



A.C.N. 121 511 886

# INTERIM FINANCIAL REPORT

31<sup>st</sup> December 2007

A.C.N. 121 511 886

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### ASX Code

SRR

A.C.N. 121 511 886

## COMPANY DIRECTORY

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### Directors

Richard Cullen (Chairman)  
Vincent Algar (Managing Director)  
David Flanagan (Non-executive Director)  
Denis O'Meara (Non-executive Director)

### Company Secretary

Anthony Walsh

### Registered Office

Ground Floor  
708 Murray Street  
PO Box 1259  
WEST PERTH WA 6005

Telephone: (08) 9226 4455  
Facsimile: (08) 9226 4255

### Bankers

National Australia Bank  
1232 Hay Street  
WEST PERTH WA 6005

### Auditors

Stantons International  
Level 1 / 1 Havelock Street  
WEST PERTH WA 6005

### Home Exchange

Australian Securities Exchange Ltd  
2 The Esplanade  
PERTH WA 6000

### Share Registry

Security Transfers Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

### Lawyers

Hardy Bowen  
Level 1  
28 Ord Street  
WEST PERTH WA 6005

## **DIRECTORS' REPORT**

The directors present their report for the half year ended 31 December 2007.

### **DIRECTORS**

The names of the company's directors in office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Rick Cullen (Chairman/Non executive)	Appointed 8.9.06
Mr David Flanagan (Non executive)	Appointed 8.9.06
Mr Denis O'Meara (Non executive)	Appointed 8.9.06
Mr Vincent Algar (Managing Director)	Appointed 8.9.06

### **REVIEW AND RESULTS OF OPERATIONS**

The operating loss of the Consolidated Entity after income tax for the period ended 31 December 2007 amounted to \$2,768,657 (2006 \$580,475).

Operations for the period consisted of exploration for base metals, gold and other economic mineral deposits in the Pilbara region of Western Australia.

### **DIVIDENDS**

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration to the directors of Shaw River Resources Ltd is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2007.

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



V Algar, Director

Dated this 29<sup>th</sup> day of February 2008

Perth, Western Australia.

29 February 2008

Board of Directors  
Shaw River Resources Limited  
25 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

**RE: SHAW RIVER 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 Shaw River Resources Limited.

As Audit Director for the review of the financial statements of Shaw River Resources Limited for the period ended 31 December 2007, 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

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**



**John Van Dieren**  
**Director**

**INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	<b>CONSOLIDATED</b>	
		<b>2007</b>	<b>8 September 2006 to 31 December 2006</b>
		\$	\$
<b>Operations</b>			
Revenues		-	-
Finance revenue	2(a)	94,446	16,163
Employee benefits expense	2(b)	(83,583)	(395,003)
Exploration expense	2(c)	(2,202,928)	(64,068)
Administration expense	2(d)	(576,592)	(137,567)
Net loss from continuing operations before income tax expense		(2,768,657)	(580,475)
Income tax benefit/ (expense)		-	-
<b>Net loss attributable to members of the entity</b>		<b>(2,768,657)</b>	<b>(580,475)</b>
 <b>LOSS PER SHARE (cents per share)</b>			
Basic loss for the period	3	(4.6)	(5.9)
Diluted loss for the period		(4.6)	(5.9)

The accompanying condensed notes form part of the financial statements

**BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Notes	<b>CONSOLIDATED</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2007</b>	<b>2007</b>
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	2,405,375	4,051,901
Trade and other receivables		132,001	143,341
Prepayments		123,438	34,533
<b>Total Current Assets</b>		2,660,814	4,229,775
<b>Non-current Assets</b>			
Security deposits		165	-
Property, plant & equipment		242,133	78,771
Exploration assets		1,179,455	1,179,455
<b>Total Non-current Assets</b>		1,421,753	1,258,226
<b>TOTAL ASSETS</b>		4,082,567	5,488,001
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		213,527	262,657
Provisions		24,660	8,383
Other financial liabilities	9	36,714	-
<b>Total Current Liabilities</b>		274,901	271,040
<b>Non-current Liabilities</b>			
Other financial liabilities	9	106,115	-
<b>Total Non-current Liabilities</b>		106,115	-
<b>TOTAL LIABILITIES</b>		381,016	271,040
<b>NET ASSETS</b>		3,701,551	5,216,961
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	6	7,628,688	6,459,024
Option reserve		633,970	550,387
Accumulated losses		(4,561,107)	(1,792,450)
<b>TOTAL EQUITY</b>		3,701,551	5,216,961

The accompanying condensed notes form part of the financial statements

**CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

		<b>CONSOLIDATED</b>	
	<b>Note</b>	<b>2007</b>	<b>8 September 2006 to 31 December</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>\$</b>	<b>\$</b>
Payments to suppliers and employees		(678,362)	(170,121)
Payment for exploration and evaluation		(2,209,281)	(252)
Interest received		113,232	16,164
Net cash flows used in operating activities		(2,774,411)	(154,209)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(38,158)	(5,212)
Net cash flows from/ (used in) investing activities		(38,158)	(5,212)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of capital on finance leases		(3,621)	-
Proceeds from issue of ordinary shares		1,230,000	6,025,281
Cost of capital raising		(60,336)	(131,060)
Net cash flows from financing activities		1,166,043	5,894,221
Net increase/(decrease) in cash and cash equivalents		(1,646,526)	5,734,800
Cash and cash equivalents at the beginning of period		4,051,901	-
Cash and cash equivalents at end of period		2,405,375	5,734,800

The accompanying condensed notes form part of the financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 07**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2007	6,459,024	550,387	(1,792,450)	5,216,961
Loss for the period	-	-	(2,768,657)	(2,768,657)
Total income/ (loss) for the period	-	-	(4,561,107)	2,448,304
Issue of share capital	1,230,000	-	-	1,230,000
Cost of Issue of share capital	(60,336)	-	-	(60,336)
Cost of share based payments	-	83,583	-	83,583
At 31 December 2007	<u>7,628,688</u>	<u>633,970</u>	<u>(4,561,107)</u>	<u>3,701,551</u>
	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 8 September 2006	1	-	-	1
Loss for the period	-	-	(580,475)	(580,475)
Total income/ (loss) for the period	-	-	(580,475)	(580,475)
Issue of share capital	7,144,301	-	-	7,144,301
Cost of Issue of share capital	(680,717)	-	-	(680,717)
Cost of share based payments	-	483,133	-	483,133
At 31 December 2006	<u>6,463,584</u>	<u>483,133</u>	<u>(580,475)</u>	<u>6,366,242</u>

The accompanying condensed notes form part of the financial statements

## **CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

### **NOTE 1 – BASIS OF PREPARATION AND ACCOUNTING POLICIES**

#### **Basis of Preparation**

The consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

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 Consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2007 and considered together with any public announcements made by Shaw River Resources Limited and its controlled entities during the period ended 31 December 2007 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### **Changes in Accounting Policy**

Since 1 January 2007 the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 1, 4, 1023 and 1038)
- AASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 2: REVENUE AND EXPENSES**

	<b>CONSOLIDATED</b>	
	<b>2007</b>	<b>8 September 2006 to 31 December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues and expenses from continuing operations</b>		
<b>a) Finance Revenue</b>		
Bank interest received and receivable	94,446	16,163
<b>b) Employee Benefits Expense</b>		
Share based payments	83,583	395,003
<b>c) Exploration Expenditure written off</b>		
Exploration cost written off	2,202,928	64,068
<b>d) Administration expenses</b>		
Accounting fees	36,876	12,102
Advertising expense	27,691	380
Audit fees	14,093	5,000
Company secretarial cost	30,000	19,775
Computer equipment & software	3,186	835
Computer support	5,468	210
Conferences & seminars	6,022	691
Corporate services	20,000	5,010
Depreciation expense	17,025	323
Directors fees	72,011	2,885
Insurance	17,342	3,455
Legal fees	12,452	3,690
Occupancy costs	23,300	31,560
Payroll expense	177,420	28,640
Promotion & investor relations	2,290	-
Postage	3,201	940
Printing & stationery	20,664	582
Telecommunications	13,298	1,307
Travel & Accommodation	7,701	2,978
Other expenses	66,552	17,204
	576,592	137,567

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

<b>NOTE 3: LOSS PER SHARE</b>	<b>2007</b>	<b>8 September 2006 to 31 December 2006</b>
	\$	\$
(a) Reconciliation of earnings to net loss:		
Net loss for the period	(2,768,657)	(580,475)
Loss used in the calculation of basic loss per share	<u>(2,768,657)</u>	<u>(580,475)</u>
 (b) Weighted average number of shares on issue during the period used in the calculation of basic loss per share	 60,744,327	 9,838,560

**NOTE 4: SEGMENT INFORMATION**

The group operates predominately in one business and geographical segment, being mineral exploration in Australia.

**NOTE 5: CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2007</b>	<b>30 June 2007</b>
	\$	\$
Cash at bank and in hand	310,464	162,585
Deposits-at call	2,094,911	3,889,316
	<u>2,405,375</u>	<u>4,051,901</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call earn interest on a 30 day term basis at bank deposit rates.

**NOTE 6: CONTRIBUTED EQUITY**

	<b>Consolidated</b>	
	<b>2007</b>	<b>30 June 2007</b>
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	8,374,301	7,144,301
Issue costs	(745,613)	(685,277)
	<u>7,628,688</u>	<u>6,459,024</u>
 <b>Movement in ordinary shares on issue 2007</b>	 <b>No</b>	 <b>\$</b>
At 1 July 2007	59,496,501	6,459,024
4 December 2007. Ordinary shares issued for cash at 15 cents each	8,200,000	1,230,000
Less transaction costs		(60,336)
	<u>67,696,501</u>	<u>7,628,688</u>

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 7: SHARE OPTIONS**

	Number	Exercise Price cents per share
<b>Unlisted options – Expiry date 30 November 2011</b>		
At 1 July 2007	6,400,000	20 cents
Options issues	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2007	<u>6,400,000</u>	20 cents
<b>Unlisted options – Expiry date 15 January 2012</b>		
At 1 July 2007	400,000	20 cents
Options issues	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2007	<u>400,000</u>	20 cents
<b>Unlisted options – Expiry date 22 February 2012</b>		
At 1 July 2007	500,000	20 cents
Options issues	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2007	<u>500,000</u>	20 cents
<b>Unlisted options – Expiry date 30 November 2012</b>		
At 1 July 2007	-	-
Options issues	500,000	20 cents
Options exercised	-	-
Options expired	-	-
At 31 December 2007	<u>500,000</u>	20 cents

**NOTE 8: SHARE-BASED PAYMENTS**

**(a) Recognised share-based payment expenses**

The expense recognised for services received during the period is shown in the table below:

	Consolidated	
	2007	8 September 2006 to 31 December 2006
	\$	\$
Expense arising from options issued to Directors, Employees and Contractors	83,583	395,003
	<u>83,583</u>	<u>395,003</u>

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 8: SHARE-BASED PAYMENTS (CONTD)**

(b) The Board does not have an employee share option incentive plan in place. 700,000 unlisted 20 cent options were issued to three employees during the year. No share options granted to an employee in 2007 have subsequently been forfeited. If an eligible employee resigns within 12 months of being issued share options, any share options held will be forfeited.

**(c) Employee and Contractors Options**

The weighted average exercise price and movements in options during the period are shown in the table below:

	<b>Consolidated Number of Options</b>	<b>Weighted average exercise price cents</b>
Outstanding at the beginning of the period	7,100,000	20.0
Granted	700,000	20.0
Exercised	-	-
Outstanding at the end of the period	7,800,000	20.0
Exercisable at the end of the period	6,400,000	20.0

**NOTE 9: OTHER FINANCIAL LIABILITIES**

		<b>Consolidated</b>	
		<b>2007</b>	<b>30 June 2007</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Lease Liability	(a)	36,714	-
<b>Non Current</b>			
Lease Liability	(a)	106,115	-

(a) The company entered into two lease agreements on 9<sup>th</sup> December 2007 for the purchase of two Toyota Landcruisers. The two leases have been taken out over a term of 36 months at an interest rate of 7.87%. Repayments of \$1,993.23 and \$1,989.43 are to be paid per month with residual payments of \$14,583.91 to be paid at the end of the lease term.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**(a) Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in 2008 amounts of approximately \$1,237,500 in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

**(b) Lease expenditure commitments**

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Operating leases (non-cancellable):		
- not later than one year	139,387	-
- after one year but not more than five years	150,904	-
Future lease expenditure at reporting date	290,291	-

Financial lease liabilities are discussed in note 9.

**NOTE 11: EVENTS AFTER BALANCE SHEET DATE**

It was announced on 21 November 2007 Shaw River Resources had agreed with Atlas Iron Limited to acquire certain non iron ore mineral rights on Atlas' Abydos and East Pilbara tenements. The material terms of the agreement with Atlas are as follows:

1. Shaw River will issue to Atlas 8,187,773 ordinary shares at 18.32 cents per share valued at \$1.5 million and grant to Atlas 2,500,000 options exercisable at 20 cents on or before 31 December 2010.
2. Atlas to assign non iron ore mineral rights to Shaw River for 14 Pilbara tenements. The non iron ore mineral rights in the agreement are limited to gold, silver, copper, lead, zinc, nickel and PGEs.
3. Atlas to retain a first right of refusal to re-acquire the non iron ore rights.
4. The agreement is subject to Shaw River receiving shareholder approval at a shareholder meeting expected to be held on 29 February 2008.

On the 21 November 2007 it was also announced that a placement of \$3 million in 2 tranches was to commence as per the following:

1. \$1.23 million through the issue of up to 8.2 million ordinary shares at 15 cents per share to sophisticated and professional investors.
2. \$1.77 million, subject to shareholder approval, through the issue of up to 11.8 million ordinary shares at 15 cents per share to Atlas, Directors, sophisticated and professional investors. Subject to shareholder approval, Atlas will subscribe for \$1.15 million of the second tranche of the Placement.

Approval was obtained for the placement at the share holders meeting on 29 February 2008 and \$1.77 million was raised.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 11: EVENTS AFTER BALANCE SHEET DATE (CONTD)**

Shaw River will use the cash raised from the Placement to fund further exploration on its existing tenements, in particular RC drilling at the Hedland Project as well as funding immediate drill target generation exploration on the newly acquired Abydos and Goldsworthy Mineral Rights Tenements.

**NOTE 12: COMPARATIVE FIGURES**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures are for the period 8 September 2006, the date of incorporation of the Company, to 31 December 2006.

## DIRECTORS' DECLARATION

In the opinion of the directors of Shaw River Resources Ltd ("The Company")

1. The financial statements and notes, as set out on pages 5 to 17 are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the Consolidated entity's financial position as at 31 December 2007 and of its performance as represented by the results of its operations and cash flows for the period ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

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Vincent Algar

Managing Director

Dated this 29<sup>th</sup> day of February 2008

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHAW RIVER RESOURCES LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Shaw River Resources Limited, which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, statement of changes in equity and cash flow statement for the period ended 31 December 2007 ("half year"), a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 Shaw River 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.

### *Independence*

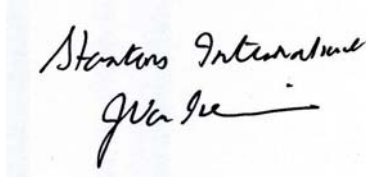
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Shaw River Resources Limited on 29 February 2008.

### *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 Shaw River 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **STANTONS INTERNATIONAL** **(An authorised audit company)**



**J P Van Dieren**  
Director

West Perth, Western Australia  
29 February 2008