BLACKCREST RESOURCES LIMITED

ABN 86 073 153 223

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2010

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CORPORATE INFORMATION

DIRECTORS
Mr A Crimmins (Chairman)
Mr G Cornelsen
Mr R Pritchard

COMPANY SECRETARY
Mr R Marusco

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Level 2, Spectrum
100 Railway Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS
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AUDITORS
RSM Bird Cameron Partners
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COUNTRY OF INCORPORATION AND DOMICILE
Australia

DIRECTORS' REPORT

Your directors submit their financial report of the company 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.

Mr A Crimmins	(Chairman)
Mr G Cornelsen	
Mr R Pritchard	(Appointed 23 August 2010)
Mr R Kestel	(Resigned 13 October 2010)

REVIEW AND RESULTS OF OPERATIONS

Operating review

The loss for the period was $146,256 (2009: $565,744).

During August and October 2010 there were changes at the Board level with the appointment of Mr Richard Pritchard as a Non-Executive Director and the resignation of Mr Ross Kestel as Non-Executive Chairman. Tony Crimmins has subsequently been appointed as Non-Executive Chairman.

During the half year the Company converted half of the Converting Loan agreements and issued 4,258,331 fully paid Ordinary Shares. A total of $127,750 in working capital funds was raised from this conversion. The remainder of the loans are expected to be converted during the second quarter of 2011.

The Company also advised that it had entered into a Heads of Agreement to purchase Ark Mines Limited, in addition to an Option Agreement with Vincent Resources Pty Ltd to acquire 100% of its shareholding via a farm-in. On the 17 January 2011 the Company announced the termination of the Heads of Agreement with Ark Mines Limited but the Option Agreement remains unexercised as at the date of this report.

The Board continues to review potential acquisitions, most of which are in the resources sector.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 for the half-year ended 31 December 2010.

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

Tony Crimmins
Director

Dated 28 February 2011

RSM Bird Cameron Partners
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Blackcrest Resources Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J HUME
Partner

Sydney, NSW
Dated: 28 February 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	31 December 2010 $	31 December 2009 $
Continuing Operations			
Revenue	2(a)	**1,388**	7,244
Other expenses	2(b)	**(147,644)**	(572,988)
Loss before tax		**(146,256)**	(565,744)
Income tax expense		**-**	-
Loss for the period from continuing operations		**(146,256)**	(565,744)
Loss for the period		**(146,256)**	(565,744)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(146,256)**	(565,744)
Loss for the period attributable to:			
Owners of the parent		**(146,256)**	(565,744)
Non-controlling interest		**-**	-
		(146,256)	(565,744)
Total Comprehensive income for the period attributable to:			
Owners of the parent		**(146,256)**	(565,744)
Non-controlling interest		**-**	-
		(146,256)	(565,744)
Earnings per share (cents per share)			
Basic for continuing operations		**(0.50)**	(0.23)
Diluted for continuing operations		**(0.50)**	(0.23)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010 $	As at 30 June 2010 $
ASSETS			
Current Assets			
Cash and cash equivalents		**231,455**	57,885
Trade and other receivables		**21,761**	12,781
Loan receivables	3	**-**	-
Other		**17,865**	8,155
Total Current Assets		**271,081**	78,821
TOTAL ASSETS		**271,081**	78,821
LIABILITIES			
Current Liabilities			
Trade and other payables		**213,307**	198,273
Convertible loans		**127,750**	-
Total Current Liabilities		**341,057**	198,273
TOTAL LIABILITIES		**341,057**	198,273
NET LIABILITIES		**(69,976)**	(119,452)
EQUITY			
Issued capital	4	**13,701,015**	13,505,283
Reserves		**922,217**	922,217
Retained losses		**(14,693,208)**	(14,546,952)
		(69,976)	(119,452)
Equity attributable to owners of the parent		**(69,976)**	(119,452)
Non-controlling interest		**-**	-
TOTAL EQUITY		**(69,976)**	(119,452)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Attributable to equity holders of the parent				
		Issued capital $	Options reserves $	Retained earnings $	Attributable to owners of the parent $	Total equity $
Balance at 1 July 2009		13,505,283	922,217	(13,721,425)	706,075	706,075
Loss for the period		-	-	(565,744)	(565,744)	(565,744)
Total comprehensive income for the period		-	-	(565,744)	(565,744)	(565,744)
Shares issued (net of costs)		-	-	-	-	-
Equity raising costs		(18,333)	-	-	(18,333)	(18,333)
At 31 December 2009		13,486,950	922,217	(14,287,169)	121,998	121,998
Balance at 1 July 2010		**13,505,283**	**922,217**	**(14,546,952)**	**(119,452)**	**(119,452)**
Loss for the period		**-**	**-**	**(146,256)**	**(146,256)**	**(146,256)**
Total comprehensive income for the period		**-**	**-**	**(146,256)**	**(146,256)**	**(146,256)**
Shares issued (net of costs)		**195,732**	**-**	**-**	**195,732**	**195,732**
Equity raising costs		**-**	**-**	**-**	**-**	**-**
At 31 December 2010		**13,701,015**	**922,217**	**(14,693,208)**	**(69,976)**	**(69,976)**

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

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

	Note	31 December 2010 $	31 December 2009 $
Cash flows from operating activities			
Interest income		**1,388**	6,640
Payments to suppliers		**(151,300)**	(388,469)
Net cash flows used in operating activities		**(149,912)**	(381,829)
Cash flows from investing activities			
Loans to other entities		**-**	(160,351)
Net cash flows used in investing activities		**-**	(160,351)
Cash flows from financing activities			
Proceeds from issue of shares and options		**195,732**	-
Proceeds from convertible loans		**127,750**	-
Equity raising costs		**-**	(13,311)
Net cash flows used in financing activities		**323,482**	(13,311)
Net decrease in cash and cash equivalents		**173,570**	(555,491)
Cash and cash equivalents at beginning of period		**57,885**	728,416
Cash and cash equivalents at end of period		**231,455**	172,925

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 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 Blackcrest Resources Limited. 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 2010, 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.

(a) Going Concern

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

As disclosed in the financial statements, the company incurred a loss of $146,256 and had net cash outflow from operating activities of $149,912 for the half year ended 31 December 2010. As at that date the company's current and total liabilities exceeded its total assets by $69,976.

These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern after consideration of the following factors:

- The company plans to raise sufficient funds in the near future to fund a re-listing process;
- The company is in advanced negotiations with regards to obtaining an equity facility; and
- The Directors regularly monitor the company's cash position and on an on-going basis consider a number of strategic and operational plans to ensure that adequate funding continues to be available for the company to meet its business objectives

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt that basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Change in accounting policies

The company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement impact

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes - the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

2. REVENUE AND EXPENSES

	31 December 2010 $	31 December 2009 $
(a) Revenue		
Finance revenue – Bank interest	**1,388**	7,244
	1,388	7,244
(b) Other expenses		
Auditors remuneration	**6,000**	6,000
Directors' fees	**49,111**	54,492
Doubtful Debts	**-**	160,351
Other administration expenses	**92,533**	352,145
	147,644	572,988

3. LOAN RECEIVABLES

	31 December 2010 $	30 June 2010 $
Loan facility utilised	**871,057**	871,057
Provision for doubtful debt	**(871,057)**	(871,057)
	-	-

The Company engaged a Consultant to identify and procure the introduction to Blackcrest to resource projects located in the region of Indonesia (primarily focussed on coal).

On the back of this the Company proposed to change its business activities to that of a Mining entity and sought Shareholder approval at the November 2009 Annual General Meeting. The Company also issued a Prospectus; for the purposes of ASX re-listing and the funding of the Indonesian Projects.

The Prospectus was subsequently withdrawn in February 2010 and as at current date the Company remains suspended from the ASX Official List; while it completes due diligence on other potential projects.

The Loan Facility has been written off in the accounts to reflect the fact that the Company will no longer be progressing with potential Projects in Indonesia and the loan is irrecoverable.

	31 December 2010 $	30 June 2010 $
4. ISSUED CAPITAL AND RESERVES		
(a) Issued capital		
Ordinary shares (i)	**13,701,015**	13,505,283
	13,701,015	13,505,283
(i) Ordinary shares		
Issued and fully paid	**13,934,497**	13,738,765
Less: equity raising costs	**(233,482)**	(233,482)
	13,701,015	13,505,283

Fully paid ordinary shares have the right to receive dividends as declared and entitle their holder to vote either in person or by proxy at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value. Accordingly the parent does not have authorised capital or par value in respect of its shares.

	Number	$
Movement in ordinary shares on issue		
At 1 July 2010	**25,897,740**	**13,505,283**
Fully paid shares issued for cash	**8,142,990**	**195,732**
At 31 December 2010	**34,040,730**	**13,701,015**

	31 December 2010 $	30 June 2010 $
(b) Options Reserve		
Options reserve	**922,217**	922,217
	922,217	922,217

(c) Nature and purpose of reserves

The options reserve records items recognised as expenses on valuation of employee and director share options.

(d) Capital management

Management controls the capital of the economic entity in order to provide the shareholders with adequate returns and ensure that the economic entity can fund its operations and continue as a going concern.

The Company debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company capital by assessing the Company financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the economic entity since the prior year.

5. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8-Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following adoption of AASB 8, the identification of the company's reportable segments has not changed. During the period, the company considers that it has only operated in one segment, being to identify business opportunities that will assist in adding shareholder value in Australia.

6. SUBSEQUENT EVENTS

On 17 January 2011 the Company announced its intention to take over Yilgarn Infrastructure Limited ('Yilgarn") under the terms of a Bid Implementation Deed.

The Company having become aware of a material adverse event in relation to Yilgarn terminated the Bid Implementation Deed on 17 February 2011 and as a consequence, the takeover bid will not proceed.

Other than the above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

7. COMMITMENTS AND CONTINGENCIES

There are no capital or lease commitments and no contingent assets or liabilities since the last reporting date.

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

The directors of the company declare that:

(a) The financial statements and notes, as set out on pages 4 to 12 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standard AASB 134 Interim Financial Reporting; and

(ii) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.

(b) 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.

Tony Crimmins
Director
Dated 28 February 2011

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

BLACKCREST RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackcrest 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 summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 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 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 company'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 Blackcrest 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 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackcrest Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 Blackcrest Resources 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 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 *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of $146,256 and had net cash outflows from operating activities of $149,912 during the period ended 31 December 2010 and, as of that date, the company's current and total liabilities exceeded its total assets by $69,976. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J HUME
Partner

Sydney, NSW
Dated: 28 February 2011