



APHRODITE
Gold Limited

HALF-YEAR REPORT

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

*This Half-Year Report should be read in conjunction with the Company's
Annual Report for the period ended 30 June 2011*

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Corporate Information

This Report covers the activities of Aphrodite Gold Limited ABN 61 138 879 928 for the half-year ended 31 December 2011. The Company's functional and presentation currency is Australian Dollars (AUD). A review of the Company's principal activities and operations is included in the Directors' Report at page 3. The Directors' Report is unaudited and does not form part of this Financial Report.

REGISTERED AND CORPORATE OFFICE

Aphrodite Gold Limited
ABN 61 138 879 928
45 Ventnor Avenue
West Perth WA 6005

DIRECTORS

Warren Staude BSc MSc MAusIMM FFin MAICD – Non-Executive Chairman
Wayne Ryder FCA FAICD MSME – Executive Director, Finance and Administration
Leon Reisgys BSc(Hons) Grad Dipl FAusIMM MAIG – Executive Director, Exploration and Development
Ken Jackson FCA – Non-Executive Director
Heath Sandercock BE(Mining)(Hons) FAusIMM MMICA MSME – Non-Executive Director

SECRETARY AND CHIEF FINANCIAL OFFICER

Wayne Ryder FCA
Tel (08) 9389 4421
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DIRECTOR OF EXPLORATION AND DEVELOPMENT

Leon Reisgys BSc(Hons.Appl.Geol) Grad Dipl FAusIMM MAIG
45 Ventnor Avenue
West Perth WA 6005

AUDITOR

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth WA 6005

WEB SITE

www.aphroditegold.com.au

Directors' Report

Your Directors are pleased to submit their Report for the half-year ended 31 December 2011.

The following were the Directors of the Company in office during the half-year under review and at the date of this Report:

Warren Staude
Wayne Ryder
Leon Reisgys
Ken Jackson
Heath Sandercock

PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was exploration and development of the Aphrodite Gold Project near Kalgoorlie, Western Australia.

REVIEW OF EXPLORATION ACTIVITIES

Aphrodite Gold Project – M24/662, M24/681, M24/720, M24/779, M24/649 totaling 2,929 hectares

The Aphrodite Gold Project is located 65km north of Kalgoorlie in Western Australia and consists of five long term mining leases covering almost 30 km².

Following completion of a major drill program the Company announced in March 2011 a revised JORC Resource Estimate for the Aphrodite Deposit of 10.06Mt averaging 3.19g/t gold containing 1.03 million ounces of gold (see note A below). These resources are contained in the two main parallel lodes, Alpha and Phi which remain open at depth and along strike.

Further resource drilling was undertaken over the Aphrodite Deposit during the half year-under review with significant intersections achieved down to a maximum vertical depth of 260 metres. The Company also reported encouraging results from its maiden drilling program over the North Menelaus Gold Prospect located 4km north of the Aphrodite Deposit.

In addition the Company completed a major metallurgical test work program on oxide, transitional (near surface) and primary (sulphide, deeper) ore under the supervision of leading mineral engineering consultants Mineral Engineering Technical Services Pty Ltd (METS). Results received indicate that recoveries of over 90% of the gold are achievable.

Following completion of the metallurgical program a decision was made in September 2011 to proceed with a Scoping Study to examine the staged development of the Aphrodite Deposit with initial open pit mining followed by underground development of higher grade resources.

METS was selected to examine processing options for the ores that will be mined from the Deposit. Options considered include toll treatment as well as on site processing of the ore to at least the production of a high grade (gold) concentrate(s). Engineering consultants Tetra Tech was selected to study the mining aspects including mining methods, production rates, development and production schedules, and equipment. Tetra Tech is a leading engineering group with offices worldwide including Perth, Western Australia.

Completion of the Scoping Study is expected around end-January 2012 following which the Board will determine whether to proceed to Feasibility Studies.

Directors' Report (cont.)

Scotia Joint Venture Project

Following a successful drill campaign on the Chameleon Prospect the Company announced in December 2011 that it has earned an initial 51% interest in the Gold Rights at Breakaway Resources Limited's (ASX: BRW) Scotia Project located adjacent to the Aphrodite Gold Project and had elected to earn an additional 29% interest. Details of the Farm-In Agreement with Breakaway were announced to the ASX in June 2011.

An Exploration Target of 2.1 to 2.5 million tonnes at between 1.4 and 1.9g/t gold for 100,000 to 140,000 ounces of gold at a cut-off of 0.5g/t gold has been estimated for the Chameleon Prospect (see note B below). A resource drilling program is planned for 2012.

Note A – JORC Resource Estimate

Existing JORC Resource for the Aphrodite Gold Project consists of 3.67Mt @ 3.83g/t Au for 451,000 ounces. (Indicated) and 6.39Mt @ 2.83g/t Au for 582,000 ounces (Inferred) totaling 10.06Mt @ 3.19g/t Au for 1,033,000 ounces. This resource has been broken down into two domains; potential open pit (0 to 150m depth) and underground (150 to 440m depth). Potential open pit resources consist of 1.92Mt @1.96g/t Au for 121,000 ounces (Indicated) and 5.14Mt @1.81g/t Au for 299,000 ounces (Inferred) totaling 7.06Mt @ 1.85 g/t Au for 420,000ounces at a cut-off grade of 0.5g/t. Potential underground resources consist of 1.75Mt @ 5.87g/t Au for 330,000 ounces (Indicated) and 1.25Mt @ 7.02g/t Au for 283,000 ounces (Inferred) totaling 3.0Mt @ 6.35 g/t Au for 613,000 ounces at a cut off grade of 3.0g/t. Full details of the JORC resource are contained in the Company's ASX announcement of 24 March 2011.

Note B - Exploration Target

Tonnage and grade estimates for this Exploration Target are conceptual in nature and it is uncertain that further drilling will convert any of this potential to a Mineral Resource.

FINANCIAL RESULTS

For the half-year the Company recorded a net loss after tax from operating and exploration activities and a Comprehensive Loss of \$306,528 (2010 \$366,420).

Exploration expenditure capitalised for the half-year amounted to \$2,941,934 (2010 \$2,319,068).

ASSETS POSITION AND NET TANGIBLE ASSET BACKING (EXCLUDING CAPITALISED EXPLORATION EXPENDITURE) PER SHARE

Net Tangible Asset backing per Share, excluding capitalised Exploration Expenditure, at the end of the half-year under review was 0.2 cents per share (2010 4.1 cents per share).

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the half-year under review.

Directors' Report (cont.)

SUBSEQUENT EVENTS

Since the end of the half-year the Company held a non-renounceable 1:2 Share Entitlement Issue and Shortfall Offer by way of Prospectus, raising \$2,858,392 (before costs) from the issue of 53,931,919 Shares at 5.3 cents per Share. These funds will be used in the further exploration and development of the Company's Aphrodite Gold Project.

Since the end of the half-year independent consultants produced a Scoping Study on the Company's Aphrodite Gold Project, showing an estimated pre-tax Net Present Value for the Project of approx. \$129,000,000 based on a gold price of \$1,650 per ounce.

No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2011.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS OF APHRODITE GOLD LIMITED



WAYNE RYDER
DIRECTOR

Dated at West Perth this 14th day of March 2011

Competent Person's Statement

Information in this report that relates to technical results and resources reflects information compiled by Leon Reisgys FAusIMM and Exploration and Development Director of Aphrodite Gold Ltd who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is reporting on as a competent person as defined in the 2004 Edition of "The Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves." Mr. Reisgys consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

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**Auditor's Independence Declaration
To The Directors of Aphrodite Gold Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Aphrodite Gold Limited for the half-year ended 31 December 2011, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 14 March 2012

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Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011 \$	31 Dec 2010 \$
REVENUE		
Interest received	36,668	183,603
Research and development grants	208,000	-
	-----	-----
TOTAL INCOME	244,668	183,603
	-----	-----
EXPENSES		
Employees benefits expenses	291,747	203,602
Occupancy expenses	103,169	76,922
Depreciation and fixed assets written off	25,664	11,909
Other expenses	130,616	257,590
	-----	-----
TOTAL EXPENSES	551,196	550,023
	-----	-----
NET (LOSS) BEFORE INCOME TAX	(306,528)	(366,420)
	-----	-----
INCOME TAX	-	-
	-----	-----
(LOSS) AFTER INCOME TAX	(306,528)	(366,420)
	-----	-----
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-
	-----	-----
TOTAL COMPREHENSIVE (LOSS) FOR THE HALF-YEAR	(306,528)	(366,420)
	=====	=====
Earnings per share for loss attributable to ordinary equity holders:		
Basic and diluted (loss) per share (cents)	(0.21)	(0.27)

The statement of comprehensive income is to be read in conjunction with the notes to the half-year financial report.

Statement of Financial Position

AS AT 31 DECEMBER 2011

	31 Dec 2011 \$	30 Jun 2011 \$
ASSETS		
Current Assets		
Cash and cash equivalents	278,313	3,000,000
Trade and other receivables	274,461	230,871
Other current assets	115,976	65,339
Total Current Assets	668,750	3,296,210
Non-Current Assets		
Property, plant and equipment	196,100	218,365
Exploration and evaluation costs	16,456,303	13,514,369
Total Non-Current Assets	16,652,403	13,732,734
TOTAL ASSETS	17,321,153	17,028,944
LIABILITIES		
Current Liabilities		
Trade and other payables	602,466	827,879
Total Current Liabilities	602,466	827,879
TOTAL LIABILITIES	602,466	827,829
NET ASSETS	16,718,687	16,201,065
EQUITY		
Issued capital	17,574,589	16,750,439
Reserves	823,190	823,190
Accumulated losses	(1,679,092)	(1,372,565)
TOTAL EQUITY	16,718,687	16,201,065

The statement of financial position is to be read in conjunction with the notes to the half-year financial report.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Ordinary Share Capital \$	Capital Raising Costs \$	Accumulated Comprehensive Losses \$	Options Reserve \$	Total \$
Balance at 1 July 2010	18,016,304	(1,244,882)	(541,491)	823,190	17,053,122
Comprehensive (Loss) for the half-year			(366,420)		(366,420)
Equity fund raising costs		(20,982)			(20,983)
Balance at 31 December 2010	18,016,304	(1,265,864)	(907,911)	823,190	16,665,719
Balance at 1 July 2011	18,016,304	(1,265,864)	(1,372,565)	823,190	16,201,065
Shares issued during the half-year	900,000				900,000
Comprehensive (Loss) for the half-year			(306,528)		(306,528)
Equity fund raising costs		(75,850)			(75,850)
Balance at 31 December 2011	18,916,304	(1,341,714)	(1,679,093)	823,190	16,718,687

The statement of changes in equity is to be read in conjunction with the notes to the half-year financial report.

Statement of Cashflows
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011 \$	31 Dec 2010 \$
Cash flows from operating activities		
Other income	244,668	183,603
(Payments to)/borrowings from suppliers and employees	(845,171)	(1,012,237)
	<u>(600,503)</u>	<u>(828,634)</u>
Cash flows from investing activities		
Exploration and tenement costs	(2,941,934)	(2,319,068)
Purchases of property, plant and equipment	(3,400)	(95,757)
	<u>(2,945,334)</u>	<u>(2,414,825)</u>
Cash flows from financing activities		
Proceeds from issue of shares	900,000	-
Equity fund raising costs	(75,850)	(20,983)
	<u>824,150</u>	<u>(20,983)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(2,721,687)</u>	<u>(3,264,442)</u>
Cash and cash equivalents at the beginning of the half-year	3,000,000	8,807,144
Cash and cash equivalents at the end of the half-year	<u><u>278,313</u></u>	<u><u>5,542,702</u></u>

The statement of cashflows is to be read in conjunction with the notes to the half-year financial report.

Notes to the Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Aphrodite Gold Limited (“the Company”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

(b) Changes in accounting policy

From 1 July 2011 the Company has adopted the following standards for the reporting periods on or after 1 July 2011:

Amendments to AASB 134 Interim Financial Reporting.

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Company’s circumstances since the last annual financial statements as of 31 December 2011 reflect these amended disclosure requirements where applicable.

2. GOING CONCERN

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

During the half-year the Company incurred an operating loss of \$306,528 (2010 \$366,420). Net cash outflow from operations was \$2,721,687 (2010 \$3,264,442).

In November 2011 the Company commenced an equity fund raising program, successfully raising \$900,000 (before costs) immediately, and a further \$2,858,392 (before costs) subsequent to balance date. This ongoing program is expected to raise further substantial funds as required for the development of the advanced Aphrodite Gold Project.

In the opinion of the Directors, the Company has adequate cash in hand at balance date together with subsequent equity fund raisings to continue trading on a going concern basis.

3. SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company is managed on the basis that it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright ownership are considered one business segment, and the metal currently being targeted is gold in Western Australia.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

4. EXPENDITURE COMMITMENTS

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. The estimated amount of these commitments at 31 December 2011 to 30 June 2012 is \$350,000.

The Directors' assessment of the carrying amount of the mining tenements and exploration costs of its exploration Project was based on consideration of prevailing market conditions; previous expenditure carried out on the tenements; and the potential for mineralisation based on both the entity's and independent geologists' reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole, or part, of the Company's interests in those areas for an amount at least equal to the carrying value.

5. CONTINGENT LIABILITIES

There has been no material change to contingent liabilities since the last reporting date.

6. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half-year the Company held a non-renounceable 1:2 Share Entitlement Issue and Shortfall Offer by way of Prospectus, raising \$2,858,392 (before costs) from the issue of 53,931,919 Shares at 5.3 cents per Share. These funds will be used in the further exploration and development of the Company's Aphrodite Gold Project.

Since the end of the half-year independent consultants produced a Scoping Study on the Company's Aphrodite Golf Project, showing an estimated pre-tax Net Present Value for the Project of approx. \$129,000,000 based on a gold price of \$1,650 per ounce.

No matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

7. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions, no more favorable than those available to other parties unless otherwise stated. Transactions with related parties for the half-year were:-

- i) Consulting and Directors fees paid to Director Warren Staude and associated entities \$30,000.
- ii) Consulting and Directors fees paid to Director Ken Jackson and associated entities \$30,000.
- iii) Consulting and Directors fees paid to Director Heath Sandercock and associated entities \$32,500.
- iv) Salary and superannuation paid to Director Leon Reisgys \$173,440.
- v) Salary and superannuation paid to Director Wayne Ryder \$132,000.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

8. ISSUED CAPITAL

Movements in ordinary shares on issue	31 December 2011		30 June 2011	
	Number	\$	Number	\$
Balance at beginning of period	133,581,500	16,750,439	133,581,500	16,750,539
Issued during period	10,000,000	900,000	-	-
Costs of funds raised during period		(75,850)	-	-
Balance at end of period	143,581,500	17,574,589	133,581,500	16,750,539

Movements in options on issue	31 December 2011		30 June 2011	
	Number	\$	Number	\$
Balance at beginning of period	66,790,750	823,190	66,790,750	823,190
Issued during period	10,000,000	-	-	-
Balance at end of period	76,790,750	823,190	66,790,750	823,190

Directors' Declaration

In the opinion of the Directors of Aphrodite Gold Limited:

- the financial statements and notes, as set out on pages 7 to 13, are in accordance with the Corporations Act 2001 including:
 - giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors.



WAYNE RYDER
DIRECTOR

Dated at West Perth this 14th day of March 2012

Independent Auditor's Review Report To the Members of Aphrodite Gold Limited

We have reviewed the accompanying half-year financial report of Aphrodite Gold Limited ("Company"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration

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 the 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 financial position as at 31 December 2011 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 Aphrodite 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.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aphrodite 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 as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 14 March 2012