



APHRODITE
Gold Limited

HALF-YEAR REPORT

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

*This Half-Year Report should be read in conjunction with the Company's
Annual Report for the period ended 30 June 2010*

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Corporate Information

This Report covers the activities of Aphrodite Gold Limited ABN 61 138 879 928 for the half-year ended 31 December 2010. The Company's functional and presentation currency is Australian Dollars (AUD). A review of the Company's principal activities and operations is included in the Directors' Report at page 3. The Directors' Report is unaudited and does not form part of this Financial Report. The Company was formed on 14 August 2009 and so the comparative figures shown are for the period 14 August 2009 to 31 December 2009.

REGISTERED AND CORPORATE OFFICE

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

DIRECTORS

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

SECRETARY AND CHIEF FINANCIAL OFFICER

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

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

AUDITOR

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

WEB SITE

www.aphroditegold.com.au

Directors' Report

Your Directors are pleased to submit their Report for the half-year ended 31 December 2010.

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

Warren Staude
Wayne Ryder
Leon Reisgys
Ken Jackson
Heath Sandercock

PRINCIPAL ACTIVITIES

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

LISTING ON ASX

Following a successful fund raising by way of Prospectus, the Company's Securities were Listed for trading on the Australian Securities Exchange on 7 July 2010.

REVIEW OF EXPLORATION ACTIVITIES

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

The Aphrodite Gold Project is located 65kms north of the world recognised gold mining town of Kalgoorlie, just off the main Kalgoorlie-Menzies Highway, close to power, gas, transport and other developed infrastructure facilities.

The Independent Geologists Report for the Company's prospectus was prepared by mining consultants Coffey Mining. They provided an initial resource estimate of 983,000 ounces of gold in JORC inferred (10.4Mt @ 1.8g/t for 594,000 ounces) and indicated (6.5Mt @ 1.9g/t for 389,000 ounces) categories.

Since Listing on ASX the Company commenced an intense drilling program of a further significant inventory of nearer surface unclassified gold mineralisation within the main resource hosting Alpha-Phi lode, with potential to delineate 5-7 million tonnes averaging from 1-4g/t gold.

Results announced from over 15,000 metres of drilling conducted during the half-year under review show this program to be proceeding well, with widespread mineralisation confirmed.

Ongoing drilling is aimed to confirm a JORC compliant resource which may be amenable to open pit mining by the first quarter of 2011.

In addition to the Alpha and Phi lodes, several less well explored gold mineralised lodes have been identified by drilling, with potential to delineate new deposits. These include lodes associated with Alpha-Phi (Gamma and Epsilon), North Menelaus, Hera and the Alpha-Phi Trend.

Directors' Report (cont.)

The potential exists to mine the resources by contract and process the ore at other operating gold treatment plants in the vicinity with excess processing capacity.

Initial mining of the resources by open pit followed by proving up and mining of the higher grade deeper underground resources will be evaluated.

A major drill program of around 25,000 metres is now being planned by the Company in 2011 to allow open pit mine development studies and commencement of a Scoping Study by the second half of 2011.

FINANCIAL RESULTS

For the half-year the Company recorded a net loss after tax from operating and exploration activities and a Comprehensive Loss of \$366,420 (2009 \$105,046).

Exploration expenditure capitalised amounted to \$2,319,068 (2009 \$8,523,160).

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

Net Tangible Asset backing per Share, excluding capitalised Exploration Expenditure, at the end of the half-year under review was 4.1 cents per share (2009 6.3 cents per share).

CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2010.

Directors' Report (cont.)

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



**WAYNE RYDER
DIRECTOR**

Dated at West Perth this 16th day of March 2011

Competent Person Declaration

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Aphrodite Gold Limited for the half-year ended 31 December 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 AUDIT PTY LTD
Chartered Accountants



J W Vibert
Director - Audit & Assurance

Perth, 16 March 2011

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 \$	31 Dec 2009 \$
REVENUE		
Interest received	183,603	-
	-----	-----
TOTAL INCOME	183,603	-
	-----	-----
EXPENSES		
Management and consulting fees	171,669	-
Employees benefits expenses	184,015	49,995
Occupancy expenses	76,922	16,100
Depreciation and fixed assets written off	11,909	-
Other expenses	105,508	38,951
Exploration expenditure written off	-	-
	-----	-----
TOTAL EXPENSES	550,023	105,046
	-----	-----
NET (LOSS) BEFORE INCOME TAX	(366,420)	(105,046)
	-----	-----
INCOME TAX	-	-
	-----	-----
(LOSS) AFTER INCOME TAX	(366,420)	(105,046)
	-----	-----
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-
	-----	-----
TOTAL COMPREHENSIVE (LOSS) FOR THE HALF-YEAR	(366,420)	(105,046)
	=====	=====
Earnings per share for loss attributable to ordinary equity holders:		
Basic and diluted (loss) per share (cents)	(0.27)	(0.12)

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

Statement of Financial Position

AS AT 31 DECEMBER 2010

	31 Dec 2010	30 Jun 2010
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	5,542,702	8,807,144
Trade and other receivables	296,730	79,936
Other current assets	87,372	90,364
	-----	-----
Total Current Assets	5,926,804	8,977,444
	-----	-----
Non-Current Assets		
Property, plant and equipment	106,253	22,404
Exploration and evaluation costs	11,177,181	8,858,113
	-----	-----
Total Non-Current Assets	11,283,434	8,880,517
	-----	-----
TOTAL ASSETS	17,210,238	17,857,961
	-----	-----
LIABILITIES		
Current Liabilities		
Trade and other payables	544,520	804,840
	-----	-----
Total Current Liabilities	544,520	804,840
	-----	-----
TOTAL LIABILITIES	544,520	804,840
	-----	-----
NET ASSETS	16,665,718	17,053,121
	=====	=====
EQUITY		
Issued capital	16,750,439	16,771,422
Reserves	823,190	823,190
Accumulated losses	(907,911)	(541,491)
	-----	-----
TOTAL EQUITY	16,665,718	17,053,121
	=====	=====

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

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Ordinary Share Capital \$	Capital Raising Costs \$	Accumulated Comprehensive Losses \$	Options Reserve \$	Total \$
Balance at beginning of the period	-	-	-	-	-
Shares issued during the period	8,700,004	-	-	-	8,700,004
Comprehensive (Loss) for the period	-	-	(105,046)	-	(105,046)
Equity fund raising costs	-	(636,191)	-	-	(636,191)
Transfer to Options reserve	-	-	-	823,190	823,190
Balance at 31 December 2009	8,700,004	(636,191)	(105,046)	823,190	8,781,957
Balance at 1 July 2010	18,016,304	(1,244,882)	(541,491)	823,190	17,053,121
Comprehensive (Loss) for the period	-	-	(366,420)	-	(366,420)
Equity fund raising costs	-	(20,983)	-	-	(20,983)
Balance at 31 December 2010	18,016,304	(1,265,865)	(907,911)	823,190	16,665,718

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

Statement of Cashflows
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 \$	31 Dec 2009 \$
Cash flows from operating activities		
Interest received	183,603	-
(Payments to)/borrowings from suppliers and employees	(1,012,237)	425,860
	-----	-----
Cash flows (used in) operating activities	(828,634)	425,860
	-----	-----
Cash flows from investing activities		
Exploration and tenement costs	(2,319,068)	(5,499,970)
Purchases of property, plant and equipment	(95,757)	-
	-----	-----
Cash flows (used in) investing activities	(2,414,825)	(5,499,970)
	-----	-----
Cash flows from financing activities		
Proceeds from issue of shares	-	6,500,004
Equity fund raising costs	(20,983)	(636,191)
	-----	-----
Cash flows from/(used in) financing activities	(20,983)	5,863,813
	-----	-----
Net increase/(decrease) in cash and cash equivalents	(3,264,442)	789,703
	-----	-----
Cash and cash equivalents at the beginning of the half-year	8,807,144	-
	-----	-----
Cash and cash equivalents at the end of the half-year	5,542,702	789,703
	=====	=====

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

Notes to the Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Aphrodite Gold Limited (“the Company”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the period ended 30 June 2010, together with any public announcements made during the half-year.

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

(b) New or revised Standards and Interpretations that are first effective in the current reporting period

The Company has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Impact of new and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurements of financial assets and is likely to affect the Company’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that it will have no impacts on the Company’s financial statements. The Company has yet to decide when to adopt AASB 9.

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 Introduces amendments to Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statements of cash flows and the classification of leases of land and buildings.

The adoption of these amendments, have not resulted in any material changes to the Company’s accounting policies and have no effect on the amounts reported for the current or prior periods.

The adoption of these amendments, have not resulted in any material changes to the Company’s accounting policies and have no effect on the amounts reported for the current or prior periods.

Notes to the Financial Report (cont.)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

2. GOING CONCERN

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

During the half-year the Company incurred an operating loss of \$366,420 (2009 \$105,046). Net cash outflow was \$3,264,442 (2009 cash inflow \$789,703).

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

3. SEGMENT REPORTING

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

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

4. EXPENDITURE COMMITMENTS

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. The estimated amount of these commitments at 31 December 2010 to 30 June 2011 is \$250,000.

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

5. CONTINGENT LIABILITIES

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

6. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as referred to in the Directors' Report no matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Notes to the Financial Report (cont.)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

7. RELATED PARTIES

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

- i) Consulting and Directors fees paid to Director Warren Staude and associated entities \$80,225.
- ii) Consulting and Directors fees paid to Director Ken Jackson and associated entities \$30,000.
- iii) Consulting and Directors fees paid to Director Heath Sandercock and associated entities \$30,000.
- iv) Salary and superannuation paid to Director Leon Reisgys \$120,000.
- v) Salary and superannuation were paid to Director Wayne Ryder amounting to \$120,000.

Directors' Declaration

In the opinion of the Directors of Aphrodite Gold Limited:

1. the financial statements and notes, as set out on pages 7 to 13, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors.



WAYNE RYDER
DIRECTOR

Dated at West Perth this 16th day of March 2011

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

We have reviewed the accompanying half-year financial report of Aphrodite Gold Limited ("Company"), which comprises the statement of financial position as at 31 December 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.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position as at 31 December 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 Aphrodite Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Basis for Qualified Conclusion

The Company did not prepare a Statement of Comprehensive Income, Statement of Cash Flows and a Statement of Changes in Equity for the comparative period, being from the date of the Company's incorporation on 14 August 2009 to 31 December 2009, as it was not a disclosing entity as at this date. Consequently, the comparative figures in the Statement of Comprehensive Income, Statement of Cash Flows and a Statement of Changes in Equity represent the Directors' best estimates of the performance of the Company for the comparative period. Due to this limitation in scope, we were unable to obtain sufficient appropriate audit evidence regarding the above financial information for the period ended 31 December 2009 and express no opinion on such comparative information.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Aphrodite Gold Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Director - Audit & Assurance

Perth, 16 March 2011