MURCHISON

ABN 59 009 087 852

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2005

Murchison United NL
Ground Floor
1121 Hay Street
WEST PERTH WA 6005
Australia

CONTENTS

MURCHISON UNITED NL
(ABN 59 009 087 852)

DIRECTORS' REPORT

Your Directors 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 and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Glenn Robert Featherby
Mark David Reilly
Christopher David Grannell
David Hutchins (Resigned on 29 November 2005)

Review and Results of Operations

The Company reported a loss for the half-year of $1,356,988 (2004: $335,756).

The Company continues to investigate resource opportunities in Australia and internationally to assess their appropriateness for the Company. Currently these are focused on the Company's mining interests in the Cloncurry area in Queensland, Australia and uranium exploration. Uranium exploration will be focussed on the newly acquired prospecting licenses in the Republic of Guinea. In addition the Company is confident of the successful conclusion of the application for prospecting licences in the Republic of Mauritania.

Dividends

No dividend has been paid during the period (2004: $ nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on page 22.

Signed in accordance with a resolution of the directors.

Mark Reilly
Managing Director

Perth 9 March 2006

MURCHISON UNITED NL
(ABN 59 009 087 852)

CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Note	2005 $	2004 $
Continuing operations			
Revenue	2	43,044	5,002
Other expenses		(1,400,032)	(340,758)
Loss from continuing operations before tax and financing costs		**(1,356,988)**	**(335,756)**
Finance costs		-	-
Loss before income tax		**(1,356,988)**	**(335,756)**
Income tax expense		-	-
Loss after tax from continuing operations		**(1,356,988)**	**(335,756)**
Net loss attributable to members		**(1,356,988)**	**(335,756)**
Earnings per share (cents per share)			
- basic for loss for the half year		(0.0050)	(0.0017)
- diluted for loss for the half year		(0.0048)	(0.0012)

MURCHISON UNITED NL
(ABN 59 009 087 852)

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	As at 31 December 2005 $	As at 30 June 2005 $
ASSETS		
Current Assets		
Cash and cash equivalents	1,210,758	1,988,141
Trade and other receivables	7,950	7,950
Prepayments	2,489	7,466
Total Current Assets	1,221,197	2,003,557
Non-current assets		
Available for sale financial assets	23,480	23,480
Property, plant and equipment	2,072	2,650
Total Non-Current Assets	25,552	26,130
TOTAL ASSETS	1,246,749	2,029,687
LIABILITIES		
Current Liabilities		
Trade payables	225,506	35,783
Provisions	317,664	277,726
Total Current Liabilities	543,170	313,509
TOTAL LIABILITIES	543,170	313,509
NET ASSETS	703,579	1,716,178
EQUITY		
Issued capital	41,380,905	41,380,905
Reserves	446,250	101,861
Accumulated losses	(41,123,576)	(39,766,588)
TOTAL EQUITY	703,579	1,716,178

MURCHISON UNITED NL
(ABN 59 009 087 852)

CONDENSED CASH FLOW STATEMENT
FOR THE HALF -YEAR ENDED 31 DECEMBER 2005

	2005 $	2004 $
Cash flows from operating activities		
Payments to suppliers and employees	(818,842)	(111,589)
Net cash flows used in operating activities	(818,842)	(111,589)
Cash flows from investing activities		
Interest received	43,044	3,198
Other	-	1,804
Purchase of equipment	(1,585)	-
Net cash flows from investing activities	41,459	5,002
Net decrease in cash and cash equivalents	**(777,383)**	**(106,587)**
Cash and cash equivalents at the beginning of the financial period	1,988,141	148,025
Cash and cash equivalents at the end of period	1,210,758	41,438

MURCHISON UNITED NL
(ABN 59 009 087 852)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF -YEAR ENDED 31 DECEMBER 2005

	Attributable to equity holders of the parent			Total equity
	Issued capital	Accumulated losses	Employee Equity Benefits Reserve	Total
	$	$	$	$
At 1 July 2004	37,554,895	(38,003,539)	-	(448,644)
Total income and expense for the period recognised directly in equity	-	-	-	-
Loss for the period	-	(335,756)	-	(335,756)
Total income/(expense) for the period	-	(335,756)	-	(335,756)
At 31 December 2004	37,554,895	(38,339,295)	-	(784,400)

	Issued capital	Accumulated losses	Employee Equity Benefits Reserve	Total
	$	$	$	$
At 1 July 2005	41,380,905	(39,766,588)	101,861	1,716,178
Total income and expense for the period recognised directly in equity	-	-	-	-
Loss for the period	-	(1,356,988)		(1,356,988)
Total income/(expense) for the period	-	(1,356,988)	-	(1,356,988)
Cost of share-based payment	-	-	344,389	344,389
At 31 December 2005	41,380,905	(41,123,576)	446,250	703,579

MURCHISON UNITED NL
(ABN 59 009 087 852)

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Murchison United NL as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Murchison United NL during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporation s Act 2001.

(a) Basis of Accounting

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.

The half-year financial report has been prepared in accordance with the historical cost basis, except for available for sale financial assts, which have been measured at fair value.

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

(b) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AASB134 ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with IAS34 "Interim Financial Reporting".

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Company under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS loss for the half-year 31 December 2004 and full year 30 June 2005,

to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAF are detailed in note 1(e) below.

From 1 July 2005, the Company elected to take the exemption under AASB1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards" to apply AASB 139 "Financial Instruments: Recognition and Measurement" from 1 July 2005. Accordingly, comparatives have not been restated. For information on previous accounting policies, refer to the 2005 Annual Financial Report prepared under previous AGAAP.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies

(i) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment - over 3 to 10 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash in flows that are largely dependant of those from other assets or group of assets and the assets' value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset on cash generating unit exceeds its recoverable amount, the asset on cash generating unit is considered impaired and is written down to its recoverable amount.

(ii) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash flows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(iii) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 F*inancial instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value though profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value though profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as the preceding category. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(iv) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(v) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and equivalents as defined above, net of outstanding bank overdrafts.

(vi) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(vi) Impairment of financial assets (continued)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(vii) Provisions

Provisions are recognised when the Company 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 amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(viii) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(ix) Contributed Equity

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

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xi) Share-based payment transactions

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees are provided with long-term incentives in exchange for shares or rights over shares ('equity-settled transactions').

There is currently one plan in place to provide these benefits being the Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

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 by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Murchison United NL ('market conditions').

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').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(xii) Foreign currency translation

Both the functional and presentation currency of Murchison United NL is Australian Dollars (A$). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Resulting exchange differences are recognised in determining the profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(xiii) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantively all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight- line basis over the lease term.

(xiv) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must all be met before revenue is recognised:

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash recepts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(xv) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) Summary of Significant Accounting Policies (continued)

(xvi) Other Taxes

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 payables 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 are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(d) 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:

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB132 "Financial Instruments: Presentation and Disclosure" and AASB139 "Financial Instruments: Recognition and Measurement".

The Company has elected to adopt this exemption.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and loss after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

		30/06/05	31/12/04	01/07/04
		$	$	$
Total equity under AGAAP		1,716,178	(784,400)	(448,644)
Adjustments to accumulated losses (net of tax)				
Recognition of share-based payment expense	(a)	(101,891)	-	-
Adjustments to other reserves (net of tax)				
Recognition of share-based payment expense	(a)	101,861	-	-
Total equity under AIFRS		1,716,178	(784,400)	(448,644)

(ii) Reconciliation of loss after tax under AGAAP to that under AIFRS

		Year ended	Half-year ended
		30/06/05	31/12/04
		$	$
Net loss as reported under AGAAP		(1,661,188)	(355,756)
Share-based payment expense	(a)	(101,861)	-
Net loss under AIFRS		(1,763,049)	(355,756)

(a) Share-based payment costs are charged to the income statement under AASB 2 "Share-based Payments", but not under AGAAP

(f) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

2 REVENUE AND EXPENSES

(a) Specific Items

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	2005 $	2004 $
(i) Revenue		
Interest revenue	43,044	3,198
Other	-	1,804
	43,044	5,002
(ii) Expenses		
Depreciation	2,163	2,665
Employee benefits	262,486	-
Evaluation and review costs	596,291	36,989
Expense of share-based payments	344,389	-
Operating lease expenses	35,114	-
Settlement of Renison Bell creditors	37,727	225,805

3. ISSUED CAPITAL

	Dec-05 $	Jun-05 $
Ordinary shares		
271,132,594 (2005: 271,132,594) ordinary shares, fully paid	41,358,405	41,358,405
2,250,000 (2005: 2,250,000) 25 cent value ordinary shares, paid to 1 cent	22,500	22,500
	41,380,905	41,380,905

There were no movements in ordinary shares during the period.

Options

7,500,000 options exercisable at $0.055 on or before the 19.05.2010
These options were vested on 19 November 2005.
350,000 options exercisable at $0.46 on or before the 1.7.2007
These options were vested on 5 July 2002

4. SEGMENT INFORMATION

Murchison United NL operates in one business segment, being the base metal mining industry and within one geographical segment, being Australia.

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

6. EVENTS AFTER THE BALANCE SHEET DATE

No significant or material events have occurred since Balance Sheet date.

7. DIVIDENDS

No dividend has been paid or proposed during the period.

8. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	2005	2004
Cash at bank and in hand	1,210,758	41,438

MURCHISON UNITED NL
(ABN 59 009 087 852)

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Murchison United NL, I state that:

In the opinion of the directors:

1. the financial statements and notes of the Company:

    (a) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the Company; and

    (b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations 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.

On behalf of the Board

Mark D Reilly
Managing Director

Dated at Perth this 9th day of March 2006

ERNST & YOUNG

■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

INDEPENDENT REVIEW REPORT TO MEMBERS OF MURCHISON UNITED NL

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 Murchison United NL (the company), and the directors' declaration for the company, 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 company, 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 financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and 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.

Independence
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement
Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Murchison United NL during the half-year is not in accordance with:

(a) the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of the company at 31 December 2005 and of its performance for half-year ended on that date; and
   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

J P Dowling
Partner
Perth
9 March 2006

ERNST & YOUNG

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Auditor's Independence Declaration to the Directors of Murchison United NL

In relation to our review of the financial report of Murchison United NL for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

J P Dowling
Partner
Perth
9 March 2006