

**RANGE RIVER GOLD LIMITED
HALF YEAR FINANCIAL REPORT**

**RANGE RIVER GOLD LIMITED
AND ITS CONTROLLED ENTITY**

ABN 64 065 480 453

FOR THE HALF YEAR ENDED 31 DECEMBER 2005

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT

ABN 64 065 480 453

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2005

The directors of Range River Gold Ltd ("Range River" or "Company") submit their report for the half year ended 31 December 2005.

Directors

The names of the Company's directors in office during the half year until the date of this report are set out below:

George John Pizzey (Non Executive Chairman)

Michael R Beer (Managing Director)

Owen L Hegarty (Non Executive Director)

Kenneth D Barassi (Non Executive Director)

John M Andrews (Non Executive Director)

Arnold C Offenberg (Non Executive Director)

Review of results and operations

The consolidated loss for the half year ended 31 December 2005 was \$2,035,670.

INDEE GOLD PROJECT - WESTERN AUSTRALIA

During the half year the directors confirmed their decision to proceed with the development of the Indee Gold Mine.

Approvals for the commencement of construction work at the Indee Gold Mine were received during December 2005 and preparations are well advanced for the start of operations in the first half of 2006.

EXPLORATION - SOUTH AUSTRALIA

Gawler Craton Tenements (Range River 100%, Minotaur Exploration Ltd ("Minotaur") earning 75%, Mithril Resources Ltd earning 75% in part of Glenloth, Toro Energy Limited ("Toro") earning 75% for uranium only)

Lake Labyrinth Shear Zone

A program of aircore drilling to characterise regional alteration patterns and lithologies was completed along a section of the Lake Labyrinth Shear Zone in EL 2866. Minotaur propose that data from the aircore drilling will be used in conjunction with gravity data to generate further Prominent Hill – style targets along the shear zone for drill testing in 2006.

Lyons, Warrior Palaeochannel Uranium Project

Results from regional aircore drill traverses along inferred extensions of the Warrior Palaeochannel Uranium Prospect by Minotaur Exploration confirm the southward extension of roll front uranium mineralization for 4 kilometres within EL3040 and that mineralization remains open to the south. Since the end of the period, Minotaur has announced the establishment of a new company, Toro Energy Limited, which will focus on uranium exploration, including on the Company's Gawler Craton properties. Toro has agreed to spend \$2 million on uranium exploration to earn a 75% interest solely for uranium in the Company's Gawler Craton properties.

EXPLORATION - VICTORIA

Ararat and Kingston (Range River 100%, Newcrest earning 70%)

Follow up and generative aircore drilling by Newcrest late in the period was designed to target two possible domal-type targets in the Ararat district and test anomalous gold geochemistry at Cathcart, Sarsaparilla Hill and Langi Logan in the Stawell gold corridor. In total 24 air-core holes for 1,945m were completed. Further major aircore and diamond drilling programs are planned by Newcrest during 2006.

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DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2005

CORPORATE

Funds raised from the issue of convertible notes, a share placement and a share purchase plan totalled \$8.43 million before expenses during the period.

The Company also received and accepted an offer of a working capital facility of \$2.25 million from NM Rothschild and Sons (Australia) together with a \$0.4 million performance bond facility. Documentation of loan agreements were finalised during the period.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the half year ended 31 December 2005 has been received and can be found on page 3.

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

A handwritten signature in black ink, appearing to read "Michael R Beer". The signature is written in a cursive, flowing style.

Michael R Beer
Director

Dated this 8th day of March 2006

8 March 2006

Board of Directors
Range River Gold Limited
Ground Floor, 15 Queens Street
MELBOURNE VIC 3000

Dear Directors,

Re: Auditor's Independence declaration

In relation to our review of the interim financial report of Range River Gold Limited and its controlled entity ("Range River") for the half-year ended 31 December 2005 ("the review"), we make the following declarations to the Board of Directors of Range River:

1) To the best of our knowledge and belief, there have been no contraventions of:

- the auditor's independence requirements of the *Corporation Act 2001* in relation to the review; and
- any applicable codes of professional conduct in relation to the review.

2) We have maintained our independence in accordance with the provisions of Professional Statement F1, and with the provisions of the *Corporations Act 2001* in performing the review.

Yours faithfully

A handwritten signature in black ink that reads 'HLB Mann Judd' in a cursive style.

HLB Mann Judd


A handwritten signature in black ink that reads 'David Nairn' in a cursive style.

DAVID NAIRN

Partner

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HLB Mann Judd (MCPartnership)

HLB Mann Judd (MCPartnership) is a member of  HLB International. A world-wide organisation of accounting firms and business advisers.

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT

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CONSOLIDATED INCOME STATEMENT

AS AT 31 DECEMBER 2005

	Notes	2005 \$	2004 \$
Continuing Operations			
Interest Revenue	2(a)	123,511	137,897
Other Expenses	2(b)	<u>(2,144,007)</u>	<u>(1,406,012)</u>
(Loss) from continuing operations before tax		<u>(2,020,496)</u>	<u>(1,268,115)</u>
Finance costs		<u>(15,174)</u>	<u>-</u>
(Loss) before income tax		<u>(2,035,670)</u>	<u>(1,268,115)</u>
Income tax expense		<u>-</u>	<u>-</u>
(Loss) after tax from continuing operations		<u>(2,035,670)</u>	<u>(1,268,115)</u>
(Loss) attributable to members of parent		<u>(2,035,670)</u>	<u>(1,268,115)</u>
Earnings per share (cents per share)			
- basic earnings/(loss) per share		(1.8 cents)	(1.4 cents)
- diluted earnings/(loss) per share		(1.8 cents)	(1.4 cents)

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

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT
ABN 64 065 480 453
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	As at 31 December 2005 \$	As at 30 June 2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,104,352	2,190,846
Receivables		402,578	135,129
Prepayments		564,516	364,527
Total Current Assets		<u>7,071,446</u>	<u>2,690,502</u>
Non-current Assets			
Plant and equipment		643,792	644,278
Exploration and development expenditure		10,467,320	8,043,817
Intangible assets		731,101	731,101
Total Non-current assets		<u>11,842,213</u>	<u>9,419,196</u>
TOTAL ASSETS		<u>18,913,659</u>	<u>12,109,698</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		1,229,653	461,428
Provisions		81,308	62,024
Total Current Liabilities		<u>1,310,961</u>	<u>523,452</u>
Non-current Liabilities			
Interest bearing liabilities		689,143	-
Provisions		44,703	54,275
Total Non-current Liabilities		<u>733,846</u>	<u>54,275</u>
TOTAL LIABILITIES		<u>2,044,807</u>	<u>577,727</u>
NET ASSETS		<u>16,868,852</u>	<u>11,531,971</u>
EQUITY			
Contributed equity	4	26,716,826	19,344,275
Reserves		296,207	296,207
Accumulated losses		(10,144,181)	(8,108,511)
TOTAL EQUITY		<u>16,868,852</u>	<u>11,531,971</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT
ABN 64 065 480 453
CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	2005	2004
	\$	\$
Total equity at the beginning of the half year	11,531,971	11,871,906
(Loss) for the year	(2,035,670)	(1,268,115)
	9,496,301	10,603,791
Transactions with equity holders in their capacity as equity holders		
Contributions of equity (net of costs)	7,372,551	699,132
Equity compensation	-	155,000
Total equity at the end of the half year attributable to the members of Range River Gold Ltd	16,868,852	11,457,923

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

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT
ABN 64 065 480 453
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Interest received		113,435	137,897
Payments to suppliers and employees (including GST)		(1,745,124)	(544,148)
Net cash flows used in operating activities		<u>(1,631,689)</u>	<u>(406,251)</u>
Cash flows from investing activities			
Payment for exploration and development		(2,505,028)	(1,828,432)
Payments for fixed assets		(9,513)	(9,727)
Net cash flows used in investing activities		<u>(2,514,541)</u>	<u>(1,838,159)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		7,372,551	639,132
Proceeds from borrowings (net of costs)		687,185	-
Net cash flows from financing activities		<u>8,059,736</u>	<u>639,132</u>
Net increase/(decrease) in cash and cash equivalents		3,913,506	(1,605,278)
Cash and cash equivalents at beginning of period		<u>2,190,846</u>	<u>6,286,173</u>
Cash and cash equivalents at end of period		<u>6,104,352</u>	<u>4,680,895</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

RANGE RIVER GOLD LTD HALF YEAR FINANCIAL REPORT
ABN 64 065 480 453
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. Summary of Significant Accounting Policies

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

This half year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity as the full financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report of Range River Gold Limited for the year ended 30 June 2005 which was based on Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") and any public announcements made by Range River Gold Ltd and its controlled entity during the half year ended 31 December 2005 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

a. Basis of preparation of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. ("AIFRS").

The half year financial report complies with Australian Accounting Standards which include AIFRS. This half year financial report is the first Range River Gold Ltd half year financial report to be prepared in compliance with requirements of AIFRS and comparatives for the half year ended 31 December 2004 and full year ended 30 June 2005 have been restated accordingly. AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. Compliance with AIFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with the requirements of International Financial Reporting Standards ("IFRS").

Financial statements of Range River Gold Ltd until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principals (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Range River Gold Ltd interim financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income in the 31 December 2004 half year report and 30 June 2005 full year financial report prepared under AGAAP are given in Note 8.

Historical cost convention

The half year financial report has been prepared under the historical cost convention, as modified where applicable by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

A summary of the Group's significant accounting policies under AIFRS are set out below.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities controlled by Range River Gold Ltd ("the Company") and its subsidiary as at 31 December 2005 and the results of the Company and its subsidiary for the half year then ended. Range River Gold Ltd and its subsidiary together are referred to in this financial report as the Group or the consolidated entity. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

A subsidiary is consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the Group.

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Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiary are the same as those of the parent company.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

The consolidated entity conducts business in the mining industry within Australia, with its main activity being the exploration for minerals in Australia.

d. Income Tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognized in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognized directly in equity are also recognized directly in equity.

The Company and its subsidiary have not formed a tax consolidation group at 31 December 2005.

e. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payable are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, where applicable) to the net carrying amount of the financial asset.

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g. Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated using the diminishing value method over the estimated useful life of the asset over 3-5 years, after taking into account any residual value.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

h. Exploration, evaluation and development expenditure

Exploration and evaluation expenditure costs related to areas of interest are carried forward to the extent that:

- i. The rights to tenure of the areas of interest are current and the consolidated entity controls the area of interest in which the expenditure has been incurred; and
- ii. Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- iii. Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure will generally be capitalized where a JORC (Joint Ore Reserves Committee) resource has been identified and probable future economic benefits are demonstrated. Exploration and evaluation assets will be assessed annually for indicators of impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

Expenditure capitalised under the above policy is amortised over the life of the area of interest from the date that commercial production of the related mineral occurs.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Development expenditure for the initial establishment of access to anticipated economically recoverable mineral resources including measured, indicated and inferred resources, together with capitalised exploration and evaluation expenditure and any financing charges in respect of the project are carried forward as part of the cost of mine development. Subsequent development expenditure will be charged against profit as incurred except when such expenditure results in future benefits. Amortisation of costs are provided on the unit-of-production method resulting in an amortisation charge equal to the amount of reserves mined as a proportion of the economically recoverable proven and probable reserves and a proportion of the recoverable measured, indicated and inferred resources. Amortisation charge will include a provision for expected future costs of capital development associated with that recoverable mineral resource.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
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i. Intangible assets

Mining Rights

Mining rights with a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of mining rights over their estimated useful lives.

Acquired mineral rights with a finite useful life which are not yet available for use are not amortised but are subject to annual impairment testing until they become ready for use. Once they are ready for use, they are accounted for in the same manner as mining rights with a finite life.

j. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

k. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

l. Interest bearing liabilities (borrowings)

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds of borrowings (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note (if material) is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders equity, net of income tax effects. Convertible notes are classified as non-current liabilities as under the terms of the convertible notes issue the repayment date is at least 12 months after the balance sheet date.

m. Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include interest on borrowings.

n. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement within 30 days from the date of recognition.

o. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

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p. Employee Benefits

i. Wages, salaries and annual leave

The provisions for employee benefits for wages, salaries and annual leave resulting from employees' services provided up to the balance date, which are expected to be settled within one year have been measured at the undiscounted amounts expected to be paid when the liability is settled based on current wage and salary rates including related on-costs. Expected future payments beyond one year are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii. Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

iii. Share-based payment transactions

The Group provides benefits to employees (including non executive directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions"), under the Range River Executive Option Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model.

The cost of equity-settled transactions is recognised together with a corresponding increase in equity over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Share options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and/or vested after 1 January 2005

The fair value of options granted under the Company's Executive Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

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q. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds.

r. Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit (loss) attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the half year.

(ii) Diluted earnings per Share

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

s. AASB 1 Transitional Exemptions

The Group has made its election in relation to the transitional exemptions allowed by *AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards"* as follows:

(i) Exemptions from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has elected to adopt this exemption and has not applied *AASB 132 "Financial Instruments: Presentation and Disclosure"* and *AASB 139 "Financial Instruments: Recognition and Measurement"* to its comparative information.

(ii) Share based payment transactions

AASB 2 "Share based payments" has not been applied to equity instruments granted on or before 7 November 2002. *AASB 2 "Share based payments"* is applied to all equity instruments granted after 7 November 2002 that had vested before or after 1 January 2005.

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ABN 64 065 480 453

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

2. Revenue from Continuing Operations

	31 December 2005 \$	31 December 2004 \$
(a) Other revenues		
Interest – other parties	123,511	137,897
Total revenue from Continuing Operations	123,511	137,897
(b) (Loss) from ordinary activities before income tax expense includes the following whose disclosure is relevant in explaining the performance of the group.		
Depreciation of plant and equipment	(9,998)	(14,077)
Exploration expenditure written off	(567,147)	(49,785)
Project evaluation expenses written off	(5,040)	(4,344)
Provision for annual leave	(9,355)	(14,883)
Corporate Fees, investor relations and promotion	(69,211)	(107,025)
Insurance	(42,851)	(25,878)
Accounting, audit and taxation fees	(14,050)	(16,777)
Directors fees	(49,050)	(44,880)
Office Rental and storage	(58,891)	(50,306)
Legal Fees	(39,857)	(23,131)
Annual tenement rental and rates	(419,881)	(81,465)
Salaries and on costs	(375,712)	(260,949)
Indee operation expenses	(116,750)	(84,592)
Employee search costs	(63,549)	-
Feasibility study costs	-	(44,256)
Equity based compensation benefits	-	(155,000)
Engineering and surveying	-	(50,328)
Consultants fees and expenses	(147,455)	(287,587)
Travel and Accommodation	(99,128)	(61,489)
Other expenses	(56,082)	(29,260)
	(2,144,007)	(1,406,012)

3. Controlled Entity

The Company has a fully owned subsidiary Opus Exploration Pty Ltd which has a 100% interest in the Indee Gold Project in Western Australia. The subsidiary contributed expenses of \$1,265,083 and a net loss of \$1,265,083 to the consolidated entity for the period.

4. Issued Capital

	31 December 2005 \$	30 June 2005 \$
<i>Ordinary Shares</i>		
Issued and fully paid	26,716,826	19,344,275
<i>Movement in ordinary shares on issue</i>		
	Issue Price	No of shares
As at 1 July 2005		106,881,714
Placement 26 September 2005	9 cents	16,000,000
Placement 20 October 2005	9 cents	39,000,000
Shares issued under Share Purchase Plan	9 cents	25,705,000
Shares issued to Merit Lining Systems Pty Ltd	9 cents	5,000,000
Less capital raising expenses		(340,899)
		192,586,714
		26,716,826

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5. Events Subsequent to Reporting Date

Since 31 December 2005, no event has arisen that would be likely to materially affect the operations of the economic entity or the state of affairs of the economic entity not otherwise disclosed in the financial report.

6. Segment Information

The principal activity of the Company is mineral exploration within Australia.

7. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

8. Explanation of transition to Australian equivalents of IFRSs

Reconciliation of equity and net loss reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity and net loss under Australian equivalents to IFRS (AIFRS)

	Notes	30 June 2005 \$	31 December 2004 \$	1 July 2004 \$
Total equity under AGAAP		16,049,661	15,068,685	14,608,447
Adjustments to accumulated losses (net of tax)				
Amortisation expense	(a)	121,850	-	-
Goodwill	(b)	(181,095)	-	-
Exploration expenditure written off	(c)	(4,461,436)	(3,612,851)	(2,737,746)
Employee entitlements	(d)	2,991	2,089	1,205
Equity based compensation benefits	(e)	(296,207)	(296,207)	(141,207)
		(4,813,897)	(3,906,969)	(2,877,748)
Adjustments to Reserves (net of tax)				
Equity based compensation benefits (net of tax)	(e)	296,207	296,207	141,207
Total equity under AIFRS		11,531,971	11,457,923	11,871,906

Reconciliation of profits (loss) for the year ended 30 June 2005 and the half year ended 31 December 2004 under previous AGAAP to that under AIFRS

	Notes	30 June 2005 \$	31 December 2004 \$
Net loss as reported under AGAAP		(1,257,918)	(238,894)
Amortisation expense	(a)	121,850	-
Exploration expenditure written off	(c)	(848,585)	(875,105)
Employee benefits	(d)	902	884
Equity based compensation benefits	(e)	-	(155,000)
		(725,833)	(1,029,221)
Net loss under AIFRS		(1,983,751)	(1,268,115)

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Notes to the reconciliations

(a) Intangible Assets – Mineral Rights and reserves

The accounting treatment for intangible assets (identifiable and non-identifiable) required by AASB 3 *Business Combinations* and AASB 138 *Intangible Assets* differs to that required by the former AASB 1013 *Accounting for Goodwill*.

On transition, the consolidated entity has retrospectively applied AASB 3 to any business combination that relates to its subsidiary and consequently any goodwill on consolidation has been reassessed based on the requirements of AASB 3. Consequently, the consolidated entity has determined that the goodwill of \$731,101 previously determined under AASB 1013 on purchase of Opus Exploration Pty Ltd (“Opus”) in 2003 represents Mineral Rights and Reserves, a separately identifiable intangible asset, on applying the requirements of AASB 3. The effect of this is:

i. At 1 July 2004

For the consolidated entity, the balance of the goodwill attributable to the acquisition of Opus in 2003 of \$731,101 has been reclassified as Mineral Rights and Reserves, a separately identifiable intangible asset. There are no other effects on the consolidated entity.

ii. At 31 December 2004

There is no effect on the consolidated entity.

iii. At 30 June 2005

There is no effect on the consolidated entity.

iv. For the half year ended 31 December 2004

There is no effect on the consolidated entity.

v. For the year ended 30 June 2005

For the consolidated entity, there is a reduction in provision for goodwill amortisation and a corresponding reduction in goodwill amortisation expense of \$121,850.

(b) Goodwill

The acquisition of Bullion Minerals Ltd’s (“Bullion”) 30% interest in the Indee Gold Project in June 2005 does not meet the definition of a business because control of the Indee Gold Project had previously been obtained by Range River Gold in 2004. As the accounting treatment for acquisitions of a subsidiary required by AASB 127 *Consolidated and Separate Financial Statements* differs to that required by the former AASB 1024 *Consolidated Accounts*, on transition, the acquisition of Bullion’s 30% interest in the Indee Gold Project will result in an adjustment to accumulated losses of the full value of the goodwill generated from that transaction. The effect of this is:

i. At 1 July 2004

There is no effect on the consolidated entity.

ii. At 31 December 2004

There is no effect on the consolidated entity.

iii. At 30 June 2005

For the consolidated entity, the balance of the goodwill attributable to the acquisition of Bullion’s 30% interest in the Indee Gold Project in June 2005 of \$181,095 is reduced to zero. Accumulated losses are increased by this amount.

iv. For the half year ended 31 December 2004.

There is no effect on the consolidated entity.

v. For the year ended 30 June 2005

There is no effect on the consolidated entity.

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(c) Exploration, Evaluation and Development Expenditure

AASB 6 *Exploration for and Evaluation of Mineral Resources* is the Australian equivalent of IFRS 6. These standards apply from 1 January 2005 and 1 January 2006 respectively, and allow entities to continue with their existing policy for exploration and evaluation expenditure as applied in their most recent financial report, or to change their policy for each expenditure in accordance with AASB 109 *Accounting Policies, Changes in Accounting Estimates and Errors*, if the change makes the financial statements more relevant and reliable.

Range River Gold Ltd changed its accounting policy on 1 July 2004 from one which complies with AASB 1022, to one that is based on AASB 116 *Property, Plant & Equipment*. Accumulated losses is impacted to the extent that there is existing exploration and evaluation assets that qualify for recognition under the former AASB 1022 *Accounting for the Extractive Industries* but which do not qualify for recognition under AASB 116. The effect of this is:

i. At 1 July 2004

For the consolidated entity there has been a decrease in capitalised exploration, evaluation and development expenditure of \$2,737,746 and a corresponding increase in accumulated losses.

ii. At 31 December 2004

For the consolidated entity there has been a decrease in capitalised exploration, evaluation and development expenditure of \$875,105.

iii. At 30 June 2005

For the consolidated entity there has been a decrease in capitalised exploration, evaluation and development expenditure of \$848,585.

iv. For the half year ended 31 December 2004

For the consolidated entity there has been an increase in exploration expenditure written off of \$875,105.

v. For the half year ended 30 June 2005

For the consolidated entity there has been an increase in exploration expenditure written off of \$848,585.

(d) Employee entitlements

i. At 1 July 2004

For the consolidated entity there has been a reclassification of the current provision for employee entitlements to non current liabilities of \$24,253 for the consolidated entity. The effect of discounting of expected future payments beyond one year has resulted in a decrease in accumulated losses of \$1,205.

ii. At 31 December 2004

For the consolidated entity there has been a reclassification of the current provision for employee entitlements to non current liabilities of \$42,572 at 31 December 2004.

iii. At 30 June 2005

For the consolidated entity, there has been a reclassification of the current provision for employee entitlements to non current liabilities of \$57,266 at 30 June 2005.

iv. For the half year ended 31 December 2004

For the consolidated entity the effect of discounting of expected future payments beyond one year has resulted in a decrease in provision for annual leave of \$2,089.

v. For the half year ended 30 June 2005

For the consolidated entity the effect of discounting of expected future payments beyond one year has resulted in a decrease in provision for annual leave of \$2,991.

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(e) Equity based compensation benefits

Under AASB 2 *Share-based Payments* from 1 July 2004 the consolidated entity is required to recognise an expense for those options that were issued to employees under the Company Executive Option Plan after 7 November 2002 but that had not vested by 1 January 2005. Under AGAAP, no expense was recognised for equity-based compensations.

The Group has elected to take up the exemption provided by AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* and has not applied AASB 2 *Share Based Payments* to equity instruments granted on or before 7 November 2002. AASB 2 *Share based payments* is applied to all equity instruments granted after 7 November 2002 that had vested before or after 1 January 2005. The effect of this has been:

- i. For the year ended 30 June 2005, consolidated accumulated losses at 30 June 2005 were increased by \$155,000 (31 December 2004 \$155,000 and 30 June 2004 \$141,207) with a corresponding increase in the equity compensation reserve.
- ii. For the year ended 30 June 2005, the consolidated employee benefits expense is \$155,000 higher (for the six months ended 31 December 2004 \$155,000 and the year ended 30 June 2004 \$141,207).

(f) Accumulated Losses

The effect on accumulated losses of the changes set out above is as follows:

	NOTES	30 June 2005 \$	31 December 2004 \$	30 June 2004 \$
Amortisation Expense	(a)	121,850	-	-
Goodwill	(b)	(181,095)	-	-
Exploration Expenditure Written Off	(c)	(848,585)	(875,105)	(2,737,746)
Employee Entitlements	(d)	902	884	1,205
Equity Based Compensation Benefits	(e)	-	(155,000)	(141,207)
Total Adjustments		(906,928)	(1,029,221)	(2,877,748)

RANGE RIVER GOLD LTD HALF YEAR REPORT
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DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

The Directors of the Company declare that:

The accompanying financial statements and notes

- Comply with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and;
- Give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the Directors' opinion:

- The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*; and
- There are reasonable grounds to believe that the Company and its controlled entity 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



Michael R Beer
Director
Range River Gold Ltd and its Controlled Entity
Dated this 8 March 2006

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RANGE RIVER GOLD LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Range River Gold Limited ("the company") and the entity it controlled during the half year, and the directors' declaration for the half year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and its cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

When this review report is included in a document containing the directors' report, our procedures include reading the directors' report to determine whether it contains any material inconsistencies within the financial report.

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HLB Mann Judd (MCPartnership)

HLB Mann Judd (MCPartnership) is a member of  International. A world-wide organisation of accounting firms and business advisers.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Review Statement

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 Range River Gold Limited and the entity which it controlled during the half year:

- a) does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
- b) is not presented in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

A handwritten signature in cursive script that reads 'HLB Mann Judd'.

HLB MANN JUDD

A handwritten signature in cursive script that reads 'David Nairn'.

DAVID NAIRN
Partner

8 March 2006
Melbourne