Glory Resources Limited

ABN 38 142 870 102

Interim Financial Report

For the period ended 31 December 2010

Contents

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with any public announcements made by Glory Resources Limited during the period from the date of incorporation on 30 March 2010 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' Report

Your Directors present their first report together with the financial statements for the period from the date of incorporation on 30 March 2010 to 31 December 2010.

Directors

The persons who were Directors of Glory Resources Limited during the interim reporting period and up to the date of this report are:

Mr Jeremy King	(Executive Director)
Mr Jason Bontempo	(Non-Executive Director)
Mr Richard Repsevicius	(Non-Executive Director)
Mr Roberto Catena[1]	(Non-Executive Director)
Ms Shannon Caporn	(Company Secretary)

Note:
1. Mr Catena resigned as a director effective 24 May 2010.

Review of Operations

The entity's operating loss for the period from the date of incorporation on 30 March 2010 to 31 December 2010 was ($87,349).

Glory Resources Limited was incorporated on 30 March 2010. In September 2010 Glory Resources Limited (**Company**) entered into an agreement to acquire Quetico Minerals Pty Ltd and its Canadian subsidiary Quetico Resources Limited (**Quetico Resources**).

During the half year the Company undertook a capital raising by way of an initial public offering at $0.20 to issue 12,500,000 ordinary fully paid shares raising $2.5 million. All funds under the capital raising were received prior to 31 December 2010, with the related share settlement completing following the half year end.

Subsequent Events

Acquisition of Quetico Resources Limited and Canadian projects

The acquisition of Quetico Minerals Pty Ltd and Quetico Resources was completed on 14 January 2011. Quetico Resources holds the right to earn a 75% interest in the Onion Lake Project pursuant to a joint venture with Benton Resources Limited (**Joint Venture**), as well as a 100% interest in the Eagle Lake Project and the Way Lake Project. All projects are contained in the Lake Superior region in Canada, a known mineralised region with a history of mining which is serviced by excellent local infrastructure and a highly skilled mining workforce.

- **Onion Lake Project**

  The Onion Lake (**OL**) Project is the Company's flagship property, and is prospective for PGM-Ni. It is located approximately 50 kilometres north of Thunder Bay, Ontario, Canada and is adjacent to Magma Metals (Canada) Ltd (ASX:MMW) Thunder Bay North Polymetallic Property (732,000 Pt equivalent resource) (*Figure 1*). The Project consists of 84 unpatented mining claims comprising a total area of approximately 155km^2. The mining claims are contiguous and located within the Thunder Bay Mining Division.

Directors' Report (cont)

- **Eagle Lake Project**

  The Eagle Lake (**EL**) Project is prospective for Gold and Gold-Copper and is located 26 kilometres west southwest of the town of Dryden, Ontario, Canada. Dryden is located on the Trans-Canada Highway, 400 kilometres north-northwest of Thunder Bay, Ontario, Canada. The EL Project consists of 11 unpatented mining claims comprising 2,400 hectares. The mining claims are contiguous and located in the Kenora Mining Division. Historically the EL Project has been explored for shear-hosted gold mineralisation which was first reported in the area by prospectors in the early 1900's.

- **Way Lake Project**

  The Way Lake Project (**WL**) is prospective for Ni-PGM and is located approximately 12 km east-southeast of the town of Sioux Lookout, Ontario, Canada. The Property consists of 4 unpatented mining claims comprising 864 hectares. The claim group is contiguous and located within the Patricia Mining Division.

  Past exploration in the area of the WL Property has reported the presence of andesite, rhyodacite and dacite volcanics and a large peridotite unit that has been named the Way Lake Intrusion. The general strike of the geology is east-west with near vertical dips. Past exploration has included a government airborne electromagnetic and total intensity magnetic survey over the entire Sioux Lookout greenstone belt. In addition, during the 1970's, industry conducted airborne and ground electromagnetic surveys and limited diamond core drilling.

ASX Listing

Having successfully closed its initial public offering, the Company listed on the Australian Securities Exchange on 21 January 2011.

Acquisition of Rio Tinto Claims

On 15 February 2011 the Company announced the acquisition of a further 21 mining claims to the OL Project in Ontario, Canada pursuant to the Joint Venture. The additional 21 mining claims are contiguous to or surrounded by the Company's existing OL Project claims and were acquired from Rio Tinto Exploration Canada Inc (**Rio**). Rio retained a 2% net smelter royalty and a right of first refusal up to a bankable feasibility study stage as consideration. The limited exploration and expenditure undertaken on the claims to date includes prospecting, sampling and assay work.

Auditor's Independence Declaration

The Auditor's Independence Declaration on page 5 forms part of the Director's Report for the half-year ended 31 December 2010.

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

Jeremy King
Executive Director

Perth, Western Australia, 28 February 2011

Auditor's Independence Declaration

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28 February 2011

The board of directors
Glory Resources Limited
945 Wellington Street
West Perth WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF GLORY RESOURCES LIMITED

As lead auditor of Glory Resources Limited for the 9 month period ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Glory Resources Limited.

Peter Toll
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Statement of Comprehensive Income
For the period from the date of incorporation on 30 March 2010 to 31 December 2010

	Notes	2010 $
Revenue from continuing operations		-
Other income	3	9,005
Accounting and audit fees		(30,250)
Advisory fees		(50,000)
Other expenses		(16,104)
Results from operating activities		(87,349)
Finance income		-
Finance costs		-
Net finance costs		-
Loss before income tax expense		(87,349)
Income tax expense		-
Loss for the period from continuing operations		(87,349)
Loss for the period		(87,349)
Other comprehensive income for the period		
Total comprehensive loss for the period		**(87,349)**
EPS		(0.01)

Where diluted earnings per share are not dilutive, they are not disclosed.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 31 December 2010

	Notes	31 December 2010 $
ASSETS		
Current Assets		
Cash and cash equivalents		2,672,360
Trade and other receivables		15,386
Loans receivable		55,930
Total Current Assets		2,743,676
TOTAL ASSETS		2,743,676
LIABILITIES		
Current Liabilities		
Trade and other payables		1,000
Other payables	4	2,520,000
Total Current Liabilities		2,521,000
TOTAL LIABILITIES		2,521,000
NET ASSETS		222,676
EQUITY		
Contributed equity	6	310,025
Accumulated losses		(87,349)
TOTAL EQUITY		222,676

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the period from the date of incorporation on 30 March 2010 to 31 December 2010

	Note	Contributed equity $	Accumulated losses $	Total $
Balance at 30 March 2010		-	-	-
Total comprehensive income for the half-year				
Loss for the period		-	(87,349)	(87,349)
Total comprehensive income for the half-year		**-**	**(87,349)**	**(87,349)**
Transactions with owners, recorded directly in equity				
Contributions by owners				
Issue of ordinary shares net of transaction costs		310,025	-	310,025
Total transactions with owners		310,025	-	310,025
Balance at 31 December 2010		**310,025**	**(87,349)**	**222,676**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the period from the date of incorporation on 30 March 2010 to 31 December 2010

	Notes	2010 $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		(110,128)
Interest received		8,393
Net cash flows inflow (outflow) from operating activities		(101,735)
Cash flows from investing activities		
Loans to other entities		(55,930)
Net cash flows inflow (outflow) from investing activities		(55,930)
Cash flows from financing activities		
Proceeds from IPO		2,830,025
Net cash flows inflow (outflow) from financing activities		2,830,025
Net increase in cash and cash equivalents		2,672,360
Cash and cash equivalents at beginning of the financial period		-
Cash and cash equivalents at end of the half-year		**2,672,360**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 – Basis of preparation

The interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: "Interim Financial Reporting".

These financial statements are to be read in conjunction with any publications made by Glory Resources Limited during the period from the date of incorporation on the 30 March 2010 to the date of this report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001.* The interim financial statements do not include full disclosures of the type normally included in annual financial statements.

Note 2 – Summary of significant accounting policies

a) Revenue Recognition

Interest revenue is recognised on a time proportionate basis that takes into account the interest rates applicable to the financial assets.

b) Income Tax

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

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and bank balances

d) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Notes to the Financial Statements (Cont)

Trade and Other Receivables (cont)

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

e) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

f) Exploration and evaluation assets

Exploration and evaluation costs are accumulated in respect of each separate 'area of interest' or geographical segment. Costs are either expensed as incurred or capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Impairment losses are recognised in the income statement.

g) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

h) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements (Cont)

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

j) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit and loss.

l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related tenement itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Notes to the Financial Statements (Cont)

Accounting estimates and judgements (cont)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Note 3 – Other Income

	Period ended 31 December 2010 $
Interest income	9,005
Other	-
Total other income	**9,005**

Note 4 – Other Payables

	Period ended 31 December 2010 $
IPO funds received shares not yet issued	2,520,000
Total other payables	**2,520,000**

Note 5 – Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Company does not have any customers, and all the Company's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Note 6 – Equity securities issued

	Period ended 31 December	
	2010	2010
	Shares	$
Issues of ordinary shares during the half year	-	-
Issue of shares	11,375,001	340,301
Issue of shares to Directors	-	-
Issue of shares to Related parties	-	-
Share issue costs		(30,276)
	11,375,001	**310,025**

Notes to the Financial Statements (Cont)

Note 7 – Dividends

No dividends were paid or declared during the period.

Note 8 – Events subsequent to Reporting Date

(i) On 14 January 2011 Glory Resources Limited acquired 100% of the issued shares in Quetico Minerals Pty Ltd which is 100% owner of Canadian Company Quetico Resources Ltd. Quetico Resources has the right to earn an interest of up to 75% of a Canadian project known as Onion Lake. In addition, Quetico Resources also owns 100% interest in 2 projects known as Eagle Lake and Way Lake. For the acquisition of Quetico Minerals Pty Ltd the Company issued 1,000,000 vendor shares as consideration.

	$
Purchase Consideration	
Equity instruments issued*	200,000
Contingent consideration**	-
	200,000

	Carrying Value $
Cash and cash equivalents	1
Exploration and evaluation expenditure	118,629
Accounts payable	(99,987)
Net identifiable assets acquired	**18,643**

* The equity portion of the purchase consideration comprises of 1 million ordinary shares in Glory Resources Limited at $0.20 per share.
** The contingent consideration comprises 4,000,000 fully paid ordinary shares in the capital of Glory upon Glory completing its earn-in to obtain a 70% Participating Interest in the Onion Lake Project and 4,000,000 fully paid ordinary shares in the capital of Glory upon completion of a positive bankable feasibility study to the satisfaction of Glory, acting reasonably, in respect of either the Eagle Lake Project or the Way Lake Project, whichever occurs first.

(ii) Currently work is being undertaken to finalise goodwill valuation and cost of combination components. For this reason it is not practicable at this stage to provide further details on the finalised financial effect of this transaction.On 21st January 2011 the company had successfully listed on the Australian Securities Exchange and 12,500,000 shares issued as a result of the initial public offering.

(iii) On 15 February 2011 the Company announced the acquisition of a further 21 mining claims to the OL Project in Ontario, Canada pursuant to the Joint Venture. The additional 21 mining claims are contiguous to or surrounded by the Company's existing OL Project claims and were acquired from Rio Tinto Exploration Canada Inc (Rio). Rio retained a 2% net smelter royalty and a right of first refusal up to a bankable feasibility study stage as consideration. The limited exploration and expenditure undertaken on the claims to date includesprospecting, sampling and assay work.

Notes to the Financial Statements (Cont)

Note 9 – Commitments and Contingent Liabilities

As part of the acquisition of Quetico Minerals Pty Ltd, Quetico Resources Ltd (Canadian Company) had entered into a Joint Venture agreement on the Onion Lake Project. As part satisfaction of the Joint Venture Agreement Quetico Resources Limited must incur C$500,000 of expenditures on the Onion Lake Project on or before 30 September 2011.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 8 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standard: *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional requirements of the company; and

(ii) giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance for the period from incorporation on 30 March 2010 to the period ended on that date;
and

(b) there are reasonable grounds to believe that Glory Resources Limited will be able to pay its debts as and when they become due and payable; and

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

Mr Jeremy King
Executive Director

Perth, Western Australia, 28 February 2011

Independent Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GLORY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying interim financial report of Glory Resources Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 9 month period ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is 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 interim 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 disclosing entity's financial position as at 31 December 2010 and its performance for the 9 month period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Glory Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Glory Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Review Report (Cont)

BDO

Conclusion

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

(a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and of its performance for the 9 month period ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 28th day of February 2011