

MAWSON WEST LIMITED

ABN: 67 072 595 576

ANNUAL REPORT

For the Year Ended

30 June 2007

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Corporate Information

This annual report covers both Mawson West Limited as an individual entity and the consolidated entity comprising Mawson West Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 10. The directors' report is not part of the financial report.

Directors

Mark Stowell (Chairman)
David Frances (Chief Executive)
Jonathan Asquith
Robert Smakman (Resigned: 15 November 2006)

Company Secretary

Phil Macleod (Resigned: 27 November 2006)
Glenn Zamudio (Appointed 27 November 2006)

Registered office

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Bank West Tower
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Share Registrar

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Solicitors

Blakiston & Crabb
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ASX Code:

Ordinary shares - MWE
Listed options - MWE0

Chairman's Letter

Dear Shareholder

This year has been a great one for the metal markets, and Mawson West have also benefited, being able to consolidate its JV with Anvil Mining at the Kapulo Copper Project in Africa, recruitment of a fantastic team on the ground, one diamond rig drilling, with a second to arrive shortly. This work will speed up resource definition, towards a maiden JORC resource statement and progress to feasibility and thereafter copper production.

Our gold interests also advanced with the JV out to St Barbara Mines the Golden Mile South project in a substantial JV, whereby they are spending \$3m to earn 51%, at which time Mawson can elect to contribute to maintain its interest. A substantial drilling program of 10,000m is underway, and we have high hopes for success in this prime location 112km sq gold project next to the Kalgoorlie superpit (74m oz gold).

The international copper market remains robust, with unabated demand from developing countries, absorbing increased supply. Gold prices are also moving higher and likely to maintain the trend.

Our focus for the years ahead is obviously rapid advancement of the Kapulo Copper project to production. Work done to date indicates that this is a real company maker project, so management is committed to moving it to this level. The DRC has undergone significant and welcome political progress over the past year, and is continuing. A number of major international mining companies are now successfully operating in DRC (including Anvil Mining which started as a junior in DRC) and attracting the international mining investment community. This is all positive for the future progress of Mawson West.

In closing on behalf of the board and shareholders I would like to thank our management, staff and consultants, for their efforts and dedication in achieving significant milestones this year, which are moving the company into a strong position for future growth.

Mark Stowell
Chairman
28 September 2007

Directors' Report

Your directors submit their report for the year ended 30 June 2007.

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 follows. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

M. Stowell B.Bus CA (Non-executive Chairman)

Mr Stowell has been involved in the public company corporate sector for over 20 years, formerly as a manager in the Corporate division of an international accounting firm and subsequently in the establishment and management of a number of successful ventures as principal. These include Allight (engineering, generators, lighting and hire), Anvil mining (copper mining - DRC), Incremental Petroleum (oil and gas production – Turkey). He is a director of Incremental Petroleum and during the past three years Mr Stowell has served as a founding director of Crusader NL.

D. Frances BSc Hons (Managing Director)

Mr Frances has over 15 years experience in multi-commodity mineral exploration, project evaluation, project finance, development and mining in Australia, China, North America, Africa and New Zealand. Most recently as an integral team member on the Challenger gold deposit in South Australia, taking that complex gold deposit through exploration, drill out and bankable feasibility. Mr Frances was appointed as director on 15 November 2005 and as Managing Director on 9 May 2006.

J. Asquith BA (Hons) CA MBA (Non-Executive Director)

Mr Asquith is a chartered accountant with over 20 years corporate experience with major international accounting firms and commercial enterprises. He has held senior executive positions with a number of public and listed Australian companies. Mr Asquith completed a Masters of Business Administration at the University of Western Australia and brings to the Company considerable experience in managing and strategic planning of developing businesses.

During the past three years Mr Asquith has served as a director of the following listed companies:

- Enerji Ltd

R. Smakman BSc (Hons) AusIMM ASIA FFIN (Exploration Director) (Resigned 15 November 2006)

Mr Smakman is an Honours graduate of Monash University, and has had a successful international career as a geologist over the past 10 years. Mineral discoveries he has been associated with include:

- The Southern Star gold deposit for Gasgoyne Gold NL-Southern Cross Western Australia -first drill hole to bankable feasibility study,
- Dikulushi Copper/Silver Deposit for Anvil Mining NL -DRC Africa- drill out of the deposit to 1.55mt @8.9% Copper and 9.5million oz silver for feasibility study and mining,
- Certej Gold Deposit for European Goldfields Ltd -Romania-project management from commencement to a resource of 2.6m oz gold and 13m oz silver.

During the past three years Mr Smakman has served as a director of the following listed companies:

- Crusader Holdings NL

G. Zamudio BSc (Chem Eng) MBA CFA (Chief Financial Officer/Company Secretary)

Mr Zamudio was appointed to the position of CFO and company secretary in November 2006. He has 5 years process and project engineering experience from feasibility through to commissioning. Mr Zamudio has 10 years merchant banking experience initially as a quantitative analyst and then in the investment banking division of a South African bank. For the past 4 years he has managed private businesses in Australia. Mr Zamudio brings to the Company a diverse set of skills with African and local exposure which complements the Board.

Directors' Report (cont'd)

Directors' interests in the shares and options of the company

As at the date of this report, the interests of the directors in the shares and options of Mawson West Limited were:

Director	Ordinary Shares	Unlisted Remuneration Options \$0.20	Unlisted Remuneration Options \$0.30
M Stowell	4,575,000	750,000	750,000
D Frances	109,000	1,000,000	1,000,000
J Asquith	1,000,000	100,000	100,000

Dividends

The directors do not recommend that a dividend be paid. Since the end of the previous financial year, no dividend has been paid.

Principal Activities

The principal activity during the year of entities within the consolidated entity is mineral exploration. There has been no significant change in the nature of this activity during the year.

Review of operations:

Kapulo Copper Project

The Kapulo copper project has been the company's main focus during the year. The project comprises approximately 5,500km² of contiguous tenure straddling the border between the Democratic Republic of Congo (DRC) and Zambia in Central Africa. Mawson are earning 65% from Anvil by expenditure of US\$4m over 4 years, and may earn 51% by defining, to JORC indicated status, 50,000t of contained metal at 4% copper or better.

Simikat, Seremi, and Falconbridge, explored the Kapulo deposits during the 1920s, 1950s, and 1970s, respectively. They carried out extensive and systematic sampling, and indicated that there was the potential to host between 750,000t of ore grading 4.7% copper and 850,000t at 5.7% copper at Safari North, Safari South and Shaba (Katanga). These estimates were based on the digging of 386m of pits, 924m of trenching, 4,168m of drifts and eight diamond drill holes totaling 2,055m. Results included intercepts from systematic adit sampling of 36.5m @ 6.98% Cu, 38.5m @ 6.39% Cu, and 31m @ 6.99% Cu. These intercepts illustrate the high-grade and potentially robust nature of the Kapulo deposits.

Diamond drilling by Falconbridge beneath the Shaba (Katanga) deposit intersected the primary ore zone at 125m vertical depth where the system was still 15m wide and averaging 4% Cu. The Kapulo deposits are reported to have varying widths of up to 40m. The resource calculations were based on open-ended mineralisation and only account for material above the water table, which averages 50m in depth.

During the year the company has managed to progress the project by employing some key personnel to conduct activities in Zambia and the Congo. At Kapulo the camp has been established, and drilling commenced in late May. Initial drill results confirm work done in the 50's and 70's. Continued drilling will progress the project towards a maiden JORC compliant resource. Regional geochemical sampling 20km's north and south of the main deposits at Kapulo is underway, and an aeromagnetic survey has been completed. The area looks highly prospective and now that Mawson West has the right personnel and infrastructure in place we expect to progress the project significantly over the next twelve months.

At the same time Mawson West are collaborating with Medecines Sans Frontiers a humanitarian and medical aid agency. They're providing immunisation and health education for the workers and local villagers, with particular emphasis on AIDS. The company is trying to employ as many local people as possible so that the area benefits from ongoing development. As part of the JV with Anvil, Mawson West will take part in social development programs in the region, with net profit percentage to go into a local community trust fund, for community based projects. Construction of mud brick accommodation is underway for employees at Kapulo.

Directors' Report (cont'd)

Golden Mile South

This exciting exploration project covers 112km² only 4km from the Kalgoorlie superpit producing +800,000 oz gold p.a. Mawson West acquired it in November 04. Due to the focus on Kapulo, we have farmed out this project to our preferred JV partner St Barbara whom are proven undercover explorers which this project requires. The JV deal requires St Barbara to spend a minimum \$500 000 in 6 months and \$ 3 million within 3 years to earn 51%, at which point Mawson West can elect to contribute to maintain 49%. Should Mawson not elect to contribute St Barbara can elect to earn 70% by spending a further \$2 million in 2 years.

St Barbara has just completed 10,000m of air core drilling to an average depth of 65m. Results are expected in the next few months.

Iron Ore

Mawson West holds over 200 km² in the Midwest iron province of Western Australia including:

Paynes Find JV

Prosperity (PSP) earning 60%, MWE 40%. Prosperity has identified a potential exploration target with dimensions of approximately 2,500m x 500m x 150m and intends to drill the potential 50 – 60M tonne target.

Mt Gibson JV

Accent (ACS) 80%, MWE 20%. Accent Resources has continued work on the Mt Gibson JV area with very encouraging results; analytical work from drill samples have returned magnetite weight recovery > 45%.

Norseman

Our goal was for a long term profitable gold mining operation over a number of different ore-bodies at and near to Maybell. Unfortunately exploration showed that neither, Maybell, nor Lord Percy turned out to be as large as hoped; and thus are unable to economically commence stand alone mining. As such this project is no longer core, and moving to production via toll treating, or outright sale is being considered.

Operating Results for the year

The Group's operating loss after income tax for the year was \$2,361,769 (2006 - \$1,109,540) representing an increase of 212 % from the previous year. The Group's basic loss per share for the year was 2.60 cents (2006: 1.38 cents) representing an increase of 188 % from the previous year. The increase in operating loss in comparison with prior year is caused by an increase in the scale of exploration activities undertaken, notably in the Africa region on the Kapulo project.

Review of financial condition

Liquidity and Capital Resources

The consolidated cash flow statement illustrates that there was an increase in cash and cash equivalents in the year ended 30 June 2007 of \$3,265,514 (2006: (\$1,116,078)). The increase in cash in comparison with the prior year is from capital raising and exercising of options.

Asset and capital structure

The Group has no debt or borrowings other than usual trade creditors paid on normal commercial terms.

Share issues during the year and to the date of this report

The number of shares in issue at the year ended 30 June 2007 was 108,397,297 (2006: 80,140,309). This increase was from a capital raising of 6,389,000 shares done in July 2006 at 18 cents each and 5,000,000 shares done in November at 20 cents each. By 31 May 2007, the expiry date of the listed options, 16,867,988 shares were issued against options exercised at 20 cents each.

Directors' Report (cont'd)**Operating and Financial Review (cont'd)****Risk management**

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes it is crucial for all Board members to be part of this process and as such the Board has not established a separate risk management committee and the Board as a whole acts in that role.

Significant changes in the State of Affairs

There were no significant changes in the state of affairs of the group during the financial year.

Environmental Regulation and Performance

The group's activities are subject to environmental regulations under either Commonwealth or State legislation. However, the Board believes that the group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the group.

Significant events after the balance date

There were no significant events after the balance date other than as disclosed under note 28 in this report.

Likely developments and expected results

The group will continue to focus on mineral exploration and development opportunities.

Indemnification and insurance of directors and officers

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed. The premium for Directors and Officers cover for the year was \$5,100.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

Remuneration Report

This report outlines the remuneration arrangements in place for directors and executives of Mawson West Limited (the company).

Remuneration philosophy

The performance of the Group depends on the quality of its key management and personnel. To prosper the Group must attract, motivate and retain highly skilled directors and executives.

To this end the Group embodies the following principles in its remuneration policy:

- Provide competitive rewards to attract high caliber executives;
- Link executive rewards to share holder value;
- Significant proportion of executive compensation 'at risk,' dependent upon meeting pre-determined targets;
- Establishing demanding, appropriate performance hurdles in relation to variable executive compensation

The Company does not have a remuneration committee. All remuneration matters are dealt with by the full Board

Directors' Report (cont'd)

Remuneration Report (cont'd)

Directors and group executives' details

The directors of Mawson West Limited during the financial year were:

- Mark Stowell (Chairman)
- David Frances (Managing Director)
- Jonathan Asquith (Director)
- Robert Smakman (Exploration Director) (Resigned 15 November 2006)

The highest remunerated group executives' of Mawson West Limited and its subsidiary companies during the financial year were:

- Glenn Zamudio (Company Secretary and Chief Financial Officer)
- Julius Lloyd (General Manager Central Africa Resources) (Employed 15 March 2007)
- Stan Procak (Operations Manager) (Resigned 5 June 2007)
- James Sullivan (Country Geology Manager) Employed (10th January 2007) (Resigned 4 June 2007)
- Timothy Wendland (Logistics Manager) (Employed 17 July 2006)

Elements of directors' and group executives' remuneration

SHORT TERM EMPLOYEE BENEFITS

- Fixed Remuneration by way of salary

POST-EMPLOYMENT BENEFITS

- Superannuation

PERFORMANCE RELATED BENEFITS

- Performance related bonuses

The following table discloses the remuneration of the directors and the highest paid remunerated group of Company executives of the Company and consolidated entity in 2007:

	Short Term		Post Employment		Equity		Total	Total Performance Related	Value of Options as % of Remuneration
	Salary & Fees (i)	Bonus (ii)	Super-annuation	Retirement Benefits	Options	Other Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%	%
M Stowell	77,599	-	393	-	48,759	-	126,751	-	38%
D Frances	163,333	50,000	19,199	-	69,204	-	301,736	16.5	23%
J Asquith	17,025	-	-	-	6,501	-	23,526	-	28%
R Smakman	31,410	-	-	-	1,597	-	33,007	-	5%
Executive									
G Zamudio	56,119	-	5,050	-	246,895	-	308,064	-	80%
J Lloyd	25,729	-	-	-	82,898	-	108,627	-	76%
T Wendland	78,994	-	-	-	35,990	-	114,984	-	31%
S Procak	81,923	-	7,373	-	-	-	89,296	-	-
Total	532,132	50,000	32,015		491,844		1,105,991		

Directors' Report (cont'd)

Remuneration Report (cont'd)

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to other geologists and geological services and corporate services and administration.
- (ii) Performance related bonuses - David Frances received \$50,000 as per his contract having fulfilled performance related targets.
- (iii) Employee options have been issued through out the year as part of the remuneration philosophy of the company. The value of the options has been calculated using the Black-Scholes model incorporating the assumptions in note 8 to the financial statement. The valuations have been calculated using 100% volatility, risk free interest rate 6.3%. Further details of the options are:

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each Company director and the key management personnel is detailed below.

	Value of Options			Total option value in year \$
	Granted in year \$(A)	Exercised in year \$(B)	Lapsed in year \$(C)	
Mr M Stowell	107,025	21,375	-	128,400
Mr D Frances	142,700	44,500	-	187,200
J Asquith	14,270	9,914	-	24,184
G Zamudio	251,470	-	-	251,470
J Lloyd	109,375	-	-	109,375
T Wendland	37,933	-	-	37,933
	662,773	75,789	-	738,562

- A. The value of the options granted in the year is the fair value of options calculated at grant date using the Black-Scholes option pricing model. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting period of the options.
- B. The value of the options exercised during the year is calculated at the market price of shares of the company on the Australian Securities Exchange at close of trading on the date of the options were exercised after deducting the price paid to exercise the option.
- C. The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date of the option lapsed using the Black-Scholes option pricing model with no adjustments for whether the performance criteria had been achieved.

Directors' fees

Directors' fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. This amount is separate from any specific tasks that the Directors may take on for the Company. No directors' fees were accrued during the financial year.

Committee Memberships

The company does not have a Remuneration, Nomination or Audit Committee as these roles are undertaken by the full Board.

Corporate governance

In recognizing the need for high standards of corporate behavior and accountability, the directors' support and have, where currently considered appropriate given the size and nature of the Company, adhered to the best practice recommendation set by the ASX Corporate Governance Council.

Directors' Report (cont'd)**Share options**

At the date of this report, the unissued ordinary shares of the company under option are as follows:

Date of Expiry	Exercise Price	Number under option
22 August 2011	20 cents	1,875,000
30 November 2009	30 cents	2,500,000
22 August 2011	30 cents	3,825,000

Directors' Meetings

The number of meetings of directors held during the year and the numbers of meetings attended by each director were as follows:

DIRECTORS	DIRECTORS MEETINGS	
	HELD	ATTENDED
Mr M Stowell	5	5
Mr D Frances	5	4
Mr J Asquith	5	5
Mr R Smakman	1* while on board	1

Directors' benefits

No director of the company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or an entity in which the director has substantial financial interest made with the company or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive the benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 7 to the Financial Statements.

Number of Employees

The number of employees at 30 June 2007 is 4 (2006: 3)

Auditor Independence and Non-Audit Services**Auditor Independence Declaration to the Directors of Mawson West Limited**

The auditor's independence declaration for the year ended 30 June 2007 has been received and is to be found on page 49.

Non-Audit Services

No non-audit services were provided by the entity's auditor, Stantons International and no fees were paid or are payable to Stantons International for non-audit services for the year ended 30 June 2007.

This report is signed in accordance with a resolution of the directors, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors



D Frances
Managing Director
28 September 2007

Corporate Governance Statement

The Board of Directors of Mawson West Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Mawson West Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Mawson West Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1

Lay solid foundations for management and oversight

The primary responsibilities of the board include responsibility for:

- oversight of the company, including its control and accountability systems,
- appointing and removing the chief executive officer (or equivalent),
- ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary,
- input into and final approval of management's development of corporate strategy and performance objectives,
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance,
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available,
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures,
- monitoring and approving financial and other reporting.

Directors consider that the company's procedures comply with Principle 1 of the Principles of Good Corporate Governance.

Principle 2

Structure the board to add value

2.1: A majority of the board should be independent directors.

The names of the directors of the company in office at the date of this statement are set out in the directors' report. Directors are appointed based on their experience and on independence of their decision-making and judgment.

In considering the status of directors as independent directors the company has regard to the following

An independent director is a non-executive director (ie is not a member of management) and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company,
- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment,
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided,
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer,
- has no material contractual relationship with the company or another group member other than as a director of the company,
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company,
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Corporate Governance Statement

Having regard to the above criteria, a majority of the Board are not independent in accordance with Recommendation 2.1, however the Board believes that the individuals on the board can make, and do make, quality and independent judgments based on the best interests of the company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

The Board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent non-executive directors.

2.2: The chairperson should be an independent director.

Mr Mark Stowell, the Chairman, is an independent director.

Directors consider that the company does not comply with Principle 2.2 of the Principles of Good Corporate Governance, but that the non-compliance is reasonable for a company of this size and structure.

2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.

During the year, the company has employed Mr David Frances as Chief Executive Officer.

Directors consider that the company complies with Principle 2.3 of the Principles of Good Corporate Governance.

2.4: The board should establish a nomination committee

The company does not have a formal nomination committee due to the scale and nature of the company's activities. The whole board meets to consider additional appointments to the Board.

Directors consider that the company complies with the intentions of Principle 2.4 of the Principles of Good Corporate Governance.

2.5: Provide the information indicated in *Guide to reporting on Principle 2*

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are disclosed in the directors' report included in the annual report.

Not all of the directors are considered by the board to constitute independent directors. The company does not have fixed materiality thresholds.

Each director has the right to seek independent professional advice at the company's expense. However, prior approval of the chair is required, which is not unreasonably withheld.

No directors have fixed terms of office.

The company does not have a nomination committee for the reasons outlined in 2.4 above.

Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5 are included in those sections.

The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the board would benefit from the services of a new director with particular skills, the board will select appropriate candidates with relevant qualifications, skills and experience.

Directors consider that the company complies with Principle 2.5 of the Principles of Good Corporate Governance.

Principle 3

Promote ethical and responsible decision-making

3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity, and

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The board's policy for the directors and management is to conduct themselves with the highest ethical standards. All directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Corporate Governance Statement

The company has adopted a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders including employees, clients, customers, government authorities and the community as a whole. Directors consider that the company complies with Principle 3.1 of the Principles of Good Corporate Governance.

3.2: Disclose the policy concerning trading in company securities by directors, officers and employees.

The policy is as follows:

Directors and senior executives (officers) must not buy or sell shares or securities in the company if they possess information which, if disclosed publicly, might have a material effect on the price or value of the company's shares. Directors through the company secretary must notify the ASX of any change in their share holdings within 3 business days of the transaction taking place.

Directors consider that the company complies with Principle 3.2 of the Principles of Good Corporate Governance.

3.3: Provide the information indicated in *Guide to reporting on Principle 3*.

This information is provided in this statement.

Directors consider that the company complies with Principle 3.3 of the Principles of Good Corporate Governance.

Principle 4

Safeguard integrity in financial reporting

4.1: Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The company secretary provides the Board with this statement in relation to financial reports.

Directors consider that the company complies with Principle 4.1 of the Principles of Good Corporate Governance.

4.2: The board should establish an audit committee.

Due to the company's size and structure at present it is not considered appropriate to have a formal audit committee.

Directors consider that the company does not comply with Principle 4.2 of the Principles of Good Corporate Governance.

4.3: Structure the audit committee so that it consists of:

only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson of the board, at least three members.

Directors consider that Principle 4.2 of the Principles of Good Corporate Governance is not applicable.

4.4: The audit committee should have a formal charter.

Directors consider that Principle 4.2 of the Principles of Good Corporate Governance is not applicable.

4.5: Provide the information indicated in *Guide to reporting on Principle 4*.

Directors consider that the company complies with Principle 4.5 of the Principles of Good Corporate Governance to the extent applicable to the Company.

Principle 5

Make timely and balanced disclosure

5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

All directors and senior executives are required to have a general understanding of the matters that are and are not to be disclosed in accordance with the ASX Listing Rules.

All matters concerning compliance with the listing rules are to be reported to the company secretary.

Corporate Governance Statement

The chairman has primary responsibility for ensuring that the company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed.

Directors consider that the company complies with Principle 5.1 of the Principles of Good Corporate Governance.

5.2: Provide the information indicated in *Guide to reporting on Principle 5*.

This information is provided in this statement.

Directors consider that the company complies with Principle 5.2 of the Principles of Good Corporate Governance.

Principle 6

Respect the rights of shareholders

6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Information is communicated to shareholders as follows:

- notices of all meetings of shareholders;
- all documents that are released publicly are made available on the company's website at www.mawsonwest.com.au.

Directors consider that the Company complies with Principle 6.1 of the Principles of Good Corporate Governance.

6.2: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Directors advise that the company complies with Principle 6.2 of the Principles of Good Corporate Governance.

Principle 7

Recognise and manage risk

7.1: The board or appropriate board committee should establish policies on risk oversight and management.

The board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Specific areas of risk, which are identified, will be regularly considered at board meetings include performance of activities, human resources, the environment and continuous disclosure obligations.

7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

- the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Matters of risk management and compliance are currently addressed by the board as a whole at this stage of the development of the company.

Directors consider that the company complies with the intentions of Principle 7.2 of the Principles of Good Corporate Governance.

7.3: Provide the information indicated in *Guide to reporting on Principle 7*.

This information is provided in this statement.

Directors consider that the company complies with Principle 7.3 of the Principles of Good Corporate Governance.

Corporate Governance Statement

Principle 8

Encourage enhanced performance

8.1: Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

At this stage of the development of the company has informal procedures in place for performance evaluation of the board, its committees and individual directors, and key executives.

Directors consider that the Company complies with Principle 8.1 of the Principles of Good Corporate Governance

Principle 9

Remunerate fairly and responsibly

9.1: Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

At this stage of the development of the company has informal remuneration policies in place as it has a minimal number of employees.

Directors consider that the company does not comply with Principle 9.1 of the Principles of Good Corporate Governance.

9.2: The board should establish a remuneration committee.

At this stage of the development of the company the whole of the board deals with remuneration matters.

Directors consider that the company does not comply with Principle 9.2 of the Principles of Good Corporate Governance.

9.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The remuneration of each director is set out in the directors' report included in the annual report

Directors consider that the company complies with Principle 9.3 of the Principles of Good Corporate Governance.

9.4: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The company does not have equity-based executive remuneration, except for one tranche of restricted performance based options granted to one employee.

Directors consider that with Principle 9.4 of the Principles of Good Corporate Governance is not applicable

9.5: Provide the information indicated in *Guide to reporting on Principle 9*.

This information is provided in this statement.

Directors consider that the company complies with Principle 9.5 of the Principles of Good Corporate Governance.

Principle 10

Recognise the legitimate interests of stakeholders

10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The company has adopted a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders including employees, clients, customers, government authorities and the community as a whole.

Directors consider that the Company complies with Principle 10.1 of the Principles of Good Corporate Governance.

**BALANCE SHEET
AS AT 30 JUNE 2007**

	<u>Notes</u>	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
Current Assets					
Cash and cash equivalents	10	3,661,004	395,490	3,591,947	392,794
Trade and other receivables	11	44,584	3,412	6,887	3,412
Total Current Assets		<u>3,705,588</u>	<u>398,902</u>	<u>3,598,834</u>	<u>396,206</u>
Non current Assets					
Other financial assets	12	-	2,733	1	2,733
Loans	12	-	-	2,409,479	1,659,148
Exploration assets	13	2,623,357	2,612,410	30,560	19,613
Plant and equipment	14	301,119	48,170	43,495	48,170
Other non current assets	15	38,400	36,537	-	-
Total Non current Assets		<u>2,962,876</u>	<u>2,699,850</u>	<u>2,483,535</u>	<u>1,729,664</u>
Total Assets		<u>6,668,464</u>	<u>3,098,752</u>	<u>6,082,369</u>	<u>2,125,870</u>
Current Liabilities					
Trade and other payables	16	129,017	134,520	104,390	134,520
Provisions	17	23,398	13,714	23,398	13,714
Total Current Liabilities		<u>152,415</u>	<u>148,234</u>	<u>127,788</u>	<u>148,234</u>
Total Liabilities		<u>152,415</u>	<u>148,234</u>	<u>127,788</u>	<u>148,234</u>
Net Assets		<u><u>6,516,049</u></u>	<u><u>2,950,518</u></u>	<u><u>5,954,581</u></u>	<u><u>1,977,636</u></u>
Equity					
Equity attributable to equity holders of the parent					
Contributed Equity	18	21,235,568	15,775,196	21,235,568	15,775,196
Reserves	19	747,483	254,041	747,483	254,041
Foreign currency reserve		(26,514)	-	-	-
Accumulated Losses	20	(15,440,488)	(13,078,719)	(16,028,470)	(14,051,601)
Total Equity		<u><u>6,516,049</u></u>	<u><u>2,950,518</u></u>	<u><u>5,954,581</u></u>	<u><u>1,977,636</u></u>

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	<u>Notes</u>	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
Revenue	4	103,326	59,695	100,827	56,153
Consulting fees		(112,038)	(48,940)	(906)	(48,940)
Accounting and audit		(108,198)	(39,261)	(76,786)	(39,261)
Costs of Investments sold		(38)	-	(38)	-
Depreciation		(23,811)	(11,858)	(13,656)	(11,858)
Marketing		(47,095)	(29,454)	(23,817)	(29,454)
Exploration expenses		(617,412)	(792,961)	(4,544)	(146,064)
Listing and share registry		(71,819)		(71,335)	
Rental and office expenses		(134,771)	(75,387)	(88,571)	(75,387)
Travel expenses		(157,202)	-	(13,651)	-
Provisions against investments and loans		-	-	(1,203,722)	(416,403)
Insurance		(26,453)	-	(16,190)	-
Wages, salaries and related costs		(457,026)	(144,767)	(60,766)	(144,767)
Shared based payments		(493,442)	-	(493,442)	-
Other expenses		(226,969)	(26,607)	(12,443)	(23,912)
Foreign exchange (losses)/gains		11,179	-	2,171	-
Loss before income tax		(2,361,769)	(1,109,540)	(1,976,869)	(879,893)
Income tax expense	6	-	-	-	-
Loss attributable to members of the parent	20	(2,361,769)	(1,109,540)	(1,976,869)	(879,893)
Basic Loss Per Share attributable to ordinary equity holders of the parent (cents)	21	(2.60)	(1.38)		

Diluted earnings per share has not been disclosed as it does not result in an inferior position.

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

CONSOLIDATED

	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2005	15,775,196	(11,969,179)	182,937	3,988,954
Loss for the period	-	(1,109,540)	-	(1,109,540)
Total income/(expense) for the period	15,775,196	(13,078,719)	182,937	2,879,414
Revaluation of share investment	-	-	700	700
Cost of share based payment	-	-	70,404	70,404
At 30 June 2006	<u>15,775,196</u>	<u>(13,078,719)</u>	<u>254,041</u>	<u>2,950,518</u>
	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2006	15,775,196	(13,078,719)	254,041	2,950,518
Loss for the period	-	(2,361,769)	-	(2,361,769)
Total income/expense for the period	15,775,196	(15,440,488)	254,041	588,749
Shares issued for cash	2,150,000	-	-	2,150,000
Capital raising costs	(63,231)	-	-	(63,231)
Exercise of options	3,373,603	-	-	3,373,603
Cost of share based payment	-	-	493,442	493,442
Foreign currency reserve	-	-	(26,514)	(26,514)
At 30 June 2007	<u>21,235,568</u>	<u>(15,440,488)</u>	<u>720,969</u>	<u>6,516,049</u>

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

PARENT

	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2005	15,775,196	(13,171,708)	182,937	2,786,425
Loss for the period	-	(879,893)	-	(879,893)
Total income/(expense) for the period	15,775,196	(14,051,601)	182,937	1,906,532
Revaluation of share investment	-	-	700	700
Cost of share based payment	-	-	70,404	70,404
At 30 June 2006	15,775,196	(14,051,601)	254,041	1,977,636
	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2006	15,775,196	(14,051,601)	254,041	1,977,636
Loss for the period	-	(1,976,869)	-	(1,976,869)
Total income/expense for the period	15,775,196	(16,028,470)	254,041	767
Shares issued for cash	2,150,000	-	-	2,150,000
Capital raising costs	(63,231)	-	-	(63,231)
Exercise of options	3,373,603	-	-	3,373,603
Cost of share based payment	-	-	493,442	493,442
Foreign currency reserve	-	-	-	-
At 30 June 2007	21,235,568	(16,028,470)	747,483	5,954,581

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

	<u>Notes</u>	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
Cash flows from operating activities					
Receipts from customers		21,027	39,317	20,910	39,317
Payments to suppliers and employees		(430,631)	(390,693)	(316,355)	(387,478)
GST receipts		-	114,060	-	118,512
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	22	<u>(409,604)</u>	<u>(237,316)</u>	<u>(295,445)</u>	<u>(229,649)</u>
Cash flows from investing activities					
Payments for plant and equipment		(271,167)	(18,870)	(8,981)	(18,870)
Interest received		79,917	53,225	79,917	49,683
Payments for exploration		(1,558,644)	(907,020)	(79,404)	(264,575)
Payments for mining tenements		(10,947)	(6,097)	(10,947)	(6,097)
Proceeds from sale of investment securities		2,694	-	2,694	-
Proceeds from sale of tenements		5,000	-	5,000	-
Loans (to)/repaid by other entities		-	-	(1,954,053)	(638,774)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities		<u>(1,753,147)</u>	<u>(878,762)</u>	<u>(1,965,774)</u>	<u>(878,633)</u>
Cash flows from financing activities					
Proceeds from issue of shares and options net of capital raising costs		5,460,372	-	5,460,372	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by financing activities		<u>5,460,372</u>	<u>-</u>	<u>5,460,372</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents		3,297,621	(1,116,078)	3,199,153	(1,108,282)
Cash and cash equivalents at the beginning of period		395,490	1,511,568	392,794	1,501,076
Exchange differences on cash and cash equivalents		(32,107)	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	10	<u><u>3,661,004</u></u>	<u><u>395,490</u></u>	<u><u>3,591,947</u></u>	<u><u>392,794</u></u>

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

1. CORPORATE INFORMATION

The financial report of Mawson West Limited (the Company) for the financial year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007. The consolidated financial statements of the company as at and for the year ended 30 June 2007 comprises the Company and its subsidiaries ("Group").

Mawson West Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(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 including Australian interpretations. The financial report has also been prepared on a historical cost basis and accrual accounting and, except where stated, does not take into account changing money values or current valuations of non-current assets. The financial report is presented in Australian 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 consolidated financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Company's financial report does not comply with IFRS as the Company has elected to apply the relief provided to parent entities by AASB 132 Financial Instruments: Presentation and Disclosure in respect of certain disclosure requirements.

In the current year, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

At the date of authorisation of the financial report, the following standards and interpretations were in issue but not yet effective

- | | |
|--|--|
| • AASB 7 'Financial instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue. | Effective for annual reporting periods beginning on or after 1 January 2007 |
| • AASB 101 'Presentation of Financial Statements' – revised standard | Effective for annual reporting periods beginning on or after 1 January 2007 |
| • Interpretation 10 'Interim Financial Reporting and Impairment' | Effective for annual reporting periods beginning on or after 1 November 2006 |

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Mawson West Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(d) Taxation

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

(e) Investments and other financial assets

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

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

(i) Financial assets at fair value through profit or loss

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

(ii) Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The fair values of the investments that are actively traded in the organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(f) Interest in a jointly controlled operation

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than the establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:
Plant and equipment-over 5 to 10 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

(h) Exploration and evaluation expenditure

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred.

Costs of acquisition of exploration areas of interest 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 yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Development properties

Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(j) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(k) Cash and cash equivalents

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

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

(l) Share-based payment transactions

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

The plan in place that provides these benefits is the Employee Share Option Plan (ESOP), which provides benefits to directors and employees. The cost of these equity-settled transactions with employees is measured by reference to

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

the fair value at the date at which they are granted. The fair value is determined by the company using the Black-Scholes option valuation model.

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

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

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

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

Where 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 increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where 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.

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

(m) Recoverable amount 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.

(n) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Mawson West Limited and its Australian subsidiaries is Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

statements of each entity are measured using that functional currency. The functional currency for the Zambian subsidiary is Zambian Kwacha (ZMK).

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized directly in equity. Since 1 July 2004, the Group's date of transition to AASBs, such differences have been recognized in the foreign currency translation reserve (FCTR). When the foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit and loss.

(o) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is carried as a revaluation decrease).

(p) Trade and other payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Trade and other receivables

Debtors are carried at amounts due. The recoverability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(s) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) Revenue recognition

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

Interest

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

Dividends

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

(v) Earnings per share

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

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

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

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses and;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Classification of valuation of investments

The group has decided to classify investments in listed and unlisted securities as 'available-for-sale' investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are determined by an appropriately qualified independent valuer by projecting future cash flows from expected future dividends and subsequent disposal of the securities.

Impairment of non-financial assets other than goodwill

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment, including economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

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 accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Long service leave provision

The liability for long service leave is recognised and measured at present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rate and pay increases through promotion and provision have been taken into account.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

(ii) Significant accounting estimates and judgements (continued)

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management.

Evaluation of capitalised and evaluation expenditure

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. Factors that could impact future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable, profits and net assets will be reduced in the period in which determination is made.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 14.

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
4. Revenues and Expenses				
Revenue and expenses from continuing operations				
Loss from ordinary activities before income tax includes the following items of revenue and expense.				
(a) Revenue				
Interest revenue:				
Bank interest	81,781	53,225	79,917	49,683
Profit on sale of interest in mining tenement	5,000	-	5,000	-
Profit on sale on investment	-	-	-	-
Other Income	16,545	6,470	15,910	6,470
	<u>103,326</u>	<u>59,695</u>	<u>100,827</u>	<u>56,153</u>
(b) Expenses				
Depreciation of non-current assets:				
Property, plant and equipment	23,811	11,858	13,656	11,858
Foreign exchange losses	-	-	-	-
Loss on disposal of assets	38	-	38	-
Impairment of non-current assets:				
Loan to controlled entity	-	-	1,203,722	416,403
Provision – Investment in subsidiary	-	-	-	-
Exploration expenditure expensed	1,558,644	792,960	79,404	146,063

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

5. Sales of assets

Sales of assets in the ordinary course of business have given rise to the following profits:

Net surplus

Proceeds from sale of investments	2,695	-	2,695	-
Cost of investments sold	(2733)	-	(2733)	-
Loss on disposal of shares	(38)	-	(38)	-
Proceeds from sale of mining tenements	5,000	-	5,000	-
Net surplus	4,962	-	4,962	-

	Consolidated	Consolidated	Parent	Parent
	2007	2006	2007	2006
	\$	\$	\$	\$

6. Income tax**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

Loss from ordinary activities before income tax loss	(2,361,769)	(1,109,540)	(1,976,869)	(879,893)
Prima facie tax payable on profit (loss) from ordinary activities	(708,531)	(332,862)	(593,061)	(263,968)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
Legal fees	569	-	569	-
Share based payments	128,936	-	128,936	-
	(579,026)	(332,862)	(463,556)	(263,968)
Movement in unrecognised temporary differences	108,889	(15,113)	341,204	113,674
Current year tax loss not recognised	470,137	347,975	122,352	150,294
Income tax expense	-	-	-	-

**(b) Unrecognised temporary differences
Deferred tax assets (at 30%)**

Provision for diminution in value of investments	869,622	1,154,536	1,226,328	1,154,536
Provision for non-recovery of loans	284,914	890,313	1,536,344	890,313
Accrued expenses	16,823	11,527	14,121	11,527
Capital raising costs	26,460	10,972	22,594	10,972
Carry forward revenue tax losses	2,470,192	2,000,055	1,153,509	1,031,157
Carry forward foreign tax losses	129,965	-	-	-
Carry forward capital tax losses	319,535	319,535	313,324	313,324
	4,117,511	4,386,938	4,266,220	3,411,829

No income tax is payable by the Group. The Group has \$8,237,970 in income tax losses.

The deferred tax asset and tax liability have not been brought to account as it is unlikely they will arise unless the Company will generate sufficient revenue to utilize them.

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

7. Directors' and executives' disclosure

Remuneration philosophy

The performance of the Group depends on the quality of its key management and personnel. To prosper the Group must attract, motivate and retain highly skilled directors and executives.

To this end the Group embodies the following principles in its remuneration policy:

- Provide competitive rewards to attract high caliber executives;
- Link executive rewards to share holder value;
- Significant proportion of executive compensation 'at risk,' dependent upon meeting pre-determined targets;
- Establishing demanding, appropriate performance hurdles in relation to variable executive compensation

The Company does not have a remuneration committee. All remuneration matters are dealt with by the full Board.

Directors and group executives' details

The directors of Mawson West Limited during the financial year were:

- Mark Stowell (Chairman)
- David Frances (Managing Director)
- Jonathan Asquith (Director)
- Robert Smakman (Exploration Director) (Resigned 15 November 2006)

In addition to the directors, the key management personnel of Mawson West Limited and its subsidiary companies during the financial year were:

- Glenn Zamudio (Company Secretary and Chief Financial Officer)
- Julius Lloyd (General Manager - Central Africa Resources)
- Stan Procak (Operations Manager) (Resigned 5 June 2007)

Elements of directors' and group executives' remuneration

SHORT TERM EMPLOYEE BENEFITS

- Fixed Remuneration by way of salary

POST-EMPLOYMENT BENEFITS

- Superannuation

PERFORMANCE RELATED BENEFITS

- Performance related bonuses

The aggregate compensation of key management of the consolidated entity and the company is set out below.

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Compensation by category-Key Management Personnel				
Short-Term	582,132	288,259	582,132	288,259
Post-Employment	32,015	14,650	32,015	14,650
Other long term				
Termination Benefits				
Share-Based Payments	491,844	70,404	491,844	70,404
	<u>1,105,991</u>	<u>373,313</u>	<u>1,105,991</u>	<u>373,313</u>

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

7. Directors' and executives' disclosure (Cont'd)

The following table discloses the remuneration of the key management personnel of the Company and consolidated entity in 2007:

	Short Term		Post Employment		Equity		Total	Total Performance Related	Value of Options as % of Remuneration
	Salary & Fees (i)	Bonus (ii)	Super-annuation	Retirement Benefits	Options	Other Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%	%
M Stowell	77,599	-	393	-	48,759	-	126,751	-	38%
D Frances	163,333	50,000	19,199	-	69,204	-	301,736	16.5	23%
J Asquith	17,025	-	-	-	6,501	-	23,526	-	28%
R Smakman	31,410	-	-	-	1,597	-	33,007	-	5%
Executive									
G Zamudio	56,119	-	5,050	-	246,895	-	308,064	-	80%
J Lloyd	25,729	-	-	-	82,898	-	108,627	-	76%
T Wendland	78,994	-	-	-	35,990	-	114,984	-	31%
S Procak	81,923	-	7,373	-	-	-	89,296	-	-
Total	532,132	50,000	32,015		491,844		1,105,991		

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to other geologists and geological services and corporate services and administration.
- (ii) Performance related bonuses - David Frances received \$50,000 as per his contract having fulfilled performance related targets.
- (iii) Employee options have been issued through out the year as part of the remuneration philosophy of the company. The value of the options has been calculated using the Black-Scholes model incorporating the assumptions set out below. The valuations have been calculated using 100% volatility, risk free interest rate 6.3%.

Specific transactions with directors and director-related entities:

- Fees of \$73,224 (2006:\$55,082) paid to Merchant Holdings Pty Ltd, of which Mr Stowell is a director, for the provision of corporate and management services on normal terms and conditions;
- Fees of \$17,025 (2006:\$18,000) paid to Linear A Pty Ltd, of which Mr Asquith is a director, for the provision of corporate and management services on normal terms and conditions;
- Fees of \$31,410 (2006:\$52,400) paid to Blue Bone Contracting Services Pty Ltd, a company related to Mr Smakman, for the provision of geological and management services on normal terms and conditions. These amounts include the provision of the services of Mr Smakman, other geologists and geological services.
- Payments of \$80,774 (2005:\$64,234) to Cityshow Pty Ltd, a company in which Mr Asquith has an interest for the provision of office facilities in a building in which Mr Stowell has an interest, and staff on normal terms and conditions.

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

7. Directors' and executives' disclosure (Cont'd)

The following table discloses the remuneration of the key management personnel of the Company and consolidated entity in 2006:

	Short Term		Post Employment		Equity		Total	Total Performance Related	Value of Options as % of Remuneration
	Salary & Fees (i)	Bonus (ii)	Super-annuation	Retirement Benefits	Options	Other Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%	%
M Stowell	55,082	-	-	-	-	-	55,082	-	-
D Frances	93,791	-	8,441	-	26,431	-	128,663	-	21%
J Asquith	18,000	-	-	-	-	-	18,000	-	-
R Smakman	52,400	-	-	-	35,102	-	87,502	-	40%
Executive									
S Procak	68,986	-	6,209	-	8,871	-	84,066	-	11%
Total	288,259		14,650		70,404		373,313		

Remuneration Options Granted during the year

The following table discloses the remuneration options granted during the year. The value of the options has been calculated using the Black-Scholes model

Option Series	Number	Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value at Grant Date
\$0.20	2,175,000	31-Jul-06	31-Jul-08	22-Aug-2011	\$0.20	\$0.0763
\$0.30	2,175,000	31-Jul-06	31-Jul-08	22-Aug-2011	\$0.30	\$0.0664
\$0.30	100,000	27-Nov-06	27-Feb-07	22-Aug-2011	\$0.30	\$0.1162
\$0.30	100,000	27-Feb-07	27-Nov-07	22-Aug-2011	\$0.30	\$0.1075
\$0.30	1,400,000	5-Jun-07	5-Jun-07	22-Aug-2011	\$0.30	\$0.229
\$0.30	250,000	5-Jun-07	5-Jun-08	22-Aug-2011	\$0.30	\$0.208

Remuneration options Exercised or Cancelled during the year

The following table discloses the unlisted options that were either exercised or cancelled during the year.

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Exercised or Cancelled
\$0.20	550,000	03-Dec-04	31-May-2007	\$0.20	Cancelled
\$0.30	200,000	31-Jul-06	22-Aug-2011	\$0.30	Cancelled
\$0.20	200,000	31-Jul-06	22-Aug-2011	\$0.20	Exercised

During the year, the Company also cancelled 202,012 listed options expiring on 31 May 2007 which were exercisable at 20 cents.

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

7. Directors' and executives' disclosure (Cont'd)

Value of options issued to key management personnel

The following table discloses the value of options granted to key management personnel during the prior period

	Total Number of Options Granted	Value of options included in remuneration for the prior period	Percentage of total remuneration for the prior period that consists of options
Mark Stowell	1,500,000	\$48,759	38%
David Frances	2,000,000	\$69,204	23%
Jonathan Asquith	200,000	\$6,501	28%
Glenn Zamudio	1,200,000	\$246,895	80%
Julius Lloyd	500,000	\$82,898	76%
Tim Wendland	200,000	\$35,990	31%

Value of options – basis of calculation

The value of the options has been calculated using the Black-Scholes model. The options are valued on the grant date at the spot price on that day. The other parameters used are the relevant strike price, a volatility of 100% and risk free interest rate of 6.30% along with the appropriate expiry date. The options are expensed over the vesting period of the option.

8. Share based payment plans

During the year the Company granted the following options to Directors, key management personnel and staff.

- (i) 2,175,000 unlisted options to Directors, key management personnel and staff, at an exercise price of 20 cents each and expiring on 22 August 2011. The fair value of the options at the grant date (31 July 2006) was 7.63 cents per option vesting over a 24 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 20 cents |
| Weighted average life of options: | 3.06 years |
| Underlying share price: | 16.5 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.1% |
- (ii) 2,175,000 unlisted options to Directors, key management personnel and staff, at an exercise price of 30 cents each and expiring on 22 August 2011. The fair value of the options at the grant date (31 July 2006) was 6.64 cents per option vesting over a 24 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 30 cents |
| Weighted average life of options: | 3.06 years |
| Underlying share price: | 16.5 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.1% |
- Out of the above, 200,000 options were cancelled and the expense reversed during the year.

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

8. Share based payment plans (cont'd)

- (iii) 100,000 unlisted options to company secretary, at an exercise price of 30 cents each and expiring on 22 August 2011. The fair value of the options at the grant date (27 November 2006) was 11.6 cents per option vesting over a 3 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 30 cents |
| Weighted average life of options: | 4.48 years |
| Underlying share price: | 22 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.03% |
- (iv) 100,000 unlisted options to company secretary, at an exercise price of 30 cents each and expiring on 22 August 2011. The fair value of the options at the grant date (27 November 2006) was 10.75 cents per option vesting over 12 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 30 cents |
| Weighted average life of options: | 3.74 years |
| Underlying share price: | 22 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.07% |
- (v) 1,400,000 unlisted options to company secretary and staff, at an exercise price of 30 cents each and expiring on 22 August 2011. The fair value of the options at the grant date (5 June 2007) was 22.91 cents per option and they vested immediately. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 30 cents |
| Weighted average life of options: | 4.22 years |
| Underlying share price: | 31 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.4% |
- (vi) 250,000 unlisted options to staff, at an exercise price of 30 cents each and expiring 22 August 2011. The fair value of the options at the grant date (5 June 2007) was 20.84 cents per option vesting over a 12 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:
- | | |
|-----------------------------------|------------|
| Weighted average exercise price: | 30 cents |
| Weighted average life of options: | 3.21 years |
| Underlying share price: | 31 cents |
| Expected volatility: | 100% |
| Risk free interest rate: | 6.4% |

None of the above options had been exercised as at 30 June 2007 except 200,000 options at 20 cents issued to directors and key management personnel

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

8. Share based payment plans (cont'd)

Summary of options granted under share incentive arrangements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year

	2007 No.	2007 WAEP	2006 No.	2006 WAEP
Outstanding at the beginning of the year	3,311,090	0.20	2,311,090	0.20
Granted during the year	6,200,000	0.26	1,000,000	0.20
Forfeited during the year	(504,743)	0.22	-	-
Exercised during the year	(1,530,414)	0.20	-	-
Expired during the year	-	-	-	-
Sold during the year	(1,475,933)	0.20	-	-
Outstanding at end of year	<u>6,000,000</u>	<u>0.27</u>	<u>3,311,090</u>	<u>0.20</u>

The weighted average remaining contractual life for the share options outstanding is between 1 and 4 years (2006: 1 and 5 years)

The range of exercise prices for options outstanding at the end of the year was 20 cents – 30 cents (2006: 20 cents)

The weighted average fair value of options granted during the year was \$493,443

The expected life of the options is based on historical data and does not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions under which the instruments were granted. The services received, and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
9. Auditors remuneration				
The auditor of Mawson West Limited is Stantons International				
Amounts received or due and receivable by Stantons International for:				
An audit or review of the financial report of the entity or any other entity in the consolidated group	<u>31,575</u>	<u>16,625</u>	<u>31,575</u>	<u>16,625</u>
	<u>31,575</u>	<u>16,625</u>	<u>31,575</u>	<u>16,625</u>

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

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
10. Cash and cash equivalents				
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June				
Cash at bank and on hand	3,661,004	25,481	3,591,947	22,785
Cash on deposit	-	370,009	-	370,009
	<u>3,661,004</u>	<u>395,490</u>	<u>3,591,947</u>	<u>392,794</u>
	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
11. Trade and other receivables				
Trade and other receivables	<u>44,584</u>	<u>3,412</u>	<u>6,887</u>	<u>3,412</u>
	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
12. Other financial assets				
Non current				
Investment – Listed shares	-	2,733	-	2,733
Investment – Controlled entities	-	-	1,189,020	1,189,019
Investment – Other	2,898,740	2,898,740	2,898,740	2,898,740
Less provision for diminution of investments	(2,898,740)	(2,898,740)	(4,087,759)	(4,087,759)
Unsecured loans	923,537	923,537	923,537	923,537
Secured Loans	26,177	26,177	26,177	26,177
Less: Provision for diminution of loans	(949,714)	(949,714)	(949,714)	(949,714)
Loans – Controlled entities	-	-	6,580,911	4,626,858
Provision against loan	-	-	(4,171,432)	(2,967,710)
	<u>-</u>	<u>2,733</u>	<u>2,409,480</u>	<u>1,661,881</u>
Comprising:				
Investment – listed shares	-	2,733	-	2,733
Investment – Controlled entities	-	-	1	-
Loans – controlled entities	-	-	2,409,479	1,659,148
	<u>-</u>	<u>2,733</u>	<u>2,409,480</u>	<u>1,661,881</u>

Other non-current financial assets comprise investments and loans arising from venture capital activities in prior years and the value of shares issued to acquire a subsidiary company. Due to the uncertainty of realisation of the amounts, a full provision has been made against the carrying values of these assets.

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

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
13. Exploration Assets				
Costs brought forward	2,612,410	2,606,313	19,613	13,516
Expenditure during the year	1,569,591	799,058	90,351	152,161
Expenditure expensed	(1,558,644)	(792,961)	(79,404)	(146,064)
Costs carried forward	<u>2,623,357</u>	<u>2,612,410</u>	<u>30,560</u>	<u>19,613</u>

Exploration expenditure expensed includes \$6,163 (2006: \$24,986) relating to a retained 10% carried interest by the vendors of certain Norseman tenements. This amount is repayable only from the proceeds of gold production from the tenements.

The ultimate recoupment of acquisition costs carried forward is dependent on the successful development commercial exploitation or sale of the respective tenements. Some of the economic entity's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements maybe subject to exploration and/or mining restrictions.

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
14. Plant and equipment				
Opening balance: net of accumulated depreciation and impairment	48,170	41,158	48,170	41,158
Additions	271,167	18,870	8,981	18,870
Disposals	-	-	-	-
Foreign exchange differences	5,593	-	-	-
Depreciation charge for the year	(23,811)	(11,858)	(13,656)	(11,858)
Closing balance: net of accumulated depreciation and impairment	<u>301,119</u>	<u>48,170</u>	<u>43,495</u>	<u>48,170</u>
Balance at beginning of year				
Cost or fair value	87,179	68,309	87,179	68,309
Accumulated depreciation and impairment	<u>(39,009)</u>	<u>(27,151)</u>	<u>(39,009)</u>	<u>(27,151)</u>
Net carrying amount	<u>48,170</u>	<u>41,158</u>	<u>48,170</u>	<u>41,158</u>
Balance at end of year				
Cost or fair value	364,560	87,179	96,160	87,179
Accumulated depreciation and impairment	<u>(63,441)</u>	<u>(39,009)</u>	<u>(52,665)</u>	<u>(39,009)</u>
Net carrying amount	<u>301,119</u>	<u>48,170</u>	<u>43,495</u>	<u>48,170</u>

15. Other non current assets

This comprises an unconditional performance bond held against the mining lease M63/204 in relation to tenements owned by Pangolin Resources Limited. The bond earns interest on an annual basis.

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
16. Trade and other payables				
Trade payables and accruals	<u>129,017</u>	<u>134,520</u>	<u>104,390</u>	<u>134,520</u>

Trade payables are non interest bearing payables and are normally settled on 30 day terms.

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

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
17. Provisions				
Employee entitlements to annual leave	23,398	13,714	23,398	13,714

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
18. Contributed Equity				
108,397,297 Fully paid ordinary shares (2006: 80,140,309)	21,235,568	15,775,196	21,235,568	15,775,196

	\$	Cents	No.
Movement in ordinary shares on issue			
At 1 July 2006	15,775,196		80,140,309
Share placement - 27 July 2006	1,150,000	18	6,389,000
Capital Raising costs	(63,231)		
Share placement – 29 November 2006	1,000,000	20	5,000,000
Options exercised	3,373,603	20	16,867,988
At 30 June 2007	21,235,568		108,397,297

	\$	Cents	No.
Movement in ordinary shares on issue			
At 1 July 2005	15,775,196		80,140,309
At 30 June 2006	15,775,196		80,140,309

Share Options

At 30 June 2007 there were the following options over unissued fully paid ordinary shares on issue:

- 2,075,000 unlisted employee options exercisable at 20 cents per option before 22 August 2011.
- 2,500,000 unlisted options exercisable at 30cents per option before 30 November 2009.
- 3,925,000 unlisted employee options exercisable at 30 cents per option before 22 August 2011.

	\$	Cents	No.
Movement in share options on issue			
At 1 July 2006	254,041		17,420,000
Options granted to directors and key management	74,546	7.73	2,175,000
Options granted to staff (cancelled after year end)	-	-	200,000
Options granted to company secretary	54,739	6.64	2,175,000
Options granted to directors and key management	11,616	11.62	100,000
Options granted to company secretary	6,178	10.75	100,000
Options granted to staff	320,740	22.90	1,400,000
Options granted to staff	25,623	20.80	250,000
Free options attached to share placement	-	-	2,500,000
Options exercised during the year	-	-	(16,867,988)
Options cancelled during the year	-	-	(952,012)
At 30 June 2007	747,483		8,500,000

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

	\$	Cents	No.
Movement in ordinary shares on issue			
At 1 July 2005	182,937		16,420,000
Options granted to directors during the year	71,104	7.11	1,000,000
At 30 June 2006	<u>254,041</u>		<u>17,420,000</u>

	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
19. Reserves				
Premium on issue of options	747,483	254,041	747,483	254,041
Foreign currency reserve	(26,514)	-	-	-
	<u>720,969</u>	<u>254,041</u>	<u>747,483</u>	<u>254,041</u>

20. Accumulated Losses

Movements in accumulated losses were as follows:

Balance 1 July 2006	(13,078,719)	(11,969,179)	(14,051,601)	(13,171,708)
Net loss for the year	(2,361,769)	(1,109,540)	(1,976,869)	(879,893)
Balance 30 June 2007	<u>(15,440,488)</u>	<u>(13,078,719)</u>	<u>(16,028,470)</u>	<u>(14,051,601)</u>

21. Loss per share

	2007 \$	2006 \$
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Basic loss per share amounts are calculated by dividing net loss for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic loss per share computations:

Net loss attributable to equity holders of the parent	<u>(2,361,769)</u>	<u>(1,109,540)</u>
---	--------------------	--------------------

	2007 Cents per share	2006 Cents per share
Basic Loss per share	<u>(2.60)</u>	<u>(1.38)</u>

	2007 No. 000's	2006 No. 000's
The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share	<u>90,988</u>	<u>80,140</u>

Diluted loss per share has not been disclosed as it does not result in an inferior position.

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

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
22. Reconciliation of net loss after tax to net cash flows from operations				
Net loss	(2,361,769)	(1,109,540)	(1,976,869)	(879,893)
Adjustments for:				
Interest received	(81,780)	(53,225)	(79,917)	(49,683)
Depreciation	23,811	11,858	13,656	11,858
Profit on sale of investments	38	-	38	-
Exploration expenditure expensed	1,558,644	907,020	79,404	264,576
Provision against investments and loans	-	-	1,203,722	416,403
Share based payments	493,442	70,404	493,442	70,404
Gain on disposal of tenement	(5000)	-	(5,000)	-
Changes in net assets and liabilities net of effect of acquisition and disposal of businesses:	-	-	-	-
(Increase)/decrease in assets:	-	-	-	-
Current receivables	(41,172)	37,653	(3,475)	38,172
Increase/(decrease) in liabilities:	-	-	-	-
Current payables	4,182	(101,486)	(20,446)	(101,486)
Cash used in operating activities	<u>(409,604)</u>	<u>(237,316)</u>	<u>(295,445)</u>	<u>(229,649)</u>

Non-cash Transactions

During the year, the company granted 6,200,000 unlisted options to directors, company secretary and staff at an exercise price of 20 cents and 30 cents respectively. The fair value of the options has been calculated using the Black-scholes pricing model, refer to Note 8.

23. Commitments and contingencies

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure commitments as specified by the State Government. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the company. The minimum exploration tenement commitments will be reduced should the Group enter into a joint venture on the tenements or extinguished should the tenement be abandoned because the directors decide that the project is not commercial.

The Group has certain minimum obligations in pursuance of the terms and conditions of mining tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the company will be required to outlay in 2007/8 amounts of approximately \$589,040. These are expected to be fulfilled in the normal course of operations.

In the joint ownership agreement in relation to the Maybell tenements, the company granted the vendors an option to re-acquire the tenements for a nominal consideration in the event that the company has not commenced development of a commercial mining operation prior to 11 November 2005 (or, if the company is conducting a feasibility study at that date, not more than 120 days after completion of that feasibility study). The joint ownership agreement also requires the company to pay the vendors a royalty of \$10 per ounce for gold produced from the tenements up to a maximum of 150,000 ounces.

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

24. Interests in jointly controlled operations

Details of the economic entity's interest in joint venture operations are as follows:

Joint Venture	Principal Activity	Ownership Interest	
		2007	2006
Kapulo	Copper	Earning 65%	-
Mt Gibson South JV	Gold Exploration	20%	20%
Paynes Find JV	Gold & base metals	100% diluting to 40%	100% diluting to 40%
Kiaby Well	Gold & base metals	100% diluting to 40%	100% diluting to 40%
Maybell JV	Gold	90%	90%
Regency	Gold & base metals	20%	20%
Barlee	Gold & base metals	90%	-

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for sharing of exploration costs and do not in themselves generate revenues or profits.

The Company has a joint venture agreement with Prosperity Resources Ltd by which that company can earn 60% equity in the Company's Paynes Find tenement by spending a minimum of \$500,000 over three years after the tenement is granted and meeting DMPR requirements.

On 1 December 2003 the Company entered into a joint venture agreement with Crusader Holdings NL by which that company can earn 60% equity in the Company's Kirby Well tenement by spending a minimum of \$300,000 over three years after the tenement is granted and meeting DMPR requirements on the tenement.

The controlled entity has entered into a joint ownership agreement in relation to the Maybell tenement by which the vendors retain a 10% interest. The vendors' share of expenses on the tenement is carried by way of a loan until production commences and the loan is then repayable from the proceeds of production. Exploration expenditure on the tenements subsequent to the joint ownership agreement has totalled \$952,946.

On 13 April 2006 the Company entered into an agreement with Anvil Mining Limited enabling it to earn a 65% interest in a large contiguous tenement package that straddles the border between Zambia and the Democratic Republic of Congo (DRC) in Central Africa. The earn in will be staged over a period of 4 years with the Company able to gain 51% and control of the project by spending US\$4.0million or upon definition of JORC compliant indicated resource of 50,000t of copper whichever comes first. There is no minimum required expenditure on the project.

On 22 February the Company entered into an agreement with Pasine Holdings Pty Ltd on the Barlee project. Mawson West has a 90% interest and holds 10% for Pasine holdings which will be free carried to completion of a Bankable Feasibility Study.

On 21 March 2007 the Company entered into a JV agreement with St Barbara to explore the Golden Mile South project. The deal requires St Barbara to spend a minimum \$500,000 in 6 months and \$3 million within 3 years to earn 51%. At which point Mawson West can elect to contribute to maintain 49%. Should Mawson not elect to contribute St Barbara can elect to earn 70% by spending a further \$2 million in 2 years.

25. Controlled Entities

Name of entity	Country of Incorporation	Ownership Interest	
		2007	2006
Parent entity			
Mawson West Ltd	Australia		
Controlled entity			
Pangolin Resources Pty Ltd	Australia	100%	100%
Central Africa Resources Pty Ltd	Australia	100%	100%
Central Africa Resources	Zambia	100%	100%

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

26. Segment Reporting

Geographical segments

The Group's geographical segments are determined based on location of the Group's assets.

Year ended 30 June 2007	Australia \$	Africa \$	Consolidated \$
Revenue			
Segment result	103,209	117	103,326
Total segment revenue	103,209	117	103,326
Segment Loss			
Segment Loss	(1,928,552)	(433,217)	(2,361,769)
Income tax expense	-	-	-
Segment loss after income tax expense	(1,928,552)	(433,217)	(2,361,769)
Assets			
Segment assets	6,503,613	164,851	6,668,464
Liabilities			
Segment liabilities	127,788	24,627	152,415
Other			
Depreciation of segment assets	13,656	10,155	23,811

During 2006 the operating business was predominantly in Western Australia; however there was some exploration expenditure on the Kapulo project in the DRC and Zambia. Total expenditure in Africa for the year ended 30 June 2006 was \$108,493.

27. Related Party Disclosures

The wholly-owned group includes the ultimate parent entity in the wholly-owned group and the wholly owned controlled entities. The ultimate parent entity in the wholly owned group is Mawson West Ltd. During the year the company met expenses of the wholly owned entities, totalling \$1,954,053 (2006:\$638,774) by way of loan account transactions. The loans are interest-free and have no fixed terms of repayment.

28. Events after the balance sheet date

Since the end of the financial year the company has issued 100,000 unlisted options to staff with an exercise price of 30 cents expiring on 22 August 2011. The company has also cancelled 200,000 unlisted employee options with an exercise price 20 cents expiring on 22 August 2011 and 200,000 unlisted options with an exercise price of 30 cents expiring on 22 August 2011.

29. Financial Instruments

(a) Credit Risk

The Group trades only with credit worthy recognised third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

(b) Foreign currency risk

The consolidated entity undertakes certain transaction denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

(c) Interest Rate Risk

The consolidated entity is exposed to interest rate risk as it invests funds at floating interest rates.

(d) Fair Values

Fair values of financial assets and liabilities are determined by the Group on the following basis:

Market values have been used to determine fair value of listed available-for-sale investments.

The carrying amounts of bank term deposits, other debtors and accounts payable approximate fair value.

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

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity Less than 1 Year \$	Fixed Interest Rate Maturity 1-5 Years \$	Non Interest Bearing \$	Total \$
2007						
<u>Financial Assets</u>						
Cash and cash equivalents	5.2%	3,661,004	-	-	-	3,661,004
Trade and other receivables	2.2%	-	-	-	82,984	82,984
Other financial assets		-	-	-	-	-
		<u>3,661,004</u>	-	-	<u>82,894</u>	<u>3,743,988</u>
<u>Financial Liabilities</u>						
Trade and other payables		-	-	-	(129,017)	(129,017)
Net financial assets/(liabilities)		<u>3,661,004</u>	-	-	<u>(46,123)</u>	<u>3,614,971</u>

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity Less than 1 Year \$	Fixed Interest Rate Maturity 1-5 Years \$	Non Interest Bearing \$	Total \$
2006						
<u>Financial Assets</u>						
Cash and cash equivalents	5.2%	395,490	-	-	-	395,490
Trade and other receivables	2.2%	36,537	-	-	3,412	39,949
Other financial assets		-	-	-	2,733	2,733
		<u>432,027</u>	-	-	<u>6,145</u>	<u>438,172</u>
<u>Financial Liabilities</u>						
Trade and other payables		-	-	-	(134,520)	(134,520)
Net financial assets/(liabilities)		<u>432,027</u>	-	-	<u>(128,375)</u>	<u>303,652</u>

(e) Reconciliation of net financial assets to net assets

	2007 \$	2006 \$
Net financial assets as above	3,614,971	303,652
Non-financial assets & liabilities		
- Exploration Expenditure	2,623,357	2,612,410
- Plant and equipment	301,119	48,170
- Provision	(23,398)	(13,714)
Net Assets per Balance Sheet	<u><u>6,516,049</u></u>	<u><u>2,950,518</u></u>

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mawson West Limited I state that:

1. In the opinion of the directors

(a)The financial statements and notes of the company and of the consolidated entity as set out on pages 16 to 45 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 of their performance for the year ended on that date, and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) There are grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



David Frances
Director
Perth
28 September 2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAWSON WEST LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mawson West Ltd, 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 year ended on that date, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Mawson West Ltd 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, but that the financial report of the Company does not comply.

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.

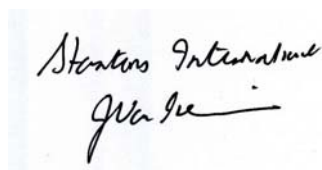
Independence

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 Mawson West Ltd 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 year 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)



John Van Dieren

Director

West Perth, Western Australia
28 September 2007

28 September 2007

Board of Directors
Mawson West Limited
20 Howard Street
Perth WA 6000

Dear Directors

RE: MAWSON WEST 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 Mawson West Limited.

As Audit Director for the audit of the financial statements of Mawson West Limited for the year 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**

ADDITIONAL STOCK EXCHANGE INFORMATION

The additional information dated 25 September 2007 is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Shareholders

	Number
1 - 1,000	30
1,001 - 5,000	202
5,001 - 10,000	180
10,001 - 100,000	593
100,001 and over	158
TOTAL	1,163

There were 61 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Shareholders

Share Holder	Number of Shares	Percentage
Jariana Holdings Pty Ltd	5,738,528	5.29
Macquarie Bank Limited Metals and Energy Capital Division	5,000,000	4.61
Race Capital Limited	4,900,000	4.52
Ascot Holdings Pty Limited	4,012,500	3.70
Curzon Madison Limited	3,284,924	3.03
ANZ Nominees Limited	3,273,696	3.02
Gwynvill Trading Pty Limited	3,250,000	3.00
Canonbar Investments Pty Ltd	2,207,146	2.04
Mr Tasman Lovell	1,390,000	1.28
Invia Custodian Pty Limited	1,363,999	1.26
NCH Investments Pty Ltd	1,333,334	1.23
Trijon Nominees Pty Ltd	1,300,000	1.20
Mr Mathew Cotton	1,241,000	1.14
Comsec Nominees Limited	1,070,000	0.99
Thornaby Limited	1,070,000	0.99
Citicorp Nominees	1,000,000	0.92
Mr Robert Hastings Smythe	1,000,000	0.92
Morwellham Investments Pty Ltd	933,500	0.86
Roslyndale Nominees Pty Ltd	915,104	0.84
Riap Holdings Pty Ltd	894,369	0.83
Total	45,178,100	41.67

Substantial Shareholders

One

Voting Rights

Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Stock Exchange Listing

Mawson West Ltd's ordinary shares are quoted on the Australian Stock Exchange Limited. The home exchange is Perth.

Schedule of Mining Tenements

Name	Ref	Ownership
Albion	P63/1364	100% Reversion of M63/548
Albion	P63/1034	100%
Lady Mary	M63/532 & M63/558	100% Reverted to PL
Lady Mary	P63/981, P63/982 & P63/1092	100%
Lady Mary South	M63/232	100%
Lady Miller	M63/231	100%
Maybell	M63/204	90%
Maybell North	M63/318	90% Reverted to PL
	P63/691	
Black Cat	P63/1369	90% Reversion of M63/340
Maybell Southern	P63/1226 to 1227, & 1232	100%
Extension	P63/1233 to 1247	100% Application
	P63/1254 to 1256 P63/1284 to 1286	100% Application
	P63/1310 to 1311	100% Application
Maybell West	M63/319	90% Reverted to PL
	P63/692	90%
Salmon Gums	E63/874	100%, Application
Beete	E63/931	100%
Waverley	P63/1279 & P63/1303 to P63/1308	100%
Mt Kirk	P63/1280 to 1283	100%
	P63/1300	100%, Application
West Scotia	E63/938 & P63/1288 to 1294	100%
Paynes Find	E59/853	Application (JV Prosperity Resources Ltd)
Mt Singleton	E59/878	Application (JV Prosperity Resources Ltd)
Kiaby Well	E59/934	Application (JV Silver Swan)
Yeoh Hills	E59/903	Application (JV Prosperity Resources Ltd)
	E59/1102	JV Prosperity Resources Ltd
Mt Gibson Sth	E59/875	20% (JV Tantalum Australia Ltd)
Holleton	M77/1104 to 1107	Application (JV Perilya)
Walgany	E57/697 & E57/698	90% Application
Lake Johnson	E63/876	20% Application (JV Regency)
Kenty (Kingsreef)	P26/3017 to P26/3021	100%
Kenty (Timbarra)	P26/3265 to P26/3267	100%
GMS (Central)	P26/3038 to P26/3040	100%
South Lakewood	P26/2926 to P26/2929	100%
Hannans East	P26/3129 to P26/3141	95% (JV Ralph Winter)
Nimbus East	P25/1760 to P25/1765	95% (JV Ralph Winter)
Nimbus East	P25/1629 & P25/1626	95% (Mineral Products Holdings Pty Ltd)
Feysville	P26/2930 to P26/2935	100%
Cazaly	P26/3220 to P26/3230	0% (Cazaly Resources 100% MWE earning 75%)
Kenty	P26/3278	100%
South Lakewood	P26/2973 to P26/2975	100% Application
Lakewood	P26/3254 to P26/3264	100% Application
Lakewood	M26/690 to M26/692	100% Application, Reverting to PL
Nimbus East	P26/1759	100%
Hannans East	P26/2945	100%
Feysville	P26/2976	100% Application
	P26/3279	100%