



ABN 63 114 714 662

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2010**

CORPORATE INFORMATION

This half-year report covers the consolidated entity comprising Aragon Resources Limited (“the Company” or “Aragon”) and its subsidiaries (“the Consolidated Entity”). The Consolidated Entity’s functional and presentation currency is AUD (\$).

A description of the Consolidated Entity’s operations and its principal activities is included in the review of operations and activities in the directors’ report on page 2.

Directors

Peter Cook (Chairman)
Paul Benson (Chief Executive Officer)
Benjamin Pollard
Brian Thomas

Company Secretary

Fiona Van Maanen

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Phone: 61-8-9315 2333
Fax: 61-8-9315 2233
E-mail: registrar@securitytransfer.com.au

Registered Office

Level 3
123 Adelaide Terrace
EAST PERTH WA 6004

Phone: 61-8-9220 5600
Fax: 61-8-9202 1050
E-mail: admin@aragonresources.com.au
Website: www.aragonresources.com.au

Postal Address

PO Box 6383
PERTH WA 6892

Securities Exchange

Listed on the Australian Securities Exchange
Code: AAG

Domicile and Country of Incorporation

Australia

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DIRECTOR'S REPORT

Your directors submit their report for the half-year ended 31 December 2010.

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 office for this entire period unless otherwise stated.

Peter Gerard Cook (Non Executive Chairman)
Paul Garrett Benson (Executive Director and Chief Executive Officer)
Benjamin Craig Pollard (Non Executive Director)
Brian David Thomas (Non Executive Director)
Simon Peter Eley (Executive Director) (Resigned – 26 November 2010)

REVIEW AND RESULTS OF OPERATIONS

Results of Operations

The consolidated loss for the half-year ended 31 December 2010, after income tax, amounted to \$686,484 (2009: \$2,557,327). The loss for the period includes an exploration and evaluation write off of \$41,173 (2009: \$2,101,698).

Review of Operations

In the six months to 31 December 2010 Aragon has maintained its focus on mineral exploration within the Central Murchison Gold Project ("CMGP") in Western Australia.

Central Murchison Gold Project

The Central Murchison Gold Project ("CMGP") is located just 600 km north east of Perth in the Murchison Goldfield of Western Australia.

Aragon holds a contiguous group of mining titles covering the three historic gold mining centres of Big Bell, Cuddingwarra and Day Dawn which have collectively produced approximately 5 million ounces to date from underground and open pit mines.

Aragon has a strategic plan to recommence gold mining and construct an integrated mining and ore processing operation within the CMGP with ore sourced from multiple underground and open pit sources. The initial core focus of Aragon has been on the re-evaluation and extension of the largest 3 known ore systems and underground mines within the project. These are the Big Bell underground mine, the Great Fingall Underground Mine and the Golden Crown underground mine and they have been the prolific producers in the field to date.

Since acquiring the Project in January 2010 Aragon has successfully increased the consolidated resource base of the CMGP from 1.5 million ounces to 2.0 million ounces.

Mining studies have determined an initial Probable Mining Reserve Estimate of 614,000 ounces for the first phase of its planned underground mining developments at Big Bell and Golden Crown/Great Fingall.

Probable Mining Reserve Estimates

Deposit	Probable Reserve		
	Tonnes	Grade (g/t Au)	Ounces
Big Bell Underground	2,895,000	4.2	390,000
Golden Fingall Underground	878,000	8.0	224,000
Total	3,773,000	5.1	614,000

Mining recoveries of 85% with 20% dilution has been applied at Big Bell

Mining recoveries of 80% with 10% dilution has been applied at Golden Fingall

In addition, Aragon has been drill testing and assessing options to extend and deepen existing open pit mines. The outcomes of the re-optimisation at a gold price of A\$1,250 achieves modest tonnages with significant prestrip profiles. The best of the open pit outcomes using this approach was at the Great Fingall Open Pit where the optimisation has captured a minable resource of 786,000 @ 1.86g/t (47,100 ounces). Aragon believes it can significantly improve on the financial returns from unconstrained optimisation studies and has commenced mining studies by intra-pit methods. This is assessing the application of smaller equipment and internal ramp re-design and steepening to deepen the available levels for ore extraction. It is thought that this will enable a further 10-20m of mining depth to be achieved without external cut-backs to walls.

Day Dawn Goldfield

The focus of drilling during the period has been to infill and extend the known ore bodies at Golden Crown and Great Fingall and to test for potential high grade reef repetitions elsewhere within the Great Fingall Dolerite (GFD). The GFD is known to host numerous high grade gold deposits along its 12km strike length.

Drilling has successfully extended the ore system at both Great Fingall and Golden Crown down plunge. Conceptual underground mining studies on the redevelopment of the Great Fingall and Golden Crown ore bodies using a single shared decline were completed by expert mining consultants. The outcomes of the study were positive and a mining pre-production capital and re-establishment costs are estimated at \$32.7 million. This includes approximately \$12.5 million for fixed plant and equipment (including dewatering) and \$20.2 million for a new decline to access ore production. Mining only operating costs are estimated to be \$61.5/tonne of ore or \$241 per ounce for ore delivered to a surface stockpile at the mine. Sustaining Capital Development costs for the initial 878,000 tonnes of probable reserve are estimated at \$26.3 million equating to an additional cost of \$30/t or A\$117 per ounce. The project will now move into a more detailed phase of feasibility study.

Exploratory drilling for reef repetitions in the GFD commenced at Trenton Prospect during the period. The Trenton Reef is located approximately 1.8km south of the Great Fingall and Golden Crown mines and within the same GFD stratigraphy with an analogous setting. Drilling results received during the period have been positive with highlight diamond drill results of:

- 2.7 metres @ 10.8g/t Au from 344.3 metres (including 0.7 metres @ 36.7g/t Au)
- 4.0 metres @ 4.6g/t Au from 66.0 metres (including 1.0 metre @ 11.4g/t Au)

Aragon is continuing with exploration at Trenton with hope it can mature into a Great Fingall or Golden Crown type lode.

Murchison Bell Goldfield

Aragon's focus during the period has been on the largest historic producer in the field being the Big Bell underground mine. Aragon has estimated a Total Identified Mineral Resource Estimate (JORC) for the Big Bell mine (currently closed) to 5,161,000 tonnes @ 4.5/t Au for 748,000 ounces of gold.

Additional diamond drilling by Aragon has intersected extensions to the mineralised shear zone beneath the current resource limits and has provided confidence in potential resource extensions to the south and at depth.

Underground mining studies on the Big Bell resource have been completed by specialist mining consultants Berrimil Services Pty Ltd and Mr. John Player (Senior Research Fellow - Geotechnical Engineering, West Australian School of Mines). Both consultants have extensive and direct operating experience at the Big Bell mining operation.

REVIEW AND RESULTS OF OPERATIONS

A positive outcome was returned. Pre-production capital and re-establishment costs are estimated to be \$20.1 million. This includes approximately \$9.7 million for refurbishment and re-establishment of the mine, portal, decline and mine services. The mining only operating costs are estimated to be \$56/tonne of ore mined or A\$465 per ounce for ore delivered to a surface stockpile at the mine. A further \$10.4 million is estimated for replacement mine fixed plant, services equipment and reticulation. Sustaining Capital Development costs for the initial 2.9 million tonnes of probable reserve are estimated at \$33.8 million equating to an additional cost of \$11.70/t or A\$96 per ounce.

Cuddingwarra Goldfield

The Cuddingwarra Goldfield has been subjected to a significant phase of open-pit mining of supergene enhanced gold mineralisation during the 1990-2000's. There are no large historic underground mines and historic production from the numerous open pits totals approximately 800,000 ounces of gold.

Aragon commenced regional exploration of high priority targets during the period with an objective to discover new open-pittable oxide ores. A number of encouraging results have been returned from the first program of air-core drilling which require further investigation. Highlight results from the City of Sydney and White Hills prospects are tabulated below:

Prospect	Hole ID	Northing	Easting	Grade Au (g/t)	From (m)	Interval (m)
City of Sydney	CMC0050	6973450	579040	0.88	25	1
	CMC0064	6973450	579100	2.71	8	4
	CMC0066	6973450	579140	1.22	64	4
	CMC0067	6973450	579160	0.94	72	4
White Hills	CMC0060	6973340	578340	2.67	11	1 (EOH)
	CMC0061	6973340	578360	0.48	20	4
	CMC0063	6973340	578400	0.29	12	4
	CMC0056	6973340	578360	0.58	3	1

All holes use design coordinates in MGA-94 with an azimuth of 270 and dip of -60. Reported results are from 4 metre composite samples unless otherwise stated. Assays results are determined by 50g Fire Assay with AA finish with all descriptions and locations stated as designed coordinates in MGA-94.

Lake Lefroy Nickel Prospect

The Lake Lefroy Nickel project is located on the geologically interpreted Aztec Dome approximately 15km west of the prolific Kambalda nickel province. Aragon has completed a SQUID EM survey and identified conductive targets that it considers may be associated with nickel mineralisation beneath salt-lake sediments. Aragon has sourced a drill rig with on-lake drilling capability and has been awarded co funding from the State Government Exploration Incentive Scheme (EIS) to complete the drilling. The program is expected to commence during the March 2011 quarter.

Ammaroo Phosphate Prospect

During the period Aragon entered into an agreement with Rum Jungle Uranium Ltd (ASX: RUM) ("Rum Jungle") whereby RUM can earn a 60% interest in Aragon's Ammaroo Phosphate project. To earn its 60% interest, RUM must spend \$3 million on exploration over a 5 year period, manage and implement the work program and keep the tenements comprising the project in good standing. RUM may also earn an additional 10% interest by spending a further \$2 million over a further 2 year period.

Subsequently in January 2011 Aragon has reached agreement with Rum Jungle to sell 100% of its wholly owned subsidiary, Territory Phosphate Pty Ltd for a total consideration of \$1,000,000 cash and 16,000,000 fully paid ordinary shares in Rum Jungle. The sale process was completed on 8 Feb 2011 and the closing share price of RUM on this date was \$0.455 valuing the share component at \$7.28m.

Corporate

During the period Aragon completed a 15% placement to raise \$7.29 million (before placement costs). Aragon's largest shareholders, Westgold Resources Limited and Metals X Limited, have both participated to maintain their respective shareholdings. The balance of the stock was placed to institutional clients of Southern Cross Equities Limited. Funds raised will be applied to working capital and used for continued exploration and mine development and feasibility studies of Aragon's Central Murchison Gold Project.

CMGP Resource Table (* denotes underground resource).

Mining Centre/ Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
	('000s)	g/t	Oz	('000s)	g/t	Oz	('000s)	g/t	Oz	('000s)	g/t	Oz
Murchison Bell												
1600N/Shocker				415	2.5	33,000	359	3.2	37,000	774	2.8	70,000
Big Bell*				5,153	4.5	747,000	7	4.9	1,200	5,161	4.5	748,000
Fender				71	4.1	9,000				71	4.1	9,000
North Fender				385	1.7	21,000	578	1.6	30,000	963	1.7	51,000
Sub -total				6,024	4.2	810,000	944	2.2	68,200	6,969	3.9	878,000
Cuddingwarra												
Black Swan				222	3.5	25,000	1	1.3		223	3.5	25,000
Black Swan South				315	3.5	35,000	1,816	3.8	224,000	2,131	3.8	259,000
Chieftain				50	3.1	5,000	75	3.4	8,000	125	3.3	13,000
City of Chester				28	2.3	2,000	82	2.4	6,000	110	2.4	8,000
City of Sydney	4	1.6		62	2.1	4,000				65	2.0	4,000
Golden Gate				65	3.0	6,000	1	2.6		66	3.0	6,000
Rheingold							89	3.8	11,000	89	3.8	11,000
Rheingold South	23	3.3	3,000	82	3.6	10,000	96	3.4	11,000	202	3.5	23,000
Sub-total	27	3.0	3,000	824	3.3	87,000	2,160	3.7	260,000	3,011	3.6	349,000
Day Dawn												
3210				50	3.3	5,000				50	3.3	5,000
Golden Crown*				551	9.6	169,000	91	5.4	16,000	642	9.0	185,000
Great Fingall				349	1.9	21,000	1,500	1.4	67,000	1,849	1.5	88,000
Great Fingall*¹				1,034	10.2	340,000	271	6.5	56,000	1,305	9.4	396,000
Kinsella	1	2.9		54	3.1	5,000				55	3.1	6,000
Mt Fingall							30	3.1	3,000	30	3.1	3,000
Rubicon	19	2.9	2,000	50	2.3	4,000	12	1.3		80	2.3	6,000
South Fingall				36	2.8	3,000	28	3.1	3,000	65	3.0	6,000
Try Again	1	1.8		12	3.2	1,000	178	3.1	17,000	192	3.1	19,000
Yellow Taxi				80	2.4	6,000	15	2.9	1,000	94	2.5	7,000
Yellow Taxi South							37	4.3	5,000	37	4.3	5,000
Sub-total	21	2.8	2,000	2,216	7.8	554,000	2,162	2.5	168,000	4,399	5.1	726,000
Sub Total In situ	47	3.3	5,000	9,064	5.0	1,451,000	5,266	2.9	496,200	14,379	4.2	1,953,000
Stockpiles												
Great Fingall				108	1.0	3,000				108	1.0	3,000
Fingall Sands				34	1.2	1,000				34	1.2	1,000
Stockpiles				142	0.9	4,000				142	0.9	4,000
TOTAL	47	3.3	5,000	9,206	4.9	1,455,000	5,266	2.9	496,200	14,521	4.2	1,957,000

Note 1: Great Fingall JV Claim

There is a 49% joint venture interest claim over the Great Fingall deeps from 500 metres below surface. The current total resource included in this area is approximately 927,000 tonnes @ 9.1g/t Au for 271,000 ounces.

Competent Persons Statement

The information in the tables in this report that relate to exploration, mineral resources or ore reserves is based on information compiled by Mr. Paul Benson (B.Sc.) who is a full time employee of Aragon Resources Ltd and a member of the AusIMM. Mr. Benson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Benson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 17 and forms part of this report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read "Paul Benson".

Paul Benson
Chief Executive Officer

Perth, 2 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	CONSOLIDATED	
		31 December 2010 \$	31 December 2009 \$
Interest revenue	3	244,621	73,900
Other income	3	32,742	17,985
Depreciation and amortisation expense	4(a)	(36,340)	(16,049)
Employee benefits expense	4(b)	(451,621)	(457,036)
Administration and other expenses	4(c)	(373,782)	(214,976)
Exploration and exvaluation expenditure written off	6	(41,173)	(2,101,698)
Loss before income tax		(625,553)	(2,697,874)
Income tax (expense)/benefit		(60,931)	140,547
Net loss attributable to members of Aragon Resources Limited		(686,484)	(2,557,327)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(686,484)	(2,557,327)
Loss per share (cents per share)			
- basic, for loss for the half-year attributable to ordinary equity holders of the Company		(0.33)	(3.70)
- diluted, for loss for the half-year attributable to ordinary equity holders of the Company		(0.33)	(3.70)

The accompanying notes form an integral part of this statement of comprehensive income .

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	CONSOLIDATED	
		As at 31 December 2010 \$	As at 30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	11,081,747	8,132,960
Trade and other receivables		104,683	346,074
Prepayments		51,822	21,213
Total current assets		<u>11,238,252</u>	<u>8,500,247</u>
NON-CURRENT ASSETS			
Receivables		3,349,670	3,314,952
Property, plant and equipment		404,568	468,242
Exploration and evaluation expenditure	6	21,978,096	19,366,820
Total non-current assets		<u>25,732,334</u>	<u>23,150,014</u>
TOTAL ASSETS		<u><u>36,970,586</u></u>	<u><u>31,650,261</u></u>
CURRENT LIABILITIES			
Trade and other payables		421,290	1,506,371
Provisions		54,748	66,421
Total current liabilities		<u>476,038</u>	<u>1,572,792</u>
NON-CURRENT LIABILITIES			
Provisions		3,232,818	3,232,818
Total non-current liabilities		<u>3,232,818</u>	<u>3,232,818</u>
TOTAL LIABILITIES		<u><u>3,708,856</u></u>	<u><u>4,805,610</u></u>
NET ASSETS		<u><u>33,261,730</u></u>	<u><u>26,844,651</u></u>
EQUITY			
Issued capital	7	37,119,761	30,055,509
Option premium reserve		3,130,354	3,091,042
Accumulated losses		(6,505,516)	(5,819,031)
Other reserves		(482,869)	(482,869)
TOTAL EQUITY		<u><u>33,261,730</u></u>	<u><u>26,844,651</u></u>

The accompanying notes form an integral part of this statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	CONSOLIDATED	
		31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities			
Other income		32,742	17,985
Interest received		244,621	73,900
Payments to suppliers and employees		(1,633,294)	(398,415)
Payments for office rental bond		(34,717)	(42,637)
Net cash flows (used in)/from operating activities		(1,390,648)	(349,167)
Cash flows from investing activities			
Payments for property, plant and equipment		(11,437)	(2,615)
Payments for exploration and evaluation		(2,652,449)	(392,707)
Purchase of convertible note - other financial asset		-	(500,000)
Net cash flows used in investing activities		(2,663,886)	(895,322)
Cash flows from financing activities			
Proceeds from the issue of shares		7,312,407	1,300,255
Payment of share issue costs		(309,086)	(70,200)
Share Application Monies received		-	5,837,000
Net cash flows from financing activities		7,003,321	7,067,055
Net increase/(decrease) in cash and cash equivalents		2,948,787	5,822,566
Cash and cash equivalents at the beginning of the financial period		8,132,960	4,055,690
Cash and cash equivalents at the end of the period	5	11,081,747	9,878,256

The accompanying notes form an integral part of this statement of cash flow.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated				
	Attributable to equity holders of the parent				
	Issued capital	Option premium reserve	Net unrealised gains reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
At 1 July 2009	11,792,853	554,570	(115,853)	(3,472,857)	8,758,713
Loss for the period	-	-	-	(2,557,326)	(2,557,326)
Other comprehensive income	-	-	366,450	-	366,450
Total comprehensive income for the half-year	-	-	366,450	(2,557,326)	(2,190,876)
Transactions with owners in their capacity as owners					
Shares and options issued	1,300,255	-	-	-	1,300,255
Share issue costs	(53,697)	-	-	-	(53,697)
Share-based payment	-	289,747	-	-	289,747
At 31 December 2009	13,039,411	844,317	250,597	(6,030,183)	8,104,142
At 1 July 2010	30,055,509	3,091,042	(482,869)	(5,819,032)	26,844,650
Loss for the period	-	-	-	(686,484)	(686,484)
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the half-year	-	-	-	(686,484)	(686,484)
Transactions with owners in their capacity as owners					
Shares and options issued	7,312,407	-	-	-	7,312,407
Share issue costs	(248,155)	-	-	-	(248,155)
Share-based payment	-	39,312	-	-	39,312
At 31 December 2010	37,119,761	3,130,354	(482,869)	(6,505,516)	33,261,730

The accompanying notes form an integral part of this statement of changes in equity.

1. CORPORATE INFORMATION

The financial report of Aragon Resources Limited for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Directors on 2 March 2011.

Aragon Resources Limited is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The principal activity of the Consolidated Entity is exploration for minerals.

The address of the registered office is Level 3, 123 Adelaide Terrace, East Perth, WA 6004.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed financial report for the half year ended 31 December 2010 has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

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 2010 and considered together with any public announcements made by Aragon Resources Limited and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Significant accounting policies

Apart from the changes in the accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2010, the Group has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Aragon Resources Limited and its controlled entities ('the Consolidated Entity').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Investments in controlled entities are carried in the balance sheet of the Company at cost less any impairment losses, if any.

3. REVENUE AND INCOME

	CONSOLIDATED	
	31 December 2010	31 December 2009
	\$	\$
Revenue		
Interest received - other corporations	244,621	73,900
Total revenue	<u>244,621</u>	<u>73,900</u>
Other income	32,742	17,985
Total revenue & other income	<u>277,363</u>	<u>91,885</u>

4. EXPENSES AND LOSSES

(a) Depreciation and amortisation

Depreciation of property plant and equipment	36,340	16,049
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(b) Employee benefits expense

Wages and salaries	355,842	130,420
Superannuation expenses	58,006	35,999
Other employee benefits	(1,539)	870
Share based payments	39,312	289,747
Total employee benefits	<u>451,621</u>	<u>457,036</u>

(c) Administration and other expenses

Administration expense	330,763	165,000
Legal and professional fees	4,248	49,976
Net loss on disposal of plant and equipment	38,771	-
Total administration and other expenses	<u>373,782</u>	<u>214,976</u>

5. CASH AND CASH EQUIVALENTS

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	<u>11,081,747</u>	<u>9,878,256</u>
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6. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2010 the Consolidated Entity capitalised \$2,652,449 (2009: \$399,696) in relation to exploration and evaluation expenditure.

During the half-year a review was undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty existed as to the future viability of certain areas, the value of that area of interest was written off to the income statement. Exploration and evaluation expenditure of \$41,173 (2009: \$2,101,698) was written off to the statement of comprehensive income.

7. ISSUED CAPITAL	31 December 2010 \$	30 June 2010 \$
<i>Ordinary Shares</i>		
Issued and fully paid	37,119,761	30,055,509
	Number of shares	\$
At 1 July 2010	202,530,775	30,055,509
Issued during the period for cash pursuant to placement	30,360,000	7,286,400
Issued during the period for cash on exercise of options	104,030	26,007
Share issue costs	-	(309,086)
Tax effect of share issue costs	-	60,931
At 31 December 2010	232,994,805	37,119,761

8. EVENTS AFTER THE BALANCE SHEET DATE

On 10 January 2011 Aragon Resources Ltd completed the sale of the remaining Darlot tenements to Interglobal Investments Ltd for a cash payment of \$150,000.

On 11 January 2011 Aragon Resources Ltd issued 1,025,000 unlisted employee share options at the exercise price of \$0.32 per share on or before 11 January 2014. These options have a valuation of \$128,125.

On 12 January 2011 Aragon Resources Ltd reached an agreement with Rum Jungle Resources Ltd (ASX: RUM) ("Rum Jungle") to sell 100% of its wholly owned subsidiary, Territory Phosphate Pty Ltd for a total consideration of \$1,000,000 cash and 16,000,000 fully paid ordinary shares in Rum Jungle. Territory Phosphate Pty Ltd holds the tenements that form the Ammeroo phosphate/potash project in the Northern Territory that were the subject of a joint venture farm-in agreement with Rum Jungle. Under the transaction, Aragon has also agreed to nullify its joint venture farm-in agreement between its wholly owned subsidiary, Territory Phosphate Pty Ltd and Rum Jungle. The sale process was completed on 8 February 2011.

On 7 February 2011 Aragon Resources Ltd was notified that its 20.1% shareholder, Westgold Resources Limited (ASX: WGR) ("Westgold") intends to make a takeover bid for all of the issued shares and options in Aragon that it does not already own. The consideration offered by Westgold is one (1) Westgold share for each one (1) Aragon share and, subject to receiving the relevant ASIC relief, one (1) Westgold option (to acquire a Westgold share) for each Aragon option (to acquire an Aragon share) at equivalent exercise dates and exercise prices.

9. COMMITMENTS	31 December 2010 \$	31 December 2009 \$
(a) Operating lease commitments - Company as lessee		
The Company had a commercial lease for office space which expired in August 2010. From September 2010 onwards the Company pays rent on a monthly basis in arrears with no minimum commitment.		
Future minimal rentals payable under non-cancellable operating lease as at 31 December:		
Within one year	-	63,953
One year or later and no later than five years	-	-
	-	63,953
Operating lease commitments - Company as lessor		
The Company had entered into a commercial sub-lease on the above mentioned office space which expired in August 2010.		
Future minimal rentals receivable under non-cancellable operating lease as at 31 December:		
Within one year	-	11,991
	-	11,991
(b) Exploration commitments		
In order to maintain current rights of tenure to exploration permits, the Consolidated Entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report and are payable:		
Within one year	503,132	1,071,228
One year or later and no later than five years	1,622,576	1,666,721
Greater than five years	3,468,061	33,478
	5,593,769	2,771,427

10. CONTINGENCIES

There have been no significant changes in contingencies as at the date of this report.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Aragon Resources Limited, I state that:

- (1) In the opinion of the Directors:
 - (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2010 and of its performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

On behalf of the Board.



Paul Benson
Chief Executive Officer

Perth, 2 March 2011



Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

To the members of Aragon Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aragon Resources Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 Aragon 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.

GHM:NR:Aragon:2010:017

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GHM:NR:Aragon:2010:017

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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*.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written over a faint, larger version of the company logo.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', is written over a faint, larger version of the company logo.

G H Meyerowitz
Partner
Perth
2 March 2011