



A.C.N. 121 511 886

ANNUAL FINANCIAL REPORT

30th June 2007

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ASX Code

SRR

A.C.N. 121 511 886

COMPANY DIRECTORY

Directors

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

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 submit their report for the period from incorporation on 8 September 2006 to 30 June 2007.

1. DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as below. Directors were in office commencing from the date stated.

Richard Cullen (Chairman, Non Executive Director) – Appointed 8 September 2006

Vincent Algar (Managing Director) – Appointed 8 September 2006

David Flanagan (Non Executive Director) – Appointed 8 September 2006

Denis O'Meara (Non Executive Director) – Appointed 8 September 2006

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Richard Cullen has held senior positions in law firms for over 31 years and has acted as advisor to a number of public and private companies. He was president of the Law Society of Western Australia in 1992. He has been a director of a number of private companies. He is currently a commissioner of the Legal Aid Commission of WA. He is also part owner of the Cullen Winery in Margaret River and has developed 120 acres of vines in that area since 1995. He has been a member of a number of significant Law Society and Law Council of Australia committees since 1980. He helped found the law firm Cullen Babington Hughes in 2004 and has been managing partner since then.

Vincent Algar is a geologist with 16 years experience in mining operations, exploration and project development in Western Australia and South Africa. Graduating in 1989 Mr Algar worked in the Witwatersrand Gold Mining Industry with JCI as a geologist on various operating gold mines before joining Resource Service Group (RSG) in Perth in 1996. Whilst at RSG Mr Algar also worked as a resource consultant in an auditing capacity providing independent geological verification for mining companies and financial institutions. In 1998 Mr Algar worked as an independent resource consultant with McDonald Speijers Consulting before joining the Surpac Minex Group in 2000. Mr Algar spent over six years at Surpac where he became the Australian Divisional Manager of a team of 20 mining professionals managing a budget of A\$8m in revenue and over 300 mining, exploration and consulting company customers.

David Flanagan is currently the Managing Director of Atlas Iron Limited. Mr Flanagan is a geologist with extensive experience in mining operations, exploration and project development in Western Australia, Indonesia and West Africa. Graduating in 1993 David joined Resource Service Group (RSG) in 1995 after working for Normandy at the Fimiston Open Pit Operations. Whilst with RSG he was seconded to Gencor's Bogosu operation as Chief Exploration Geologist. Whilst at RSG Mr Flanagan also worked in an auditing capacity providing independent geological verification for financial institutions. In 1999 Mr Flanagan joined Gindalbie Gold NL, holding the position of Exploration Manager from 2001-2004. Mr Flanagan is also a councillor of the Association of Mining and Exploration Companies (AMEC).

Denis O'Meara is a prospector and founder of De Grey Mining Ltd and has a lifelong involvement in mining, prospecting and exploration. Mr O'Meara has been involved in several major resource and exploratory discoveries in Western Australia including Miralga Creek, Sulphur Springs, Gorge Range, Indee and Pearana (Pilbara), Mt Minnie, Beyondie Bluff (Ashburton), Horans Dam (Kalgoorlie), Triangle Bore (Mt Magnet) and Weld Range (Murchison). Mr O'Meara has served as an Executive Councillor of AMEC, a board member of AGIC (Australian Gold Industry Council) for its 10 year duration and board member of the Port Hedland Port Authority. He also received a National Outstanding Achievement Award - Greening Australia, 1991 and served as a board member of the Kings Park and Botanical Gardens, Perth, 1994 - 1996. He was awarded AMEC Prospector of the year, 2004 jointly with geologist Geoff Blackburn.

Mr O'Meara is also a director of Montezuma Mining Company Limited. In the last 3 years Mr O'Meara has been a director of De Grey Mining Limited, resigning 17 July 2007.

DIRECTORS' REPORT

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Tony Walsh (Company Secretary) has spent the last 14 years at the Australian Stock Exchange providing expert ASX Listing Rule advice to Perth based listed companies and facilitating new listing applications. At the ASX he was responsible for the facilitation of the listing of over 500 IPOs and reinstatement of over 200 "backdoor listings" during this period. During his tenure at the ASX, the number of Perth based listed companies grew from approximately 235 companies in 1992 to approximately 600 today. He was responsible for the introductory education and ongoing provision of advice on the ASX's corporate governance guidelines to advisors, professional institutes, boards of directors and company secretaries. Mr Walsh is currently the company secretary of 3 listed companies. Prior to joining the ASX he worked for over 5 years with Ernst & Young, Perth and Dublin, Ireland with short assignments in Brussels, Belgium and Douglas, Isle of Man.

Directors' Interests in the Shares and Options of Shaw and Related Bodies Corporate

At the date of this report, the direct interests of the Directors in the shares and other equity securities of Shaw and related bodies corporate were:-

Name	Ordinary Shares	Unlisted Options
Richard Cullen	310,000	1,000,000
Vincent Algar	289,000	2,000,000
David Flanagan	200,000	1,000,000
Denis O'Meara	325,000	1,000,000

3. LOSS PER SHARE

Basic loss per share: (3.0 cents)

Diluted loss per share:

There were dilutive potential ordinary shares on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings, hence diluted loss per share has not been disclosed.

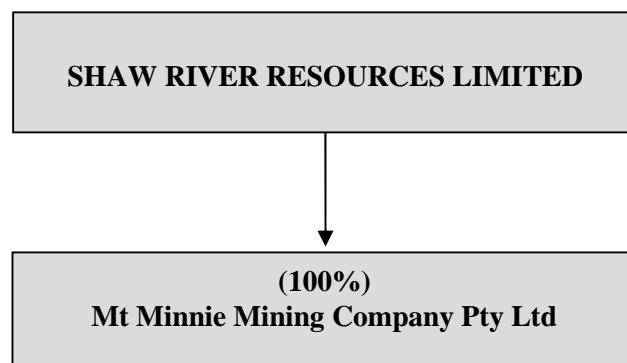
4. DIVIDENDS

No dividend has been paid or recommended during the financial period.

5. CORPORATE INFORMATION

Corporate Structure

Shaw River Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. Shaw River Resources Limited has prepared a consolidated financial report incorporating the entity that it controlled during the financial period, which is outlined in the following illustration of the group's corporate structure.



DIRECTORS' REPORT

5. CORPORATE INFORMATION (CONT'D)

Nature of Operations and Principal Activities

The principal activities during the period of the entities within the consolidated entity were:-

- exploration for gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits.

Employees

The consolidated entity had a staff of 4 employees at 30 June 2007.

6. OPERATING AND FINANCIAL REVIEW

Results of Operations

The loss of the consolidated entity for the period was \$1,792,450 after income tax.

Review of Operations

The Directors' Review of Activities for the period ended 30 June 2007 is contained elsewhere in the Annual Report.

Summarised Operating Results

Revenue: Interest is earned on cash held in Term Deposits. Interest earned for this period amounted to \$161,413.

Exploration Expenditure Write-Off: Deferred expenditure on tenements expensed to the Income Statement for the year amounted to \$852,237.

Deferred Exploration Costs: There was no deferred expenditure on tenements capitalised during the period.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During December 2006 Shaw River Resources:-

- issued 22,500,000 shares to Atlas Iron Limited immediately prior to listing.
- issued 9,200,000 shares on conversion of seed capitalists convertible notes immediately prior to listing
- raised \$5,559,300 capital through an issue of shares and attaching options
- issued 6,400,000 options prior to listing. A further 700,000 staff incentive options were issued during the period after listing, following Board approval.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors have complied with these regulations and are not aware of any breaches of the legislation during the financial period which are material in nature.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the consolidated entity, and expected results of those operations in subsequent financial years have been discussed, where appropriate, in the Chairman's Report and Directors' Review of Activities.

DIRECTORS' REPORT

10. SHARE OPTIONS

Unissued shares

As at the date of this report, there were 7,100,000 unissued ordinary shares under options. Refer to note 18 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

There have been no exercise of options during the financial period or to the date of this report.

11. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at the date of the report there are no subsequent significant events after the balance date.

12. INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company has not, during or since the financial year, in respect of any person who is or has been an Officer or auditor of the Company or a related body corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

13. REMUNERATION REPORT

The compensation arrangements in place for key management personnel of the Group are set out below:

Compensation Philosophy

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and Executives.

The Group embodies the following principle in its compensation framework:-

- Provide competitive rewards to attract high-calibre executives.

Remuneration Committee

Due to the size of the Group, remuneration is considered by the full Board. The Board reviews remuneration packages and policies applicable to the Directors and Senior Executives. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board obtains independent advice on the appropriateness of remuneration packages.

Compensation Structure

In accordance with best practice corporate governance, the structure of Non Executive Director and Senior Manager remuneration is separate and distinct.

Objective of Non Executive Director Compensation

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

DIRECTORS' REPORT

13. REMUNERATION REPORT (CONT'D)

Structure of Non Executive Director Compensation

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The Constitution of the Company provides that the non executive Directors may collectively be paid as remuneration for their services at a fixed sum not exceeding the aggregate maximum of \$300,000 per annum which has been determined by the Company in general meeting. It is currently resolved that the Chairman will receive Directors' fees of \$70,000 per annum and the non executive Directors will each receive Directors' fees of \$40,000 per annum.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

During the period the Group issued 3,000,000 options with a value of \$264,390, allocated between the Non Executive Directors. This allocation was made prior to listing. Please refer to the Compensation Report below for further details.

Objective of Senior Management and Executive Director Compensation

The company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the company and so as to:-

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks,
- align the interests of executives with those of shareholders, and
- ensure total compensation is competitive by market standards.

Structure of Executive Director and Senior Management Compensation

In determining the level and make-up of executive compensation, the Board engages external consultants to provide independent advice.

It is the Board's policy that an employment contract is entered into with key executives.

Compensation consists of a fixed compensation element and the issue of options from time to time at the Board's discretion by way of staff incentive. The issue of options to Directors was made prior to listing.

During the period the Group issued 2,900,000 options with a value of \$261,825, allocated between the Executive Director and Senior Management. This allocation was made prior to listing. Please refer to the Compensation Report below for further details.

Fixed Compensation

Fixed compensation is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

DIRECTORS' REPORT

13. REMUNERATION REPORT (CONT'D)

Structure

Senior Managers are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Employment contracts

The Managing Director, Mr. Vincent Algar, is employed under contract. The current employment contract commenced on the 22 December 2006 and terminates on the 22 December 2008, at which time the Company may choose to commence negotiations to enter into a new employment contract.

- Mr. Algar receives remuneration of \$165,137 per annum plus superannuation benefits not less than 9% per annum.
- Mr. Algar may resign from his position and thus terminate his contract by giving 3 months written notice.
- If within 12 months the Agreement is terminated by the Company (other than for cause, or a change of control or due to Mr. Algar's illness) or if Mr. Algar terminates the Agreement due to the Company's breach, insolvency or demotion of his position, the Company must pay Mr. Algar an amount equal to the total remuneration paid to Mr. Algar during the period of his engagement.
- If Mr. Algar has worked for 12 months or more and the Agreement is terminated by the Company (other than for cause, or a change of control or due to Mr. Algar's illness) or if Mr. Algar terminates the Agreement due to the Company's breach, insolvency or demotion of his position, the Company must pay Mr. Algar an amount equal to 12 months annual remuneration inclusive of superannuation and other benefits.
- If the Agreement is terminated by the Company, due to Mr. Algar's illness or a change of control the Company will pay an amount equal to 3 months remuneration. The Company may terminate the Agreement summarily for cause without any payment to Mr. Algar other than accrued salary to the date of termination.

Employee Options

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 period. 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.

Corporate Services Options

The Company issued 1,000,000 20 cent options to Peregrine Corporate Pty Ltd, the Corporate Advisor to the Initial Public Offering. These options vested immediately and expire 30 November 2011.

DIRECTORS' REPORT

13. REMUNERATION REPORT (CONT'D)

Compensation of Key Management Personnel for period 8 September 2006 to 30 June 2007

		Short term Salary & Fees \$	Post Employment Superannuation \$	Share based payments - options \$	Total \$	% of Compensation granted as options	% of Performance related remuneration
Directors							
Richard Cullen	2007	37,446	-	88,130	125,576	70%	-
Vincent Algar	2007	82,569	7,431	136,511	226,511	60%	-
David Flanagan	2007	19,629	1,767	88,130	109,526	80%	-
Denis O'Meara	2007	19,629	1,767	88,130	109,526	80%	-
Executives							
Tony Walsh	2007	45,000	-	35,252	80,252	44%	-
Glenn Martin	2007	54,018	4,862	17,670	76,550	23%	-
Total	2007	258,291	15,827	453,823	727,941	62%	-

Compensation Options granted for the period 8 September 2006 to 30 June 2007

The following options were granted or vested as equity compensation benefits to certain specified Directors and specified Executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of \$0.20.

Name	No. of Options	Grant Date	Value per option at grant date (cents)	Exercise price per share (cents)	Expiry Date
Directors					
Richard Cullen	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Vincent Algar	2,000,000	30 Nov 2006	8.8	20	30 Nov 2011
David Flanagan	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Denis O'Meara	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Executives					
Tony Walsh	400,000	30 Nov 2006	8.8	20	30 Nov 2011
Glenn Martin	500,000	12 Feb 2007	10.1	20	22 Feb 2012

Options issued to directors during the period vested immediately, with the exception of 1,000,000 incentive options issued to Mr Algar, which vest on 23 December 2007.

Options issued to employees are subject to the employee retaining employment with the Group for a period of 12 months. For further information please refer to note 21.

DIRECTORS' REPORT

13. REMUNERATION REPORT (CONT'D)

Name	Balance at beg of period 8 Sep 2006	Granted as Remuneration	Balance at end of period 30 June 2007	Not Vested & Not Exercisable	Vested & Exercisable
Director					
Richard Cullen	-	1,000,000	1,000,000	-	1,000,000
Vincent Algar	-	2,000,000	2,000,000	1,000,000	1,000,000
David Flanagan		1,000,000	1,000,000	-	1,000,000
Denis O'Meara	-	1,000,000	1,000,000	-	1,000,000
Executive					
Tony Walsh	-	400,000	400,000	-	400,000
Glenn Martin	-	500,000	500,000	500,000	-
Total	-	5,900,000	5,900,000	1,500,000	4,400,000

Name	Value of options granted during the period \$	Value of options exercised during the period \$	Value of options lapsed during the period \$	Total value of options granted, exercised and lapsed during the period \$	% Remuneration consisting of options during the period
Director					
Richard Cullen	88,130	-	-	88,130	70%
Vincent Algar	136,511	-	-	136,511	60%
David Flanagan	88,130	-	-	88,130	80%
Denis O'Meara	88,130	-	-	88,130	80%
Executive					
Tony Walsh	35,252	-	-	35,252	44%
Glenn Martin	17,670	-	-	17,670	23%
Total	453,823	-	-	453,823	-

Shares issued on exercise of compensation options

No shares were issued on exercise of compensation options during the period.

14. DIRECTORS' MEETINGS

The number of Meetings of Directors held during the period and the number of Meetings attended by each Director were as follows:

Name	No. of Meetings Attended	No. of Meetings Held Whilst A Director
Attended by:		
Richard Cullen	10	10
Vincent Algar	10	10
David Flanagan	8	10
Denis O'Meara	10	10

DIRECTORS' REPORT

15. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

NON-AUDIT SERVICES

Non-audit services provided by the Company's auditor, Stantons International or associated entities during the period ended 30 June 2007 comprised an Investigating Accountant's Report to the value of \$6,377.

The directors are satisfied that the provision of non audit services by another person on the auditor's behalf is compatible with the general standard for auditors imposed by the Corporations Act 2001.

The directors are of the opinion, based on advice from the Audit Committee, that the provision of these non-audit services do not compromise the auditor's independence for the following reasons:

- All non audit services have been reviewed and approved to ensure they do not impact on the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or sharing economic risks and rewards.

We have received the Declaration of Auditor's Independence from Stantons International, the Company's auditor, this is available for review on page 43 and forms part of this report.

SIGNED in accordance with a Resolution of the Directors on behalf of the Board



V Algar
Managing Director

Dated this 20th day of September 2007

INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2007

For the period 8 September 2006 to 30 June 2007	Notes	Consolidated 2007 \$	Company 2007 \$
Operations			
Revenues		-	-
Finance revenue	4(a)	161,413	161,413
Employee benefits expense	4(b)	(462,257)	(462,257)
Exploration expense	4(c)	(852,237)	(614,392)
Administration expense	4(d)	(639,369)	(638,694)
Loan to and receivables in subsidiary company provided for	4(e)	-	(458,122)
Net loss from continuing operations before income tax expense		(1,792,450)	(2,012,052)
Income tax benefit/ (expense)	6	-	-
Net loss attributable to members of the entity		(1,792,450)	(2,012,052)
LOSS PER SHARE (cents per share)	5		
Basic loss for the year		(3.0 cents)	(3.4 cents)

The accompanying notes form part of the Financial Statements.

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Notes	Consolidated 2007 \$	Company 2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	4,051,901	4,051,901
Trade & other receivables	9	143,341	143,341
Prepayments	10	34,533	23,624
Total Current Assets		4,229,775	4,218,866
Non-current Assets			
Intercompany loan	11	-	-
Investments	12	-	1
Property, plant & equipment	13	78,771	77,416
Exploration assets	14	1,179,455	969,774
Total Non-current Assets		1,258,226	1,047,191
TOTAL ASSETS		5,488,001	5,266,057
LIABILITIES			
Current Liabilities			
Trade & other payables	15	262,657	260,315
Provisions	16	8,383	8,383
Total Current Liabilities		271,040	268,698
TOTAL LIABILITIES		5,216,961	4,997,359
NET ASSETS		5,216,961	4,997,359
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	17	6,459,024	6,459,024
Option reserve	18,19	550,387	550,387
Accumulated losses		(1,792,450)	(2,012,052)
TOTAL EQUITY		5,216,961	4,997,359

The accompanying notes form part of the Financial Statements.

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2007**

For the period 8 September 2006 to 30 June 2007		Consolidated	Company
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2007	2007
		\$	\$
Payments to suppliers and employees		(511,657)	(500,074)
Payments for exploration and evaluation		(916,646)	(668,243)
Interest received		142,627	142,627
Net cash flows from/(used in) operating activities	23(i)	(1,285,676)	(1,025,690)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(84,577)	(83,223)
Amount advanced to related parties		-	(261,340)
Net cash flows from/(used in) investing activities		(84,577)	(344,563)
 CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		6,019,301	6,019,301
Cost of capital raising		(597,147)	(597,147)
Net cash flows from/(used in) financing activities		5,422,154	5,422,154
Net increase in cash and cash equivalents		4,051,901	4,051,901
Cash and cash equivalents at the beginning of period		-	-
Cash and cash equivalents at end of period	23(ii)	4,051,901	4,051,901

The accompanying notes form part of the Financial Statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007**

Consolidated	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total Equity \$
At 8 September 2006	1	-	-	1
Loss for the period	-	-	(1,792,450)	(1,792,450)
Total income/ (loss) for the period	-	-	(1,792,450)	(1,792,450)
Issue of share capital	7,144,300	-	-	7,144,300
Cost of issue of share capital	(685,277)	-	-	(685,277)
Cost of share based payments	-	550,387	-	550,387
At 30 June 2007	6,459,024	550,387	(1,792,450)	5,216,961
Company	Issued Capital \$	Share Option Premium Reserve \$	Accumulated Losses \$	Total Equity \$
At 8 September 2006	1	-	-	1
Loss for the period	-	-	(2,012,052)	(2,012,052)
Total income/ (loss) for the period	-	-	(2,012,052)	(2,012,052)
Issue of share capital	7,144,300	-	-	7,144,300
Cost of issue of share capital	(685,277)	-	-	(685,277)
Cost of share based payments	-	550,387	-	550,387
At 30 June 2007	6,459,024	550,387	(2,012,052)	4,997,359

The accompanying notes form part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 1: CORPORATE INFORMATION

The financial report of Shaw River Resources Limited (the Company) for the period 8 September 2006 to 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 19 September 2007.

Shaw River Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The company was incorporated on the 8th September 2006 and hence this is the first annual financial report prepared by the Company. No comparative figures are therefore included in this report.

The nature of the operations and principal activities of the Group are described in note 3.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are expressed as whole dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Statement of compliance (contd)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2007 are outlined in the table below:

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date for standard*	Application date for group
2005-10	AASB 132: <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101: <i>Presentation of Financial Statements</i> , AASB 114: <i>Segment Reporting</i> , AASB 117: <i>Leases</i> , AASB 133: <i>Earnings per Share</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> , AASB 1: <i>First-time adoption of AIFRS</i> , AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> and AASB 1038: <i>Life Insurance Contracts</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 January 2007
New standard	AASB 7: <i>Financial Instruments: Disclosures</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 January 2007
New standard	AASB 8: <i>Operating Segments</i>	No change to accounting policy required. Therefore no impact.	1 January 2009	1 January 2009
Revised standard	AASB 101: <i>Presentation of Financial Statements</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 January 2007
Interpretation 8	Scope of AASB 2	No change to accounting policy required. Therefore no impact.	1 May 2006	1 January 2007
Interpretation 9	Reassessment of embedded derivatives	No change to accounting policy required. Therefore no impact.	1 June 2006	1 January 2007
Interpretation 10	Interim Financial Reporting and Impairment	No change to accounting policy required. Therefore no impact.	1 November 2006	1 January 2007
Interpretation 11	Group and Treasury Share Transactions	No change to accounting policy required. Therefore no impact.	1 March 2007	1 January 2008
Interpretation 12	Service Concession Arrangement	No change to accounting policy required. Therefore no impact.	1 January 2008	1 January 2008

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies

(i) Basis of consolidation

During the period the Company incorporated a subsidiary. The Company's policy on accounting for investments in subsidiaries is as follows:

1) **Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

2) **Transactions Eliminated on Consolidation**

Intragroup balances and any unrealised gains and losses or income and expenses arising from transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ii) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 21.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current.

These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Intercompany loans and advances

Provision is made for intercompany loans and advances where there is uncertainty whether the amounts are recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets if any constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight line basis over the useful life of the asset from the time the asset is held ready for use.

The depreciation rates used are:

Plant and equipment	5% - 40%
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(iv) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(v) Exploration and evaluation costs

Exploration and evaluation costs are written off in the period they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment

The carrying values of exploration and evaluation costs are reviewed for impairment when facts and circumstances indicate the carrying value may not be recoverable.

The recoverable amount of exploration and evaluation costs is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the fair value of money and the risks specific to the asset.

Accumulated costs in relation to an abandoned area are written off in full against the income statement in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Each area of interest is limited to the size related to known or probable mineral resources capable of supporting a mining operation.

(vi) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership transfer to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(vii) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(viii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax Office.

(ix) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(x) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(xi) Revenue recognition

Interest income

Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(xii) Issued capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated as the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial period, adjusted for any bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(xiv) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(xv) Comparative figures

No comparative figures are included in this report as the company was incorporated on 8 September 2006.

(xvi) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

(xvii) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in controlled entities are measured at cost.

Impairment

If there is objective evidence that an investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised is recognised in the income statement.

(xviii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xix) Recoverable amounts of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(xx) Share based payment transactions

The Company provides benefits to employees (including Directors) of the Company and to the providers of services to the Group in the form of share based payment transactions, whereby employees or service providers render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently three scenarios in place to provide these services:

- (a) Directors and Employees incentive options, which provides benefits to eligible staff;
- (b) Capital raising costs, which provide payment to stockbrokers and finance institutions for capital raising services and commissions; and
- (c) Other grants of options to Directors on an ad hoc basis.

The cost of the equity-settled transactions with stockbrokers and finance institutions is measured by reference to the fair value of the service received at the date they are granted.

For transactions with employees (including Directors), the cost of these equity-settled transactions is measured by reference to the fair value of the options provided. The fair value is determined by an internal valuation using the Black-Scholes option valuation model.

The cost of these equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ('vesting date').

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xx) Share based payment transactions (contd)

In valuing these equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Shaw River Resources Limited (market conditions) if applicable.

The cumulative expense recognised for these equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expenses recognised as at the beginning and end of the period.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

For transactions with other service providers, the cost of these equity-settled transactions is measured by reference to the value of the services provided. The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, at the time the services are provided unless they are transaction costs arising on the issue of ordinary shares, in which case the transaction costs are recognised directly in equity as a reduction of the proceeds received on the issue of shares.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 5).

(xxi) Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits.

The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks that arise from the Group's financial instruments are fair value interest rate risks, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed elsewhere in note 2 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xxi) Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has no exposure to foreign currency risk.

Commodity price risk

The Group's exposure to price risk is minimal.

Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis and with the exception of the receivable in its subsidiary, the Group's exposure to bad debts is not significant.

There are no other significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group only trades with recognised third parties, there is no requirement for collateral.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's term deposits with floating interest rate.

Liquidity risk

The Group's objective is to maintain continuity of funding through capital raisings and the use of a mixture of long and short term debt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 3: NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the year of the entities within the consolidated entity were:-

- exploration for gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits.

NOTE 4: REVENUE AND EXPENSES

	Consolidated	Company
	2007	2007
	\$	\$
Revenues and expenses		
a) Finance revenue		
Bank interest received and receivable	161,413	161,413
b) Employee benefits expense		
Share based payments	462,257	462,257
c) Exploration expense		
Exploration cost written off	852,237	614,392
d) Administration expenses		
Accounting fees	18,402	18,402
Audit fees	18,625	18,625
Company secretarial cost	49,775	49,775
Depreciation expense	5,816	5,816
Directors fees	76,390	76,390
Insurance	21,286	21,286
Legal fees	25,127	24,452
Occupancy costs	48,766	48,766
Payroll expense	157,761	157,761
Recruitment costs	42,595	42,595
Other expenses	174,826	174,826
	639,369	638,694
e) Loan to and receivable from subsidiary company provided for		
Intercompany loan provision	-	196,782
Receivable in subsidiary provision	-	261,340
	-	458,122
	639,369	638,694

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 5: LOSS PER SHARE

	Consolidated 2007 \$	Company 2007 \$
(a) Reconciliation of earnings to net loss:		
Net Loss	(1,792,450)	(2,012,052)
Loss used in the calculation of basic loss per share	(1,792,450)	(2,012,052)
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	59,295,500	

NOTE 6: INCOME TAX

	Consolidated 2007 \$	Company 2007 \$
The major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge/(benefit)	-	-
Adjustment in respect of current income tax of previous year	-	-
Tax Losses not recognised	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary difference	-	-
Income tax expense reported in the income statement	-	-
Statement of Recognised Income and Expense		
Deferred income tax related to items charged or credited directly to equity		
Income tax expense reported in equity	-	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit/(loss) before tax	(1,792,450)	(2,012,052)
Accounting loss before income tax	(1,792,450)	(2,012,052)
At the Group's statutory income tax rate of 30%	(537,735)	(603,616)
Adjustment in respect of current income tax of previous years		
Entertainment – Non deductible	252	252
Share based payments	138,677	138,677
Other – amounts not recognised	398,806	464,687
Income tax expense reported in the consolidated income statement	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 6: INCOME TAX (CONT'D)

Deferred Income Tax	Balance Sheet	Income Statement
Deferred income tax at 30 June 2007 relates to the following:	2007	2007
	\$	\$
CONSOLIDATED		
<i>Deferred tax liabilities</i>		
Prepayments	(2,158)	2,158
Accrued income	(5,636)	5,636
Capitalised exploration	(353,837)	353,837
Gross deferred income tax liabilities	<u>(361,631)</u>	<u>361,631</u>
DTL – not recognised	361,631	
CONSOLIDATED		
<i>Deferred tax assets</i>		
Payroll liabilities	2,515	(2,515)
Accrued expenses	4,049	(4,049)
Other	164,466	-
Gross deferred income tax assets	<u>171,030</u>	<u>(6,564)</u>
Tax losses not recognised	<u>794,989</u>	
DTA – not recognised	<u>(966,019)</u>	
Deferred tax (income) / expense not recognised		<u>355,067</u>
	Balance Sheet	Income Statement
	2007	2007
	\$	\$
PARENT		
<i>Deferred tax liability</i>		
Prepayments	(2,158)	2,158
Accrued income	(5,636)	5,636
Capitalised exploration and evaluation expenditure	(290,932)	290,932
Gross deferred income tax liabilities	<u>(298,726)</u>	<u>298,726</u>
DTL – not recognised	298,726	
<i>Deferred tax assets</i>		
Payroll liabilities	2,515	(2,515)
Accrued expenses	4,049	(4,049)
Provisions	137,437	(137,437)
Other	164,466	-
Gross deferred income tax assets	<u>308,467</u>	<u>(144,001)</u>
Tax losses not recognised	<u>364,502</u>	
DTA – not recognised	<u>(540,627)</u>	
Deferred tax (income) / expense not recognised		<u>154,725</u>

The above disclosures have been prepared based on the Group's intention to form a tax consolidated Group for the year ended 30 June 2007.

The Group has tax losses arising in Australia of \$2,649,962 that are available for offset against future taxable profits of the companies in which losses arose. The availability of those losses is subject to the Company continuing to meet the legislative requirements for the utilisation of the losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 7: SEGMENT INFORMATION

The Company operates in one business in the mining industry in Australia.

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated 2007	Company 2007
	\$	\$
Cash at bank and in hand	162,585	162,585
Deposits-at call	3,889,316	3,889,316
	<u>4,051,901</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 or 12 month term basis at bank deposit rates.

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated 2007	Company 2007
	\$	\$
Current		
Trade Receivables (a)	2,482	2,482
Other Receivables (a)	140,859	140,859
Related party receivables (b)	-	196,782
Less: Provision for doubtful debt (c)	-	(196,782)
	<u>143,341</u>	<u>143,341</u>

- (a) Terms and conditions relating to the above financial instruments
- Trade receivables are non-interest bearing and generally on 30 day terms.
 - Other receivables are non-interest bearing and generally received within 30 days.
- (b) For terms and conditions of related party receivables refer note 22.
- (c) The amount of the impairment has been measured as the difference between the net assets and liabilities of the controlled entity and the loan from the parent entity.

NOTE 10: PREPAYMENTS

	Consolidated 2007	Company 2007
	\$	\$
Current		
Prepayments (a)	34,533	23,624
	<u>34,533</u>	<u>23,624</u>

- (a) Prepayments include prepaid insurance amounts to be amortised within the next 12 months.

NOTE 11: INTERCOMPANY LOAN

	Notes	Consolidated 2007	Company 2007
		\$	\$
Non-current	22		
Intercompany loan		-	261,340
Provision for loan write down		-	(261,340)
		<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 12: INVESTMENTS

	Notes	Consolidated 2007 \$	Company 2007 \$
Non-current			
Shares in controlled entity - at cost	25	-	1
		-	1

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2007 \$	Company 2007 \$
Property, plant and equipment		
At cost	84,577	83,222
Accumulated depreciation	(5,806)	(5,806)
	78,771	77,416

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period

Plant & equipment

Carrying amount at 8 September 2006

Additions

Disposals

Depreciation expense

Carrying amount at 30 June 2007, net of accumulated depreciation

-	-
85,433	84,078
(856)	(856)
(5,806)	(5,806)
78,771	77,416

NOTE 14: EXPLORATION ASSETS

	Consolidated 2007 \$	Company 2007 \$
Mining Tenements & Mineral Rights Capitalised	1,179,455	969,774
	1,179,455	969,774

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

The Group's activities in Australia are subject to the Native Titles Act and the Department of Environment. Uncertainty associated with Native Title issues may impact on the Company's future plans. There are no unresolved Native Title issues and the consolidated entity is not aware of any other matters that may impact upon its access to the land that comprises its project areas.

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated 2007 \$	Company 2007 \$
Trade payables	163,515	163,515
Other payables & accruals	99,142	96,800
	262,657	260,315

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 16: PROVISIONS

	Consolidated 2007 \$	Company 2007 \$
Employee benefits	8,383	8,383
	<u>8,383</u>	<u>8,383</u>

NOTE 17: CONTRIBUTED EQUITY

	Consolidated and Company	
	2007 No.	2007 \$
<i>Ordinary shares</i>		
Issued and fully paid		7,144,301
Issue costs		<u>(685,277)</u>
		<u>6,459,024</u>

Movement in ordinary shares on issue 2007

At 8 September 2006		
Issued during the period:		
Ordinary share issued upon incorporation	1	1
Ordinary shares issued for seed capital at 5 cents	9,200,000	460,000
Ordinary shares issued to acquire mineral rights & tenements at 5 cents	22,500,000	1,125,000
Ordinary shares issued for cash at 20 cents	27,796,500	5,559,300
Less transaction costs	-	<u>(685,277)</u>
At 30 June 2007	<u>59,496,501</u>	<u>6,459,024</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTE 18: SHARE OPTION RESERVE

<i>Options on issue at 30 June 2007</i>	2007 No.
- Exercisable at 20 cents, on or before 30 Nov 2011	6,400,000
- Exercisable at 20 cents, on or before 22 Feb 2012	500,000
- Exercisable at 20 cents, on or before 15 Jan 2012	200,000
	<u>7,100,000</u>

No options were exercised during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 19: RESERVES AND ACCUMULATED LOSSES

	Consolidated 2007	Company 2007
	\$	\$
(a) Reserves		
Share-based payments reserve	550,387	550,387
Movements:		
Balance at 8 September 2006	-	-
Option expense	462,257	462,257
Option cost included in capital raising costs	88,130	88,130
Balance at 30 June 2007	550,387	550,387

NOTE 20: COMPENSATION OF KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

(i) Directors

Richard Cullen	Chairman (non-executive) - Appointed 8 September 2006
Vincent Algar	Managing Director – Appointed 8 September 2006
David Flanagan	Non-Executive Director – Appointed 8 September 2006
Denis O’Meara	Non-Executive Director – Appointed 8 September 2006

(ii) Executives

Tony Walsh	Company Secretary – Appointed 8 September 2006
Glenn Martin	Exploration Manager – Appointed 20 February 2007

(b) Compensation of key management personnel

The compensation arrangements in place for Directors and Executives of the Group are set out below:

Compensation Philosophy

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and Executives.

The Group embodies the following principle in its remuneration framework:

- Provide competitive rewards to attract high caliber executives.

Remuneration Committee

Due to the size of the Group, remuneration is considered by the full Board. The Board reviews remuneration packages and policies applicable to the Directors and Senior Executives. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board obtains independent advice on the appropriateness of remuneration packages.

Compensation Structure

In accordance with best practice corporate governance, the structure of Non Executive Director and Senior Manager compensation is separate and distinct.

Objective of Non Executive Director Compensation

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

NOTE 20: COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTD)

(b) Compensation of key management personnel (contd)

Structure of Non Executive Director Compensation

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The Constitution of the Company provides that the non executive Directors may collectively be paid as remuneration for their services at a fixed sum not exceeding the aggregate maximum of \$300,000 per annum which has been determined by the Company in general meeting. It is currently resolved that the Chairman will receive Directors' fees of \$70,000 per annum and the non executive Directors will each receive Directors' fees of \$40,000 per annum.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

During the period the Group issued 3,000,000 options with a value of \$264,390, allocated between the Non-Executive Directors. This allocation was made prior to Listing.

Objective of Senior Management and Executive Director Compensation

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks,
- align the interests of executives with those of shareholders, and
- ensure total remuneration is competitive by market standards.

Structure of Senior Management and Executive Director Compensation

In determining the level and make-up of executive compensation, the Board engages external consultants to provide independent advice.

It is the Board's policy that an employment contract is entered into with key executives.

Compensation consists of a fixed compensation element and the issue of options from time to time at the Board's discretion. Any issue of options to Directors requires prior shareholder approval.

During the year the Company issued 2,900,000 options with a value of \$261,825, allocated between the Executive Director and Senior Management. This allocation was made prior to listing.

Fixed Remuneration

Fixed compensation is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Senior Managers are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 20: COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTD)

Employment contracts

The Managing Director, Mr. Vincent Algar, is employed under contract. The current employment contract commenced on the 22 December 2006 and terminates on the 22 December 2008, at which time the Company may choose to commence negotiations to enter into a new employment contract.

- Mr. Algar receives remuneration of \$165,137 per annum plus superannuation benefits not less than 9% per annum.
- Mr. Algar may resign from his position and thus terminate his contract by giving 3 months written notice.
- If within 12 months the Agreement is terminated by the Company (other than for cause, or a change of control or due to Mr. Algar's illness) or if Mr. Algar terminates the Agreement due to the Company's breach, insolvency or demotion of his position, the Company must pay Mr. Algar an amount equal to the total remuneration paid to Mr. Algar during the period of his engagement.
- If Mr. Algar has worked for 12 months or more and the Agreement is terminated by the Company (other than for cause, or a change of control or due to Mr. Algar's illness) or if Mr. Algar terminates the Agreement due to the Company's breach, insolvency or demotion of his position, the Company must pay Mr. Algar an amount equal to 12 months annual remuneration inclusive of superannuation and other benefits.
- If the Agreement is terminated by the Company, due to Mr. Algar's illness or a change of control the Company will pay an amount equal to 3 months remuneration. The Company may terminate the Agreement summarily for cause without any payment to Mr. Algar other than accrued salary to the date of termination.

Employee Options

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 period. 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.

Corporate Services Options

The company issued 1,000,000 20 cent options to Peregrine Corporate Pty Ltd, the Corporate Advisor to the Initial Public Offering. These options vested immediately and expire 30 November 2011.

Compensation of Key Management Personnel for the period 8 September 2006 to 30 June 2007

		Short term Salary & Fees \$	Post Employment Superannuation \$	Share based payment options \$	Total \$	% of Compensation granted as options
Directors						
R. Cullen (i)	2007	37,446	-	88,130	125,576	70%
V. Algar	2007	82,569	7,431	136,511	226,511	60%
D. Flanagan	2007	19,629	1,767	88,130	109,526	80%
D. O'Meara	2007	19,629	1,767	88,130	109,526	80%
Executives						
A. Walsh (ii)	2007	45,000	-	35,252	80,252	44%
G. Martin	2007	54,018	4,862	17,670	76,550	23%
Total	2007	258,291	15,827	453,823	727,941	62%

(i) Mr. Cullen's fees are paid to Cullen Babington Hughes Lawyers

(ii) Mr. Walsh's fees are paid to Tony Walsh Corporate Services Pty Ltd

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 20: COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTD)

Compensation Options of Key Management Personnel for the period 8 September 2006 to 30 June 2007

The following options were granted or vested as equity compensation benefits to certain specified directors and specified executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of \$0.20.

Name	No. of Options	Grant Date	Value per option at grant date (cents)	Exercise price per share (cents)	Expiry Date
Director					
Richard Cullen	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Vincent Algar	2,000,000	30 Nov 2006	8.8	20	30 Nov 2011
David Flanagan	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Denis O'Meara	1,000,000	30 Nov 2006	8.8	20	30 Nov 2011
Executive					
Tony Walsh	400,000	30 Nov 2006	8.8	20	30 Nov 2011
Glenn Martin	500,000	12 Feb 2007	10.1	20	22 Feb 2012

Options issued to employees are subject to the employee retaining employment with the Group for a period of 12 months. For further information, refer to note 21.

Name	Balance at beg of period 8 Sep 2006	Granted as Remuneration	Balance at end of period 30 June 2007	Not Vested & Not Exercisable	Vested & Exercisable
Director					
Richard Cullen	-	1,000,000	1,000,000	-	1,000,000
Vincent Algar	-	2,000,000	2,000,000	1,000,000	1,000,000
David Flanagan	-	1,000,000	1,000,000	-	1,000,000
Denis O'Meara	-	1,000,000	1,000,000	-	1,000,000
Executive					
Tony Walsh	-	400,000	400,000	-	400,000
Glenn Martin	-	500,000	500,000	500,000	-
Total	-	5,900,000	5,900,000	1,500,000	4,400,000

Name	Value of options granted during the period \$	Value of options exercised during the period \$	Value of options lapsed during the period \$	Total value of options granted, exercised and lapsed during the period \$	% Remuneration consisting of options during the period
Director					
Richard Cullen	88,130	-	-	88,130	70%
Vincent Algar	136,511	-	-	136,511	60%
David Flanagan	88,130	-	-	88,130	80%
Denis O'Meara	88,130	-	-	88,130	80%
Executive					
Tony Walsh	35,252	-	-	35,252	44%
Glenn Martin	17,670	-	-	17,670	23%
Total	453,823	-	-	453,823	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 20: COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTD)

(c) Shares issued on exercise of compensation options

No shares were issued on exercise of compensation options during the year.

(d) Option holdings of Key Management Personnel

30 June 2007	Balance 8-Sep-06	Granted as compensation	On exercise of options	Net change other	Balance 30-Jun-07
Directors					
Richard Cullen	-	1,000,000	-	-	1,000,000
Vincent Algar	-	2,000,000	-	-	2,000,000
David Flanagan	-	1,000,000	-	-	1,000,000
Denis O'Meara	-	1,000,000	-	-	1,000,000
Executives					
Tony Walsh	-	400,000	-	-	400,000
Glenn Martin	-	500,000	-	-	500,000
Total	-	5,900,000	-	-	5,900,000

(e) Shareholdings of Key Management Personnel

30 June 2007	Balance 8-Sep-06	Granted as compensation	On exercise of options	Net change other	Balance 30-Jun-07
Directors					
Richard Cullen	-	-	-	310,000	310,000
Vincent Algar	-	-	-	289,000	289,000
David Flanagan	-	-	-	200,000	200,000
Denis O'Meara	-	-	-	325,000	325,000
Executives					
Tony Walsh	-	-	-	80,000	80,000
Glenn Martin	-	-	-	-	-
Total	-	-	-	1,204,000	1,204,000

(f) Other transactions and balances with Key Management Personnel for Services

Cullen Babington Hughes Lawyers

During the period Cullen Babington Hughes (a company associated with Mr R. Cullen) received fees for the provision of director's services to the Company. The aggregate amount charged for such service was \$37,446.

Tony Walsh Corporate Services

During the period Tony Walsh Corporate Services Pty Ltd (a company associated with Mr T. Walsh) received fees for the provision of company secretarial services to the Company. The aggregate amount charged for such services was \$45,000.

(g) Loans to Key Management Personnel

There were no loans to key management personnel during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 21: 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	Company
	2007	2007
	\$	\$
Expense arising from options issued to Directors, Employees and Contractors	462,257	462,257
	462,257	462,257

- (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.

Corporate Services Options

The company issued 1,000,000 20 cent options to Peregrine Corporate Pty Ltd, the Corporate Advisor to the Initial Public Offering. These options vested immediately and expire 30 November 2011.

(c) Employee and Contractors Options

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

	Number of	Company
	Options	Weighted
		average
		exercise price
		cents
Outstanding at the beginning of the period	-	-
Granted	7,100,000	20.0
Exercised	-	-
Outstanding at the end of the period	7,100,000	20.0
Exercisable at the end of the period	5,400,000	20.0

The weighted average remaining contractual life for the options outstanding at the end of the period is 4.5 years and an exercise price of 20 cents.

The weighted average fair value of options granted during the period was 8.9 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

Weighted average exercise price (cents)	20.0
Weighted average life of options (years)	4.9
Weighted average underlying share price (cents)	19.9
Expected share price volatility	70%
Weighted average risk free interest rate	5.71%
Adjusted for unlisted nature	15%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 22: RELATED PARTIES

(i) Wholly-owned group transactions

Loans made by the Company to its wholly-owned subsidiary are repayable on demand and are not interest bearing.

(ii) Other related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Allowance for impairment loss on trade receivables

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

The Company has provided in full for the amounts owed by its subsidiary.

During the period, the Company issued 22,500,000 shares at 5c each to Atlas Iron Limited in return for rights to non iron ore minerals. The Company subsequently listed on the Australian Securities Exchange with Atlas holding 37.8% of the issued capital of the Company, escrowed for two years.

Peregrine Corporate Limited was engaged by the Company to act as Corporate Advisor to the Initial Public Offering. In return for providing these services, Peregrine Corporate received 1,000,000 20 cent options in the Company, in addition to \$243,768 in fees and commissions.

(iii) Ultimate parent

Shaw River Resources Limited is the ultimate parent company.

(iv) Loans to related parties

The Company advanced the following loans to its subsidiary during the period ended 30 June 2007.

Mt Minnie Mining Company Pty Ltd	\$ 261,340
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 23: CASH FLOW INFORMATION

(i) Reconciliation of net loss after income tax to net cash used in operating activities

	Consolidated 2007 \$	Company 2007 \$
Net Loss	(1,792,450)	(2,012,052)
<i>Non-cash items:</i>		
Depreciation of non-current assets	5,806	5,806
Loss on disposal of non-current assets	856	856
Write-back of depreciation on asset disposal	(10)	(10)
Cost of options issued to directors and employees	462,257	462,257
Loan to and receivable from subsidiary provided for	-	458,122
<i>Change in assets and liabilities:</i>		
(Increase)/ decrease in prepayments	(34,533)	(23,624)
(Increase)/ decrease in receivables	(143,341)	(143,341)
(Decrease)/ Increase in trade and other payables	207,356	217,913
(Decrease)/Increase in employee entitlements	8,383	8,383
Net Cash (Used)/ provided in operating activities	<u>(1,285,676)</u>	<u>(1,025,690)</u>

(ii) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Note	Consolidated 2007 \$	Company 2007 \$
Cash at bank		162,285	162,285
Cash on hand		300	300
Deposits at call		3,889,316	3,889,316
	8	<u>4,051,901</u>	<u>4,051,901</u>

(iii) Non cash financing and investment activities

During the period, the Group transacted the following non cash activities:

- (a) Capital raising costs were settled by the issue of 1,000,000 ordinary share options.
- (b) Director and employee compensation costs were settled by the issue of 6,100,000 ordinary share options.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 24: COMMITMENTS

(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 \$1,120,000 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.

	Consolidated 2007 \$	Company 2007 \$
Exploration commitments:		
- not later than one year	1,120,000	509,000
	1,120,000	509,000

(b) Lease expenditure commitments

	Consolidated 2007 \$	Company 2007 \$
Operating leases (non-cancellable):		
- not later than one year	5,642	5,642
- after one year but not more than five years	13,524	13,524
Future lease expenditure at reporting date	19,166	19,166

NOTE 25: INVESTMENTS IN CONTROLLED ENTITIES

Name	Class of Share	Interest Held 2007	Interest Held 2006
Mt Minnie Mining Company Pty Ltd	Ordinary	100%	-

The parent company and the controlled entity are Australian registered entities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 26: FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated 2007	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	5.9%	162,285	3,889,316	300	4,051,901
Trade & other receivables		-	-	143,341	143,341
		162,285	3,889,316	143,641	4,195,242
Financial liabilities					
Trade & other payables		-	-	262,657	262,657
		-	-	262,657	262,657
Net financial assets		162,285	3,889,316	(119,016)	3,932,585

Company 2007	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	5.9%	162,285	3,889,316	300	4,051,901
Trade & other receivables		-	-	143,341	143,341
		162,285	3,889,316	143,641	4,195,242
Financial liabilities					
Trade & other payables		-	-	260,315	260,315
		-	-	260,315	260,315
Net financial assets		162,285	3,889,316	(116,674)	3,934,927

The maturity date for all financial instruments included in the above tables is 1 year or less from balance date. Term deposits have maturities of 30 days, or 12 months.

(b) Credit Risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and with the exception of the receivable in its subsidiary, the Group's exposure to bad debt is not significant.

There are no other significant concentrations of credit risk within the Group.

(c) Net Fair Value of Financial Assets and Liabilities

The Group's financial assets and liabilities as disclosed in the balance sheet are carried at amounts that approximate their net fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

NOTE 27: AUDITOR'S REMUNERATION

	Consolidated 2007 \$	Company 2007 \$
Remuneration of the auditor of the parent entity by Stantons International for		
- auditing or reviewing the financial report	18,625	18,625
- Investigating Accountant's Report	6,377	6,377

NOTE 28: CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2007 or that have arisen since that date.

No matter or circumstance has arisen since the end of the year to the date of this report which has significantly effected, or may significantly effect, the operations of the Group the results of those operations or the state of affairs of the Group.

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

As at the date of the report there are no subsequent significant events after the balance date.

NOTE 30: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial period.

There are no franking credits available for future reporting periods.

DIRECTOR'S DECLARATION

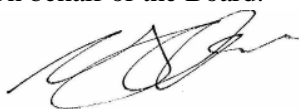
In accordance with a resolution of the Directors of Shaw River Resources Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes are in accordance with the Corporations Act 2001, including;
 - i. Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and their performance for the period ended on that date; and
 - ii. Comply with Accounting Standards' and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the period ended 30 June 2007.

On behalf of the Board.



V Algar
Managing Director

Dated this 20th day of September 2007

20 September 2007

Board of Directors
Shaw River Resources Limited
708 Murray Street
WEST PERTH WA 6005

Dear Directors

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 audit of the financial statements of Shaw River Resources Limited for the period ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director

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

Report on the Financial Report

We have audited the accompanying financial report of Shaw River Resources Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the period 8 September 2006 to 30 June 2007, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the Shaw River Resources Limited are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

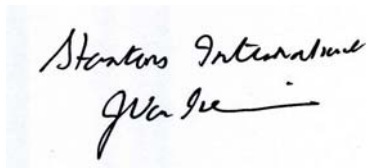
Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

1. In our opinion:
 - (a) The financial report of Shaw River Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - (b) The financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2.

STANTONS INTERNATIONAL (An Authorised Audit Company)

A handwritten signature in black ink, appearing to read 'J P Van Dieren', is written over a light blue rectangular background.

J P Van Dieren
Director

West Perth, Western Australia
20 September 2007