

MAWSON WEST LTD

A.C.N. 072 595 576

FINANCIAL

REPORT

For the half-year ended
31 December 2008

MAWSON WEST LTD

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

The directors present their report on the consolidated entity consisting of Mawson West Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The following persons were directors of Mawson West Ltd during the whole of the half year and up to the date of this report: -

Name	Particulars
Mark Stowell	Chairman – Non-Executive
Jonathan Asquith	Non-Executive Director
David Frances	Managing Director
Glenn Zamudio	Executive Director
Anthony Lloyd	Non-Executive Director

REVIEW OF OPERATIONS

The economic entity operates as a minerals explorer in the DR Congo, Zambia, and Western Australia.

The main activity is focused on the **Kapulo** copper project, which comprises approximately 5,500km² of contiguous tenure straddling the border between the DR Congo and Zambia in Central Africa. Mawson has earned 65% from Anvil Mining Limited by expenditure of US\$4m within 4 years. Resource definition work is underway.

Western Australian assets comprise – The Golden Mile South Project, and the Mid-West Iron Ore projects.

Golden Mile South project covers 112km² and is located only 4km from the Kalgoorlie superpit which produces +800,000 oz gold p.a. Due to the focus on Kapulo, the company has farmed out this project to our preferred JV partner St Barbara whom are proven undercover explorers which this project requires. St Barbara may spend \$ 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.

The **Mid-West Iron Ore** projects have been joint ventured to other parties who are currently in the process of preliminary resource definition drilling.

MAWSON WEST LTD

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

The consolidated entity incurred an after tax operating loss for the half year ended 31 December 2008 of \$3,237,098 (31 December 2007: \$2,661,181).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

This report is made in accordance with a resolution of the directors.



David Frances
Managing Director
Perth
16 March 2009

**MAWSON WEST LTD
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	<u>31 Dec 2008</u> Consolidated \$	<u>31 Dec 2007</u> Consolidated \$
Other income		126,810	83,439
Consulting fees		(25,983)	(111,738)
Accounting and audit		(36,713)	(41,966)
Depreciation and amortisation expense		(63,046)	(64,529)
Marketing		(10,393)	(32,116)
Exploration expenses		(1,781,908)	(1,294,332)
Listing and share registry		(30,106)	(33,357)
Rental and office expenses		(134,086)	(117,847)
Travel expenses		(128,013)	(73,641)
Insurance		(8,950)	(16,070)
Wages, salaries and related costs		(508,622)	(396,496)
Bad debts		-	(23,382)
Other expenses from ordinary activities		(90,510)	(38,608)
Foreign exchange losses		(398,651)	(67,967)
Share based payments		(146,927)	(432,571)
Loss from continuing operations before tax and finance income		(3,327,098)	(2,661,181)
Finance income		-	-
Loss before income tax		(3,327,098)	(2,661,181)
Income tax		-	-
Net loss for the period		(3,327,098)	(2,661,181)
Basic (Loss) / earnings per share (cents per share)		(2.19)	(2.46)
Diluted (Loss) / earnings per share (cents per share)		(2.19)	(2.46)

The above statement should be read in conjunction with the accompanying condensed notes.

MAWSON WEST LTD
BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	<u>31 Dec 2008</u> Consolidated \$	<u>30 Jun 2008</u> Consolidated \$
Current Assets			
Cash and cash equivalents	6	4,150,528	1,281,671
Trade and other receivables		856,204	81,300
Total Current Assets		5,006,732	1,362,971
Non current Assets			
Other financial assets		29,260	348,479
Exploration assets		1,685,569	1,685,569
Plant and equipment	7	377,530	295,315
Total Non current Assets		2,092,359	2,329,363
Total Assets		7,099,091	3,692,334
Current Liabilities			
Trade and other payables		323,129	417,643
Provisions		40,499	42,754
Total Current Liabilities		363,628	460,397
Total Liabilities		363,628	460,397
Net Assets		6,735,463	3,231,937
Equity			
Equity attributable to equity holders of the parent			
Contributed Equity	3	29,781,619	23,140,368
Reserves		1,181,898	1,082,525
Accumulated Losses		(24,228,054)	(20,990,956)
Total Equity		6,735,463	3,231,937

The above statement should be read in conjunction with the accompanying condensed notes.

MAWSON WEST LTD
CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	<u>Note</u>	<u>31 Dec 2008</u> Consolidated \$	<u>31 Dec 2007</u> Consolidated \$
Cash Flows from Operating Activities			
Interest received		121,666	80,560
Receipts from customers		5,144	2,879
Payments to suppliers and employees		(1,335,400)	(210,371)
Net cash used in operating activities		<u>(1,208,590)</u>	<u>(126,932)</u>
Cash Flows from Investing Activities			
Payments for exploration expenditure		(2,418,543)	(1,841,293)
Payments for property, plant and equipment		(145,261)	(63,570)
Net cash used in investing activities		<u>(2,563,804)</u>	<u>(1,904,863)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		6,641,251	-
Net cash provided/(used in) by financing activities		<u>6,641,251</u>	<u>(2,031,795)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents Held		2,868,857	(2,031,795)
Cash and Cash Equivalents at the Beginning of the Half Year		1,281,671	3,661,004
Cash and Cash Equivalents at the End of the Half Year	6	<u><u>4,150,528</u></u>	<u><u>1,629,209</u></u>

The above statement of cash flows should be read in conjunction with the accompanying condensed notes.

MAWSON WEST LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED

	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2007	21,235,568	(15,440,488)	720,969	6,516,049
Loss for the period	-	(2,661,181)	-	(2,661,181)
Cost of share based plan	-	-	432,571	432,571
Foreign currency translation reserve	-	-	20,104	20,104
At 31 December 2007	21,235,568	(18,101,669)	1,173,644	4,307,543
	Issued capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
At 1 July 2008	23,140,368	(20,990,956)	1,082,525	3,231,937
Loss for the period	-	(3,237,098)	-	(3,237,098)
Shares issued for cash	7,000,000	-	-	7,000,000
Capital Raising costs	(358,749)	-	-	(358,749)
Cost of share based plan	-	-	146,927	146,927
Foreign currency translation reserve	-	-	(47,554)	(47,554)
At 31 December 2008	29,781,619	(24,228,054)	1,181,898	6,735,463

The above statement of changes in equity should be read in conjunction with the condensed accompanying notes.

MAWSON WEST LTD
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the financial periods presented unless otherwise stated.

(a) Basis of preparation

This general purpose condensed financial report for the half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting, and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Mawson West Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realization of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Company's tenements and/or sale of non-core assets. The Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

Should the Company not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is uncertainty as to whether the Company will be able to continue as a going concern.

If the Company is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the final report.

(c) New Accounting Standards and Interpretations

Since 1 July 2008 the Company has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2008. Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Company.

- *AASB 2008-12 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*

The half year report has been prepared on an accruals basis and is based on historical costs.

MAWSON WEST LTD
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

(d) Comparatives

Comparatives are restated where necessary to be consistent with the current half year's disclosures.

2. Revenue

	<u>31 Dec 2008</u> Consolidated \$	<u>31 Dec 2007</u> Consolidated \$
<i>Revenue</i>		
Bank interest	121,666	80,560
Other	5,144	2,879
	<u>126,810</u>	<u>83,439</u>

3. Issued Capital

	<u>31 December</u> <u>2008</u> \$	<u>31 December</u> <u>2008</u> Number
<i>Ordinary Shares</i>		
Issued and fully paid	<u>29,781,619</u>	<u>154,230,631</u>
<i>Movements in ordinary shares on issue</i>		
At 1 July 2008	23,140,368	120,897,297
Issue of shares	6,641,251	33,333,334
At 31 December 2008	<u>29,781,619</u>	<u>154,230,631</u>

Share Options

As of 31 December 2008 there were the following options over unissued fully paid ordinary shares:

- 1,850,000 unlisted options exercisable at 20cents per option before 22 August 2011.
- 7,525,000 unlisted options exercisable at 30 cents per option before 22 August 2011.
- 2,500,000 unlisted options exercisable at 30 cents per option before 30 November 2009.
- 4,850,000 unlisted options exercisable at 20 cents per option before 22 August 2013.

4. Contingencies and Commitments

In order to maintain current rights of tenure to exploration tenements, the economic entity 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 economic entity 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.

MAWSON WEST LTD
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

All Mawson West tenements in Australia have been farmed out and the commitments are picked up by JV partners except Barlee which has been subsequently dropped in February 2009.

As per the Mawson West/Anvil joint venture agreement, the economic entity has a contingent liability to issue 10 million shares once Mawson West defined a JORC compliant indicated resource of 50,000t of copper at 4%.

5. Segment Information

The economic entity operates within the minerals exploration industry in Western Australia, Zambia and the Congo.

31 December 2008

	Australia	Africa	Consolidated
	\$	\$	\$
Revenue	126,810	-	126,810
Segment Result	(637,432)	(2,599,666)	(3,237,098)

31 December 2007

	Australia	Africa	Consolidated
	\$	\$	\$
Revenue	82,480	959	83,439
Segment Result	(798,595)	(1,862,586)	(2,661,181)

6. Cash and Cash Equivalents

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	Consolidated	Consolidated
	\$	\$
Cash at bank and in hand	4,150,528	1,629,209
	<u>4,150,528</u>	<u>1,629,209</u>

7. Property, Plant & Equipment

Acquisitions

During the half-year ended 31 December 2008, the Group acquired assets with a cost of \$145,261.

MAWSON WEST LTD
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

8. Share Based Payment Plans

During the half year ended 31 December 2008 the Company granted the following options to Directors, key management personnel and staff.

- (i) 3,850,000 unlisted options to Directors, at an exercise price of 20 cents each and expiring on 22 August 2013. The fair value of the options at the grant date (28 November 2008) was 2.55 cents per option vesting immediately. 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:	4.73 years
Underlying share price:	4.7 cents
Expected volatility:	100%
Risk free interest rate:	5.91%

- (ii) 750,000 unlisted options to staff, at an exercise price of 20 cents each and expiring on 22 August 2013. The fair value of the options at the grant date (15 December 2008) was 2.39 cents per option vesting immediately. 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:	4.69 years
Underlying share price:	4.5 cents
Expected volatility:	100%
Risk free interest rate:	5.91%

- (iii) 250,000 unlisted options to staff at an exercise price of 20 cents each and expiring on 22 August 2013. The fair value of the options at the grant date (15 December 2008) was 2.21 cents per option vesting over a 6 month period from the grant date. 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:	4.27 years
Underlying share price:	4.5 cents
Expected volatility:	100%
Risk free interest rate:	5.91%

MAWSON WEST LTD
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

9. Related Party Disclosure

Specific transactions with directors and director-related entities for the half year ended 31 December 2008 were:

Fees of \$12,773 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 \$11,666 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;

Payments of \$87,158 to City Show Pty Ltd, a company Mr Asquith has a interest for the provision of office facilities in a building in which Mr Stowell has an interest, and staff on normal terms and conditions.

10. Post Balance Sheet Event

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

MAWSON WEST LTD

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity

- (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
- (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that Mawson West Ltd will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board of Directors



David Frances
Managing Director

16 March 2009

16 March 2009

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 review of the financial statements of Mawson West Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mawson West Resources Limited, which comprises the consolidated condensed balance sheet as at 31 December 2008, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mawson West Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Mawson West Limited on 16 March 2009.

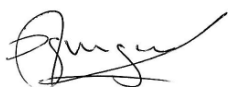
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL (Authorised Audit Company)

Stantons International



K G Lingard
Director

West Perth, Western Australia
16 March 2009