MANTRA
RESOURCES LIMITED

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND MD&A FOR THE SECOND QUARTER AND HALF-YEAR ENDED 31 DECEMBER 2010

ABN 26 116 478 703

CORPORATE DIRECTORY

Directors
Mr Ian Middlemas
Mr Peter Breese
Mr Colin Steyn
Mr William Smart (alternate for Colin Steyn)
Mr Robert Behets
Mr Ted Mayers (appointed 3 September 2010)

Executive Officers
Mr Tony Devlin
Mr Luke Watson
Mr Russell Bradford
Mr Wayne Drier

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Hardy Bowen Lawyers

Auditor
Deloitte Touche Tohmatsu

Bankers
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Directors' Report

The Board of Directors of Mantra Resources Limited present their report on the consolidated entity of Mantra Resources Limited ('the Company') and the entities it controlled during the half year ended 31 December 2010 ('Consolidated Entity' or 'Mantra').

DIRECTORS

The names of the Directors of Mantra in office during the half year and until the date of this report are:

Mr Ian Middlemas
Mr Peter Breese
Mr Colin Steyn
Mr William Smart (alternate for Colin Steyn)
Mr Robert Behets
Mr Ted Mayers (appointed 3 September 2010)

Unless otherwise shown, all Directors were in office from the beginning of the half year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

ARMZ Makes All Cash Offer for Mantra

On 15 December 2010, the Company received an all-cash offer ('Offer') from ARMZ Uranium Holding Co. (JSC Atomredmetzoloto) ('ARMZ') to acquire all of the issued shares in Mantra for A$8.00 per share (the 'Offer Price') via a Board recommended scheme of arrangement (the 'Scheme') under the Australian Corporations Act. The Offer values Mantra at approximately A$1.16 billion.

The Offer Price represents a 15.5% premium to the 20 day VWAP and a 21.2% premium to the 30 day VWAP on the ASX. The Offer also values Mantra at US$10.26 per pound of resource, which is significantly higher than other substantial uranium developers.

The Offer enables Mantra shareholders to realise immediate value for their Mantra shares and reflects the size, strategic nature and near-term development potential of the Mkuju River Project uranium deposit.

A Scheme Booklet and Independent Expert's Report in relation to the Offer are currently being prepared. Both documents will be filed with the ASIC for review on approximately 18 February 2011, and will be dispatched to shareholders in approximately mid-March after all necessary approvals have been obtained.

Further details of the ARMZ offer are provided in the accompanying Management's Discussion and Analysis ('MD&A'), commencing on page 7 (refer to the section titled 'Overall Performance').

Review of Operations

A review of operations for the period under review is provided in the accompanying MD&A, commencing on page 7 (refer to the section titled 'Overall Performance').

Operating Results

Net operating loss after tax for the half year ended 31 December 2010 was $27,035,376 (31 December 2009: $13,607,338). This loss is largely attributable to:

- The Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity, subsequent to the acquisition of the rights to explore, and up to the commencement of definitive feasibility studies. During the period, exploration expenditure totalled $25,175,281 (31 December 2009: $13,844,120), which includes non-cash share-based payment expenses of $5,649,599 (31 December 2009: $2,144,270); and

- The Consolidated Entity's accounting policy of expensing the value (determined using the Binomial option pricing model) of share options and rights granted to Directors, employees, consultants and other advisors. The value is measured at grant date and recognised over the period during which the security holders become unconditionally entitled to the options. During the period, non-cash share-based payment expenses totalled $5,649,599 (31 December 2009: $2,144,270) which was classified as exploration expenditure.

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- To continue with the ongoing development of the Company's flagship uranium project, the wholly owned Mkuju River Project in southern Tanzania, allowing the Company to fulfil its strategic objective of becoming a significant uranium producer;

- Seek to maximise the value of the Consolidated Entity's exploration assets in Africa; and

- Continue to identify and evaluate new uranium and other resource opportunities, which can enhance shareholder value.

It is noted that if the abovementioned Scheme is implemented, Mantra will become a wholly owned subsidiary of ARMZ and will be delisted from ASX and TSX.

SIGNIFICANT POST BALANCE DATE EVENTS

Significant events occurring after balance date have been disclosed in the MD&A, commencing on page 17 (refer to the section titled 'Subsequent Events').

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the directors of Mantra Resources Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 3 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

Peter Breese
Chief Executive Officer

11 February 2011

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Mantra Resources Ltd
Level 9, BGC Centre
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PERTH WA 6000

11 February 2011

Dear Board Members

Mantra Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mantra Resources Limited.

As lead audit partner for the review of the financial statements of Mantra Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, WA

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Mantra Resources Limited, I state that:

In the opinion of the Directors:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and

(ii) section 305 (true and fair view);

(b) 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

Peter Breese
Chief Executive Officer

11 February 2011

INTRODUCTION

The following Management's Discussion and Analysis ('MD&A') should be read in conjunction with the Condensed Consolidated Financial Statements for the three months and half-year ended 31 December 2010 which are unaudited. The effective date of this report is 11 February 2011.

This discussion is current at the date of this MD&A. The condensed consolidated financial statements (and the financial information contained in this MD&A) were prepared in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRS') rather than Canadian generally accepted accounting principles ('CGAAP'). All figures are expressed in Australian dollars ('A$') unless otherwise indicated.

Unless the context otherwise requires, references in this MD&A to the 'Company' or 'Mantra' are references to Mantra Resources Limited and its subsidiaries.

Additional information relating to the Company and its business, including the Company's Annual Information Form dated 14 September 2010, is available under the Company's profile on SEDAR at sedar.com.

FORWARD LOOKING STATEMENTS

The following MD&A contains forward looking statements that reflect management's expectations regarding Mantra's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Wherever possible, words such as 'plans', 'expects', 'is expected', 'hopes', 'aims', 'budget', 'scheduled', 'estimates', 'forecasts', 'anticipates', 'believes', 'intends' and similar expressions or statements (including negative variations) that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved have been used to identify these forward looking statements. Although the forward looking statements contained in this MD&A reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Mantra cannot be certain that actual results will be consistent with these forward looking statements.

A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward looking statements. Such factors include, among others, future prices of uranium, the actual results of current and future exploration activities, risks inherent in resource estimates, plant and/or equipment failure, availability of financing, risks associated with the Scheme of Arrangement with ARMZ Uranium Holding Co. and obtaining Governmental approvals for the mining of uranium.

Forward-looking statements contained in this MD&A are made as of the date of this MD&A and Mantra disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

OVERVIEW SUMMARY

Mantra is a mineral exploration and development company incorporated under the laws of Australia and listed on the Australian Securities Exchange (the 'ASX') under the symbol 'MRU' and the Toronto Stock Exchange (the 'TSX') under the symbol 'MRL'. The Company's principal objective is to become a significant uranium producer in the short to medium term.

Mantra has direct and joint venture interests in a portfolio of uranium exploration tenements in Tanzania and Mozambique. Mantra's principal asset is its wholly owned Mkuju River Project ('MRP' or the 'Project'). The MRP is located in southern Tanzania, some 470km southwest of Dar es Salaam. Mantra's work program at the MRP is aimed at advancing the exploration, appraisal, and potential development of the widespread 'Karoo' sandstone-hosted uranium mineralisation identified within the Project area. Exploration and drilling undertaken to date has confirmed the presence of widespread surface uranium mineralisation and multiple stacked mineralised horizons at shallow depths at the Nyota Prospect.

Figure 1: Mkuju River Project - Location Map

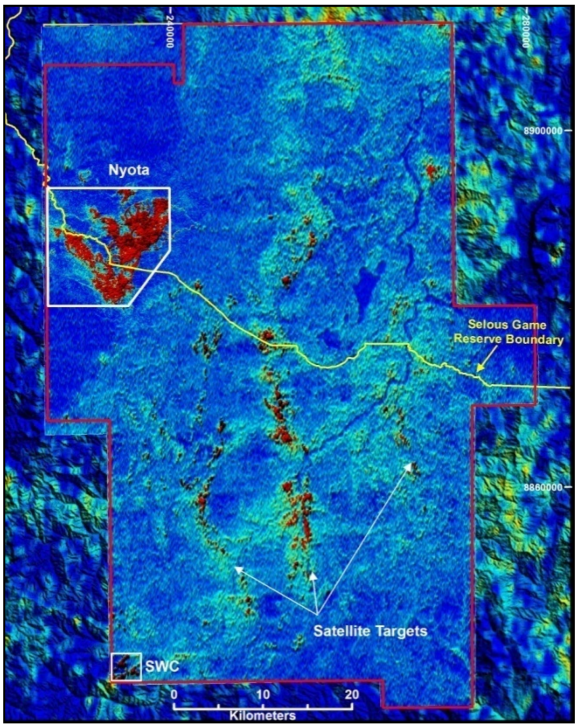

Figure 2: Mkuju River Project - Airborne Radiometric Image and Prospect Locations

The results of a Pre-Feasibility Study ("PFS") completed in March 2010 on the MRP confirmed the technical and economic viability of the Project and its capacity to operate with strong cash margins. Using the previous Mineral Resource Estimate ("MRE") which comprised 28.5 million pounds of U_3O_8 classified into the Indicated Resource category, plus Inferred Resources of 55.8 million pounds of U_3O_8, the PFS demonstrated that the MRP can support an average annual production of 3.7 million pounds U_3O_8 over a minimum twelve year mine life.

The PFS is preliminary in nature, includes inferred mineral resources from the MRE that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves, and there is no certainty that the PFS will be realised.

OVERALL PERFORMANCE

The operating loss of the consolidated entity for the quarter was A$14,670,856, compared to a consolidated net loss of A$7,290,718 for the quarter ended 31 December 2009. This variation in the quarterly net loss between December 2010 and December 2009 is mainly attributable to a significant increase in exploration and development activities at the MRP in 2010 compared to 2009 which resulted in proportionately more exploration expenditure being incurred in 2010. The 2010 activities continued to focus on the Nyota Prospect and the continuation of the Phase 1 Definitive Feasibility Study ('DFS'), which is expected to be completed and the results released during the first quarter of 2011.

As Mantra is in the advanced exploration and evaluation stage of development and has not yet commenced mining operations on any of its properties, the Company does not currently have any mining revenues. Until the successful completion of any proposed development, the Company is not expected to have any mining revenues.

Mantra currently has no long term debt obligations.

Corporate Events

The following material corporate events occurred during the period under review:

1. ARMZ Makes All Cash Offer for Mantra

On 15 December 2010, the Company received an all-cash offer ('Offer') from ARMZ Uranium Holding Co. (JSC Atomredmetzoloto) ('ARMZ') to acquire all of the issued shares in Mantra for A$8.00 per share ('Offer Price') via a Board recommended scheme of arrangement ('Scheme') under the Australian Corporations Act. The Offer values Mantra at approximately A$1.16 billion.

Transaction Summary

- Mantra and ARMZ have entered into a scheme implementation agreement ('SIA') under which ARMZ will acquire all of the issued share capital in Mantra by way of a scheme of arrangement with minimal conditions;
- Under the Scheme, Mantra shareholders will receive cash consideration of A$8.00 per share, valuing the Company at approximately A$1.16 billion;
- The Offer Price represents:
  - a 15.5% premium to Mantra's 20 day VWAP; and
  - a 21.2% premium to Mantra's 30 day VWAP;

  as at the close of business on the last trading day prior to the announcement of the Scheme.
- The Offer equates to US$10.26 per pound of resource, which is significantly higher than other substantial uranium developers;
- The cash consideration provides an opportunity for Mantra shareholders to realise immediate value for their Mantra shares and reflects the size, strategic nature and near-term development potential of the Mkuju River Project;
- Mantra's Board, having taken advice from RBC Capital Markets as to the consideration being provided under the Offer, has concluded that the transaction is in the best interests of Mantra shareholders;

- Subject to an Independent Expert determining that the Scheme is in the best interests of Mantra shareholders, the Directors of Mantra have agreed to unanimously recommend ARMZ's offer and to vote in favour of the Scheme, in the absence of a superior proposal; and
- Mantra's major shareholder, Highland Park, which owns 13.5% of the outstanding, fully diluted share capital in Mantra, has represented that it will vote in favour of the Scheme, in the absence of a superior proposal.

  Furthermore, the Mantra Directors and Highland Park have undertaken to stand still in relation to their own Mantra securities whilst the Scheme is being implemented.

Scheme Implementation Agreement

A summary of key terms of the SIA are available in Annexure A to the Company's News Release dated 15 December 2010.

The Scheme is subject to a limited number of conditions that must be satisfied or waived in order for the Scheme to be implemented and includes Australian Foreign Investment Review Board ('FIRB') approval being granted to ARMZ. Further due diligence is not a condition.

The transaction is also subject to a number of other conditions precedent typical for a Scheme, including Australian court approvals and the approval of the requisite majority of Mantra shareholders at the Scheme meeting.

Mantra has commissioned an Independent Expert to opine on whether the Scheme is in the best interests of Mantra shareholders. The Mantra Directors' recommendation that shareholders vote in favour of the Scheme is subject to the Independent Expert determining that the Scheme is in the best interests of Mantra shareholders.

The SIA contains terms typical for a transaction of this nature, including "no shop" and "no talk" provisions (subject to typical Directors' fiduciary duty exemptions), and a mutual break fee ('Break Fee') of 1% of transaction value payable in certain circumstances.

Payment of the Break Fee by Mantra is not subject to the outcome of the Scheme meeting and the Break Fee is not payable in the event that Mantra Directors withdraw their recommendation for the Scheme as a result of the Independent Expert finding that the Scheme is not in the best interests of Mantra shareholders. The Break Fee is payable by ARMZ if ARMZ fails to pay the Scheme consideration or for breach of an obligation necessary for the implementation of the Scheme.

Indicative Timetable

Set out below is an indicative timetable for the Scheme:

(All figures are in Australian dollars unless otherwise indicated)

Event	Indicative Date
Sign Scheme Implementation Agreement and announce transaction	Wednesday 15 December 2010
Lodge Scheme Booklet and Independent Expert's Report with ASIC for review	Friday 18 February 2011
First Court Hearing Date	Wednesday 9 March 2011
Despatch of Scheme Booklet	Monday 14 March 2011
Scheme Meeting held	Wednesday 13 April 2011
Second Court Hearing Date	Monday 18 April 2011
Lodge court order with ASIC (Effective Date)	Tuesday 19 April 2011
Record Date for determining entitlements under the Scheme	Friday 29 April 2011
Implementation Date	Wednesday 4 May 2011

Advisers to the Transaction

Mantra's financial advisers are RBC Capital Markets and Haywood Securities and its legal advisers are Hardy Bowen Lawyers in Australia and Blake, Cassels & Graydon LLP in Canada.

ARMZ's financial adviser is BMO Capital Markets and its legal advisers are Blake Dawson in Australia and Stikeman Elliott LLP in Canada.

Exercise and Expiry of Unlisted Options

During the period the Company raised approximately A$6.1 million from the exercise of 3.1 million unlisted options which were due to expire on 31 December 2010.

Operations

During the quarter and half-year ended 31 December 2010, the Company continued with the exploration and ongoing development of its wholly owned Nyota Prospect ('Nyota' or the 'Prospect'), part of the larger MRP. Specifically, the Company focussed on the potential development of Nyota. The following key milestones were achieved at the MRP during the quarter:

1. Mkuju River Project

Phase 1 Definitive Feasibility Study

The Company commenced the Phase 1 DFS in early March and appointed DRA Mineral Projects ('DRA') as the Engineering, Procurement, Construction and Management ('EPCM') Contractors. During the period under review, a number of key project deliverables were completed including:

- Completion of the resource infill and extension drilling program;
- Completion of an updated MRE (refer below for further details);
- Completion of the integrated pilot plant campaign testwork at ANSTO in Sydney; and
- Final design of the process flowsheet.

Work continued across all disciplines with a focus on mining, infrastructure, capital and operating cost estimation. A series of whittle pit optimisations were completed on the resource areas included in the upgraded MRE, as a precursor for detailed pit design, waste dump design and life of mine scheduling. Design and costing of the tailing storage facility, scats dump and water supply dams also progressed.

The Phase 1 DFS is expected to be completed during the first quarter of 2011.

Resource Infill and Extension Drilling

The 2010 resource infill and extension drilling program required for the completion of the DFS was completed in October. In total, the program comprised approximately 1,650 aircore/open-hole drill holes for 98,000m and 67 diamond drill holes for 4,400m.

Mineral Resource Estimate

In November the Company announced an updated MRE for the Nyota Prospect. The MRE comprises Measured and Indicated Resources of 67.7 million tonnes averaging 439 ppm for 65.5 million pounds of U_3O_8, plus Inferred Resources of 41.2 million tonnes averaging 395 ppm for 35.9 million pounds of U_3O_8 at a lower cut-off grade of 200 ppm U_3O_8.

The MRE has been prepared by independent consultants CSA Global Pty Ltd ('CSA') and is reported in accordance with the JORC Code (2004) and Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ('NI 43-101').

The updated MRE includes the results of the 2010 infill and extension drilling program and is based on new data from a total of approximately 1,740 aircore/open-hole drill holes for 107,500 metres and 71 diamond drill holes for 4,660 metres.

Mkuju River Project - Nyota Prospect
Mineral Resource Estimate as at 15 November 2010
Reported at a lower cut-off grade of 200 ppm U3O8

	Tonnage (million tonnes)	Grade (U_3O_8 ppm)	Contained U_3O_8 (million pounds)
Measured Resource	40.9	442	39.9
Indicated Resource	26.8	433	25.6
Total Measured & Indicated	**67.7**	**439**	**65.5**
Inferred Resource	41.2	395	35.9

The updated MRE represents a 20% increase from the previous statement (84.3 Mlbs), with the Measured and Indicated Resources now totalling 65.5 Mlbs U_3O_8 or 65% of the MRE. The majority of the MRE is within 60 metres of surface. Aggressive and successful drilling has lead to rapid growth in the MRE over the past two years and the potential exists to continue to increase the resource base with ongoing work.

An updated NI43-101 Technical Report was also prepared and lodged in December.

Pilot Metallurgical Testwork Program and Final Design of the Process Flowsheet

The integrated pilot plant was operated for a period of 28 continuous days in March and 22 days in May 2010 utilising feed material representative of the first seven years of production. The final ANSTO metallurgical reports were received and reviewed during the quarter.

After a series of reviews of these reports further optimisation of the process flowsheet was designed into the final DFS Process flowsheet. The final outcome is a highly simplified, single stream metallurgical flowsheet that maximises uranium recovery (Figure 3). This modified flowsheet has increased overall uranium recovery to 82% from the PFS figure of 79%.

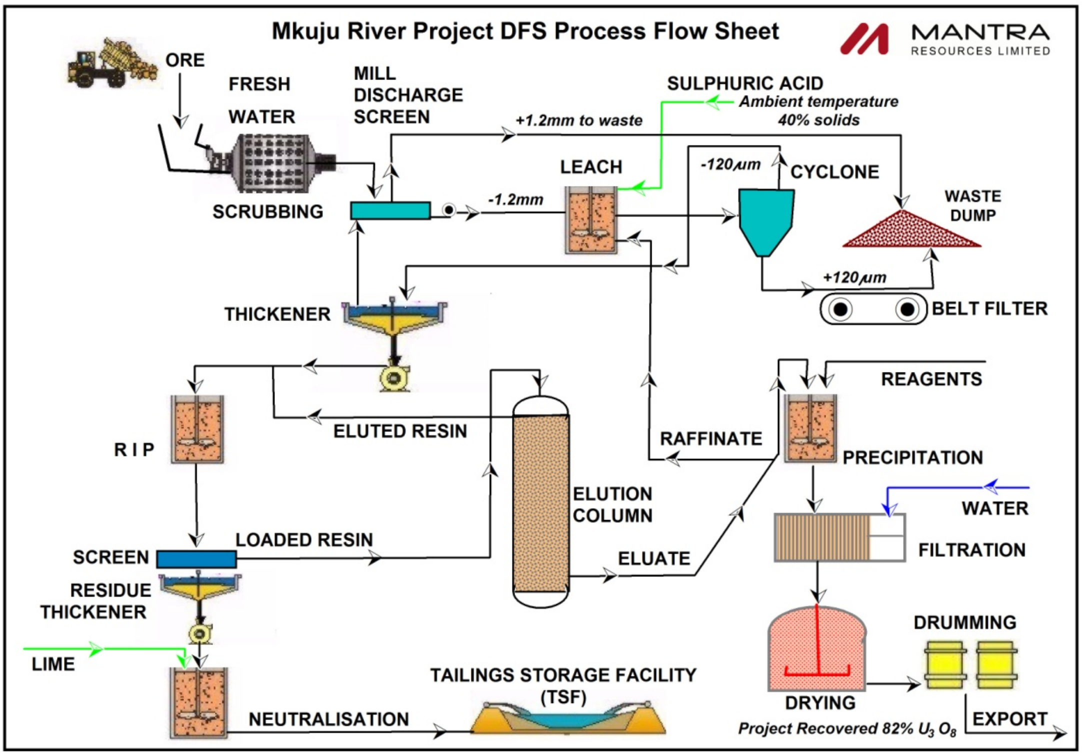

Figure 3 – Final DFS Process Flowsheet

Permitting

The Tanzanian Mining Act, 2010 and accompanying Mining Regulations, 2010 came into operation on 1 November 2010. The Regulations included the Mining (Radioactive Minerals) Regulations, 2010 which governed the prospecting, mining, processing, disposal, storage, transportation and marketing of radioactive minerals, including uranium.

Extensive dialogue has continued with the relevant government authorities regarding the various permitting processes.

Phase 2 Heap Leach Preliminary Feasibility Study

A PFS on heap leaching lower grade mined ore for the Project's second phase of growth was initiated in October. This Phase 2 growth would be envisaged to commence after the Phase 1 RIP circuit has reached steady state operations.

The Heap Leach PFS work program includes further resource modelling and detailed leaching testwork to allow grade/recovery relationships to be investigated, the minimum cut-off grade for economic treatment of the Nyota orebody to be determined. This work is scheduled to be completed during the first quarter 2011.

Nyota Exploration Drilling

The current phase of exploration drilling at Nyota was completed in mid-December. The program comprised a total of 414 aircore/open-hole drill holes for 39,550m and 3 diamond drill holes for 1,050m.

The results of approximately 200 holes that were drilled during the quarter, but not included in the updated MRE announced in November, are reported herein. Mineralisation has been intersected adjacent to a number of the current resource areas, particularly in the central-eastern portion of the Prospect area (Figure 4). The drilling has extended the main mineralised horizon that defines the resource blocks in the centre of this area further to the north and northwest, with a number of thick, high grade intersections being recorded.

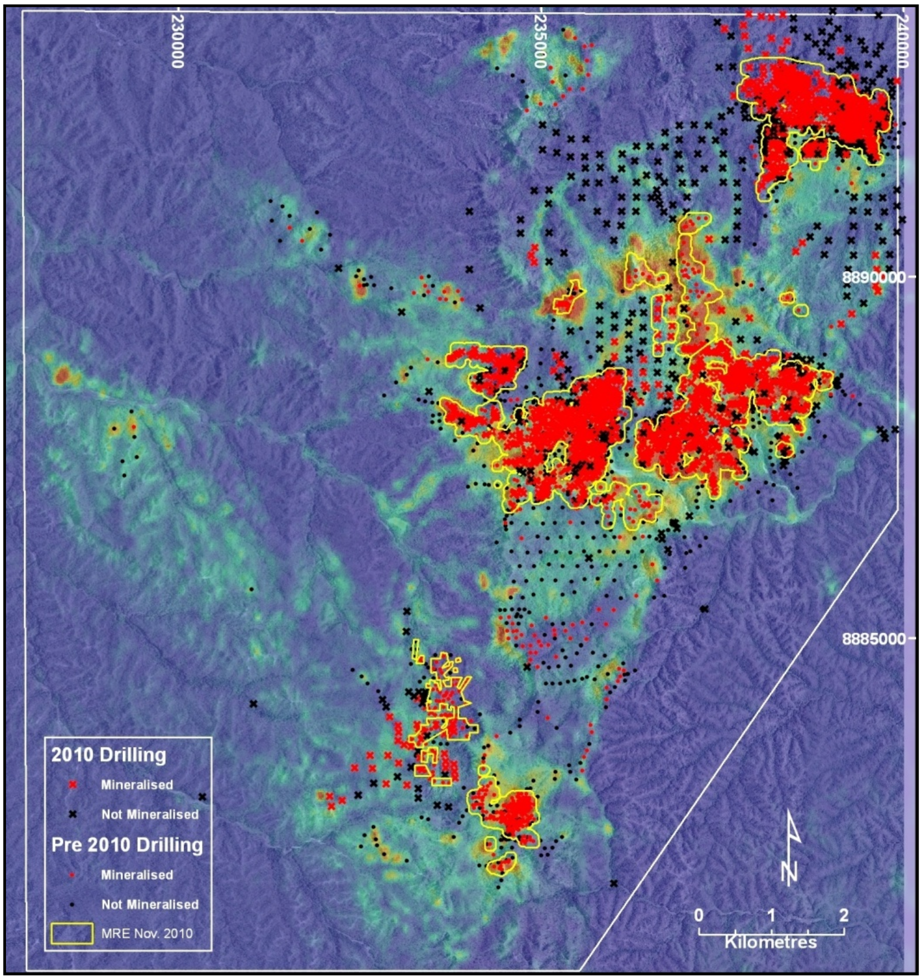

Figure 4 – Nyota Prospect Drilling Status Plan

(All figures are in Australian dollars unless otherwise indicated)

Mineralisation has also been intersected along trend to the north of the northern-most resource area and to the southwest of the southern resource area. In addition, a number of thick intersections have been recorded within the outline of the southern resource block which have grades significantly higher than the current average grade (317 ppm U_3O_8) for this resource block. Significant intersections include:

Hole No.	Down Hole Intercept	From Depth (Down Hole)
MNDH0559	11m @1,824 ppm eU_3O_8 8m @1,757 ppm eU_3O_8	26m 48m
MNDH0532	14m @ 1,225 ppm eU_3O_8	25m
MNDH0557	19m @ 786 ppm eU_3O_8	63m
MNDH0531	14m @ 680 ppm eU_3O_8 17m @ 836 ppm eU_3O_8	32m 49m

MRP Satellite Targets – Reconnaissance Program

An initial aircore drilling program, designed to test a number of the Satellite Targets located within 30km of Nyota, was concluded during the quarter. The program comprised a total of 84 aircore drill holes for 3,950m. The drill samples have been submitted for assay with the results pending.

2. Regional Exploration – Southern Tanzania and Northern Mozambique

Mbamba Bay Project

An initial aircore drilling program comprising a total of 33 holes for 1,485m was completed during the December quarter. The drilling was targeted to test the continuity of surface mineralisation observed in trenching. The drill samples have been submitted for assay with the results pending.

During the program 8 drill holes intersected up to three coal bearing horizons, with individual horizons up to 3m in thickness. Material from these horizons has been dispatched for analysis.

Zambezi Valley Project – Mozambique ('ZVP – Mozambique')

A follow-up RC drilling program focused on testing for continuations of the mineralisation previously intersected at the Capeça Anomaly in 2009 was completed during the quarter.

In total, 13 holes for 1,100m were drilled to the north-west of previous drilling. The broad 400m line spaced drilling intersected intercalated sandstone and mudstone units, along with a number of radiometrically anomalous horizons.

Assay results have now been returned from RC drilling program and confirm the presence of significant mineralisation in a number of holes. Significant intersections include 12m @1,059 ppm U_3O_8 (from 45m), 7m @ 361 ppm U_3O_8 (from 26m), 4m @ 566 ppm U_3O_8 (from 64m), 14m @ 398 ppm U_3O_8 (from 79m) and 1m @ 2,211 ppm U_3O_8 (from 49m).

Outstanding Share Information

As at 11 February 2011 the Company had 134,465,075 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary shares and unlisted options currently on issue:

As at 11 February 2011	**Number**
Outstanding shares	134,465,075
Outstanding unlisted options	6,839,919
Outstanding unlisted performance share rights	3,434,273
Total	**144,739,267**

Notes

(1) The unlisted options referred to above were not granted pursuant to any formal option plan or similar compensation arrangement, however it is noted that 1,500,000 options granted to executive directors were approved by Shareholders at the Company's General Meeting on 16 June 2010;

(2) The performance share rights referred to above were approved by shareholders during June 2010, as part of the Company's new remuneration/incentive arrangements. Pursuant to its new Long Term Incentive Plan ('LTIP'), the Company has granted approximately 3.434 million performance share rights to a number of key employees and consultants;

(3) The outstanding unlisted options are convertible into a total of 6.839 million ordinary shares, and are subject to exercise prices ranging from A$2.20 to A$5.50 and expiry dates ranging from 30 June 2011 to 31 December 2013;

(4) The outstanding performance share rights are convertible into a total of 3.434 million ordinary shares, and are subject to exercise prices of Nil (3,134,273 share rights) to A$5.50 (300,000 share rights), and expiry dates ranging from 31 March 2011 to 31 December 2013; and

(5) Since 31 December 2010, the Company has issued 1,135,887 shares following the exercise of 1,135,887 unlisted options. The Company has not issued any unlisted options or performance share rights.

As at 10 February 2011, Mantra's market capitalisation (based on its trading price on the ASX) was approximately A$1.0 billion (approximately A$1.1 billion calculated on a fully diluted basis including all options and performance rights).

CONSOLIDATED FINANCIAL CONDITION COMPARED TO YEAR-END FINANCIAL CONDITION

The following table sets out the Consolidated Entity's financial condition as at 31 December 2010 and compares it to the financial condition as at the most recently completed financial year-end (30 June 2010). The numbers are in accordance with AIFRS and applied on the same basis as the annual financial statements of the Company.

(thousands of A$, except per share amounts, rounded to the nearest hundredth)	**Quarter Ended 31 Dec 2010 Unaudited**	**Year Ended 30 June 2010 Audited**
Interest revenue	734	2,046
Other revenue	-	1,592
Net profit/(loss) after tax	(14,671)	(30,196)
Net profit/(loss) per share – basic	(0.11)	(0.26)
Net profit/(loss) per share – diluted	(0.11)	(0.26)
Cash and cash equivalents	58,102	78,694
Total assets	68,095	83,148
Total long-term financial liabilities	Nil	Nil
Cash dividends declared per share	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

The quarterly results for the eight most recently completed quarters are provided below:

	Quarter Ended (Unaudited)							
(thousands of A$, except per share amounts, rounded to the nearest hundredth)	31 Dec 2010	30 Sep 2010	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Sep 2009	30 Jun 2009	31 Mar 2009
Interest revenue	734	997	1,010	703	152	181	187	341
Net profit/(loss) after tax	(14,671)	(12,365)	(9,284)	(7,304)	(7,291)	(6,317)	(6,350)	(4,106)
Net profit/(loss) per share – basic	(0.11)	(0.09)	(0.07)	(0.06)	(0.07)	(0.06)	(0.07)	(0.05)
Net profit/(loss) per share – diluted	(0.11)	(0.09)	(0.07)	(0.06)	(0.07)	(0.06)	(0.07)	(0.05)
Cash and cash equivalents	58,102	66,752	78,694	78,856	67,580	20,909	26,116	23,246
Total assets	68,095	72,783	83,148	81,416	69,758	24,081	27,920	25,204
Total long-term financial liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The major expense item incurred by the Company in both the December 2010 quarter and the December 2009 quarter was exploration and evaluation expenditure mainly in relation to the ongoing development of the Company's wholly owned MRP.

The key factors that have caused significant variations over the eight most recently completed quarters were:

(i) A gradual and significant increase in exploration and development activities at the MRP which resulted in proportionately more exploration and evaluation expenditure being incurred over the eight quarters as the Company strives to develop the Nyota Prospect in order to fulfil its strategic objective of becoming a significant uranium producer in the near term.

(ii) On 18 November 2009, the company completed its dual-listing on the Toronto Stock Exchange ('TSX') and then received shareholder approval for the following capital raising:

- a public offering of 13,000,000 ordinary shares each at an issue price of C$4.00 to raise C$52 million before costs, that was completed on 24 December 2009; and

- a private placement of an additional 3,800,000 ordinary shares to Highland Park S.A. and AngloPacific Group Plc, each at an issue price of C$4.00 to raise C$15.2 million before costs, that was completed in February 2010.

Combined, the public offering and private placement raised C$67.2 million (approximately A$72.5 million) before costs.

RESULTS OF OPERATIONS

Quarter ended 31 December 2010 compared to the quarter ended 31 December 2009

The major expense item incurred by the Company in both the December 2010 quarter and the December 2009 quarter was exploration and evaluation expenditure, which is attributable to the Company's accounting policy of expensing exploration and evaluation expenditure incurred by the Company subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest. During the December 2010 quarter Mantra incurred expenses of A$12,764,477 on exploration and evaluation activities, compared to A$6,360,131 incurred during the December 2009 quarter, which also resulted in an increase in the net cash outflow from operating activities in the 2010 period. The increase in exploration and evaluation expenditure in the December 2010 quarter is consistent with the Company's strategy of aggressively exploring and the ongoing development of its Nyota Prospect at the wholly owned MRP.

As a consequence of the significant increase in exploration activities during 2010, and the offer by ARMZ to acquire all of the issued shares in Mantra, corporate and administration expenditure increased by a commensurate amount in comparison to December 2009.

During the December 2010 quarter, the Company incurred non-cash share-based payment expenses of A$3,264,160 in relation to incentive options and performance share rights issued to key management personnel in both current and prior fiscal years, which was classified as exploration and evaluation expenditure. This is attributable to the Company's accounting policy of expensing the fair value of options granted (determined using the Binomial option pricing model) on a straight-line basis over the vesting period of the options. This compares to non-cash share-based payment expenses of A$1,072,135 for the December 2009 quarter.

Interest revenue increased to A$733,683 during the December 2010 quarter (December 2009: A$151,560) as a result of higher average cash balances throughout the period.

LIQUIDITY AND CAPITAL RESOURCES

At 31 December 2010, the Company had cash reserves of A$58.1 million. This amount is sufficient to meet the Company's working capital requirements in relation to exploration programs at its existing uranium projects over the next 12 months and to pursue new business opportunities in the resources and energy sectors. The recommended resource development activities as set out in the technical report on the Project prepared in accordance with NI 43-101 entitled "November, 2010 Resource Update - Mkuju River Project, located in Tanzania, Africa" dated 23 December 2010, which is available under the Company's profile at sedar.com, are budgeted to cost approximately US$0.35 million.

The Company's principal sources of cash for the three months ended 31 December 2010 were proceeds from exercise of options of A$6,082,500 and interest received from cash investments totalling A$736,486.

It is noted that to-date there has not been any material variance with the use of proceeds from the Company's public offering of 13,000,000 ordinary shares that was completed on 24 December 2009, as disclosed in the Final Short Form Prospectus dated 16 December 2009.

The following is a summary of the Company's outstanding commitments as at 31 December 2010:

Contractual Obligations	Payments Due by Period				
(thousands of A$)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long Term Debt	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-
Operating Leases	-	-	-	-	-
Purchase Obligations [(1)]	11,597	11,597	-	-	-
Other Long Term Obligations	-	-	-	-	-
Total Contractual Obligations	**11,597**	**11,597**	**-**	**-**	**-**

Notes

(1) These future commitments for expenditure relate to ongoing exploration and development activities at the Mkuju River Project in southern Tanzania.

OFF-BALANCE SHEET TRANSACTIONS

The Company has had no off-balance sheet transactions since incorporation.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the quarter ended 31 December 2010.

SUBSEQUENT EVENTS

The following significant events occurred after 31 December 2010:

- As noted above, Mantra signed a Scheme Implementation Agreement with ARMZ on 15 December 2010. A Scheme Booklet and Independent Expert's Report in relation to the offer is expected to be filed with the Australian Securities & Investments Commission for review in mid-February 2011, and will be dispatched to shareholders in approximately mid-March after all necessary approvals have been obtained.

Other than as disclosed above, there were no significant events occurring after 31 December 2010 requiring disclosure.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The attached financial statements were prepared in accordance with AIFRS. A description of the Company's significant accounting policies is provided in Note 1 to the financial statements. Management is required to make various estimates and judgments in determining the reported amounts of assets, liabilities, revenues and expenses for each period presented and in the disclosure of commitments and contingencies. Management considers the following to be the critical accounting policies which reflect its more significant estimates and judgments used in the preparation of the financial statements. The Company has neither provided nor is required to provide a reconciliation of its financial statements to CGAAP.

It is noted that the Company has not changed any of its significant accounting policies since incorporation in September 2005.

The Company's significant accounting policies are outlined below:

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Consolidated Entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the initial acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to acquisition of the rights to explore is expensed as incurred up to the successful completion of definitive feasibility studies. Expenditure in relation to the preparation of definitive feasibility studies is expensed as incurred.

Expenditure is capitalised if the Company has rights to tenure and the Company expects to recoup the expenditures through successful development or sale.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-Based Payments

Share based payments are provided to directors, employees, consultants and other advisors and to acquire assets such as mineral exploration licences.

The fair value of options and performance share rights granted (determined using the Binomial option pricing model) is recognised as an expense or asset, as appropriate with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option and rights holders become unconditionally entitled to the options and rights.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of equity instruments that will eventually vest.

FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise receivables, payables, investments, cash and short-term deposits. The main risks arising from the Company's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk.

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Company's financial risk management policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Company does not enter into derivative transactions to mitigate the financial risks. In addition, the Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Company's operations change, management will review its derivative policy periodically going forward.

The fair values of receivables, payables, cash and short-term deposits approximates their carrying value.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the quarter ended 31 December 2010 that materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

The accompanying Condensed Consolidated Financial Statements for the three months, and half-year, ended 31 December 2010 and 31 December 2009 have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards and have not been audited by the Company's Auditors. The effective date of these Condensed Consolidated Financial Statements is 11 February 2011.

Regulatory Disclosures:
For further information regarding the Mkuju River Project, including a description of Mantra's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the Mkuju River Project please refer to the technical report prepared in accordance with NI 43-101 entitled "November, 2010 Resource Update - Mkuju River Project, located in Tanzania, Africa" dated 23 December 2010, which is available under the Company's profile at SEDAR.

Competent Person / Qualified Person Statements:
The information in this report that relates to exploration results is based on information compiled by Mr. Robert Behets, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Behets is a full-time employee of the Company. Mr. Behets has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) and is a "Qualified Person" under NI 43-101. The Qualified Person has verified the data disclosed in this report, including sampling, analytical and test data underlying the information contained in this release. The Qualified Person was satisfied with the verification process and consents to the disclosure in this release. Mr Behets consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to in-situ Mineral Resources is based on information compiled by Mr Malcolm Titley of CSA Global Pty. Ltd. He is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) and is a "Qualified Person" under NI 43-101. The Qualified Person has verified the data disclosed in this report, including sampling, analytical and test data underlying the information contained in this release. Mr Titley consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to the Resin-In-Pulp and Heap Leach metallurgical testwork results is based on information compiled by Mr Stuart Lawrence, who is a Metallurgist and a Fellow of the South African Institute of Mining and Metallurgy. Mr Lawrence is a Director of DRA's parent company, the EPCM contractor for the Mkuju River Project. Mr Lawrence has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) and is a "Qualified Person" under NI 43-101. The Qualified Person has verified the data disclosed in this report, was satisfied with the verification process and consents to the disclosure in this release. Mr Lawrence consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements:
This report contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, uranium prices, demand for uranium, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast' and similar expressions. Persons reading this report are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Annual Information Form.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to update or revise any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN AUSTRALIAN DOLLARS

	Note	Three Months Ended 31 December		Six Months Ended 31 December	
		2010 A$	2009 A$	2010 A$	2009 A$
Revenue	3(a)	**733,683**	**151,560**	**1,731,215**	**1,915,272**
Corporate and administration costs		(2,143,662)	(772,919)	(3,093,992)	(1,365,341)
Exploration and evaluation costs	3(b)	(12,764,477)	(6,360,131)	(25,175,281)	(13,844,120)
Other costs		(496,400)	(309,228)	(497,318)	(313,149)
Loss before income tax		**(14,670,856)**	**(7,290,718)**	**(27,035,376)**	**(13,607,338)**
Income tax expense		-	-	-	-
Loss for the period		**(14,670,856)**	**(7,290,718)**	**(27,035,376)**	**(13,607,338)**
Other comprehensive income					
Exchange differences arising on translation of foreign operations		(262,910)	(39,387)	(423,925)	(47,879)
Gain/(loss) on available-for-sale investments taken to equity		102,684	(766,144)	161,541	(911,354)
Income tax relating to components of other comprehensive income		-	-	-	-
Other comprehensive (loss) for the period		(160,226)	(805,531)	(262,384)	(959,233)
Total comprehensive (loss) for the period		**(14,831,082)**	**(8,096,249)**	**(27,297,760)**	**(14,566,571)**
Total comprehensive (loss) attributable to members of the parent		**(14,831,082)**	**(8,096,249)**	**(27,297,760)**	**(14,566,571)**
Earnings per share					
Weighted average number of shares		130,404,188	110,288,690	130,316,688	109,493,581
Basic loss per share (cents per share)		(11.25)	(6.61)	(20.75)	(12.43)
Diluted loss per share (cents per share)		(11.25)	(6.61)	(20.75)	(12.43)

The above Condensed Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MANTRA RESOURCES LIMITED

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EXPRESSED IN AUSTRALIAN DOLLARS

	Note	31 December 2010 A$	30 June 2010 Audited A$
ASSETS			
Current Assets			
Cash and cash equivalents		58,102,005	78,693,938
Trade and other receivables		2,031,608	1,545,462
Other assets		162,881	510,405
Total Current Assets		**60,296,494**	**80,749,805**
Non-current Assets			
Property, plant and equipment		2,038,221	1,919,451
Capital-Work-In-Progress	4	5,121,180	-
Available-for-sale financial assets		601,218	439,677
Other assets		37,941	39,095
Total Non-current Assets		**7,798,560**	**2,398,223**
TOTAL ASSETS		**68,095,054**	**83,148,028**
LIABILITIES			
Current Liabilities			
Trade and other payables		4,779,222	4,337,114
Provisions		283,756	184,259
Borrowings		740,380	740,380
Total Current Liabilities		**5,803,358**	**5,261,753**
TOTAL LIABILITIES		**5,803,358**	**5,261,753**
NET ASSETS		**62,291,696**	**77,886,275**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	5	183,389,476	173,045,344
Reserves		10,871,721	9,775,056
Accumulated losses		(131,969,501)	(104,934,125)
TOTAL EQUITY		**62,291,696**	**77,886,275**

The above Condensed Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

MANTRA RESOURCES LIMITED

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN AUSTRALIAN DOLLARS

For the half-year ended 31 December 2009	Ordinary Shares A$	Option Premium Reserve A$	Foreign Currency Translation Reserve A$	Available-for-Sale Investments Reserve A$	Accumu-lated Losses A$	Total Equity A$
Balance at 1 July 2009	**91,163,906**	**8,043,737**	**895,033**	**-**	**(74,738,572)**	**25,364,104**
Total comprehensive income for the period:						
Net loss for the period	-	-	-	-	(13,607,338)	(13,607,338)
Other comprehensive income:						
Exchange differences arising on translation of foreign operations	-	-	(47,879)	-	-	(47,879)
Gain/(loss) on available-for-sale investments taken to equity	-	-	-	(911,354)	-	(911,354)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	(47,879)	(911,354)	-	(959,233)
Total comprehensive income/(loss) for the period	-	-	(47,879)	(911,354)	(13,607,338)	(14,566,571)
Transactions with owners, recorded directly in equity						
Issue of shares	56,982,000	-	-	-	-	56,982,000
Share issue costs	(3,733,104)	-	-	-	-	(3,733,104)
Exercise of unlisted options	740,000	-	-	-	-	740,000
Transfer of option premium reserve	369,200	(369,200)	-	-	-	-
Share based payments	-	2,144,270	-	-	-	2,144,270
Total transactions with owners	54,358,096	1,775,070	-	-	-	56,133,166
Balance at 31 December 2009	**145,522,002**	**9,818,807**	**847,154**	**(911,354)**	**(88,345,910)**	**66,930,699**

The above Condensed Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN AUSTRALIAN DOLLARS

For the half-year ended 31 December 2010	Ordinary Shares A$	Option Premium Reserve A$	Foreign Currency Translation Reserve A$	Available-for-Sale Investments Reserve A$	Accumulated Losses A$	Total Equity A$
Balance at 1 July 2010	**173,045,344**	**10,014,997**	**788,282**	**(1,028,223)**	**(104,934,125)**	**77,886,275**
Total comprehensive income for the period:						
Net loss for the period	-	-	-	-	(27,035,376)	(27,035,376)
Other comprehensive income:						
Exchange differences arising on translation of foreign operations	-	-	(423,925)	-	-	(423,925)
Gain/(loss) on available-for-sale investments taken to equity	-	-	-	161,541	-	161,541
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	(423,925)	161,541	-	(262,384)
Total comprehensive income/(loss) for the period	-	-	(423,925)	161,541	(27,035,376)	(27,297,760)
Transactions with owners, recorded directly in equity						
Share issue costs	(28,918)	-	-	-	-	(28,918)
Exercise of unlisted options	6,082,500	-	-	-	-	6,082,500
Transfer of option premium reserve	4,290,550	(4,290,550)	-	-	-	-
Share based payments	-	5,649,599	-	-	-	5,649,599
Total transactions with owners	10,344,132	1,359,049	-	-	-	11,703,181
Balance at 31 December 2010	**183,389,476**	**11,374,046**	**364,357**	**(866,682)**	**(131,969,501)**	**62,291,696**

The above Condensed Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MANTRA RESOURCES LIMITED

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN AUSTRALIAN DOLLARS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2010 A$	2009 A$	2010 A$	2009 A$
Cash flows from operating activities				
Payments to suppliers and employees	(11,191,371)	(6,757,335)	(23,468,157)	(12,057,034)
Interest received	736,486	157,150	1,977,001	390,641
GST/VAT received	-	45,453	-	129,681
Net cash outflow from operating activities	**(10,454,885)**	**(6,554,732)**	**(21,491,156)**	**(11,536,712)**
Cash flows from investing activities				
Purchase of plant and equipment	(464,897)	(84,940)	(708,791)	(256,924)
Purchase of Capital-Work-In-Progress	(3,384,390)	-	(3,882,913)	-
Security bonds received	96	-	1,153	-
Loans repaid by/(to) other entities	-	167,647	-	167,647
Net cash inflow/(outflow) from investing activities	**(3,849,191)**	**82,707**	**(4,590,551)**	**(89,277)**
Cash flows from financing activities				
Proceeds from issue of shares	6,082,500	56,980,000	6,082,500	56,980,000
Transaction costs from issue of shares	-	(3,529,737)	(10,323)	(3,578,120)
Net cash inflow from financing activities	**6,082,500**	**53,450,263**	**6,072,177**	**53,401,880**
Net increase/(decrease) in cash and cash equivalents	**(8,221,576)**	**46,978,238**	**(20,009,530)**	**41,775,891**
Foreign exchange movement on cash and cash equivalents	(428,065)	(307,082)	(582,403)	(312,095)
Cash and cash equivalents at beginning of financial period	66,751,646	20,908,772	78,693,938	26,116,132
Cash and cash equivalents at end of financial period	**58,102,005**	**67,579,928**	**58,102,005**	**67,579,928**

The above Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

MANTRA RESOURCES LIMITED

MANTRA RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2010
EXPRESSED IN AUSTRALIAN DOLLARS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the quarter and half year reporting periods ended 31 December 2010 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

In addition to the Australian requirements, further information has been included in the Condensed Consolidated Financial Statements for the quarter and half year ended 31 December 2010 in order to comply with applicable Canadian securities law, on the basis that the Company is dual listed on the Toronto Stock Exchange.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Mantra Resources Limited for the year ended 30 June 2010 and any public announcements made by Mantra Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

NOTE 2. SEGMENT INFORMATION

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

NOTE 3. REVENUE AND EXPENSES

	Three Months Ended 31 December		Six Months Ended 31 December	
	2010 A$	**2009 A$**	**2010 A$**	**2009 A$**
(a) Revenue				
Interest revenue	733,683	151,560	1,731,215	332,587
Gain on sale of exploration assets	-	-	-	1,582,685
	733,683	**151,560**	**1,731,215**	**1,915,272**
(b) Significant expenses				
Share-based payments included in exploration and evaluation costs (refer Note 5)	(3,264,160)	(1,072,135)	(5,649,599)	(2,144,270)
Other exploration and evaluation activities	(9,500,317)	(5,287,996)	(19,525,682)	(11,699,850)
Total exploration and evaluation costs	**(12,764,477)**	**(6,360,131)**	**(25,175,281)**	**(13,844,120)**

EXPRESSED IN AUSTRALIAN DOLLARS

NOTE 4. CAPITAL WORK-IN-PROGRESS

	A$
Carrying amount at 1 July 2010	**-**
Expenditure on Early Site Works	5,121,180
Carrying amount at 31 December 2010	**5,121,180**

Notes

(1) Capital Work-In-Progress is comprised of property, plant and equipment in the course of construction and is carried at cost, less any recognised impairment loss, if applicable. Cost is determined in accordance with the Group's accounting policy for property, plant and equipment. Depreciation of Capital Work-In-Progress assets commences when the assets are ready for their intended use, and the assets will be transferred to Property, Plant and Equipment at that time.

(2) Early Site Works expenditure is comprised of expenditure on a number of key infrastructure assets as part of the ongoing exploration and development of the Mkuju River Project in southern Tanzania.

NOTE 5. EQUITY SECURITIES ISSUED

	31 Dec 2010 A$	30 Jun 2010 A$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**183,389,476**	**173,045,344**
(b) Options and Rights		
Options:		
Nil (30 June 2010: 350,000) $1.20 Unlisted Options	-	197,050
Nil (30 June 2010: 2,050,000) $1.65 Unlisted Options	-	2,489,000
5,975,806 (30 June 2010: 5,975,806) $2.20 Unlisted Options	-	-
Nil (30 June 2010: 800,000) $3.00 Unlisted Options	-	1,604,500
500,000 (30 June 2010: 500,000) $3.50 Unlisted Options	2,168,500	2,168,500
500,000 (30 June 2010: 500,000) $4.50 Unlisted Options	2,190,500	2,014,926
500,000 (30 June 2010: 500,000) $5.00 Unlisted Options	1,141,096	523,562
500,000 (30 June 2010: 500,000) $5.50 Unlisted Options	1,178,350	360,109
Performance Rights:		
3,134,273 (30 June 2010: 2,309,025) Share Rights with an exercise price of $nil	4,056,600	18,350
300,000 (30 June 2010: 300,000) $5.50 Share Rights	639,000	639,000
	11,374,046	**10,014,997**

EXPRESSED IN AUSTRALIAN DOLLARS

NOTE 5. EQUITY SECURITIES ISSUED (Continued)

(c) Movements in Ordinary Share Capital during the past six months were as follows:

Date	Details	Number of Shares	Issue Price A$	Total A$
1 Jul 2010	**Opening Balance**	**130,229,188**	**-**	**173,045,344**
Dec 2010	Exercise of $1.20 unlisted options	250,000	1.20	300,000
Dec 2010	Transfer of option premium reserve	-	-	197,050
Dec 2010	Exercise of $1.65 unlisted options	2,050,000	1.65	3,382,500
Dec 2010	Transfer of option premium reserve	-	-	2,489,000
Dec 2010	Exercise of $3.00 unlisted options	800,000	3.00	2,400,000
Dec 2010	Transfer of option premium reserve	-	-	1,604,500
Jul – Dec 2010	Share issue expenses	-	-	(28,918)
31 Dec 2010	**Closing Balance**	**133,329,188**	**-**	**183,389,476**

(d) Movements in options and share rights during the past six months were as follows:

Date	Details	Number of Share Rights	Number of Unlisted Options	Fair Value $	$
1 Jul 2010	**Opening Balance**	**2,609,025**	**11,175,806**	**-**	**10,014,997**
22 Oct 2010	Grant of share rights with an exercise price of nil	354,963	-	5.250	-(1)
19 Nov 2010	Grant of share rights with an exercise price of nil	470,285	-	6.190	-(1)
Dec 2010	Exercise of $1.20 unlisted options	-	(250,000)	0.563	(140,750)
Dec 2010	Expiry of $1.20 unlisted options	-	(100,000)	0.563	(56,300)
Dec 2010	Exercise of $1.65 unlisted options	-	(2,050,000)	1.214	(2,489,000)
Dec 2010	Exercise of $3.00 unlisted options	-	(800,000)	2.006	(1,604,500)
Jul - Dec 2010	Options vested expense (1)	-	-	-	1,611,349
Jul - Dec 2010	Share rights vested expense (1)	-	-	-	4,038,250
31 Dec 2010	**Closing Balance**	**3,434,273** (2)	**7,975,806**	**-**	**11,374,046**

Notes

(1) The value of options and rights expensed during the year is recognised over the vesting period of the grant, in accordance with Australian accounting standards.

(2) The performance share rights will automatically vest should the ARMZ Offer be successfully implemented. This will result in an acceleration of the recording of the remaining share based payments expense in relation to these rights, the majority of which will be expensed in the March 2011 quarter.

NOTE 6. COMMITMENTS FOR EXPENDITURE

	31 Dec 2010 A$	30 Jun 2010 A$
Not longer than 1 year [(1)]	11,596,857	12,405,117
Longer than 1 year and not longer than 5 years	-	-
	11,596,857	**12,405,117**

Notes

(1) These future commitments for expenditure relate to ongoing exploration and development activities at the Mkuju River Project in southern Tanzania.

NOTE 7. CONTINGENT LIABILITIES

At the last annual reporting date, the Consolidated Entity did not have any contingent liabilities. Other than as disclosed below, there has been no material change in contingent liabilities of the Consolidated Entity during the half-year.

The Company has engaged RBC Dominion Securities Inc. (RBC) as its financial advisor with respect to the offer by ARMZ. Should the Scheme be completed, a success fee will be payable to RBC which is commensurate with industry norms for comparable change of control transactions. Until the Scheme is implemented, there is no certainty as to the requirement to make this payment, nor the quantum which may be payable, and accordingly no amounts have been recognised or provided for in the financial statements.

NOTE 8. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half-year.

EXPRESSED IN AUSTRALIAN DOLLARS

NOTE 9. INVESTMENT IN CONTROLLED ENTITIES

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year-end of all controlled entities is the same as that of the parent entity, except for the Mozambique subsidiary which is required by law to use a 31 December financial year-end.

		% of Shares held	
	Place of Incorporation	31 December 2010	30 June 2010
Name of controlled entity			
Mantra Tanzania Limited	Tanzania	100%	100%
Nyanza Goldfields Limited	Tanzania	100%	100%
Ruvuma Resources Limited (1)	Tanzania	100%	-
Mantra East Africa Limited	Kenya	100%	100%
Mavuzi Resources Pty Ltd	Australia	100%	100%
Mavuzi Minerals Pty Ltd	Australia	100%	100%
OmegaCorp Minerais Ltda	Mozambique	100%	100%
Mantra Uranium South Africa (Pty) Ltd	South Africa	100%	100%

Notes

(1) Ruvuma Resources Limited was incorporated by Mantra for nominal value during the period. It had not undertaken any transactions as at 31 December 2010.

NOTE 10. SUBSEQUENT EVENTS AFTER BALANCE DATE

The following significant events occurred after 31 December 2010:

- As noted above, Mantra signed a Scheme Implementation Agreement with ARMZ on 15 December 2010. A Scheme Booklet and Independent Expert's Report in relation to the offer is expected to be filed with the Australian Securities & Investments Commission for review in mid-February 2011, and will be dispatched to shareholders in approximately mid-March after all necessary approvals have been obtained.

Other than as disclosed above, there were no significant events occurring after 31 December 2010 requiring disclosure.

APPENDIX A

Form 52-109F2 – Certification of Interim Filings (Full Certificate)

I, Peter Breese, Chief Executive Officer of Mantra Resources Limited, certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Mantra Resources Limited (the "issuer") for the interim period ended 31 December 2010.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

   (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

   (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control framework:** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 October 2010 and ended on 31 December 2010 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 11 February 2011

Peter Breese
Chief Executive Officer

MANTRA RESOURCES LIMITED

APPENDIX A

Form 52-109F2 – Certification of Interim Filings (Full Certificate)

I, Luke Watson, Chief Financial Officer of Mantra Resources Limited, certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Mantra Resources Limited (the "issuer") for the interim period ended 31 December 2010.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control framework:** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 October 2010 and ended on 31 December 2010 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 11 February 2011

Luke Watson
Chief Financial Officer

Deloitte.

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Independent Auditor's Review Report to the Members of Mantra Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mantra Resources Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 and 21 to 30.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mantra Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 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 the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

Partner

Chartered Accountants

Perth, 11 February 2011