



WESTONIA MINES LIMITED

ABN 74 084 669 036

Condensed Consolidated Interim Financial Statements

For the Period 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 Westonia Mines Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Westonia Mines Limited

Condensed Consolidated Interim financial statements
For the half year Ended 31 December 2006

CONTENTS

	<u>Page</u>
Interim Financial Statements	
Directors' Report	1
Income Statement	3
Condensed Consolidated Balance Sheet	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	7
Directors' Declaration	11
Independent Review Report	12

Westonia Mines Limited

Directors' Report

31 December 2006

Your directors present their report on the company and its controlled entity ("the Group") for the financial period ended 31 December 2006.

1. General information

a Directors

The names of the directors in office at any time during, or since the end of, the period are:

Names

Mark Fitzpatrick

David Hatch

Murray Pollock

Chris Melloy

John Rowe (Appointed October 12, 2007)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

b Principal Activities and Review of Operations

The principal activities of the Group during the financial period were:

- The successful completion of a \$6.1 million equity raising for the removal of the Big Bell plant.
- A placement of 10.42 million shares was made to Lion Selection Group Limited, these funds were received as part of the placement made in June 2006 and, were used for a combination of accelerating the completion of the feasibility study, a continuation of the Company's exploration program and for working capital purposes.
- The near-mine and regional exploration programs continued with the completion of the infill drilling at Greenfinch and the identification of an additional target North-West of Westonia.
- Project development continued during the period including;
 - Review of the EPCM tender.
 - Awarding of the contract to disassemble and relocate the Big Bell plant to Westonia.
 - Review of financing proposals for the development of the Westonia Gold Project.

There have been no significant changes in the nature of the Group's principal activities during the financial period.

Westonia Mines Limited

Auditor's Independence Declaration

For the half year Ended 31 December 2006

2. Business review

Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$1,440,507 (2005: - \$398,068).

3. Other items

a Significant Changes in State of Affairs

No significant changes in the Group's state of affairs occurred during the financial period.

b After balance day events

On 20 February 2007, the Company issued 1,071,920 to Lion Selection Limited fully paid ordinary shares in lieu of sub-underwriting fees in relation to the renounceable rights issue completed on 8 December 2006.

The dismantling and relocation of the Big Bell plant is proceeding in accordance with the agreed timeframe and budget.

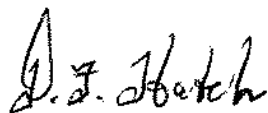
c Future developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

d Auditors Independence Declaration

The auditor's independence declaration for the period ended 31 December 2006 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the directors.



David Hatch
Managing Director
Dated 15 March 2007

Westonia Mines Limited

Condensed Consolidated Income Statement

For the half year Ended 31 December 2006

	2006	2005
	\$	\$
Other revenue	191,410	154,622
Administrative costs	(228,605)	(252,045)
Depreciation and amortisation expense	(61,023)	(9,251)
Wages, salaries and consulting fees	(464,648)	(213,880)
Share-based payments	(14,404)	(10,640)
Impairment of Plant & Equipment	(650,000)	-
Other expenses	(227,641)	(66,874)
	<hr/>	
Loss before income tax	(1,454,911)	(398,068)
	<hr/>	
Income tax expense	-	-
	<hr/>	
Net loss for the period	(1,454,911)	(398,068)
	<hr/>	
Basic loss per share (cents per share)	(0.58)	(0.18)
Diluted loss per share (cents per share)	(0.58)	(0.18)

The Condensed Consolidated Income Statement is to be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.

Westonia Mines Limited

Condensed Consolidated Balance Sheet

As at 31 December 2006

		December 31	June 30
		2006	2006
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	8,457,262	5,014,414
Trade and other receivables		261,211	130,742
Other financial assets		1,893,122	1,967,284
Total current assets		10,611,595	7,112,440
Non-current assets			
Property, plant and equipment		3,217,286	3,260,908
Mineral properties	4	6,549,634	4,703,501
Other financial assets		1,500	35,500
Total non-current assets		9,768,420	7,999,909
TOTAL ASSETS		20,380,015	15,112,349
LIABILITIES			
Current liabilities			
Trade and other payables		437,308	2,020,608
Provisions	10	5,892,626	5,223,543
Total current liabilities		6,329,934	7,244,151
TOTAL LIABILITIES		6,329,934	7,244,151
NET ASSETS		14,050,081	7,868,198
EQUITY			
Issued capital	5	30,214,368	22,591,978
Option reserve		470,670	456,266
Accumulated losses		(16,634,957)	(15,180,046)
TOTAL EQUITY		14,050,081	7,868,198

The above Condensed Consolidated Balance Sheet is to be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.

Westonia Mines Limited

Condensed Consolidated Statement of Changes in Equity

For the half year Ended 31 December 2006

Changes in equity for the half year ended 31 December 2006

	Issued capital \$	Accumulated losses \$	Option Reserve	Total \$
Balance at 1 July 2006	22,591,978	(15,180,046)	456,266	7,868,198
Loss for the period	-	(1,454,911)	-	(1,454,911)
Share based payments	-	-	14,404	14,404
Issue of shares, net of transaction costs	7,622,390	-	-	7,622,390
Balance as at 31 December 2006	30,214,368	(16,634,957)	470,670	14,050,081

Changes in equity for the half year ended 31 December 2005

	Issued capital \$	Accumulated losses \$	Option reserve \$	Total \$
Balance at 1 July 2005	20,507,406	(2,570,789)	-	17,936,617
Prior period adjustments	-	(2,464)	2,464	-
	20,507,406	(2,573,253)	2,464	17,936,617
Changes				
Loss for the period	-	(398,068)	-	(398,068)
Share-based payments	-	-	10,640	10,640
Balance as at 31 December 2005	20,507,406	(2,971,321)	13,104	17,549,189

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.

Westonia Mines Limited

Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2006

	2006	2005
	\$	\$
Cash from operating activities:		
Other income	250	-
Interest received	191,160	154,622
Payments to suppliers and employees	(816,160)	(543,861)
Net cash used by operating activities	(624,750)	(389,239)
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	-	2,727
Acquisition of property, plant and equipment	(17,401)	(10,253)
Payments for mineral exploration and evaluation activities	(1,861,928)	(2,083,093)
Payments to acquire other financial assets	-	(1,588,767)
Proceeds from term deposits recovered	95,936	-
Net cash used by investing activities	(1,783,393)	(3,679,386)
Cash flows from financing activities:		
Proceeds from the issue of share capital	6,150,819	-
Cost of issue of share capital	(299,828)	-
Net cash provided by financing activities	5,850,991	-
Net increase/(decrease) in cash and cash equivalents	3,442,848	(4,068,625)
Cash and cash equivalents at 1 July 2006	5,014,414	7,200,054
Cash and cash equivalents at 31 December 2006	8,457,262	3,131,429

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.

Westonia Mines Limited

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 December 2006

1. Summary of Accounting Policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2006 annual financial report for the financial year ended 30 June 2006:

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Company's accounting policies.

2. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

Westonia Mines Limited

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 December 2006

3 Cash and cash equivalents

	31 December 2006	30 June 2006
	\$	\$
For the purposes of the half year statement of cash flows, cash and cash equivalents are comprised of the following:		
Bank balances	457,262	5,014,414
Short-term deposits	8,000,000	-
	<u>8,457,262</u>	<u>5,014,414</u>

In addition to the amounts shown as Cash and cash equivalents the Company also had \$1,894,000 on short term deposit securing its obligations with respect to environmental rehabilitation and other tenement securities. As the deposits are not convertible into cash within 3 months of the balance sheet date, these amounts have been included under other financial assets.

4 Mining properties

	31 December 2006
	\$
Exploration and evaluation costs carried forward in respect of mining areas of interest	<u>4,887,092</u>
Carrying amount at beginning of period	3,915,850
Additions	987,037
Written off	<u>(15,795)</u>
Carrying amount at end of period	<u>4,887,092</u>
Development costs carried forward in respect of mining areas of interest	<u>1,662,542</u>
Carrying amount at beginning of period	787,651
Additions	952,362
Written off	<u>(77,471)</u>
Carrying amount at end of period	<u>1,662,542</u>
Total expenditure carried forward in respect of mining properties	<u>6,549,634</u>

Westonia Mines Limited

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 December 2006

5 Issued Capital

(a) Issued and paid up capital

	31 December 2006	30 June 2006
	\$	\$
305,930,131 (30 June 2006: 234,157,498) ordinary fully paid shares	30,214,368	22,591,978
Total	30,214,368	22,591,978

(b) Movements in shares on issue

	No. of shares	\$
Beginning of the period	234,157,498	22,591,978
Issued during the period		
3/7/06 - Placement of shares to raise additional capital	10,420,000	1,771,400
21/8/06 - Issue on exercise of options	155,550	31,110
14/11/06 - Issue of shares – renounceable entitlement	61,183,262	6,118,326
15/12/06 - Placement of shares to raise additional capital	13,821	1,382
Capital raising costs	-	(299,828)
End of the period	305,930,131	30,214,368

(c) Share Options

	No. of options
Balance as at 1 July 2006	30,564,669
Lapsed during the six months to 31 December 2006	(27,249,119)
Exercised during the period	(155,550)
	<u>3,160,000</u>

6 Related Party Transactions

Arrangements with related parties continue to be in place. For these details, please refer to the 30 June 2006 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits and share based payments.

7 Segment Reporting

The consolidated entity operates in one industry and one geographical segment, namely the mining industry within Western Australia.

Westonia Mines Limited

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 December 2006

8 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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 2006.

9 Contingencies

In the opinion of the directors, there are no contingent liabilities as at 31 December 2006 and none were incurred in the interval between the period end and the date of this financial report.

10 Movement in Provisions

The total provision made during the year, \$650,000 is in respect to the consolidated entity's obligation to perform site restoration work required under the agreement between the Company and Harmony Gold Mines once the relocation of the Big Bell Mill has been completed.

11 Subsequent events

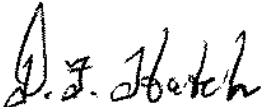
On 20 February 2007, the Company issued 1,071,920 fully paid ordinary shares in lieu of sub-underwriting fees in relation to the renounceable rights issue completed on 8 December 2006.

The dismantling and relocation of the Big Bell plant is proceeding in accordance with the agreed timeframe and budget.

The directors of the company declare that:

- 1. The financial statements and notes, as set out on pages 3 to 11:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
- 2. In the directors opinion, 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.



Director

Dated 15 March 2007

15 March 2007

To the Board of Directors of Westonia Mines Limited

Ian K Macpherson CA

Robert W Parker CA

Craig A Vivian CA

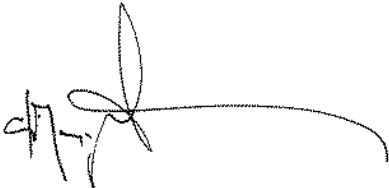
Dear Sirs

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31st December 2006 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely
ORD PARTNERS



Ian Keith Macpherson
Partner

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**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF
WESTONIA MINES LIMITED**

Scope

The financial report and directors' responsibility

We have reviewed the interim financial report of Westonia Mines Limited ('the Company') for the half year ended 31 December 2006, consisting of the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, accompanying notes, and the directors' declaration. The consolidated entity comprises the Company and the entities it controlled at the half year's end or from time to time during the half year.

The Company's directors are responsible for the preparation and fair presentation of the interim financial report in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard 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 Company's financial position as at 31st December 2006 and its 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 the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the interim 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 or 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 followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Ian K Macpherson CA

Robert W Parker CA

Craig A Vivian CA

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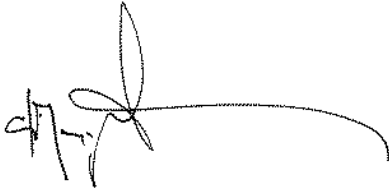
Conclusion

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 the Company 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 31st December 2006 and of its performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

ORD PARTNERS

Chartered Accountants

A handwritten signature in black ink, appearing to read 'I. Macpherson', with a long horizontal flourish extending to the right.

Ian Macpherson
Partner

Dated this 15 day of March 2007
Perth, WA