
Consultants and Directors fees		(225,527)	(285,682)
Depreciation		(4,007)	(10,268)
Administrative expenditure	3	(125,376)	(206,011)
Exploration expenditure write-off		(261)	-
Other expenses		(14,143)	(19,957)
		<u>(384,838)</u>	<u>(472,680)</u>
Loss from continuing operations before income tax			
Income tax expense		-	-
		<u>(384,838)</u>	<u>(472,680)</u>
Loss from continuing operations after income tax			
Other comprehensive income			
Foreign currency translation		(154,565)	2,827,355
		<u>(539,403)</u>	<u>2,354,675</u>
Total comprehensive income for the period			
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic loss per share (cents per share)		(0.52)	(0.64)
Diluted loss per share (cents per share)		(0.52)	(0.64)

Statement of Financial Position as at 31 December 2009

	Consolidated	
	31/12/2009	30/06/2009
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,246,435	1,686,661
Trade and other receivables	267,415	334,077
TOTAL CURRENT ASSETS	2,513,850	2,020,738
NON-CURRENT ASSETS		
Plant and equipment	336,649	359,517
Other Assets	92,313	38,963
Exploration and evaluation expenditure	21,287,303	21,363,100
TOTAL NON-CURRENT ASSETS	21,716,265	21,761,580
TOTAL ASSETS	24,230,115	23,782,318
CURRENT LIABILITIES		
Trade and other payables	186,041	111,845
Provisions	20,793	22,643
TOTAL CURRENT LIABILITIES	206,834	134,488
NON-CURRENT LIABILITIES		
Provisions	-	9,569
TOTAL NON-CURRENT LIABILITIES	-	9,569
TOTAL LIABILITIES	206,834	144,057
NET ASSETS	24,023,281	23,638,261
EQUITY		
Contributed equity	8 23,926,193	23,015,388
Reserves	2,749,037	2,889,984
Accumulated losses	(2,651,949)	(2,267,111)
TOTAL EQUITY	24,023,281	23,638,261

Condensed Statement of Changes in Equity for the half-year ended 31 December 2009

	Issued Capital \$ '000	Accumulated Losses \$ '000	Share- Based Payments Reserve \$ '000	Foreign Currency Translation Reserve \$ '000	Total \$ '000
Balance at 1 July 2008	23,015,388	(1,260,400)	3,137,471	(883,226)	24,009,233
Loss for the half-year	-	(472,680)	-	-	(472,680)
<i>Other comprehensive income</i>					
Foreign currency translation difference	-	-	-	2,827,355	2,827,355
Total comprehensive income for the half-year	-	(472,680)	-	2,827,355	2,354,675
Transactions with owners in their capacity as owners					
Share based payment	-	-	10,214	-	10,214
Balance at 31 December 2008	23,015,388	(1,733,080)	3,147,685	1,944,129	26,374,122
Balance at 1 July 2009	23,015,388	(2,267,111)	3,187,065	(297,081)	23,638,261
Total comprehensive income for the half-year					
Loss for the half-year	-	(384,838)	-	-	(384,838)
<i>Other comprehensive income</i>					
Foreign currency translation difference	-	-	-	(154,565)	(154,565)
Total comprehensive income for the half-year	-	(384,838)	-	(154,565)	(539,403)
Transactions with owners in their capacity as owners					
Shares issued	943,500	-	-	-	943,500
Transaction costs on share issue	(32,695)	-	-	-	(32,695)
Share based payment	-	-	13,618	-	13,618
Balance at 31 December 2009	23,926,193	(2,651,949)	3,200,683	(451,646)	24,023,281

Statement of Cash Flows *for the half-year ended 31 December 2009*

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(423,303)	(643,025)
Interest received	24,043	128,515
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(399,260)	(514,510)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(58,510)
Payments for expenditure on exploration	(67,851)	(3,836,794)
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(67,851)	(3,895,304)
	<hr/>	<hr/>
Proceeds from share issue	1,026,885	-
	<hr/>	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,026,885	-
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	559,774	(4,409,814)
Cash and cash equivalents at beginning of period	1,686,661	6,949,540
	<hr/>	<hr/>
CASH AT THE END OF THE HALF-YEAR	2,246,435	2,539,726

Notes to the Financial Statements for the half-year ended 31 December 2009

1. CORPORATE INFORMATION

The condensed financial report of Overland Resources Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 16th March 2010.

Overland Resources Limited is a company limited by shares incorporated in Australia.

The nature of the operations and principal activities of the Company and its controlled entity ('the Group') are described in the Directors report.

2. BASIS OF PREPERATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Overland Resources Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amending Accounting Standards and Interpretations

From 1 July 2009 The Group has adopted all Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009; including:

AASB 8 and AASB 2007-3	<i>Operating Segments and consequential amendments to other Australian Accounting Standards</i> AASB8 is a disclosure standard requiring disclosure of information about the Consolidated Entity's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Consolidated Entity.
AASB 101 (Revised) AASB 2007-8 and AASB 2007-10	<i>Presentation of Financial Statements (revised 2007) and other consequential amendments to other Australian Accounting Standards</i> The revised standard introduces a number of terminology changes, and introduces the statement of comprehensive income. The revised standard has resulted in a number of changes in presentation and disclosure.

Adoption of the new Accounting Standards and Interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new Standards or Interpretations.

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
3. ADMINISTRATIVE EXPENDITURE		
Advertising and promotions	1,500	7,435
Bank fees	632	3,181
Conferences and seminars	3,305	6,154
General office expenses	3,578	11,607
Insurance	10,454	25,181
Printing and Stationery	13,084	13,000
Rent and outgoings	51,009	86,460
Telephone	1,249	8,014
Travel and accommodation	27,103	37,204
Other	13,462	7,775
	125,376	206,011
Total administration expenditure		

4. DIVIDENDS

No dividends have been paid or provided for during the half-year (2008: \$Nil).

5. SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves exploration for zinc and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

6. CONTINGENT ASSETS AND LIABILITIES

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

7. SUBSEQUENT EVENTS

On 16th February 2010 the Company announced it had completed a Placement and a Share Purchase Plan.

The Company received shareholder approval at a General Meeting on 5th February 2010 to facilitate the completion of the Placement.

The Company received applications for 1,964,722 ordinary shares, raising \$167,001, under the Share Purchase Plan and applications for 59,500,000 ordinary shares, raising \$5,057,500 under Tranche 2 of the Placement, with Tranche 1 of the Placement completed on 31 December 2009.

	Consolidated	
	31/12/2009	30/06/2009
	\$	\$
8. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
Ordinary shares fully paid	23,926,193	23,015,388

	31/12/2009		30/06/2009	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Balance at beginning of period	74,000,003	23,015,388	74,000,003	23,015,388
Placement	11,100,000	943,500	-	-
Transaction costs on share issue	-	(32,695)	-	-
	85,100,003	23,926,193	74,000,003	23,015,388

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including;
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Hugh Bresser
Director

Perth, Western Australia
16th March 2010

To the members of Overland Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Overland Resources Limited which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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 establishing 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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 Overland Resources Limited and the entities it controlled during the half year, 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.

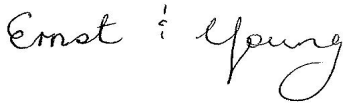
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Overland Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'F Drummond'.

F Drummond
Partner
Perth
16 March 2010