

# **SOUTH BOULDER MINES LIMITED**

**ABN 56 097 904 302**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2006**

**This interim 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 2006 and any public announcements made by South Boulder Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.**

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

<b>Contents</b>	<b>Page</b>
<b>DIRECTORS' REPORT</b>	<b>3</b>
<b>AUDITORS' INDEPENDENCE DECLARATION</b>	<b>4</b>
<b>INCOME STATEMENT</b>	<b>5</b>
<b>BALANCE SHEET</b>	<b>6</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>7</b>
<b>CASH FLOW STATEMENT</b>	<b>8</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>9</b>
<b>DIRECTORS' DECLARATION</b>	<b>10</b>
<b>INDEPENDENT REVIEW REPORT TO THE MEMBERS</b>	<b>11</b>

## **SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

### **DIRECTORS' REPORT**

Your directors submit their report on South Boulder Mines Limited for the half-year ended 31 December 2006.

#### **DIRECTORS**

The names of the directors who held office during or since the end of the half-year are:

Brian Rear

Liam Cornelius

Dennis Wilkins

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

A summary of revenues and results for the half-year is set out below:

##### *Financial*

	<b>2006</b>	
	<b>Revenues</b>	<b>Results</b>
	<b>\$</b>	<b>\$</b>
Mineral exploration and investment	267,593	(207,457)

##### *Exploration activities*

The company continues to be actively involved in exploration, focussing primarily on gold and base metals in Western Australia.

#### **AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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

**Dennis Wilkins**

Director

Perth, 15 March 2007

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

**DIRECTORS' REPORT (continued)**

**AUDITORS' INDEPENDENCE DECLARATION**

As lead auditor for the review of South Boulder Mines Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan  
Lead Auditor  
Rothsay Chartered Accountants

15 March 2007

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

**INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	<b>31 December 2006</b>	<b>31 December 2005</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE FROM CONTINUING OPERATIONS</b>	<b>267,593</b>	<b>129,339</b>
<b>EXPENDITURE</b>		
Administration expenses	<b>(52,160)</b>	<b>(76,208)</b>
Depreciation	<b>(2,558)</b>	<b>(1,863)</b>
Employee expenses	<b>(104,005)</b>	<b>(89,715)</b>
Exploration expenditure written off	<b>(239,341)</b>	<b>(250,350)</b>
Secretarial and share registry expenses	<b>(20,177)</b>	<b>(9,932)</b>
Share based payments	<b>(10,980)</b>	<b>-</b>
Other expenses	<b>(45,829)</b>	<b>(22,272)</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(207,457)</b>	<b>(321,001)</b>
Income tax benefit	<b>-</b>	<b>-</b>
<b>LOSS ATTRIBUTABLE TO MEMBERS OF SOUTH BOULDER MINES LIMITED</b>	<b>(207,457)</b>	<b>(321,001)</b>
Basic and diluted loss per share (cents)	<b>(0.5)</b>	<b>(1.0)</b>

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

**SOUTH BOULDER MINES LIMITED****31 DECEMBER 2006****BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	<b>31 December 2006</b>	<b>30 June 2006</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<b>1,092,307</b>	1,505,882
Trade and other receivables	<b>37,579</b>	10,524
Other financial assets at fair value through profit or loss	<b>880,800</b>	80,000
<b>TOTAL CURRENT ASSETS</b>	<b>2,010,686</b>	1,596,406
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	<b>17,707</b>	20,265
<b>TOTAL NON-CURRENT ASSETS</b>	<b>17,707</b>	20,265
<b>TOTAL ASSETS</b>	<b>2,028,393</b>	1,616,671
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>72,958</b>	35,761
Provisions	<b>15,876</b>	18,674
<b>TOTAL CURRENT LIABILITIES</b>	<b>88,834</b>	54,435
<b>TOTAL LIABILITIES</b>	<b>88,834</b>	54,435
<b>NET ASSETS</b>	<b>1,939,559</b>	1,562,236
<b>EQUITY</b>		
Issued capital	<b>4,819,889</b>	4,819,889
Reserves	<b>867,380</b>	282,600
Accumulated losses	<b>(3,747,710)</b>	(3,540,253)
<b>TOTAL EQUITY</b>	<b>1,939,559</b>	1,562,236

The above balance sheet should be read in conjunction with the accompanying notes.

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	<b>31 December 2006</b>	<b>31 December 2005</b>
	<b>\$</b>	<b>\$</b>
<b>TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR</b>	<b>1,562,236</b>	<b>2,110,639</b>
Changes in the fair value of other financial assets	<b>573,800</b>	-
<b>NET INCOME RECOGNISED DIRECTLY IN EQUITY</b>	<b>573,800</b>	-
<b>LOSS FOR THE HALF-YEAR</b>	<b>(207,457)</b>	<b>(321,001)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF SOUTH BOULDER MINES LIMITED</b>	<b>366,343</b>	<b>(321,001)</b>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	<b>10,980</b>	-
<b>TOTAL EQUITY AT THE END OF THE HALF-YEAR</b>	<b>1,939,559</b>	<b>1,789,638</b>

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

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

**CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	<b>31 December 2006</b>	<b>31 December 2005</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	<b>(233,138)</b>	(250,350)
Payments to suppliers and employees	<b>(215,832)</b>	(225,066)
Interest received	<b>31,564</b>	49,338
<b>Net cash used in operating activities</b>	<b>(417,406)</b>	(426,078)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for equities	<b>(104,000)</b>	-
Proceeds from sale of equities	<b>107,831</b>	-
<b>Net cash provided by investing activities</b>	<b>3,831</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash provided by financing activities</b>	<b>-</b>	-
Net increase/(decrease) in cash and cash equivalents	<b>(413,575)</b>	(426,078)
Cash and cash equivalents at the beginning of the half-year	<b>1,505,882</b>	2,145,181
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>1,092,307</b>	1,719,103

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

## SOUTH BOULDER MINES LIMITED

31 DECEMBER 2006

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This interim 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 2006 and any public announcements made by South Boulder Mines Limited during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial report.

#### NOTE 2: SEGMENT INFORMATION

The company operates in predominantly one business and geographical segment, being mineral exploration in Australia.

#### NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

	Number of options	
	2006	2005
<b>Movements of options during the half-year</b>		
Issued, exercisable at 30 cents, on or before 24 March 2008	300,000	-
Issued, exercisable at 25 cents, on or before 31 August 2010	-	1,000,000
25 cent options lapsed on 31 December 2005	-	(500,000)
20 cent options lapsed on 31 December 2005	-	(5,914,999)
	<b>300,000</b>	<b>(5,414,999)</b>

#### NOTE 4: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

#### NOTE 5: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2006, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.

**SOUTH BOULDER MINES LIMITED**

**31 DECEMBER 2006**

**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 9 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
2. there are reasonable grounds to believe that South Boulder Mines Limited 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 directors.

**Dennis Wilkins**

Director

Perth, 15 March 2007

# ROTHSAY

Level 1, 2 Barrack Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001  
Phone 9299 0091 Facsimile 9299 2595 E-mail swan2000@bigpond.com

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SOUTH BOULDER MINES LIMITED

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of South Boulder Mines Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the company at 31 December 2006 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for South Boulder Mines Limited, for the half-year ended 31 December 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to top financial data.

Our procedures include reading the other information with the financial report to determine whether it contains any material inconsistencies with the financial report.



Chartered Accountants

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SOUTH BOULDER MINES LIMITED  
(continued)**

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

**Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



**Rothsay**  
Chartered Accountants



Graham R Swan  
Partner  
Dated this 15 day of March 2007