



OUTBACK METALS LIMITED

ABN 74 126 797 573

CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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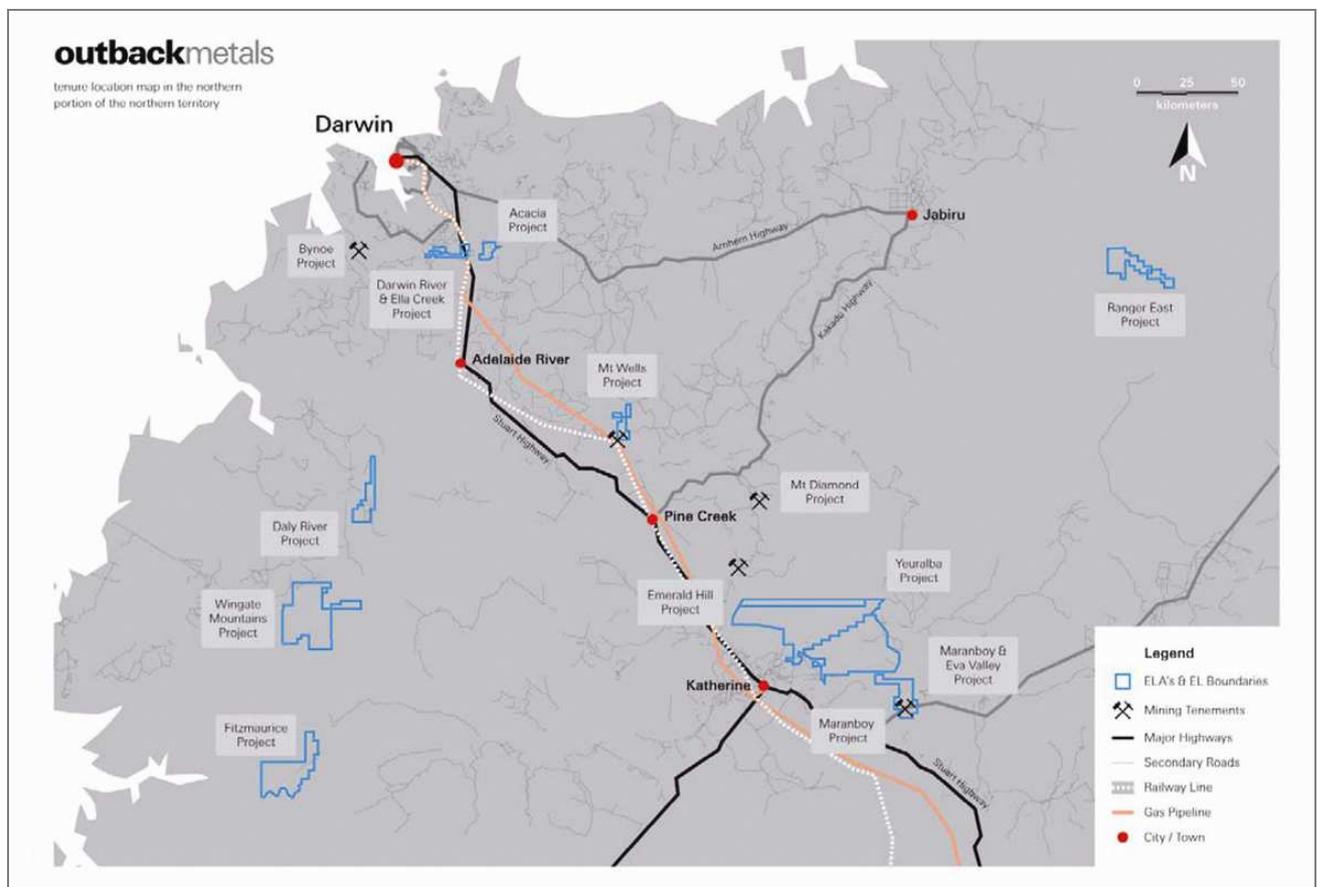
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Directors' Report

The names of directors who held office during or since the end of the half-year:

- Graham Maxwell Chrisp – Executive Chairman
- Jason James Chrisp – Non-Executive Director
- Benjamin Bruce Chrisp - Non-Executive Director
- Michael Ivor Hatcher – Non-Executive Director (appointed 30 November 2010)
- Geoffrey Guild Hill – Non-Executive Director (resigned 30 November 2010)

Review of Operations



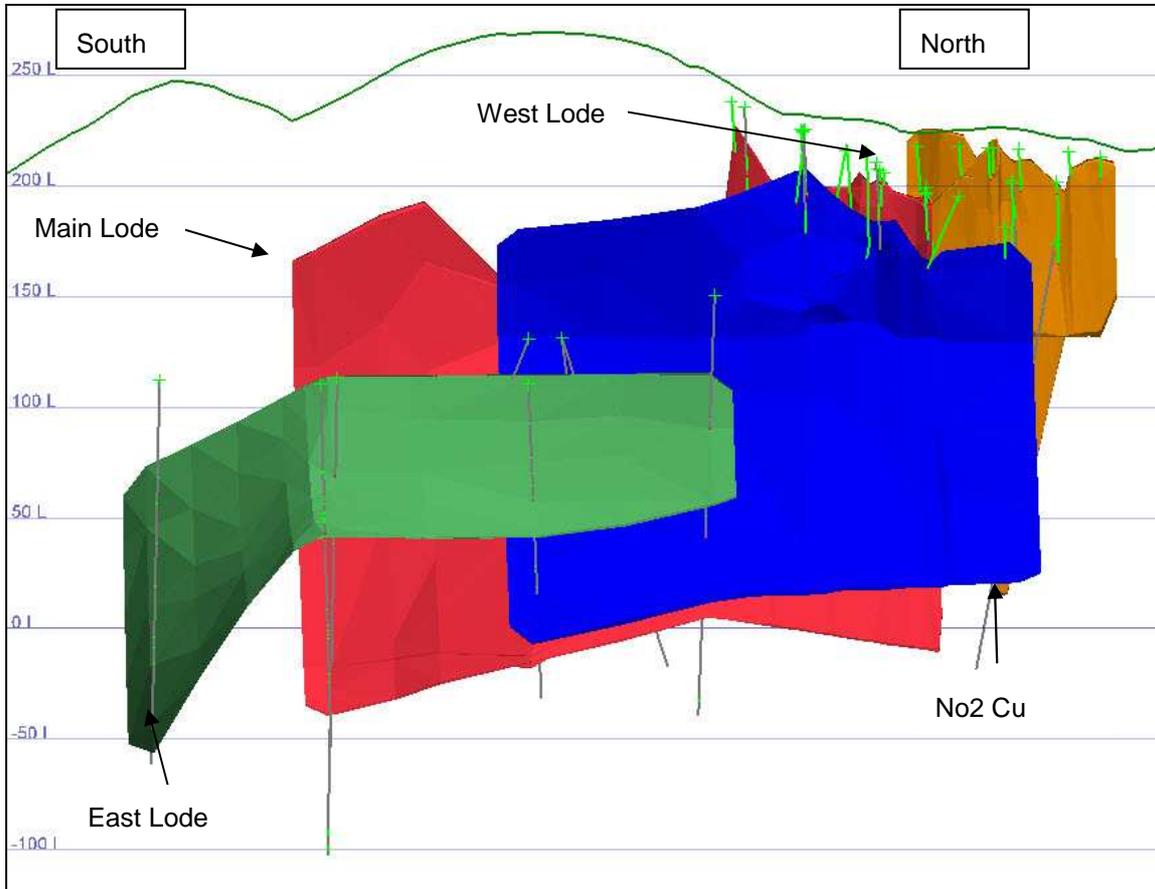
Mt. Wells Tin and Copper Project (100% OUM)

The resource estimation for the Mt Wells polymetallic project (copper, tin and tungsten) is ongoing, with modelling continuing and a mining engineer engaged to investigate the viability of both the open cut and underground aspects of the Mt Wells polymetallic project.

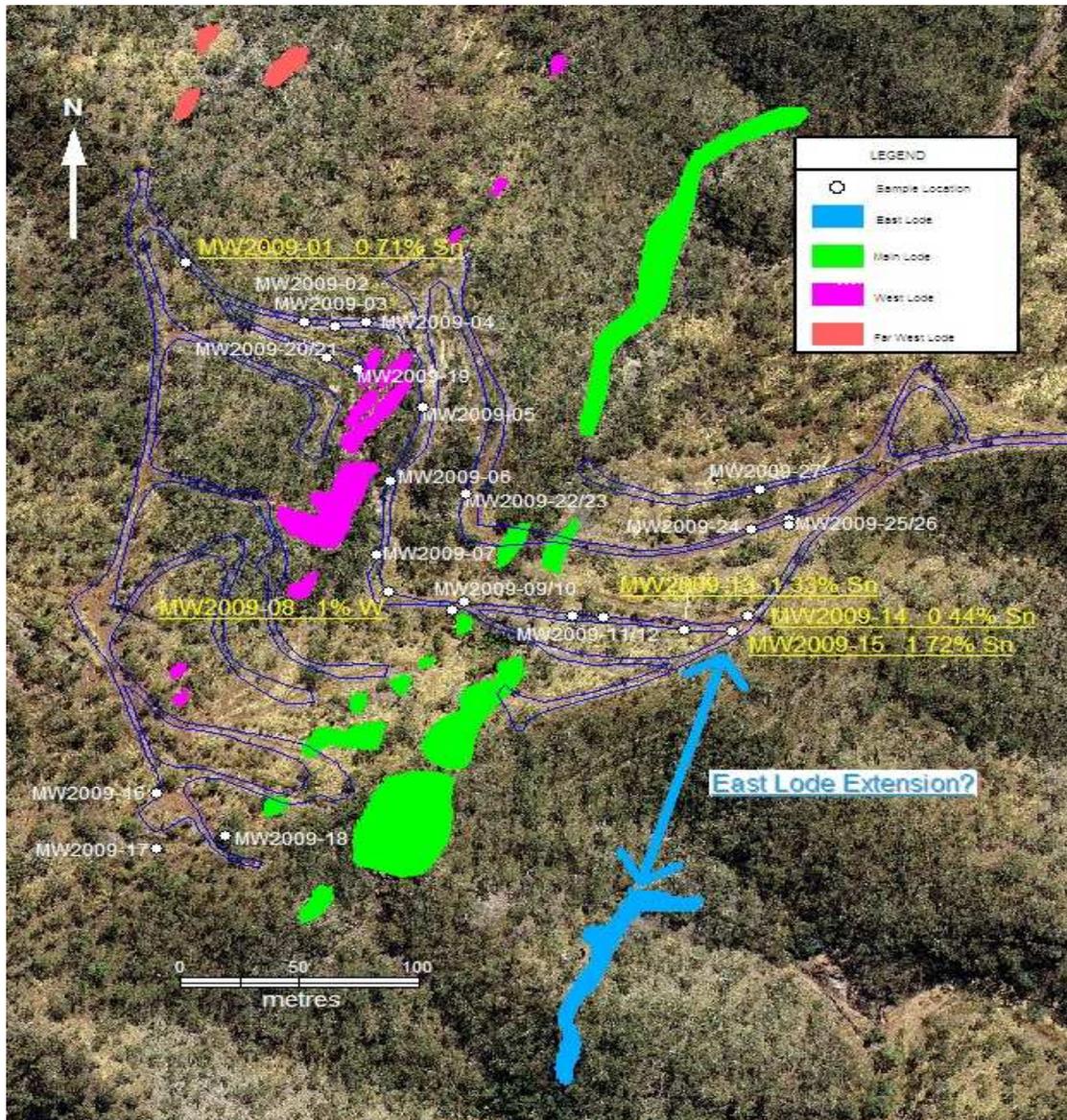
OUM is investigating the possibility new lodes may exist; the new lodes appear to have been evidenced in both the drilling programme completed in 2008 and in the geological mapping and sampling programmes. (Rock chip samples of quartz tourmaline vein systems have been collected with the assay results indicating further possible new lodes having been identified). Further exploration

is required to be completed to assess their potential. The exposures range from about 150mm to more than 2m in width but strikes are not always consistent with the known lode systems. Some of these veins appear to be west of the West Lode while others may be new lodes between the West and Main Lodes (refer to the long section of lode profiles).

Long Section profile of the Lode Systems at Mt. Wells



Sample and Sn Lode Locations



Mt Wells is located on a substantially elevated hill containing en-echelon lodes of tin, copper ore and accessory tungsten. The elevated nature of the ore bodies should assist in economical disposal of overburden and waste in adjacent valleys for any future mining operations. The width of the individual lodes average 2 metres, (0.5m - 5m), arranged in an en-echelon pattern with a strike length of up to 1 kilometre.

Maranboy

The Company has prepared an application to the Minister to revoke the Heritage place declaration that covers part of the Maranboy mineral leases.

Wingates Gold and Rare Earths Project

- Terry's – Area Gold Project

The exploration objective at the Terry's Gold Prospect (part of the overall Wingates gold project) is to identify and upgrade the prospect to 'target' status of the more or less continuous shear zone from Terry's A to an identified vegetation anomaly and beyond.

A trench located close to a creek showed several quartz veins with yellow ferruginous staining after sulphides. A large boulder of green chloritised vein quartz was located beside the trench (apparently excavated from that trench) and the assay results showed **60g/t Au (Gold), 68g/t Ag (Silver), 0.1% Cu (Copper) and 2.84%Pb (Lead)**.

Assay results of the recently - identified north-east trending zones are reported in the range of 0.7 to 1.8 g/t Au (Gold) and up to 2 g/t Ag (Silver).

- Rare Earth exploration

High grade rare earth values have also been recorded in the vicinity of the Terry's Wingates gold occurrences.

Three trench samples from a locality between Terry's A and C Prospects assayed an average **9400ppm La, 1.3% Ce, 277ppm Y, 368ppm Zr, 1247ppm Pr and 3193ppm Nd**. This zone of REE mineralisation also has gold associated, 2.06 g/t Au (CEC assay) on the costean floor'.

An application has been lodged for approval to carry out further detailed exploration of the Wingates gold projects, including drilling. The drilling programme will be preceded by a programme of costeaning of the gold, rare earth and gold/copper/silver discoveries.

Work is proceeding to finalise programmes for a substantial upscaling in exploration on the Wingates Project this year to advance the gold, rare earth and gold/copper/silver projects, with the proposed costeaning and drilling programmes to test the 'newly discovered' north east trending mineralised zones.

Tenement portfolio rationalisation

OUM management has commenced work on a rationalisation of OUM's tenement portfolio, and some existing tenements have been divested. In addition, work is proceeding on potential exploration acquisition opportunities to supplement OUM's current projects, and applications have been made for several new tenements.

Corporate

The Board of Outback Metals has resolved to proceed with a potential placement of up to 15% of the existing share capital of the company (about 33 million new shares) to raise additional funds for exploration and working capital.

Subsequent Events

No matters or circumstances have arisen since the end of the half year which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under s.307C of the Corporation Act 2001 in relation to the review for the half year is provided on page 7 of this report.

Outback Metals Limited

Dated at Adelaide this 16th Day of March 2011 and signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Graham Chrisp.

Graham Chrisp
Executive Chairman

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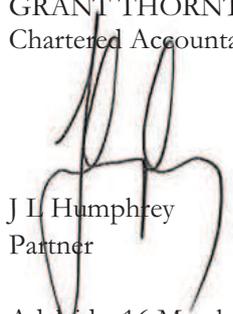
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OUTBACK METALS LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Outback Metals Ltd for the half-year ended 31 December 2010, 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 SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner

Adelaide, 16 March 2011

Outback Metals Limited

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

	Note	Consolidated Group	
		31.12.2010	31.12.2009
		\$	\$
Revenue			
Share sale income		-	898
Interest income		25,972	11,298
Other income		-	4,721
		25,972	16,917
Expense			
Administrative expense		87,425	201,817
Corporate consultants		82,870	132,506
Depreciation expense		10,421	25,136
Employee benefits expense		74,571	304,412
Exploration expenditure written off		2,169	-
Finance costs		834	46
Loss on disposal of assets		27,411	-
		285,701	663,917
Loss before income tax		(259,729)	(647,000)
Income tax expense		-	(5,858)
Loss for the period		(259,729)	(652,858)
Other Comprehensive income			
Net loss on revaluation of marketable securities		-	(53,727)
Total Comprehensive income for the period		(259,729)	(706,585)
Earnings per share			
Basic (cents per share)		(0.112)	(0.004)
Diluted (cents per share)		(0.112)	(0.004)

This above Statement of Comprehensive Income report should be read in conjunction with the accompanying notes.

Outback Metals Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Consolidated Group	
	31.12.2010	30.06.2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	966,795	1,418,872
Trade and other receivables	109,153	139,400
Other current assets	69,937	61,298
TOTAL CURRENT ASSETS	1,145,885	1,619,570
NON-CURRENT ASSETS		
Exploration and evaluation assets	2,026,505	1,748,649
Property, plant and equipment	34,777	72,609
TOTAL NON-CURRENT ASSETS	2,061,282	1,821,258
TOTAL ASSETS	3,207,167	3,440,828
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	323,259	297,191
TOTAL CURRENT LIABILITIES	323,259	297,191
TOTAL LIABILITIES	323,259	297,191
NET ASSETS	2,883,908	3,143,637
EQUITY		
Issued capital	18,979,124	18,979,124
Reserves	124,859	124,859
Accumulated losses	(16,220,075)	(15,960,346)
TOTAL EQUITY	2,883,908	3,143,637

This above Statement of Financial Position should be read in conjunction with the accompanying notes.

Outback Metals Limited

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

	Issued Capital \$	Accumulated (Losses) \$	Reserves- marketable securities \$	Reserves- share based payments \$	Total \$
Balance at 1.7.2009	17,702,261	(14,624,750)	222,009	124,859	3,424,379
Total comprehensive income for the period	-	(652,858)	(53,727)	-	(706,585)
Balance at 31.12.2009	17,702,261	(15,277,608)	168,282	124,859	2,717,794
Balance at 1.7.2010	18,979,124	(15,960,346)	-	124,859	3,143,637
Total comprehensive income for the period	-	(259,729)	-	-	(259,729)
Balance at 31.12.2010	18,979,124	(16,220,075)	-	124,859	2,883,908

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Outback Metals Limited

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

	Consolidated Group	
	31.12.2010	31.12.2009
	Inflows (Outflows)	Inflows (Outflows)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	25,972	11,298
Payments to suppliers and employees	(255,019)	(872,548)
Net cash (used in)/provided by operating activities	(229,047)	(861,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(223,030)	-
Proceeds from sale of equities	-	28,236
Net cash used in investing activities	(223,030)	28,236
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net decrease in cash held	(452,077)	(833,014)
Cash at beginning of financial period	1,418,872	1,138,425
Cash at end of financial period	966,795	305,411

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Outback Metals Limited

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF ACCOUNTS

This half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting", Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Outback Metals Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the ASX Listing Rules.

The half year financial report does not include full disclosures of the type normally included in an annual report.

Outback Metals Limited is a company domiciled in Australia. The consolidated half year financial report of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The accounting policies described in this report have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2010 financial report.

NOTE 2 : OPERATING STATEMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, which for the Group is the Board of directors. In this regard, the information that is provided to the Board is the same information used in preparing the Statement of Comprehensive Income and Statement of Financial Position. No further reconciliations of such management information to the statutory information are included.

NOTE 3 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As noted at 30 June 2010, the Company is pursuing a claim against the former Company Secretary, Sophie Karzis and Corporate Consulting Partners Pty Ltd, of which Ms Karzis is a director. There has been no change in this matter from that time.

The Company has entered into two bank guarantees in relation to former premises leased by the Company for \$23,393 and is currently arranging for the return of these guarantees.

The Company has settled a claim from a previous director during the period for an amount of \$6,000. The amount has been brought to account in the Statement of Comprehensive Income.

NOTE 4 : SUBSEQUENT EVENT

No matters or circumstances have arisen since the end of the half year which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or state of affairs of the consolidated entity in future financial years.

NOTE 5 : GOING CONCERN BASIS OF ACCOUNTING

The interim financial report has been prepared on the basis of a going concern.

During the six months ended 31 December the Company recorded a net outflow of cash from operating and investing activities of \$452,077 and an operating loss of \$259,729.

The forward looking cash flow projections of the Company indicate that it is reliant on the completion of further capital raising for continued operations. The Company will be seeking to raise equity to fund operations, including exploration and working capital.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

Outback Metals Limited

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. 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.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Graham Maxwell Chrisp
Executive Chairman
16 March 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OUTBACK METALS LTD

We have reviewed the accompanying half-year financial report of Outback Metals Ltd (“Company”), which comprises the consolidated financial statements being 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated 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 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 Outback Metals Ltd, 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.

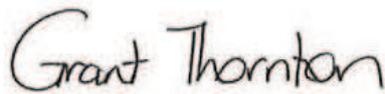
Conclusion

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 Outback Metals Ltd 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 Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion we draw attention to Note 5 – Going Concern Basis of Accounting to the half-year financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J.L. Humphrey
Partner

Adelaide, 16 March 2011