

SOUTH BOULDER MINES LIMITED

ABN 56 097 904 302

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2007

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 2007 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 2007

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SOUTH BOULDER MINES LIMITED

31 DECEMBER 2007

DIRECTORS' REPORT

Your directors submit their report on South Boulder Mines Limited for the half-year ended 31 December 2007.

DIRECTORS

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

Brian Rear

Liam Cornelius

Terrence Grammer (appointed 16 October 2007)

Dennis Wilkins

REVIEW AND RESULTS OF OPERATIONS

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

Financial

| | 2007 | |
|-----------------------------|----------|-----------|
| | Revenues | Results |
| | \$ | \$ |
| South Boulder Mines Limited | 396,789 | (460,619) |

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.



Liam Cornelius

Managing Director

Perth, 11 March 2008

*R*OTHSA Y

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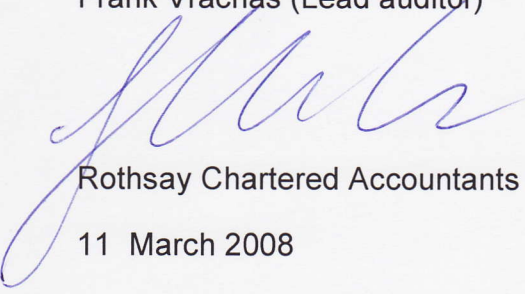
The Directors
South Boulder Mines Limited
131 Edward St
Perth WA 6000

Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2007 half yearly financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)



Rothsay Chartered Accountants

11 March 2008



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

SOUTH BOULDER MINES LIMITED

31 DECEMBER 2007

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

| | Half-year | |
|---|------------------|-----------|
| | 2007 | 2006 |
| | \$ | \$ |
| REVENUE FROM CONTINUING OPERATIONS | 396,789 | 267,593 |
| EXPENDITURE | | |
| Depreciation expense | (4,492) | (2,558) |
| Salaries and employee benefits expense | (4,961) | (104,005) |
| Exploration expenditure | (563,817) | (239,341) |
| Corporate expenses | (30,979) | - |
| Consulting expenses | (60,959) | (20,177) |
| Administration expenses | (33,716) | (52,160) |
| Share based payment expense | (138,600) | (10,980) |
| Other expenses | (19,884) | (45,829) |
| LOSS BEFORE INCOME TAX | (460,619) | (207,457) |
| Income tax benefit | - | - |
| LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF SOUTH BOULDER MINES LIMITED | (460,619) | (207,457) |
| Basic and diluted loss per share (cents) | (1.0) | (0.5) |

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

SOUTH BOULDER MINES LIMITED**31 DECEMBER 2007****BALANCE SHEET
AS AT 31 DECEMBER 2007**

| | 31 December 2007 \$ | 30 June 2007 \$ |
|---|------------------------------------|--------------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,176,025 | 1,977,425 |
| Trade and other receivables | 40,492 | 27,596 |
| Financial assets at fair value through profit or loss | 2,598,825 | 2,114,450 |
| TOTAL CURRENT ASSETS | 3,815,342 | 4,119,471 |
| NON-CURRENT ASSETS | | |
| Plant and equipment | 30,909 | 23,741 |
| TOTAL NON-CURRENT ASSETS | 30,909 | 23,741 |
| TOTAL ASSETS | 3,846,251 | 4,143,212 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 93,521 | 61,906 |
| Provisions | 12,062 | 18,619 |
| TOTAL CURRENT LIABILITIES | 105,583 | 80,525 |
| TOTAL LIABILITIES | 105,583 | 80,525 |
| NET ASSETS | 3,740,668 | 4,062,687 |
| EQUITY | | |
| Contributed equity | 5,780,689 | 5,780,689 |
| Reserves | 782,720 | 644,120 |
| Accumulated losses | (2,822,741) | (2,362,122) |
| TOTAL EQUITY | 3,740,668 | 4,062,687 |

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

SOUTH BOULDER MINES LIMITED

31 DECEMBER 2007

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

| | Half-year | |
|---|------------------|-----------|
| | 2007 | 2006 |
| | \$ | \$ |
| TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR | 4,062,687 | 1,562,236 |
| Changes in the fair value of financial assets | - | 573,800 |
| NET INCOME RECOGNISED DIRECTLY IN EQUITY | - | 573,800 |
| LOSS FOR THE HALF-YEAR | (460,619) | (207,457) |
| TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF SOUTH BOULDER MINES LIMITED | (460,619) | 366,343 |
| Transactions with equity holders in their capacity as equity holders: | | |
| Employee share options | 138,600 | 10,980 |
| TOTAL EQUITY AT THE END OF THE HALF-YEAR | 3,740,668 | 1,939,559 |

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

SOUTH BOULDER MINES LIMITED**31 DECEMBER 2007****CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

| | Half-year | |
|--|------------------|------------------|
| | 2007 | 2006 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Expenditure on mining interests | (549,833) | (233,138) |
| Payments to suppliers and employees | (152,321) | (215,832) |
| Proceeds on sale of mining interests | 6,835 | - |
| Interest received | 51,706 | 31,564 |
| Net cash used in operating activities | (643,613) | (417,406) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for plant and equipment | (11,660) | - |
| Payment for equities | (429,650) | (104,000) |
| Proceeds from sale of equities | 283,523 | 107,831 |
| Net cash provided by investing activities | (157,787) | 3,831 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net cash provided by financing activities | - | - |
| Net increase/(decrease) in cash and cash equivalents | (801,400) | (413,575) |
| Cash and cash equivalents at the beginning of the half-year | 1,977,425 | 1,505,882 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR | 1,176,025 | 1,092,307 |

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

SOUTH BOULDER MINES LIMITED

31 DECEMBER 2007

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 2007 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 2007 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 reporting period.

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 | |
|--|-------------------|----------------|
| | 2007 | 2006 |
| Movements of options during the half-year | | |
| Cancelled, exercisable at 25 cents, on or before 31 March 2011 | (50,000) | - |
| Issued, exercisable at 20 cents, on or before 30 November 2012 | 2,000,000 | - |
| Issued, exercisable at 30 cents, on or before 24 March 2008 | - | 300,000 |
| | <u>1,950,000</u> | <u>300,000</u> |

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 2007, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

SOUTH BOULDER MINES LIMITED

31 DECEMBER 2007

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 2007 and of its performance 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.



Liam Cornelius
Managing Director
Perth, 11 March 2008

ROTHSAY

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Independent Review Report to the Members of South Boulder Mines Ltd

The financial report and directors' responsibility

The interim financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for South Boulder Mines Ltd for the half-year ended 31 December 2007.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and 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 our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of South Boulder Mines Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of South Boulder Mines Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2007 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Frank Vrachas
Partner

Dated this 11th day of March 2008



Chartered Accountants

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under the Professional Standards Act 1994 (NSW).