



# **INTERIM FINANCIAL STATEMENTS**

**31<sup>st</sup> December 2009**

A.C.N. 121 511 886

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### ASX Code

SRR

A.C.N. 121 511 886

## COMPANY DIRECTORY

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### Directors

Anthony Walsh (Chairman)  
Vincent Algar (Managing Director)  
Ken Brinsden (Non-executive Director)

### Company Secretary

Anthony Walsh

### Registered Office

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

Telephone: (08) 9226 4455

Facsimile: (08) 9226 4255

### Bankers

National Australia Bank  
1232 Hay Street  
WEST PERTH WA 6005

### Auditors

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

### Home Exchange

Australian Securities Exchange Ltd  
2 The Esplanade  
PERTH WA 6000

### Share Registry

Security Transfers Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

### Lawyers

Hardy Bowen  
Level 1  
28 Ord Street  
WEST PERTH WA 6005

## **DIRECTORS' REPORT**

The directors present their financial statements for the half year ended 31 December 2009.

### **DIRECTORS**

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

Mr Vincent Algar (Managing Director)	Appointed 8.9.06
Mr Anthony Walsh (Chairman)	Appointed 19.2.09
Mr Ken Brinsden (Non executive)	Appointed 19.2.09

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

The operating loss of the Consolidated Entity after income tax for the period ended 31 December 2009 amounted to \$2,660,383 (2008 \$1,905,397).

Operations for the period consisted of exploration for manganese mineral deposits in the Pilbara region of Western Australia.

### **DIVIDENDS**

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

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

The Auditor's Independence Declaration to the directors of Shaw River Resources Ltd is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2009.

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

A Walsh, Chairman

Dated this 10<sup>TH</sup> day of February 2010

Perth, Western Australia.

10 February 2010

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

Dear Sirs

**RE: SHAW RIVER RESOURCES LIMITED**

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

As Audit Director for the review of the financial statements of Shaw River Resources Limited for the period ended 31 December 2009, 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 faithfully

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



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

**CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

		<b>CONSOLIDATED</b>	
	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>Continuing Operations</b>			
Revenues		-	-
Finance revenue	3(a)	90,310	64,507
Other income	3(b)	27,494	-
Employee benefits expense	3(c)	(431,327)	(74,619)
Exploration expense	3(d)	(1,628,454)	(1,134,039)
Administration expense	3(e)	(718,406)	(761,246)
Profit/(Loss) from continuing operations before income tax expense		(2,660,383)	(1,905,397)
Income tax benefit/ (expense)		-	-
<b>Net Profit/(Loss) from continuing operations for the period</b>		<b>(2,660,383)</b>	<b>(1,905,397)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(2,660,383)</b>	<b>(1,905,397)</b>
Net Profit/(Loss) attributable to:			
Members of the parent entity		<b>(2,660,383)</b>	<b>(1,905,397)</b>
Comprehensive income/(loss) attributable to:			
Members of the parent entity		<b>(2,660,383)</b>	<b>(1,905,397)</b>
<b>LOSS PER SHARE (cents per share)</b>			
Basic loss for the period	4	(1.5)	(1.7)
Diluted loss for the period		(1.5)	(1.7)

The accompanying condensed notes form part of the financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009**

	Notes	CONSOLIDATED	
		31 December 2009 \$	30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	5,347,710	3,010,690
Trade and other receivables		190,661	100,493
Prepayments		71,699	64,650
<b>Total Current Assets</b>		<b>5,610,070</b>	<b>3,175,833</b>
<b>Non-current Assets</b>			
Other financial assets		67,000	67,000
Property, plant & equipment		286,358	165,093
Exploration assets		3,251,475	3,051,475
<b>Total Non-current Assets</b>		<b>3,604,833</b>	<b>3,283,568</b>
<b>TOTAL ASSETS</b>		<b>9,214,903</b>	<b>6,459,401</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		328,920	178,602
Provisions		49,375	36,960
Other financial liabilities	10	65,691	42,280
<b>Total Current Liabilities</b>		<b>443,986</b>	<b>257,842</b>
<b>Non-current Liabilities</b>			
Other financial liabilities	10	-	44,086
<b>Total Non-current Liabilities</b>		<b>-</b>	<b>44,086</b>
<b>TOTAL LIABILITIES</b>		<b>443,986</b>	<b>301,928</b>
<b>NET ASSETS</b>		<b>8,770,917</b>	<b>6,157,473</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	7	20,582,018	15,739,518
Option reserve		1,552,677	1,121,350
Accumulated losses		(13,363,778)	(10,703,395)
<b>TOTAL EQUITY</b>		<b>8,770,917</b>	<b>6,157,473</b>

The accompanying condensed notes form part of the financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	<b>CONSOLIDATED</b>	
		<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>\$</b>	<b>\$</b>
Payments to suppliers and employees		(820,263)	(468,800)
Payment for exploration and evaluation		(1,423,711)	(1,694,296)
Interest received		90,310	64,507
Other income		27,494	-
Net cash flows used in operating activities		<u>(2,126,170)</u>	<u>(2,098,589)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in other financial assets		-	(10,000)
Farm in to joint venture		(50,000)	(100,000)
Purchase of property, plant & equipment		(158,635)	(3,145)
Net cash flows used in investing activities		<u>(208,635)</u>	<u>(113,145)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of capital on finance leases		(20,675)	(18,821)
Proceeds from issue of ordinary shares		5,000,000	3,076,777
Cost of capital raising		(307,500)	(188,607)
Net cash flows from financing activities		<u>4,671,825</u>	<u>2,869,349</u>
Net increase in cash and cash equivalents		2,337,020	657,615
Cash and cash equivalents at the beginning of period		<u>3,010,690</u>	<u>1,709,800</u>
Cash and cash equivalents at end of period	6	<u><u>5,347,710</u></u>	<u><u>2,367,415</u></u>

The accompanying condensed notes form part of the financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2009	15,739,518	1,121,350	(10,703,395)	6,157,473
Loss for the period	-	-	(2,660,383)	(2,660,383)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,660,383)	(2,660,383)
Issue of share capital	5,150,000	-	-	5,150,000
Cost of issue of share capital	(307,500)	-	-	(307,500)
Cost of share based payments	-	431,327	-	431,327
At 31 December 2009	20,582,018	1,552,677	(13,363,778)	8,770,917

	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2008	10,819,583	981,729	(7,171,003)	4,630,309
Loss for the period	-	-	(1,905,397)	(1,905,397)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,905,397)	(1,905,397)
Shares to be issued	125,060	-	-	125,060
Options to be issued	-	19,191	-	19,191
Issue of share capital	3,176,776	-	-	3,176,776
Cost of issue of share capital	(188,607)	-	-	(188,607)
Cost of share based payments	-	74,619	-	74,619
At 31 December 2008	13,932,812	1,075,539	(9,076,400)	5,931,951

The accompanying condensed notes form part of the financial statements



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of Preparation

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

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Shaw River Resources Limited and its controlled entities during the period ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

#### Changes in Accounting Policy

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial statement on the basis that they represent a significant change in information from that previously made available and are detailed below.

#### *Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Other accounting standards which are effective for this accounting period include *AASB 3 - Business Combinations* and *AASB 8 - Operating segments*. These accounting standards do not have any impact on the current financial statements as the group had no business combinations in the period.

The group has continued to operate in one business segment (Mining Exploration) and in one geographical region (Australia).

New and revised Standards and Interpretations issued but not yet applicable are not expected to have a significant impact on the financial position or performance of the consolidated entity.

## **CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

### **Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Shaw River Resources Limited and its subsidiaries as at 31 December 2009 ('the Group').

### **Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 3: REVENUE AND EXPENSES**

	<b>CONSOLIDATED</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Revenues and expenses from continuing operations</b>		
<b>a) Finance Revenue</b>		
Bank interest received and receivable	90,310	64,507
<b>b) Other Income</b>		
Fuel Rebate	10,257	-
Workers Compensation	17,237	-
<b>c) Employee Benefits Expense</b>		
Share based payments	431,327	74,619
<b>d) Exploration Expenditure written off</b>		
Exploration cost written of	1,487,332	1,134,039
Application exploration expenses	141,122	-
<b>e) Administration expenses</b>		
Accounting fees	22,979	38,453
Advertising expense	34,370	18,396
Audit fees	20,076	19,074
Company secretarial cost	36,000	36,000
Computer equipment & software	13,091	5,521
Computer support	3,318	6,320
Conferences & seminars	13,100	7,804
Corporate services	86,783	82,336
Depreciation expense	37,370	26,794
Directors fees	18,348	71,697
Insurance	20,711	18,218
Legal fees	9,804	42,854
Occupancy costs	28,531	26,583
Payroll expense	215,555	157,497
Promotion & investor relations	2,162	24,318
Postage	2,880	378
Printing & stationery	19,573	25,129
Telecommunications	11,702	10,085
Travel & Accommodation	17,593	49,992
Other expenses	104,460	93,797
	718,406	761,246

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

<b>NOTE 4: LOSS PER SHARE</b>	<b>2009</b> \$	<b>2008</b> \$
(a) Reconciliation of earnings to net loss:		
Net loss for the period	(2,660,383)	(1,905,397)
Loss used in the calculation of basic loss per share	(2,660,383)	(1,905,397)
 (b) Weighted average number of shares on issue during the period used in the calculation of basic loss per share		
	182,560,892	111,670,416

**NOTE 5: SEGMENT INFORMATION**

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

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 June</b>
	<b>2009</b>	<b>2009</b>
	\$	\$
Cash at bank and in hand	347,710	110,690
Deposits-at call	5,000,000	2,900,000
	5,347,710	3,010,690

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

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

**NOTE 7: CONTRIBUTED EQUITY**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 June</b>
	<b>2009</b>	<b>2009</b>
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	22,076,237	16,926,237
Issue costs	(1,494,219)	(1,186,719)
	20,582,018	15,739,518

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 7: CONTRIBUTED EQUITY (CONTD)**

<b>Movement in ordinary shares on issue 2009</b>	<b>No</b>	<b>\$</b>
At 1 July 2009	163,990,240	15,739,518
17 September 2009, Ordinary shares issued for cash at 15 cents each	24,499,999	3,675,000
9 October 2009, Ordinary shares issued at 15 cents each	8,833,334	1,325,000
15 October 2009, Ordinary shares issued as consideration to acquire 70% of Talisman Joint Venture at 15 cents each	1,000,000	150,000
Less transaction costs	-	(307,500)
	198,323,573	20,582,018

<b>Movement in ordinary shares on issue 2008</b>	<b>No</b>	<b>\$</b>
At 1 July 2008	88,184,274	10,819,583
18 September 2008, Ordinary shares issued for cash at 6 cents each	10,650,000	639,000
29 September 2008, Ordinary shares to be issued at 6.253 cents each	2,000,000	125,060
15 October 2008, Ordinary shares issued for cash at 6 cents each	40,629,604	2,437,776
2 December 2008, Ordinary shares issued for mineral rights to tenements at 8.8 cents each	1,136,363	100,000
Less transaction costs	-	(188,607)
	142,600,241	13,932,812

**NOTE 8: SHARE OPTIONS**

	<b>Number</b>	<b>Exercise Price cents per share</b>
<b>Unlisted options – Expiry date 30 November 2011</b>		
At 1 July 2009	6,400,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	6,400,000	20 cents

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 8: SHARE OPTIONS (CONTD)**

	Number	Exercise Price cents per share
<b>Unlisted options – Expiry date 15 January 2012</b>		
At 1 July 2009	200,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>200,000</u>	20 cents
<b>Unlisted options – Expiry date 22 February 2012</b>		
At 1 July 2009	500,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>500,000</u>	20 cents
<b>Unlisted options – Expiry date 30 November 2012</b>		
At 1 July 2009	500,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired/forfeited	-	-
At 31 December 2009	<u>500,000</u>	20 cents
<b>Unlisted options – Expiry date 28 February 2013</b>		
At 1 July 2009	250,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>250,000</u>	20 cents
<b>Unlisted options – Expiry date 31 December 2010</b>		
At 1 July 2009	2,500,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>2,500,000</u>	20 cents
<b>Unlisted options – Expiry date 28 February 2013</b>		
At 1 July 2009	500,000	24 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>500,000</u>	24 cents

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 8: SHARE OPTIONS (CONTD)**

	Number	Exercise Price cents per share
<b>Unlisted options – Expiry date 28 February 2013</b>		
At 1 July 2009	500,000	29 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>500,000</u>	29 cents
<b>Unlisted options – Expiry date 1 May 2013</b>		
At 1 July 2009	1,000,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>1,000,000</u>	20 cents
<b>Unlisted options – Expiry date 1 May 2013</b>		
At 1 July 2009	1,000,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>1,000,000</u>	20 cents
<b>Unlisted options – Expiry date 31 August 2013</b>		
At 1 July 2009	600,000	9.43 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>600,000</u>	9.43 cents
<b>Unlisted options – Expiry date 31 August 2013</b>		
At 1 July 2009	600,000	10.66 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>600,000</u>	10.66 cents
<b>Unlisted options – Expiry date 28 November 2013</b>		
At 1 July 2009	500,000	15 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>500,000</u>	15 cents

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 8: SHARE OPTIONS (CONTD)**

	Number	Exercise Price cents per share
<b>Unlisted options – Expiry date 28 November 2013</b>		
At 1 July 2009	500,000	20 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>500,000</u>	20 cents
<b>Unlisted options – Expiry date 1 September 2013</b>		
At 1 July 2009	1,000,000	20 cents
Options to be issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>1,000,000</u>	20 cents
<b>Unlisted options – Expiry date 24 March 2014</b>		
At 1 July 2009	100,000	7 cents
Options issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>100,000</u>	7 cents
<b>Unlisted options – Expiry date 24 March 2014</b>		
At 1 July 2009	100,000	8 cents
Options to be issued	-	-
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>100,000</u>	8 cents
<b>Unlisted options – Expiry date 31 July 2014</b>		
At 1 July 2009	-	-
Options to be issued	3,000,000	27 cents
Options exercised	-	-
Options expired	-	-
At 31 December 2009	<u>3,000,000</u>	27 cents



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 9: SHARE-BASED PAYMENTS**

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

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

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Expense arising from options issued to Directors, Employees and Contractors	431,327	74,619
	431,327	74,619

- (b)** The Board has an employee share option incentive plan in place which was approved by shareholders on 26 August 2009. 1,000,000 unlisted 27 cent options were issued to Vincent Algar, Kenneth Brinsden and Anthony Walsh during the six months ended 31 December 2009. In addition 800,000 unlisted 34.5 cent options were offered to 6 employees during the six months ended 31 December 2009. As at 31 December 2009 the 800,000 options had not been issued.

**(c) Employees and Director Options**

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

	<b>Consolidated</b>	
	<b>Number of Options</b>	<b>Weighted average exercise price cents</b>
Outstanding at the beginning of the period	11,250,000	19.2
Granted during the period	3,000,000	27.0
Exercised during the period	-	-
Forfeited during the period	-	-
Outstanding at the end of the period	14,250,000	20.8
Exercisable at the end of the period	12,975,000	20.8

The terms and conditions of the options are as follows;

- (a)** 3,000,000 unlisted options to directors, at an exercise price of 27 cents each and expiring on 31 July 2014. The fair value of the options at the grant date (25 August 2009) was 10.91 cents per option. The fair value of the options has been calculated using the Black-Scholes European Option Pricing Model applying the following inputs:

Weighted average exercise price (cents)	27 cents
Weighted average life of options (years)	4.93 years
Underlying share price (cents)	18 cents
Expected share price volatility	100%
Risk free interest rate	5.26%

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 9: SHARE-BASED PAYMENTS (CONTD)**

- (b) 800,000 unlisted options to key management personnel and staff, at an exercise price of 34.5 cents each and expiring on 2 December 2014. The fair value of the options at the grant date (2 December 2009) was 13.99 cents per option. The fair value of the options has been calculated using the Black-Scholes European Option Pricing Model applying the following inputs:

Weighted average exercise price (cents)	34.5 cents
Weighted average life of options (years)	5 years
Underlying share price (cents)	23 cents
Expected share price volatility	100%
Risk free interest rate	5.03%

**NOTE 10: OTHER FINANCIAL LIABILITIES**

		<b>Consolidated</b>	
		<b>31 Dec</b>	<b>30 June</b>
		<b>2009</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Lease Liability	(a)	65,691	42,280
<b>Non Current</b>			
Lease Liability	(a)	-	44,086

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

**NOTE 11: COMMITMENTS**

**(a) Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in 2009 amounts of approximately \$1,709,320 in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

**(b) Lease expenditure commitments**

		<b>Consolidated</b>	
		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
Operating leases (non-cancellable):			
- not later than one year		19,547	34,456
- after one year but not more than five years		3,626	23,173
Future lease expenditure at reporting date		<u>23,173</u>	<u>57,629</u>
Finance lease liabilities are disclosed in note 10.			

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**NOTE 12: CONTINGENT LIABILITIES**

On 21 October 2009 Shaw River announced that it had entered into a 6 month evaluation option agreement with Mwana Africa PLC (MWA) to acquire 80% interest in a manganese project located in the Republic of Ghana.

If Shaw River elects to exercise its option a total consideration of USD\$200,000 in cash will be paid to MWA, including an amount of USD\$50,000 to be spent on management of the existing joint venture during the evaluation period.

**NOTE 13: EVENTS AFTER BALANCE SHEET DATE**

No matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

## **DIRECTORS' DECLARATION**

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

1. The financial statements and notes, as set out on pages 4 to 18 are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the Consolidated entity's financial position as at 31 December 2009 and of its performance as represented by the results of its operations and cash flows for the period ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Anthony Walsh

Chairman

Dated this 10<sup>TH</sup> day of February 2010

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Shaw River Resources Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration for Shaw River Resources Limited. The consolidated entity comprises both Shaw River Resources Limited and the entities it controlled during the half year.

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

The directors of Shaw River Resources Limited 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 Standards on Review Engagements ASRE 2410 *Review of Interim Financial 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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Shaw River Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

### *Independence*

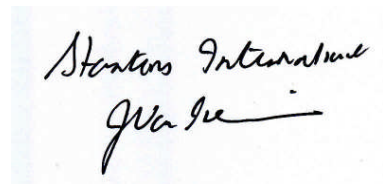
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Shaw River Resources Limited on 10 February 2010.

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

A handwritten signature in black ink on a light blue background. The signature reads "Stantons International" in a cursive script, with "John Van Dieren" written below it in a similar cursive style.

**John Van Dieren  
Director**

West Perth, Western Australia  
10 February 2010