



LIBERTY RESOURCES
Cleaner • Greener • Safer

LIBERTY RESOURCES LIMITED
ABN 98 103 348 947
AND CONTROLLED ENTITIES

Consolidated Financial Report
For the Half-Year Ended
31 December 2009

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**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

**CONSOLIDATED FINANCIAL REPORT
For the Half Year Ended 31 December 2009**

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COMPANY DIRECTORY

DIRECTORS

Andrew Haythorpe
(Managing Director)

Jim Becke
(Non-Executive Director)

Mike Fry
(Non-Executive Director)

COMPANY SECRETARY

Rob Hodby

REGISTERED OFFICE

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SUBIACO WA 6008
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AUDITORS

HLB Mann Judd
Level 4, 130 Stirling St
PERTH WA 6000

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
Telephone: (+61-8) 9389 8033
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STOCK EXCHANGE LISTINGS

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: LBY

**LIBERTY RESOURCES LIMITED
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DIRECTORS' REPORT

For the Half Year Ended 31 December 2009

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Alan Phillips	Non-executive Chairman (resigned 26 February 2010)
Andrew Haythorpe	Managing Director and Interim Chairman (appointed 26 February 2010)
Michael Fry	Non-executive Director
James Becke	Non-executive Director

Review of Operations

The principal activity of Liberty Resources Limited ('the Company' or 'Liberty') during the period was the exploration and evaluation of mineral assets. The operating loss after income tax for the half-year ended 31 December 2009 was \$907,171 (2008: \$785,021). This includes the write off of \$178,337 relating to project development costs and an impairment provision of \$300,000 on the investment in Toro Energy Limited (ASX:TOE).

Coal

Queensland

During the half year to 31 December 2009, the Company entered into a Heads of Agreement with Clean Global Energy (ASX: CGE) for the development of an Underground Coal Gasification (UCG) project in the Surat Basin, Queensland. It also entered into a Heads of Agreement with Carbon Energy Limited (ASX: CNX) for the development of multiple UCG projects in the Galilee Basin in Queensland.

Liberty increased its Inferred Coal Resource from 338 to 3,166 million tonnes (mt) of thermal coal during the quarter. The inferred resources are part of a much broader potential exploration target tonnage anticipated by the Company within the currently held leases.

The coal limits within the leases remains undefined. It is therefore expected that with further drilling the existing resources will be increased.

The Company has initiated a pre feasibility study. This will assist in the selection of the most advantageous projects as drilling progresses through 2010.

This work consists of 2 components, firstly evaluation of suitable coal, selected on a wide range of parameters including thickness and depth. Secondly, a financial model that allows the selection of the product(s) that will be developed and sold.

**LIBERTY RESOURCES LIMITED
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DIRECTORS' REPORT

For the Half Year Ended 31 December 2009

Canada

During the period, the Company secured coal leases in Saskatchewan, Canada. An attractive coal seam has been discovered in Gold Lake region and the Company applied for 13 coal leases (CPP's) for approximately 9,500 hectares of potential coal bearing formations within the Manville Group of sedimentary rocks, a unit recognised to host extensive coal seams throughout the province, and neighbouring Alberta.

Uranium

On the 13th November, the Company announced the sale of two Uranium exploration permits in Western Australia to Toro Energy Limited ('Toro') (ASX: TOE) for the consideration of \$1 million to be satisfied by the issue of 5 million ordinary shares in Toro free from escrow at \$0.20/share.

Liberty, through its wholly owned subsidiary Rhodes Resources Pty Ltd, executed a Mining Property Sale Agreement for the Lake Way Project (E53/1181 and E53/1221).

The sale transaction aligns with Liberty's strategy to focus on the commercialisation of Underground Coal Gasification (UCG) to produce low-cost energy products with minimal impact to the environment.

Corporate

The Company completed the successful exercise of 34,712,502 options in September 2009 raising \$2,581,917.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Andrew Haythorpe
Director
12 March 2010

**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2009



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Liberty Resources Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

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

A handwritten signature in blue ink that reads 'Norman Neill'.

Perth, Western Australia
12 March 2010

N G NEILL
Partner, HLB Mann Judd

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HLB Mann Judd (WA Partnership) is a member of International, a world-wide organisation of accounting firms and business advisers

**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2009

	Note	Consolidated	
		31 December 2009 \$	31 December 2008 \$
Revenue	2	49,743	129,119
Profit on sale of tenements	2	563,427	-
Other Income		4,770	1,967
Employee benefits expenses	2	(287,084)	(135,006)
Other expenses		(431,227)	(298,450)
Consultancy costs	2	(255,508)	(91,194)
Occupancy costs		(60,111)	(26,930)
Depreciation expense		(12,844)	(7,991)
Impairment of available for sale financial assets	2	(300,000)	(28,375)
Exploration expenditure written off	2	(178,337)	(328,161)
Loss before income tax		<u>(907,171)</u>	<u>(785,021)</u>
Income tax (expense)/benefit		<u>-</u>	<u>-</u>
Net loss for the period		(907,171)	(785,021)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(907,171)</u>	<u>(785,021)</u>
Loss per share			
Basic loss per share (cents per share)		(0.73)	(1.21)

The accompanying notes form part of these financial statements

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**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Consolidated		
	Note	31 December 2009	30 June 2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,557,105	2,186,029
Trade and other receivables		57,386	374,158
Available for sale financial assets	3	700,000	-
TOTAL CURRENT ASSETS		4,314,491	2,560,187
NON-CURRENT ASSETS			
Plant and equipment		50,823	14,523
Exploration and evaluation expenditure	4	5,046,631	4,969,485
TOTAL NON-CURRENT ASSETS		5,097,454	4,984,008
TOTAL ASSETS		9,411,945	7,544,195
CURRENT LIABILITIES			
Trade and other payables		335,820	142,816
TOTAL CURRENT LIABILITIES		335,820	142,816
TOTAL LIABILITIES		335,820	142,816
NET ASSETS		9,076,125	7,401,379
EQUITY			
Issued capital		12,874,536	10,292,619
Reserves		432,126	432,126
Accumulated losses		(4,230,537)	(3,323,366)
TOTAL EQUITY		9,076,125	7,401,379

The accompanying notes form part of these financial statements

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**LIBERTY RESOURCES LIMITED
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CONDENSED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2009

	Consolidated	
	31 December 2009 \$	31 December 2008 \$
CASHFLOWS USED IN OPERATING ACTIVITIES		
Payments to suppliers and employees	(997,836)	(374,176)
Interest received	52,688	152,624
	<u>(945,148)</u>	<u>(221,552)</u>
CASHFLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	(45,571)	(1,661)
Payments for exploration and evaluation expenditure	(656,377)	(1,225,900)
Proceeds from sale of property, plant and equipment	-	51,320
Proceeds from sale of tenements	100,000	-
	<u>(601,948)</u>	<u>(1,176,241)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,918,172	-
	<u>2,918,172</u>	<u>-</u>
Net cash from financing activities	2,918,172	-
Net increase/(decrease) in cash held	1,371,076	(1,397,793)
Cash and cash equivalents at beginning of period	<u>2,186,029</u>	<u>4,241,664</u>
Cash and cash equivalents at end of period	<u>3,557,105</u>	<u>2,843,871</u>

**LIBERTY RESOURCES LIMITED
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CONDENSED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 31 December 2009

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2008	8,352,726	(1,958,520)	432,126	6,826,332
Shares issued during the period	810,000	-	-	810,000
Profit / (loss) for the period	-	(785,201)	-	(785,201)
Total income and expense for the period	-	(785,201)	-	(785,201)
Total Equity 31 December 2008	9,162,726	(2,743,721)	432,126	6,851,131
Balance at 1 July 2009	10,292,619	(3,323,366)	432,126	7,401,379
<i>Equity Transactions:</i>				
Shares issued during the period	2,581,917	-	-	2,581,917
Profit / (loss) for the period	-	(907,171)	-	(907,171)
Total income and expense for the period	-	(907,171)	-	(907,171)
Total Equity at 31 December 2009	12,874,536	(4,230,537)	432,126	9,076,125

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**LIBERTY RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

The condensed financial report of Liberty Resources Limited for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 12 March 2010. Liberty Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the registered office and principal place of business is Ground Floor, Unit B2, 431 Roberts Road, Subiaco, Western Australia, 6008. The principal activity of Liberty Resources Limited is the exploration of mineral resources.

Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Liberty Resources Limited and its subsidiaries (the 'Group') during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Significant accounting judgements and key estimates

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

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009.

**LIBERTY RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2009

In the half-year ended 31 December 2009, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Group performed a detailed review of its development and exploration tenements at period end to determine whether the related expenditure should continued to be capitalised under AASB 6 or written off to profit or loss. As a result of this review, management has determined that \$178,337 be written off as general project development costs.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. Changes to accounting policies are outlined below.

Principles of Consolidation

AASB 127 (revised) required the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the entity's previous accounting policy if significant influence is not retained.

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.

Segment Reporting

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Liberty Resources Limited.

**LIBERTY RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2009

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2009	Consolidated 31 December 2008
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
<u>Revenue</u>		
Bank interest received/receivable	49,743	129,119
Profit on sale of tenements	563,427	-
<u>Employee Benefit Expense</u>		
Employee salaries and benefits	119,584	48,099
Director fees (including Managing Director)	167,500	86,907
	287,084	135,006
Consultancy costs	255,508	91,194
Impairment of available for sale financial assets	300,000	28,375
Exploration expenditure written off	178,337	328,161

3. AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2009	Consolidated 30 June 2009
	\$	\$
Shares held in listed entity (at cost)	1,000,000	-
Fair value adjustment	(300,000)	-
	700,000	-

On the 13th November, the Company announced the sale of two Uranium exploration permits in Western Australia to Toro Energy Limited ('Toro') (ASX: TOE) for the consideration of \$1 million to be satisfied by the issue of 5 million ordinary shares in Toro free from escrow at \$0.20/share.

**LIBERTY RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2009

4. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2009 \$	Consolidated 12 months to 30 June 2009 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase		
Balance at beginning of period	4,969,485	2,485,086
Expenditure incurred	255,483	2,783,060
	5,224,968	5,268,146
Expenditure written off	(178,337)	(298,661)
	5,046,631	4,969,485

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

5. ISSUED CAPITAL

	31 December 2009 \$	Consolidated 31 December 2008 \$
Ordinary shares		
Issued and fully paid	138,563,068	104,137,505
Movements in ordinary shares on issue	No.	\$
At 1 July 2009	104,137,505	10,292,619
Rights entitlement issue	34,425,563	2,581,917
At 31 December 2009	138,563,068	12,874,536

6. OPTIONS

Movements in options over ordinary shares on issue	No.
At 1 July 2009	34,712,502
Options exercised during the period	(34,712,502)
At 31 December 2009	-

7. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no matter or circumstances that have arisen since 31 December 2009 that have or may significantly affect the operations, results or state of affairs of the consolidated entity in future financial years.

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**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2009

8. CONTINGENT LIABILITIES

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

9. SEGMENT REPORTING

The Group operates predominantly in two exploration segments, being coal and uranium, and in one business segment, mineral mining and exploration and substantially all of the Group's resources are deployed for this purpose.

Primary Reporting - Exploration Segments	Coal 31 December 2008	Uranium 31 December 2008	Total 31 December 2008
	\$	\$	\$
Unallocated Revenue	-	-	131,086
Other Revenue	-	-	-
Segment result	(794,705)	9,684	(785,021)
Segment assets	6,373,252	679,188	7,052,440
Segment liabilities	201,129	-	201,129
<u>Included in segment result:</u>			
Depreciation			7,991
Impairment of available for sale financial assets			28,375
Interest revenue			129,119

Primary Reporting - Exploration Segments	Coal 31 December 2009	Uranium 31 December 2009	Total 31 December 2009
	\$	\$	\$
Unallocated Revenue	-	-	49,743
Other Revenue	1,916	566,281	568,197
Segment result	(1,472,313)	565,142	(907,171)
Segment assets	8,657,957	753,988	9,411,945
Segment liabilities	335,820	-	335,820
<u>Included in segment result:</u>			
Depreciation			12,844
Impairment of available for sale financial assets			300,000
Interest revenue			49,743

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**LIBERTY RESOURCES LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2009

In the opinion of the directors of Liberty Resources Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended.
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Andrew Haythorpe
Director

12 March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of

LIBERTY RESOURCES LIMITED

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Liberty Resources Limited and the entities it controlled during the half-year ended 31 December 2009 ("Group").

Directors' Responsibility for the Interim 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 designing, implementing 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 Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 Group's financial position as at 31 December 2009 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 Liberty Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the half-year 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*.

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 Liberty Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
12 March 2010

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