Glory Resources Limited and its Controlled Entities

ABN 38 142 870 102

Interim Financial Report

For the Half-Year Ended 31 December 2011

Contents

Corporate Information

Directors

Mr Jason Bontempo
Mr Bernard Aylward
Mr Jeremy Wrathall
Mr Lui Giuliani

Company Secretary

Ms Pip Leverington

Registered Office

18 Oxford Close
Leederville WA 6007

Website

www.gloryresources.com.au

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Stock Exchange

Australian Securities Exchange Limited

ASX Code: GLY

Directors' Report

Your Directors present the following report on Glory Resources Limited and its controlled entities (referred to hereafter as the "Group") for the half-year ended 31 December 2011. The comparative period presented in the consolidated financial statements is from date of incorporation on 30 March 2010 to 31 December 2010.

DIRECTORS

The names of the Directors in office during the period and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Jason Bontempo	Executive Director
Mr Jeremy Wrathall [1]	Non-executive Chairman
Mr Bernard Aylward	Technical Director
Mr Lui Giuliani [2]	Non-executive Director
Mr Jeremy King [3]	Executive Director

Note:
[1] Mr Wrathall was appointed a director on 1 January 2012
[2] Mr Giuliani was appointed a director on 1 January 2012
[3] Mr Jeremy King resigned as a director on 1 January 2012

REVIEW OF OPERATIONS

The loss after tax of the Group for the half-year ended 31 December 2011 amounted to $1,641,011 (31 December 2010: loss of $87,349).

CORPORATE

The following significant transactions occurred during the half-year ended 31 December 2011.

Sapes Acquisition

During the period, Glory Resources Limited ("GLY" or the "Company") entered into an agreement to acquire a 100% interest in the high grade Sapes Gold Project located in north-eastern Greece from Cape Lambert Resources Limited ("Sapes Acquisition").

The consideration payable to Cape Lambert Resources Limited for the Sapes Acquisition comprised A$32.7m payable in cash, 16 million new shares in the Company and a further A$10m (in cash or new shares in the Company) payable upon achievement of certain operational milestones.

On 4 November 2011, the Company lodged a prospectus with ASIC to raise a minimum of A$42.5 million, through the issue of a minimum of 170 million shares at an issue price of A$0.25 per share, to fund the Sapes Acquisition and to provide funding for project permitting, initial mine development, ongoing exploration programme and general working capital ("Capital Raising").

As announced on 3 November 2011, the Company entered into a subscription agreement with Eldorado Gold Corporation ("Eldorado") such that Eldorado would participate in the Capital Raising and hold 19.9% of the Company on completion of the offer.

In late November 2011, the Company completed the Capital Raising and announced that it had raised A$42,570,480. Completion of the Sapes Acquisition occurred on 16 December 2011.

On 23 December 2011, the Company was reinstated to quotation on ASX.

Directors' Report (continued)

Shares issued

During the period, the Group raised a total of $44,770,480 from the issue of new shares in the Company, before costs. Shares issued by the Company during the period were as follows:

	Issue Price	Number of Shares Issued
Share placement (15 August 2011)	$0.17	12,943,178
Capital Raising (Prospectus – 4 November 2011)	$0.25	170,281,920
Vendor shares (Sapes Acquisition – 16 December 2011) [1]	$0.215	16,000,000
		199,225,098

[1] Escrowed for 12 months from date of issue

Shares released from Escrow

On 29 October 2011, 1,725,000 fully paid ordinary shares were released from escrow.

Unlisted options issued

During the period, the Group issued the following unlisted options:

	Number of Options Issued	Grant Date	Exercise Price	Expiry Date
Options issued to Directors	4,300,000	24-Nov-11	$0.25	31-Oct-14
Options issued to Consultants and Management	5,200,000	16-Dec-11	$0.25	31-Oct-14
Options issued to Brokers	1,785,000	16-Dec-11	$0.25	31-Oct-14

PROJECT INFORMATION

GREECE - Sapes Gold Project (Sapes)

Sapes is an advanced high grade gold development project located in north eastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandropoulos. Key details are:

- A feasibility study conducted in 2001 and updated in December 2010 shows JORC Measured and Indicated Resource of 830koz @ 9.8g/t Au (Measured 647koz @ 8.9g/t Au and Indicated 183koz @ 14.9g/t Au) with identified JORC Proved and Probable Ore Reserve of 637koz @ 15.1g/t Au (Proved 23koz @3.5g/t Au and Probable 614koz @ 17.2g/t Au).
- The feasibility study reports gold production of 510,000oz, total capex of US$100m and cash opex cost of US$297/oz over a 7 year mine life.
- Substantial opportunity for further exploration upside as no systematic exploration on the Sapes lease for 12 years.

Permitting and Socialisation

The Sapes Preliminary Environmental Impact Study ("PEIS") is the first step in the environmental approval process and was submitted to the Ministry of Environment ("MOE") in December 2010. The PEIS has been distributed to the relevant departments in anticipation for commencement of its review. The Company expects the PEIS review to commence in the first quarter of 2012 and anticipates its approval in the second quarter of 2012. Additional environmental studies to support the subsequent Environmental Impact Study, to be lodged with the MOE after the PEIS is approved, are well advanced.

Directors' Report (continued)

A socialisation program in respect of project development with the local community and authorities, commenced by the previous owner of Sapes, continued during the period and will be expanded in 2012. A number of meetings with various groups within the local community were held aiming to increase public acceptance of the project. The regional Government's technical services departments, important for the permitting process, were also contacted and visited. To assist with the socialisation program, the Company has appointed the services of an Athens based public relations consultant.

Sapes Exploration

During the period the Company commenced a detailed review of the historical exploration data available for Sapes and commenced preparing an exploration program, which will include a geophysics program over the lease area. Initially the Company intends to focus exploration drilling along strike of the existing ore body, as this area is considered to be highly prospective. The Company also intends to follow up on previously identified drill targets within the highly prospective licence area. Preliminary enquiry and contact with local and regional drilling, geophysics and other contractors to implement the planned 2012 exploration program has begun and the Company anticipates good availability of these services.

The Company has engaged the consulting services of Mr Andrew Shaw. Mr Shaw was the project exploration manager and key geologist associated with the exploration and drilling work at Sapes in the late 1990's. Mr Shaw was also co-author of chapters of the feasibility study completed in 2001. Andrew's knowledge of Sapes will be invaluable in developing future exploration programs.

CANADA - Onion Lake Project (PGM-Ni-Cu)

Detailed Airborne Magnetic Survey

Exploration on the Onion Lake Project commenced in September 2011 with a 2,955 line-kilometre detailed magnetic survey flown over the area immediately west of Magma Metals Limited's Thunder Bay North property. The high resolution survey identified a number of prospective magnetic anomalies that were subsequently modelled by Condor Consulting Inc. Condor Consulting Inc. recommended the diamond drill testing of a number of high-priority magnetic features.

Diamond Drilling

A total of seven magnetic anomalies thought to represent possible extensions of the mafic-ultramafic conduits were diamond drilled in November and December 2011 (total program of 1,400 metres). The diamond drilling succeeded in intersecting numerous narrow intercepts of Proterozoic mafic-ultramafic rock but the initial batch of assays returned insignificant Cu-Ni-PGE values. Results are still pending on the final batch of assays submitted.

Onion Lake Exploration

The Company is currently reviewing the results of its 2011 exploration programs to determine an exploration strategy for 2012. Exploration will likely involve airborne geophysics, ground evaluation of additional geophysical targets as well as diamond drilling.

Directors' Report (continued)

CANADA - Eagle Lake Project (Gold) & Way Lake Project (PGM-Ni-Cu)

Way Lake

Exploration on the Way Lake Project began with an initial compilation of historical assessment work on the property. Areas of conductivity were identified from historical geophysical surveys and a 17 day prospecting and sampling program was carried out in September 2011.

Five assays of ultramafic rock from the Way Lake Intrusion returned anomalous nickel values ranging from 0.08 weight percent to 0.1 weight percent nickel. A three-line soil sampling program conducted over a low-lying area on the property also identified multiple anomalous zones of coincident gold, copper, nickel and PGE values.

Recommendations for exploration in 2012 are currently being reviewed and consist of an airborne magnetic and electromagnetic survey followed by diamond drilling of conductive targets.

Eagle Lake

There was no exploration carried out on the Eagle Lake Project during the period. The Company is considering alternative transactions in respect of the Project.

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Bernard Aylward. Mr Aylward is a Technical Director of Glory Resources Limited. Mr Aylward is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

SUBSEQUENT EVENTS

On 1 January 2012, Mr Jeremy Wrathall and Mr Lui Giuliani were appointed Non-executive Directors of the Company. Mr Jeremy King resigned as Executive Director on this date. On 1 February 2012, Mr Wrathall was appointed chairman of the Company.

Ms Pip Leverington was appointed to the role of Company Secretary on 1 January 2012. This role was performed by Ms Emma Wates from 1 September 2011 to 31 December 2011, and by Ms Shannon Robinson for the period 30 March 2010 to 31 August 2011.

On 21 February 2012, the Company announced that the following unlisted options were issued:

- 1,100,000 options exercisable at $0.25 on or before 28 February 2014 to in-country staff and consultants that will vest upon the Company receiving its Environmental Impact Statement ("EIS") in relation to the Sapes Gold Project from the Ministry of Environment, Energy and Climate Change in Greece; and
- 250,000 options exercisable at $0.25 on or before 28 February 2014 to consultants, not subject to a vesting condition.

In addition, subject to shareholder approval to be sought at the Company's next general meeting, the Company intends to issue 1,000,000 options to Jeremy Wrathall (Chairman) and 200,000 options Lui Giuliani (Non-executive Director) (together, the "Director Options"). The exercise price of the Director Options will be $0.25 and has been resolved in order to align the terms of the options with those issued to the other Directors in late December 2011. The Director Options will be subject to vesting conditions in relation to the environmental approvals to be sought in respect of the Sapes Project.

On 16 January 2012, 1,000,000 fully paid ordinary shares were released from escrow.

Directors' Report (continued)

Except for the matters discussed above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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

Mr Jason Bontempo
Executive Director

29 February 2012

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

29 February 2012

The 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 for the review of Glory Resources Limited for the half-year ended 31 December 2011, 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
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Glory Resources Limited and the entities it controlled during the period.

Peter Toll
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011

	Note	31 December 2011 $	31 December 2010 $
Revenue			
Interest received		80,880	9,005
Other income		9,577	-
Employee and director benefits expense		(49,674)	-
Share based payment expense		(1,213,079)	-
Sapes acquisition costs		(239,731)	-
Gain on sale of financial assets		743	-
Other expenses	2	(229,727)	(96,354)
Loss before income tax		(1,641,011)	(87,349)
Income tax expense		-	-
Loss for the period		**(1,641,011)**	**(87,349)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(11,714)	-
Fair value movement in available for sale financial assets		(20,505)	-
Other comprehensive income for the period		(32,219)	-
Total comprehensive loss attributable to the members of the Company		**(1,673,230)**	**(87,349)**
Basic earnings per share (cents per share)		(1.76)	(0.01)
Diluted earnings per share (cents per share)		N/A	N/A

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2011

	Note	31 December 2011 $	30 June 2011 $
ASSETS			
Current Assets			
Cash and cash equivalents		11,463,431	1,907,425
Trade and other receivables		258,284	65,221
Other assets		18,272	265
Total Current Assets		11,739,987	1,972,911
Non Current Assets			
Financial assets		73,525	143,250
Property, plant and equipment		109,135	-
Exploration and evaluation expenditure	4	37,823,909	1,144,615
Total Non current Assets		38,006,569	1,287,865
TOTAL ASSETS		49,746,556	3,260,776
LIABILITIES			
Current Liabilities			
Trade and other payables		661,398	49,592
Total Current Liabilities		661,398	49,592
Non Current Liabilities			
Deferred tax liability		88,159	88,301
Total Non Current Liabilities		88,159	88,301
TOTAL LIABILITIES		749,557	137,893
NET ASSETS		**48,996,999**	**3,122,883**
EQUITY			
Issued capital	5	49,817,373	3,710,095
Accumulated losses		(4,358,777)	(2,717,766)
Reserves	6	3,538,403	2,130,554
TOTAL EQUITY		**48,996,999**	**3,122,883**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2011

	Note	31 December 2011 $	31 December 2010 $
Cash flows from operating activities			
Payments to suppliers and employees		(396,598)	(110,128)
Interest received		80,880	8,393
Net cash flows used in operating activities		(315,718)	(101,735)
Cash flows from investing activities			
Payments for exploration and evaluation		(531,969)	-
Proceeds from sale of financial assets		50,753	-
Sapes Acquisition – repayment of loans		(32,660,660)	-
Sapes Acquisition – cash acquired		92,720	-
Sapes Acquisition – legal costs		(171,869)	-
Loans to other entities		-	(55,930)
Net cash flows used in investing activities		(33,221,025)	(55,930)
Cash flows from financing activities			
Proceeds from issue of shares and options (net of costs)		43,094,267	2,830,025
Net cash flows from financing activities		43,094,267	2,830,025
Net increase in cash and cash equivalents		9,557,524	2,672,360
Effects of exchange rate changes on cash		(1,518)	-
Cash and cash equivalents at beginning of period		1,907,425	-
Cash and cash equivalents at end of period		**11,463,431**	**2,672,360**

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011

	Issued Capital	Accumulated Losses	Foreign Translation Reserve	Option Reserve	Asset Revaluation Reserve	Total
	$	$	$	$	$	$
Balance at 30 March 2010	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period	-	(87,349)	-	-	-	(87,349)
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income	-	(87,349)	-	-	-	(87,349)
Transaction with owner, directly recorded in equity:						
Shares issued, net of costs	310,025	-	-	-	-	310,025
Balance at 31 December 2010	**310,025**	**(87,349)**	**-**	**-**	**-**	**222,676**
Balance at 1 July 2011	**3,710,095**	**(2,717,766)**	**(9,485)**	**2,146,959**	**(6,920)**	**3,122,883**
Loss for the period	-	(1,641,011)	-	-	-	(1,641,011)
Other comprehensive income	-	-	(11,714)	-	(20,505)	(32,219)
Total Comprehensive Income	-	(1,641,011)	(11,714)	-	(20,505)	(1,673,230)
Transaction with owner, directly recorded in equity:						
Shares issued, net of costs	46,334,267	-	-	-	-	46,334,267
Share based payments	(226,989)	-	-	1,440,068	-	1,213,079
Balance at 31 December 2011	**49,817,373**	**(4,358,777)**	**(21,199)**	**3,587,027**	**(27,425)**	**48,996,999**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report covers Glory Resources Limited (the "Company" or "Glory Resources") and its controlled entities (the "Group"). Glory Resources is a public listed company, incorporated and domiciled in Australia.

This general purpose interim financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any announcements made by Glory Resources during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2011, as noted below.

(b) Changes in accounting policy

In the half-year ended 31 December 2011, the Group has reviewed all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current financial reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Group's accounting policies.

(c) Comparatives

The comparative period presented in the consolidated financial statements is from date of incorporation on 30 March 2010 to 31 December 2010. The comparative statement of financial position presented in this report is 30 June 2011.

(d) Acquisition accounting

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree.

Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reasonable measure of fair value.

Notes to the Consolidated Financial Statements (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

2. Other expenses

	31 December 2011 $	31 December 2010 $
Legal expenses	(6,529)	-
Accounting and audit fees	(22,254)	(30,250)
Insurance	(4,945)	-
ASX and share registry fees	(23,177)	-
Travel	(29,266)	-
Consultants and advisory fees	(62,082)	(50,000)
General administration	(81,474)	(16,104)
	(229,727)	**(96,354)**

Notes to the Consolidated Financial Statements (continued)

3. Segment reporting

31 December 2011	Exploration – Greece $	Exploration – Canada $	Other $	Consolidated $
Loss before income tax	-	(29,266)	(1,611,745)	(1,641,011)
Segment assets				
Cash and cash equivalents	92,720	-	11,370,711	11,463,431
Exploration and evaluation expenditure	36,158,564	1,665,345	-	37,823,909
Other	140,745	28,296	290,175	459,216
Total segment assets	36,392,029	1,693,641	11,660,886	49,746,556
Segment liabilities				
Trade creditors	-	-	(175,343)	(175,343)
Other	-	(573,294)	(920)	(574,214)
Total segment liabilities	-	(573,294)	(176,263)	(749,557)

31 December 2010	Exploration – Greece $	Exploration – Canada $	Other $	Consolidated $
Loss before income tax	-	-	(87,349)	(87,349)
Segment assets				
Cash and cash equivalents	-	-	2,672,360	2,672,360
Other	-	-	71,316	71,316
Total segment assets	-	-	2,743,676	2,743,676
Segment liabilities				
Trade creditors	-	-	(1,000)	(1,000)
Other	-	-	(2,520,000)	(2,520,000)
Total segment liabilities	-	-	(2,521,000)	(2,521,000)

Notes to the Consolidated Financial Statements (continued)

4. Exploration and evaluation expenditure

	31 December 2011 $	30 June 2011 $
Exploration and evaluation expenditure	37,823,909	1,144,615

Movements in exploration and evaluation expenditure during the half-year ended 31 December 2011:

	31 December 2011 $	31 December 2010 $
Balance at beginning of period	1,144,615	-
Acquired – Sapes Acquisition (refer note 9)	36,158,563	-
Additions	520,731	-
Balance at end of period	37,823,909	-

5. Issued capital

	31 December 2011 No.	31 December 2011 $	30 June 2011 No.	30 June 2011 $
Issued and fully paid	224,100,099	51,250,781	24,875,001	3,040,301
Contingent share capital [1]	4,000,000	800,000	4,000,000	800,000
Share issue costs	-	(2,233,408)	-	(130,206)
Total	**228,100,099**	**49,817,373**	**28,875,001**	**3,710,095**

[1] The contingent share capital represents the issue of fully paid shares in Glory Resources that is subject to Glory Resources completing its earn-in to obtain a 75% Participating Interest in the onion lake Project.

The issued share capital of the Group as at 31 December 2011 was 224,100,099 ordinary shares.

Movements in share capital during the half-year ended 31 December 2011:

	No. of Shares	Issue Price $/share	$
Balance at 1 July 2011	28,875,001		3,710,095
Share placement (15 August 2011)	12,943,178	0.17	2,200,000
Capital raising (Prospectus – 4 November 2011)	170,281,920	0.25	42,570,480
Vendor shares (Sapes Acquisition – 16 December 2011) [1]	16,000,000	0.215	3,440,000
Share issue costs			(2,103,202)
	228,100,099		49,817,373

[1] Escrowed for 12 months from date of issue

Notes to the Consolidated Financial Statements (continued)

6. Reserves

	31 December 2011 $	30 June 2011 $
Asset revaluation reserve	(27,425)	(6,920)
Foreign translation reserve	(21,199)	(9,487)
Option reserve	3,587,027	2,146,959
	3,538,403	**2,130,552**

Movements in reserves during the half-year ended 31 December 2011:

	31 December 2011 $	31 December 2010 $
Asset revaluation reserve		
Balance at beginning of period	(6,920)	-
Revaluation of shares to market value	(20,505)	-
Balance at end of period	(27,425)	-
Foreign translation reserve		
Balance at beginning of period	(9,485)	-
Foreign translation difference on consolidation	(11,714)	-
Balance at end of period	(21,199)	-
Option reserve		
Balance at beginning of period	2,146,959	-
Options issued to Directors	551,823	-
Options issued to Consultants and Management	661,256	-
Options issued to Brokers	226,989	-
Balance at end of period	3,587,027	-

Notes to the Consolidated Financial Statements (continued)

7. Share-Based Payments

Total costs arising from share based payment transactions recognised during the period were as follows:

	31 December 2011 $	31 December 2010 $
Options issued to Directors (a)	551,823	-
Options issued to Consultants and Management (b)	661,256	-
Options issued to Brokers (c)	226,989	-
	1,440,068	-

(a) On 24 November 2011, the Group issued 4,300,000 unlisted options to Directors at an exercise price of $0.25 on or before 31 October 2014.

(b) On 16 December 2011, the Group issued 5,200,000 unlisted options to Consultants and Management at an exercise price of $0.25 on or before 31 October 2014.

(c) On 16 December 2011, the Group issued 1,785,000 unlisted options to Brokers at an exercise price of $0.25 on or before 31 October 2014 (included in share issue costs).

8. Subsidiaries

The Group's consolidated financial statements include the financial statements of Glory Resources Limited and the subsidiaries listed in the following table:

	Country of Incorporation	31 December 2011 % Equity Interest	30 June 2011 % Equity Interest
Quetico Minerals Pty Ltd	Australia	100%	100%
Quetico Resources Ltd	Canada	100%	100%
Hellenic Gold Investments (UK) Limited	United Kingdom	100%	-
Rhodopi Minerals Limited	United Kingdom	100%	-
Scarborough Minerals Overseas Holdings Ltd	United Kingdom	100%	-
Scarborough Minerals International BV	Netherlands	100%	-
Kyprou Gold Limited	United Kingdom	100%	-
Thrace Investments BV	Netherlands	100%	-
Thrace Minerals SA	Greece	100%	-

Notes to the Consolidated Financial Statements (continued)

9. Asset acquisition

a) Summary of acquisition

On 16 December 2011, Glory Resources Limited, via its wholly owned subsidiary Rhodopi Minerals Limited ("RML"), acquired a 100% interest in the high grade Sapes Gold Project located in north-eastern Greece ("Sapes Acquisition"). RML acquired 100% of the shares in Scarborough Minerals Overseas Holdings Ltd ("SMOHL") and its subsidiaries from Mineral Resources (UK) Ltd, a subsidiary of Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert").

The consideration payable to Cape Lambert for the Sapes Acquisition comprised $32.7 million payable in cash (repayment of loans), 16 million new shares in the Company and a further $10 million (in cash or new shares in the Company at Cape Lambert's election) payable upon achievement of certain operational milestones.

Details of the fair value of the assets and liabilities acquired as at 16 December 2011 are as follows:

Purchase consideration comprises:

	Number	Price	$
Cash paid - repayment of loans [1]			32,660,660
Shares issued to vendor	16,000,000	$0.215	3,440,000
Total consideration			36,100,660
Legal costs directly attributable to assets acquired			272,538
			36,373,198

[1] Represents loans owing to Cape Lambert by entities acquired extinguished by cash consideration provided by Glory Resources Limited.

Net assets acquired:

Cash and cash equivalents	92,720
Trade and other receivables	31,359
Land	109,135
Exploration and evaluation assets	36,158,563
Trade and other payables	(18,579)
Net identifiable assets	**36,373,198**

Notes to the Consolidated Financial Statements (continued)

10. Contingent assets and liabilities

On 16 December 2011, Glory Resources Limited, via its wholly owned subsidiary Rhodopi Minerals Limited ("RML"), acquired a 100% interest in the high grade Sapes Gold Project located in north-eastern Greece ("Sapes Acquisition"). RML acquired 100% of the shares in Scarborough Minerals Overseas Holdings Ltd ("SMOHL") and its subsidiaries from Mineral Resources (UK) Ltd, a subsidiary of Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert"). The purchase consideration included two contingent payments of $5 million each, which are payable once certain milestones are achieved, as follows:

- $5 million in cash or the equivalent issue of Shares to Cape Lambert (at the election of Cape Lambert) upon the granting of all necessary approvals and consents of governmental authorities to enable Thrace Minerals SA ("Thrace") (the Company's wholly owned subsidiary which holds 100% of the Sapes Gold Project) to commence mining the Sapes Gold Project; and

- $5 million in cash or the equivalent issue of Shares to Cape Lambert (at the election of Cape Lambert) upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper and/or silver) from the Sapes Gold Project.

Apart from the above, the Group has no contingent assets or liabilities at the period end.

11. Commitments

There have been no significant changes to commitments since 30 June 2011.

12. Related party transactions

Service arrangements

Summarised below are details of new or revised service arrangements entered into with the Board of Directors since 30 June 2011.

Executive Directors

The Company entered into a Consultancy Agreement with BR Corporation Pty Ltd for the services of Mr Jason Bontempo as executive director. The key terms are summarised as follows;

- Commencement date 1 January 2012;
- Payment of a consultancy fee of $360,000 per year (excluding GST);
- The Consultancy Agreement can be terminated by:
  (a) the Company giving 12 months' notice; or
  (b) the Consultant giving 6 months' notice.
  If, for any reason, at the instigation of the Board, Jason Bontempo suffers a material diminution in his status as a key executive of the Company due to:
  (a) a material diminution in his authority in respect of the Company's business; or
  (b) a change in his reporting relationship with the Board, including (but not limited to) Jason Bontempo no longer being an executive director either by way of resignation or removal from the Board or otherwise, then:
  (c) the Consultant may, within two months of such diminution in status, elect by giving two weeks written notice to the Company to treat the Consultancy Agreement as being terminated by the Company; and
  (d) if the Consultant gives such notice:
    (i) the consultancy will cease at the end of the period of two weeks written notice; and
    (ii) the Company will provide the Consultant with payment in the amount of the Consultancy Fee for a Working Year applicable at the date of termination.

Notes to the Consolidated Financial Statements (continued)

Non-Executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $150,000 per annum and was approved at the annual general meeting.

The Company entered into consultancy agreements with each of Mr Jeremy Wrathall and Lui Giuliani.

Mr Jeremy Wrathall in his capacity as non-executive director (appointed 1 January 2012) is entitled to receive $50,000 (excluding GST) per annum. Mr Wrathall was appointed chairman on 1 February 2012, and from this date is entitled to receive $70,000 (excluding GST) per annum.

Mr Lui Giuliani (appointed 1 January 2012) is entitled to receive $45,000 (excluding GST) per annum.

Options issued to directors

On 24 October 2011, the shareholders of the Company approved the following unlisted options to be awarded to Directors:

Director	Number of Options Issued	Grant Date	Exercise Price	Expiry Date
Mr Jason Bontempo	1,500,000	24-Nov-11	$0.25	31-Oct-14
Mr Jeremy Wrathall [1]	1,500,000	24-Nov-11	$0.25	31-Oct-14
Mr Bernard Aylward	800,000	24-Nov-11	$0.25	31-Oct-14
Mr Jeremy King [2]	500,000	24-Nov-11	$0.25	31-Oct-14

[1] Appointed 1 January 2012
[2] Resigned 1 January 2012

13. Events occurring after the reporting period

On 1 January 2012, Mr Jeremy Wrathall and Mr Lui Giuliani were appointed Non-executive Directors of the Company. Mr Jeremy King resigned as Executive Director on this date. On 1 February 2012, Mr Wrathall was appointed chairman of the Company.

Ms Pip Leverington was appointed to the role of Company Secretary on 1 January 2012. This role was performed by Ms Emma Wates from 1 September 2011 to 31 December 2011, and by Ms Shannon Robinson for the period 30 March 2010 to 31 August 2011.

On 21 February 2012, the Company announced that the following unlisted options were issued:

- 1,100,000 options exercisable at $0.25 on or before 28 February 2014 to in-country staff and consultants that will vest upon the Company receiving its Environmental Impact Statement ("EIS") in relation to the Sapes Gold Project from the Ministry of Environment, Energy and Climate Change in Greece; and
- 250,000 options exercisable at $0.25 on or before 28 February 2014 to consultants, not subject to a vesting condition.

Notes to the Consolidated Financial Statements (continued)

In addition, as set out in their respective consultancy agreements, subject to shareholder approval to be sought at the Company's next general meeting, the Company intends to issue 1,000,000 options to Jeremy Wrathall (Chairman) and 200,000 options Lui Giuliani (Non-executive Director) (together, the "Director Options"). The exercise price of the Director Options will be $0.25 and has been resolved in order to align the terms of the options with those issued to the other Directors in late December 2011. The Director Options will be subject to vesting conditions in relation to the environmental approvals to be sought in respect of the Sapes Project.

On 16 January 2012, 1,000,000 fully paid ordinary shares were released from escrow.

Except for the matters discussed above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of Glory Resources Limited, I state that in the opinion of the directors:

a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of its financial position as at 31 December 2011 and its performance for the half-year ended on that date of the Group; and

   (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mr Jason Bontempo
Executive Director

29 February 2012

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Glory Resources Limited, 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, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 half-year 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 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 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 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 Glory Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 Glory Resources Limited is not in accordance with the *Corporations Act 2001* including:

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

BDO Audit (WA) Pty Limited

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 29th day of February 2012