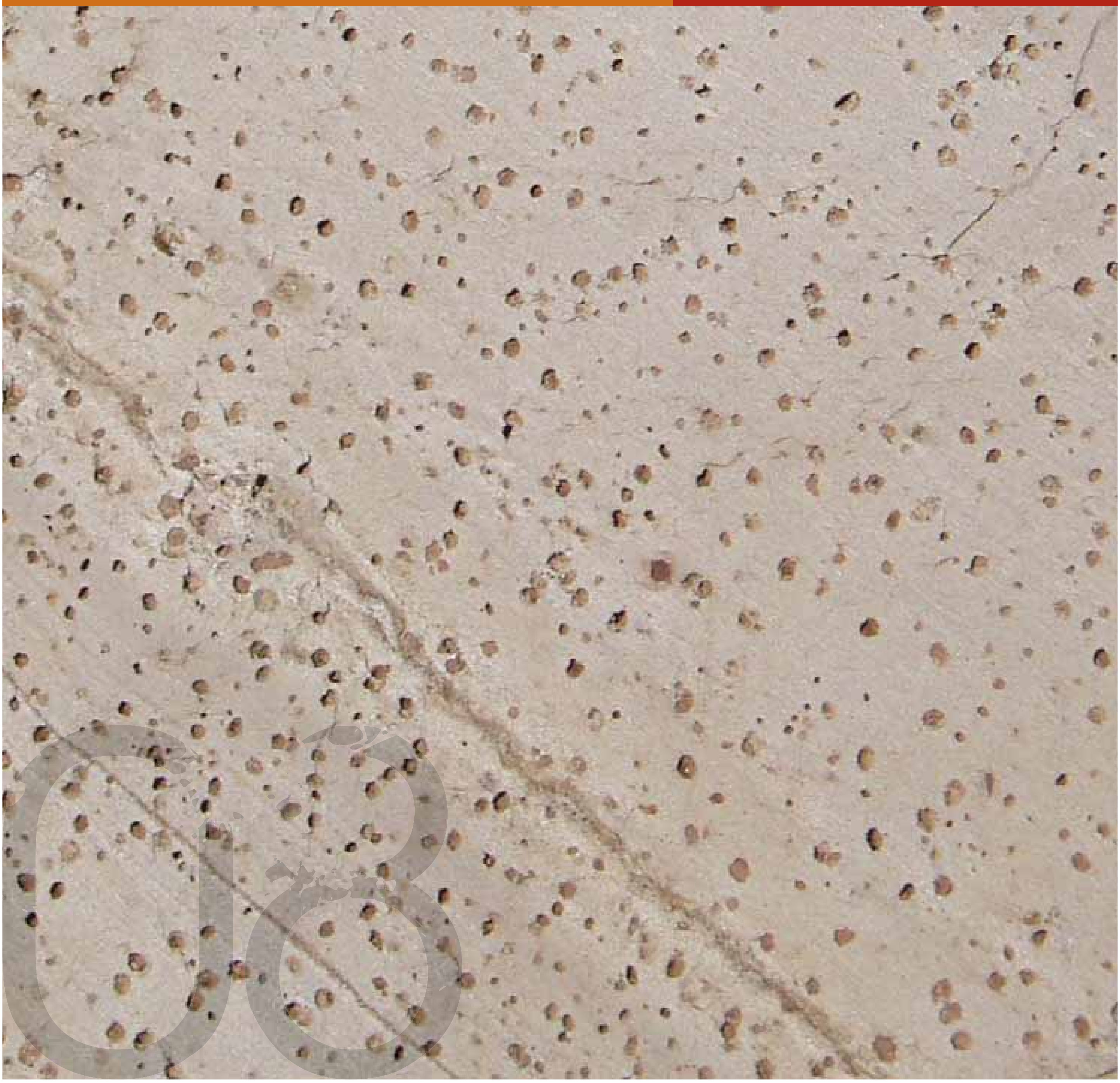
ASHBURTON MINERALS LTD

2008 | Annual Report



Corporate Directory

Directors
Rick CRABB
(Non-Executive Chairman)

Tom DUKOVCIC
(Managing Director)

Rodney DUNN
(Executive Director)

Peter BRADFORD
(Non-Executive Director)

Company Secretary
Rodney DUNN

Registered Office
310 Newcastle Street
PERTH WA 6000
Telephone: (08) 9225 9000
Facsimile: (08) 9225 9001

Principal Place of Business
310 Newcastle Street
PERTH WA 6000
Telephone: (08) 9225 9000
Facsimile: (08) 9225 9001
Website: www.ashburton-minerals.com.au

Solicitors
Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005
Telephone: (08) 9322 7644
Facsimile: (08) 9322 1506

Country of Incorporation
Australia

Auditors
Moore Stephens Chartered Accountants
Level 3
12 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9225 5355
Facsimile: (08) 9225 6181

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Home Exchange
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Codes: ATN, ATNOA

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Chairman's Report

Dear Shareholder,

As I write this, the world financial markets are in turmoil and we obviously face ongoing uncertainty for some time. We have seen this uncertainty extend to the resources industry and you might be wondering how this affects Ashburton Minerals Ltd.

As an exploration company, Ashburton's activities are solely directed at making a significant mineral discovery through the exploration of quality projects. In particular, during the year, your Company has had significant success with gold exploration at Cuiaba, in Brazil, and with copper-gold exploration at Mt Webb in Western Australia. Both of these are large projects with the potential for each to host 'world-class' deposits. The work by Ashburton so far indicates that this is a valid view and, that being the case, the Board believes that exploration success will ensure the Company's future.

Therefore, by virtue of the quality of Ashburton's projects, as confirmed by the results we have achieved thus far, your Company should be well placed to attract investor support and to ride out these tentative times. However, exploration companies in particular may find the equity markets a difficult place to raise capital, so the Board is mindful of the need to carefully nurture available funds.

The continuing work at the 230-year old Cuiaba goldfield resulted in the discovery during the year of another area of significant gold mineralisation. The Teixeirinha discovery includes RAB drilling intercepts such as 10 m @ 2.10 g/t in the bedrock, from within a zone of 4 km x 2 km of anomalous gold in surface soils. Due to the large size of this anomaly, the Company has been able to drill only a small part of the Teixeirinha area, so the full potential remains unknown. This discovery comes on the back of the Tanque Belo discovery of last year, where the surface anomaly now extends for over 5 km along strike. These results demonstrate that we are dealing with very large systems, so the potential for a large discovery remains high.

At Mt Webb, your Company is involved with a very exciting copper-gold project. An initial field inspection during the year by staff geologists to the Pokali prospect has revealed the area to be far more prospective than was initially thought. Outcropping copper mineralisation has been mapped over a 3.5 km area and within several sub-parallel zones, one of which outcrops continuously for 1.1 km. This is a simply outstanding result. Surface rock chip samples returned very strong results with up to 13% copper and up to 19 g/t gold. In addition, the mineralised rocks contain significant silver and palladium thus greatly enhancing the economic potential of any discovery. The Managing Director and his geological team regard these results from Pokali as possibly the most exciting discovery the Company has been involved with in its 14 year history.

As scheduled, drilling at Mt Webb commenced in late September, however, these results will only become available after this report has gone to print.

During the year the Company raised some $2.54 M to fund its ongoing activities. This consisted of a placement in November 2007 of 20.5 M shares at 4.6 cents to sophisticated investors to raise $0.94 M, and a renounceable rights issue to shareholders in May 2008 of 63.9 M shares at 2.5 cents each to raise $1.6 M.

Ashburton will need to continue to generate excellent exploration results to be able to attract the necessary investment funds to allow it to maintain its exploration activities. Due to the outstanding quality of your Company's two lead projects, your Board is of the opinion that the continued application of the Company's proven exploration approach will lead to ongoing positive exploration results.

On behalf of the Board and shareholders, I would like to thank our Managing Director Tom Dukovcic, Executive Director Rod Dunn and all staff in Australia and Brazil for another year of solid work.

Rick Crabb
Chairman

During the year under review the Company's principal activity was mineral exploration in Australia and Brazil, centred on the following projects and commodities:

- ***Cuiaba Gold Project, Mato Grosso State, Brazil: gold***
- ***Sapucai Project, Minas Gerais State, Brazil: gold***
- ***Mt Webb IOCG Project, WA, Australia: copper, gold***
- ***Sunday Bore Project, WA, Australia: uranium, copper, gold***
- ***Spring Valley Project, NSW, Australia: zinc, copper***

The Company has had a very active and successful year and has generated positive results from all of its exploration properties. Particularly encouraging is the growth and enhancement of the Cuiaba Project in Brazil, while the Mt Webb project in Australia represents one of the most exciting ventures the Company has been involved with in its 14 year history.

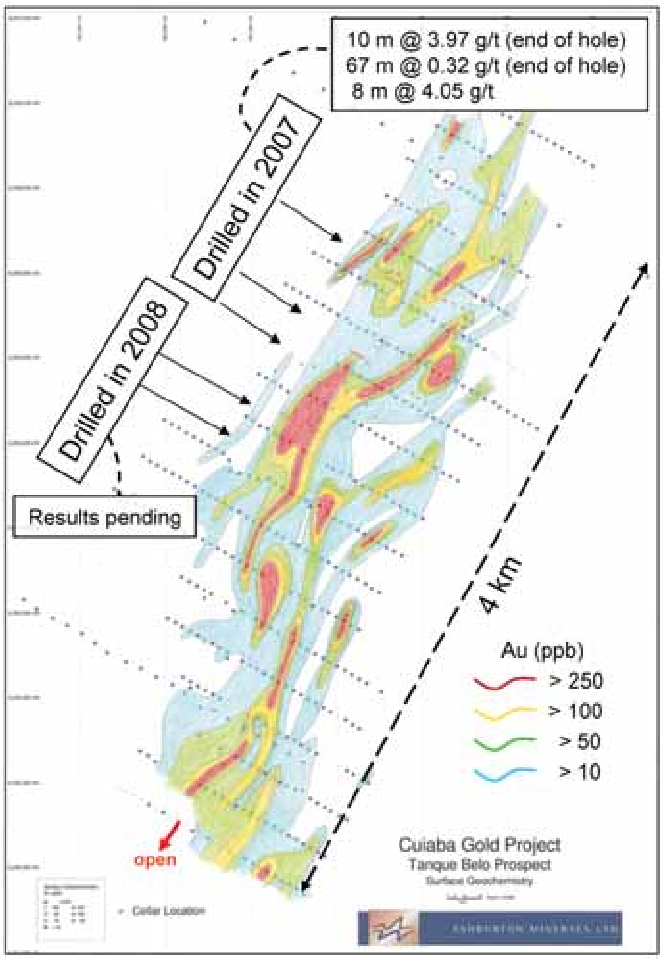
Brazil

Cuiaba Gold Project, Brazil

The Cuiaba Gold Project was again the Company's main focus. The Company continued to apply a systematic exploration approach at this large, 1,300 km^2 project situated on the outskirts of the city of Cuiaba. This approach resulted in further significant discoveries which confirm the Company's view that the Cuiaba Gold Project is prospective for large sediment-hosted disseminated gold deposits of the "Carlin" style.

Building on from last year's discovery of the Tanque Belo prospect (eg, 10 m @ 2.97 g/t; 67 m @ 0.32 g/t), the ongoing programme of surface soil sampling identified a large anomaly in the northern part of the project area at Teixeirinha (pronounced: tey-zhe-rinya). Subsequent initial RAB drilling at Teixeirinha confirmed the presence of significant bedrock

Brazil project location



Tanque Belo prospect gold anomaly

gold mineralisation at the prospect, including 10 m @ 2.10 g/t and 41 m @ 0.19 g/t. Both at Tanque Belo and at Teixeirinha the bedrock gold mineralisation remains open in all directions.

The Cuiaba Gold Project now holds two large surface gold-in-soil anomalies, each 4 km - 5 km long, associated with extensive anomalous gold mineralisation in the bedrock. Consistently, the bedrock mineralisation occurs in zones around 100 m in width, indicating the presence of large mineralising systems. RAB drilling at both prospects will continue through to the end of November, concluding with the onset of the wet season.

Surface soil sampling is continuing elsewhere across the project area. Meanwhile, ground magnetics surveys were completed at Tanque Belo and Teixeirinha to aid in the interpretation of controlling structures and therefore targeting of future drill holes.

With the flow of positive results from the Cuiaba Gold Project, the Company is confident of making a significant discovery through continuing its measured and focused exploration approach.

Sapucai Gold Project, Brazil
At the Sapucai Project the Company completed an in-pit channel sampling programme at the Irmao West historical open pit in an attempt to confirm the attitude of the gold-mineralised horizon by correlating the channel sample results with the limited drilling results from two RAB holes drilled in late 2007 just before the commencement of the wet season. Both the drilling and channel sampling gold results were encouraging (eg, 18 m @ 0.44 g/t in drilling; and 4.77 m @ 1.03 g/t in channel sampling), though neither were sufficiently conclusive. This project is under evaluation to determine if work will continue into the next year.

Australia

In Australia, field programmes were completed at Spring Valley, Sunday Bore and at Mt Webb. In each case, the results were positive and further work is planned at all three projects.

Spring Valley, NSW (Zn, Cu)
The Spring Valley project comprises one exploration licence located some 50 km NE of Canberra in NSW and 20 km north of the Woodlawn zinc-copper mine.

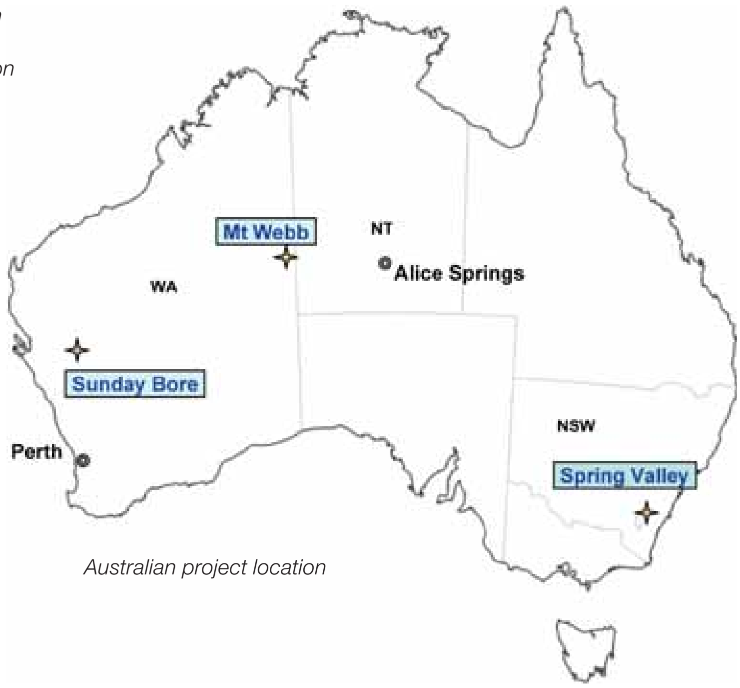
A ground magnetics survey completed early in 2008 verified the presence of several magnetic bodies that remain of interest as possible zones of zinc-copper mineralisation. A surface soil sampling programme will be implemented across these target areas to test for the presence of anomalous mineralisation.

Sunday Bore, WA (U, V, Cu, Au; polymetallic)
The Sunday Bore project comprises one exploration licence, E09/1308, located in the Gascoyne Complex in Western Australia. The area is underlain by a suite of metamorphic rocks and granitic intrusives and is thought by the Company to contain the north-western extension of the Gifford Creek Carbonatite Complex.

An initial broad-spaced surface geochemical survey was implemented over 15 one-kilometre-spaced lines with point samples collected every 200 m along the lines. This work identified the presence of two uranium anomalies and one copper anomaly within the project area.

The two uranium anomalies both occur within exposed calcrete in the southern part of the tenement. Anomalies defined by a 40 ppm U contour extend for up to 6 km in width before being obscured by alluvial sheetwash deposits.

Transdrill RAB rig in Brazil, now 100% owned by Ashburton



Australian project location

The calcrete extends across much of the 200 km^2 of the tenement, although most of it is under cover of recent sheetwash sands, thus rendering surface sampling techniques ineffective. Future work will involve drilling through the sheetwash to sample the calcrete and to determine the thickness and continuity of the calcrete layer.

A significant copper anomaly, defined by a 50 ppm Cu contour and peaking at 350 ppm Cu, occurs in the western part of the tenement and is associated with exposed dolerites and mafic volcanics. The anomaly is 700 m wide and extends for over 3 km in strike. This anomaly will be followed up with closer-spaced soil sampling and geological mapping.

Mt Webb, WA (copper-gold IOCG)

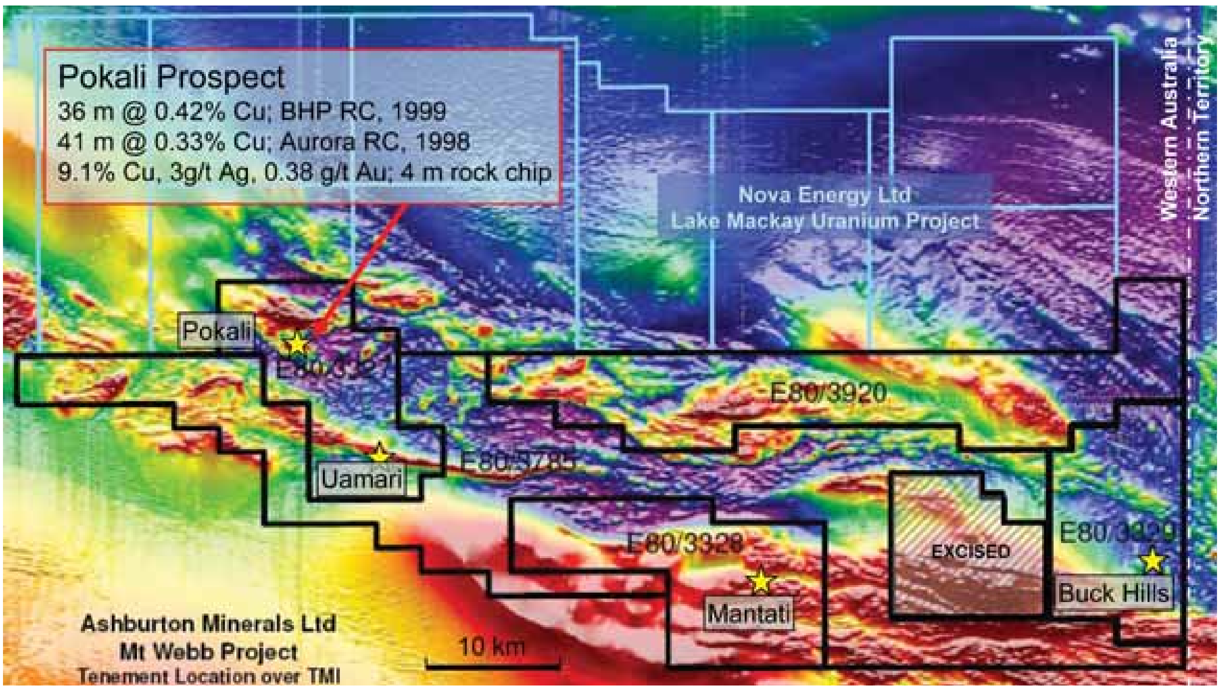
The Mt Webb project comprises five exploration licences, totalling 1,100 km^2, in central eastern Western Australia, abutting the Northern Territory border, to the south of Lake MacKay. The project is located some 650 km due west of Alice Springs and is situated within Aboriginal Reserve land of the Kiwirrkurra Community. During the year, the Company signed an Access Agreement with the community and has completed a heritage survey to allow access to those parts of the project area to be explored during the 2008 field, or dry, season.

The Company regards the Mt Webb area as one of the last unexplored regions of Australia. In view of the fact that significant copper mineralisation has been recorded in the area through limited work by Aurora Gold and BHP over ten years ago, the Company is particularly excited at recommencing exploration in this very promising region.

Subsequent to the end of the financial year, that is 30 June 2008, a field trip to the Mt Webb project by two of the Company's geologists was undertaken in August 2008 in order to verify ground conditions at the Pokali prospect ahead of a proposed RC drilling programme later in the year. During the field inspection, the geologists noted copper mineralisation over an area far greater than was previously thought to exist, with visible copper mineralisation in the form of green malachite extending at surface for over 3.5 km along strike and occurring in several sub-parallel zones. Rock chips collected from various of the sites inspected returned exceptional grades of both copper and gold, and also silver and palladium. Some of the better results include:

Mineralised rocks collected in the Pokali area

Cu (%)	Au (g/t)	Ag (g/t)	Pd (g/t)	Sample No
13.30	0.88	78.05	2.63	A0152
7.95	0.62	28.90	1.47	A0159
6.31	1.31	2.91	1.10	A0183
2.98	15.31	13.30	0.61	A0184



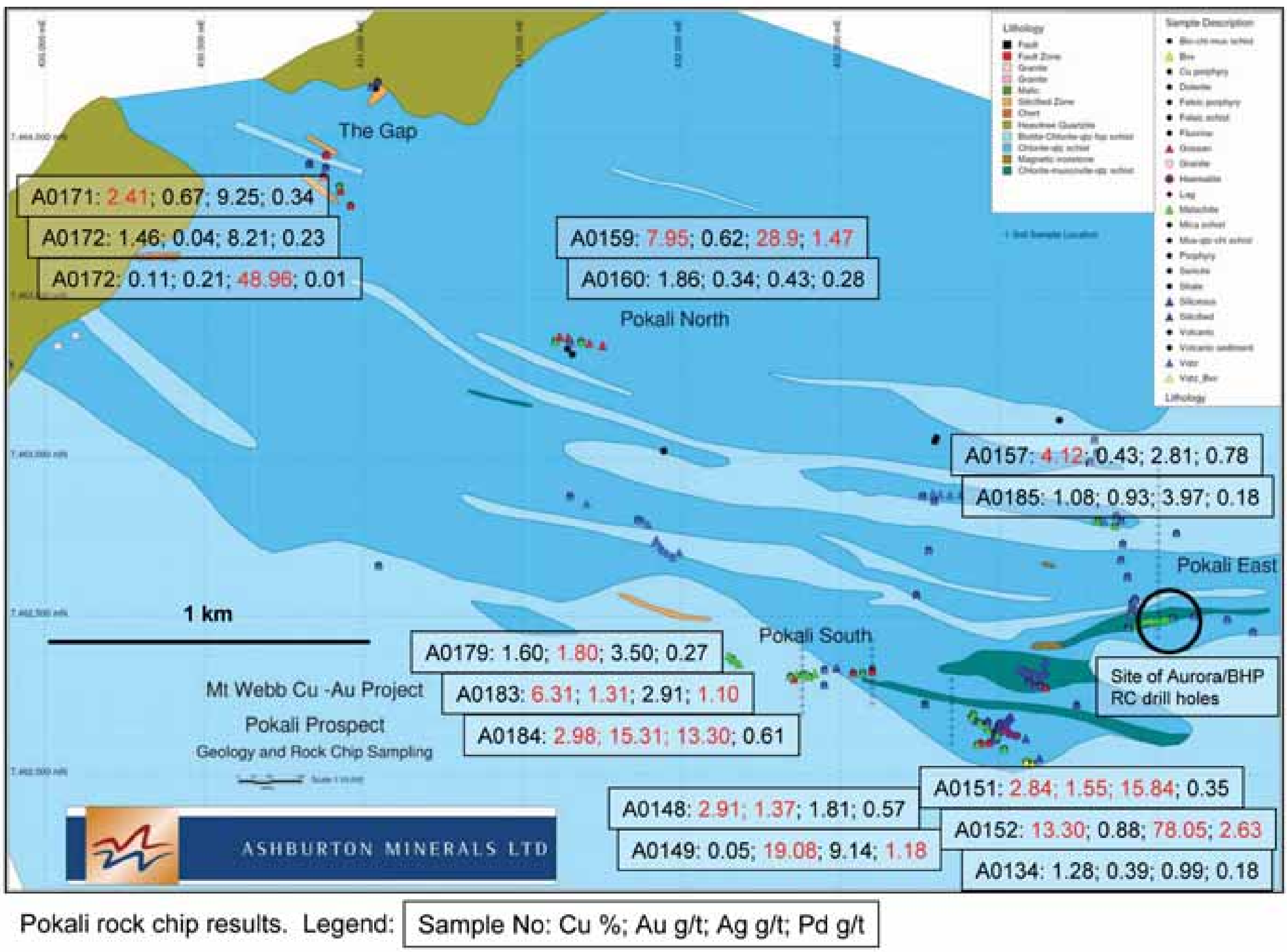
Mt Webb tenements over aeromagnetics

The prospectivity of the Mt Webb project has been increased enormously by these findings, which effectively suggest the discovery of a new copper field. The Company is very much buoyed by recent developments at Mt Webb and looks forward with great anticipation to the imminent commencement of drilling of the Pokali prospect, due in September - October 2008.

In summary, in line with its philosophy of maximising expenditure in the ground, the Company has continued to actively explore all of its holdings and has, as a result, generated positive results from all of its exploration initiatives. The Cuiaba Gold Project is developing into a significant gold district with work during the year increasing its prospectivity for the discovery of a large gold deposit. Meanwhile, the Company regards the initial results from Mt Webb in Australia as spectacular, and now holds increased expectations of a large discovery from this essentially unexplored region.

The year ahead therefore holds a lot of promise for the Company.

Outcropping copper mineralisation at Pokali



Pokali rock chip results

Tenement Schedule

Brazil

Cuiaba Gold Project, Mato Grosso

Trans Pacific Gold Mineração Limitada (TPGM) 100%

866700/2008	866699/2008	866698/2008
866616/2008	866126/2008	866848/2007
866624/2007	866232/2007	866231/2007
866230/2007	866229/2007	866228/2007
866227/2007	866151/2007	866150/2007
866019/2007	866018/2007	866845/2006
866844/2006	866843/2006	866842/2006
866841/2006	866792/2006	866776/2006
866750/2006	866614/2006	866613/2006
866582/2006	866581/2006	866580/2006
866579/2006	866576/2006	866575/2006
866574/2006	866089/2006	866888/2005
866887/2005	866026/2005	866025/2005
866024/2005	866023/2005	866020/2005
866018/2005	866017/2005	866016/2005
866015/2005	866013/2005	866769/2004
866768/2004	866767/2004	866766/2004
866765/2004		

Mineradora de Bauxita Limitada (TPGM Earning 75%)

866265/2003	866470/2003	866094/2004
866095/2004		

Sapucai, Minas Gerais

Trans Pacific Gold Mineração Limitada (TPGM) 100%

832854/2007	832838/2007	832837/2007
832857/2007	832856/2007	832855/2007
832858/2007		

Mina Inglesa, Goias

Trans Pacific Gold Mineração Limitada (TPGM Earning 80%)

860998/2004

Australia

Western Australia

Mt Webb

Ashburton Gold Mines NL (100%)

E80/3327	E80/3328	E80/3329
E80/3785	E80/3920	

Sunday Bore

Ashburton Gold Mines NL (Earning 90%)

E09/1308

New South Wales

Spring Valley

Ashburton Minerals Ltd (Earning 80%)

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Directors' Report

Your Directors present their report on the Company and its Controlled Entities for the financial year ended 30 June 2008.

Directors

The names of the Directors in office and at any time during, or since the end of, the year are:

Mr Rick Crabb

Mr Tom Dukovcic

Mr Rodney Dunn

Mr Peter Bradford (appointed 3 June 2008)

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

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Rodney Dunn

Principal Activities

The principal activity of the Economic Entity during the financial year was mineral exploration.

Operating Results

The consolidated loss of the Economic Entity for the financial year after providing for income tax amounted to $1,918,798 (2007: $1,734,853)

Dividends Paid or Recommended

The Directors recommend that no dividend be paid for the year ended 30 June 2008, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

Review of Operations

During the year under review the Company's principal activity was mineral exploration centred on the following projects and commodities:

- Cuiaba Gold Project, Mato Grosso State, Brazil: gold
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- Mt Webb IOCG Project, WA, Australia: copper, gold
- Sunday Bore Project, WA, Australia: uranium, copper, gold
- Spring Valley Project, NSW, Australia: zinc, copper

The Company's activities were funded from remaining cash reserves raised via a renounceable rights issue in March 2007, with additional funds of $942,734 raised in November 2007 via a placement to sophisticated investors of 20,494,222 ordinary shares at an issue price of 4.6 cents per share, and $1,598,642 raised in May 2008 via a renounceable rights issue of 63,945,692 ordinary shares at an issue price of 2.5 cents per share.

The Cuiaba Gold Project was again the Company's main focus. Continued application of a deliberate and sustained systematic exploration approach resulted in further significant discoveries such that the Company is now of the view that the Cuiaba Gold Project has been confirmed as being prospective for large sediment-hosted disseminated gold deposits of the "Carlin" style.

Building on from last year's discovery of the Tanque Belo prospect (eg, 10 m @ 2.97 g/t; 67 m @ 0.32 g/t), surface soil sampling identified a large anomaly in the northern part of the project area at Teixeirinha (pronounced: tey-zhe-rinya).

Subsequent initial RAB drilling at Teixeirinha confirmed the presence of significant bedrock gold mineralisation at the prospect, including 10 m @ 2.10 g/t and 41 m @ 0.19 g/t. The project now holds two large anomalies, each 4 km – 5 km long and each with demonstrated extensive anomalous gold mineralisation in the bedrock. RAB drilling at both prospects will continue through to the end of November, concluding with the onset of the wet season.

Surface soil sampling is continuing elsewhere across the project area, while ground magnetics surveys were completed at Tanque Belo and Teixeirinha to aid in the interpretation of controlling structures and therefore targeting of future drill holes.

With the flow of positive results from the Cuiaba Gold Project, the Company is confident of making a significant discovery through continuing its exploration approach.

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In Australia, field programmes were completed at Spring Valley, Sunday Bore and at Mt Webb. In each case, the results were positive and further work is warranted.

At Spring Valley, a ground magnetics survey verified the presence of several magnetic bodies that remain of interest as possible zones of zinc-copper mineralisation. A surface soil sampling programme will be implemented across these target areas to test for the presence of anomalous mineralisation.

At Sunday Bore, several zones of anomalism were identified by the broad-spaced initial geochemical sampling programme. A zone several kilometres in width and anomalous in uranium was identified in a calcrete layer in the southern part of the tenement, with uranium values of up to 80 ppm. The calcrete extends across much of the 200 km^2 of the tenement, although most of it is under cover of recent sheetwash sands, thus rendering surface sampling techniques ineffective. Future work will involve drilling through the sheetwash to sample the calcrete and to determine the thickness and continuity of the calcrete layer.

Of further interest at Sunday Bore is a 3 km long copper anomaly of up to 350 ppm Cu recorded in sub-cropping mafic rocks in the western part of the tenement and this will be followed up with closer-spaced soil sampling and geological mapping.

Subsequent to the end of the financial year, a field trip to Mt Webb project by two of the Company's geologists was undertaken in August 2008 in order to verify ground conditions at the Pokali prospect ahead of a proposed RC drilling programme later in the year. During the field inspection, the geologists noted copper mineralisation over an area far greater than was previously thought to exist, with visible copper mineralisation in the form of green malachite extending at surface for over a 3.5 km strike length in several sub-parallel zones. Rock chips collected from several of the sites returned exceptional grades of both copper and gold, as well as silver and palladium. Some of the better results include:

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In summary, in line with its philosophy of maximising expenditure in the ground, the Company has continued to actively explore all of its holdings and has, as a result, generated positive results in each case. The Cuiaba Gold Project is developing into a significant gold district with work during the year increasing its prospectivity for the discovery of a large gold deposit.

Meanwhile, the Company regards the initial results from Mt Webb in Australia as spectacular, and now holds increased expectations of a large discovery from this essentially unexplored region.

The year ahead therefore holds a lot of promise for the Company.

Financial Position

The net assets of the Economic Entity have increased by $449,377 from $4,466,217 at 30 June 2007 to $ 4,915,594 in 2008.

The Directors believe the group is in a stable financial position to maintain its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Parent Entity occurred during the financial year:

On 10 December 2007, the Company issued 20,494,222 ordinary shares at an issue price of 4.6 cents;

On 15 May 2008, the Company issued 63,945,692 ordinary shares at an issue price of 2.5 cents and 63,945,692 free attaching options exercisable at 6.5 cents each expiring 28 February 2010; and

During the year, the Company issued 57,140 ordinary shares upon the conversion of listed options at 6.5 cents per share.

After Balance Date Events

On 22 July 2008, the Company announced that it had moved to full ownership of Transdrill Pty Ltd after its wholly owned subsidiary Trans Pacific Gold Pty Ltd, acquired the remaining 50% of the private drilling company. The terms of the acquisition include the issue to the vendor shareholders of 4,800,000 fully paid ordinary shares in Ashburton at an issue price of 2.5 cents each, being $120,000 in value.

On 08 September 2008, the Company announced a Share Purchase Plan to raise a maximum amount of $500,000 by issuing 20 million shares to eligible shareholders. At the time of this report, the Plan had not yet closed.

On 15 September 2008, the Company exercised its option over three granted exploration licences in the Mount Webb region in far eastern Western Australia by issuing 7 million shares to Bestgold Investments Pty Ltd as approved at a General Meeting of Shareholders on 12 September 2008. The Company has an additional $30,000 to pay to Bestgold to complete the transaction.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Future Developments, Prospects and Business Strategies

The Company will continue with its present strategy of investment in and exploration of advanced and prospective mineral projects primarily in Brazil, but also in Australia. The nature of the Company's business is speculative and the Board considers that comments on expected results or success of this strategy are not considered appropriate or in the best interests of the Company.

Environmental Issues

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

While environmental regulations in Brazil are not as sophisticated as in Australia, the Company intends applying world's best practice to all of its activities in that country, especially in regard to environmental issues.

Information on Directors

Mr Rick Crabb	-	Chairman (Non-executive).
Qualifications	-	BJuris (Hons), LLB, MBA.
Experience	-	Mr Crabb is a lawyer and formerly a consultant with legal practice Blakiston & Crabb. He specialises in mining, corporate and commercial law and has had extensive experience in legal issues arising in resource development, including contract negotiation and financing. He is a director of several listed companies and brings to the Board valuable legal, corporate and mining experience.
Interest in Shares and Options	-	Mr Crabb holds 10,408,767 ordinary shares and 3,301,672 listed options.
Directorships held in other listed entities	-	During the past three years Mr Crabb's directorships in other listed entities are as a current director of Golden Rim Resources Limited from 22 August 2001, Otto Energy Ltd from 19 November 2004, Paladin Energy Ltd from 8 February 1994, Port Bouvard Ltd from 2 December 1996, Royal Resources from 23 February 2004 and as a former director of Thundelarra Exploration Ltd from 8 September 2003 to 13 June 2007, ST Synergy Ltd from 28 September 2001 to 6 May 2005 and Deep Yellow Ltd from 11 April 2003 to 20 August 2004.

Mr Tom Dukovcic	-	Managing Director (Executive).
Qualifications	-	BSc (Hons) MAIG
Experience	-	Mr Dukovcic is a geologist with over 20 years experience in exploration and development. He has worked in a variety of regions in Australia, which include the Yilgarn, the Kimberley and NE Queensland and was involved in the investigation of gold opportunities in southeast Asia. Mr Dukovcic has been directly involved with the management of several gold discoveries at various locations in Western Australia. Mr Dukovcic brings valuable exploration, geological and management skills to the Board.
Interest in Shares and Options	-	Mr Dukovcic holds 3,173,333 ordinary shares, 306,638 listed options and 2,000,000 unlisted options.

Mr Rodney Dunn	-	Director (Executive)
Experience	-	Mr Dunn has been actively involved in the mining industry for approximately 26 years. Mr Dunn (together with Mr Crabb) was a founding director of the successful Gasgoyne Gold Mines NL. He is also a director of a number of private companies involved in mineral exploration. Mr Dunn brings valuable corporate and contract management experience to the Board.
Interest in Shares and Options	-	Mr Dunn holds 13,098,784 ordinary shares, 4,990,440 listed options and 1,500,000 unlisted options.

Mr Peter Bradford (appointed 3 June 2008)	-	Non-Executive Director
Qualifications	-	BAppSc Extractive Metallurgy
Experience	-	Mr Bradford is a qualified metallurgist with extensive experience in corporate and capital market activities, mine operations, and project and business development. He is a Fellow of the AusIMM, a Member of the Society for Mining, Metallurgy and Exploration and past president and lifetime member of the Ghana Chamber of Mines.
Interest in Shares and Options	-	Mr Bradford holds 8,000,000 ordinary shares and 8,000,000 listed options.
Directorships held in other listed entities	-	Mr Bradford has served on the Board of Anvil Mining Limited from September 1998.

Remuneration Report

This report details the nature and amount of remuneration for each Director of Ashburton Minerals Ltd.

Remuneration Policy

The remuneration policy of Ashburton Minerals Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Economic Entity's financial results. The Board of Ashburton Minerals Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriate executives and directors to run and manage the Economic Entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

> The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board.
>
> Non-executive directors, executive directors and senior executives receive either a directors fee or a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.
>
> Executive directors can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.
>
> The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors and senior Executives' remuneration is competitive in the market place.
>
> Directors and senior executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.
>
> All remuneration paid to directors and executives is valued at the cost to the Company and expensed, except to the extent that the director or executive's time is spent on exploration activities. The director or executive's salary is then apportioned on a time basis and capitalised to exploration. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.
>
> The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Economic Entity. The Directors are not required to hold any shares in the Company under the Constitution of the Company; however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this type and size.

Remuneration Committee

During the year ended 30 June 2008, the Economic Entity did not have a separately established nomination or remuneration committee. Considering the size of the Economic Entity and the number of directors, the Board is of the view that these functions could be efficiently performed with full Board participation.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Economic Entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Economic Entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the Company.

Non-executive directors receive a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.

The Directors have resolved that non-executive directors' fees are $34,000 per annum for each non-executive director and $46,000 per annum for the non-executive Chairman. Non-executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expense incurred by directors on Company business.

Senior Manager and Executive Director Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company as to:

- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards

Structure

Executive directors are provided with a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the 5 years to 30 June 2008:

	2004 $	2005 $	2006 $	2007 $	2008 $
Revenue	156,035	196,049	118,170	39,304	39,996
Net Loss	(432,055)	(2,078,062)	(2,481,106)	(1,734,853)	(1,918,798)
Share price at start of year	0.1063	0.0990	0.0647	0.0396	0.0390
Share price at end of year	0.0990	0.0647	0.0396	0.0390	0.0250
Earnings Per Share (cents)	(0.78)	(2.68)	(3.17)	(1.80)	(1.21)

Details of Remuneration

The remuneration for each director of the Economic Entity during the year was as follows:

2008	Salary, Fees and Commissions $	Super-annuation Contribution $	Cash Bonus $	Other $	Options $	Total $	Performance Related %
Directors							
Mr Rick Crabb	42,667	3,840	-	-	-	46,507	-
Mr Tom Dukovcic	192,500	17,325	-	-	-	209,825	-
Mr Rodney Dunn	143,750	12,938	-	-	-	156,688	-
Mr Peter Bradford(1)	-	-	-	-	-	-	-
	378,917	34,103	-	-	-	413,020	-

(1) Mr Peter Bradford was appointed to the Board on 3 June 2008, at year end he had not been paid any directors fees.

2007	Salary, Fees and Commissions $	Super-annuation Contribution $	Cash Bonus $	Other $	Options $	Total $	Performance Related %
Directors							
Mr Rick Crabb	39,000	3,510	-	-	-	42,510	-
Mr Tom Dukovcic	170,000	15,300	-	-	43,690	228,990	-
Mr Rodney Dunn	125,000	11,250	-	-	32,768	169,018	-
	334,000	30,060	-	-	76,458	440,518	-

Options issued as part of remuneration

There were no options issued to directors or key management personnel as part of their remuneration for the year ended 30 June 2008.

There were 3,500,000 options issued to Directors as part of their remuneration on 11 December 2006. The options were valued at 2 cents each.

Employment Contracts of Directors and Other Key Management Personnel

There are currently no employment contracts in place between the Company and Executive Directors.

Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Board Meetings	
Director	Attended	Held
Mr Rick Crabb	8	8
Mr Tom Dukovcic	8	8
Mr Rodney Dunn	8	8
Mr Peter Bradford	1	1

On 11 June 2008, the Board of Directors passed a resolution to form an audit committee comprising Mr Rick Crabb and Mr Peter Bradford, with Mr Crabb serving as Chairman. Messer's Crabb and Bradford are considered independent directors of the Company. As at the date of this report no meetings have been held.

Indemnifying Officers or Auditor

The Company has not, during or since the financial year, in respect of any person who is or has been a director, officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as a director, officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as a director, officer or auditor for the costs or expenses to defend legal proceedings.

Options

At the date of this report, the unissued ordinary shares of Ashburton Minerals Ltd under option are as follows:

Number Under-Option	Date of Expiry	Exercise Price
500,000	30 June 2009	$0.15
3,500,000	01 October 2010	$0.08
2,150,000	11 December 2008	$0.05
123,618,555	28 February 2010	$0.065
2,100,000	09 July 2010	$0.06

Corporate Governance

In recognising the need for a high standard of corporate behaviour and accountability, the Directors of Ashburton Minerals Ltd support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Financial Report.

Non-Audit Services

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

Taxation Services	$14,867

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 16 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

Mr T P Dukovcic
Managing Director

Dated this 30th day of September 2008

MOORE STEPHENS

Auditor's Independence Declaration

Under Section 307c of the Corporations Act 2001 to the Directors of Ashburton Minerals Limited

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2008, there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Suan-Lee Tan
Partner

MOORE STEPHENS

Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of September 2008.

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Income Statement

For The Year Ended 30 June 2008

	Note	Economic Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Revenue	2	39,996	39,304	39,996	39,304
Other income	2	4,823	-	4,823	-
Accounting Fees		(56,309)	(62,356)	(21,945)	(57,455)
Corporate Costs		(75,961)	(53,151)	(74,456)	(51,325)
Depreciation expense		(47,655)	(67,022)	(22,168)	(50,306)
Employee benefit expense		(554,716)	(744,283)	(450,194)	(669,288)
Exploration expenditure expensed		(246,462)	(11,262)	-	(11,262)
Finance costs		(34,357)	(7,188)	(12,157)	(4,866)
Provision for diminution – intercompany loans		-	-	(5,292,780)	-
Occupancy Costs		(132,863)	(72,270)	(93,993)	(72,270)
Public Relations		(39,968)	(42,748)	(39,418)	(42,249)
Other expenses		(775,326)	(713,877)	(252,954)	(152,480)
Profit/(Loss) before income tax	3	(1,918,798)	(1,734,853)	(6,215,246)	(1,072,197)
Income tax expense	4	-	-	-	-
Profit/(Loss) from continuing operations		(1,918,798)	(1,734,853)	(6,215,246)	(1,072,197)
Profit/(Loss) attributable to members of the Parent Entity		(1,918,798)	(1,734,853)	(6,215,246)	(1,072,197)
Overall Operations					
Basic loss per share (cents per share)	7	(1.21)	(1.80)		
Continuing Operations					
Basic loss per share (cents per share)	7	(1.21)	(1.80)		

The Company's potential ordinary shares were not considered dilutive as the Company is in a loss position.

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	764,250	1,080,003	673,665	1,040,781
Trade and other receivables	9	42,010	61,089	35,058	51,811
Other financial assets	10	-	3,200	-	3,200
TOTAL CURRENT ASSETS		806,260	1,144,292	708,723	1,095,792
NON-CURRENT ASSETS					
Trade and other receivables	9	99,236	94,623	-	3,375,142
Other Financial assets	10	-	1	878,500	878,501
Property, plant and equipment	12	289,926	171,613	52,554	44,465
Intangible assets	13	-	-	-	-
Other non-current assets	14	4,251,917	3,455,006	158,096	112,596
TOTAL NON-CURRENT ASSETS		4,641,079	3,721,243	1,089,150	4,410,704
TOTAL ASSETS		5,447,339	4,865,535	1,797,873	5,506,496
CURRENT LIABILITIES					
Trade and other payables	15	356,903	257,572	72,623	49,597
Interest bearing liability	16	9,977	-	9,977	
Short-term Provisions	17	65,019	41,746	65,019	40,760
TOTAL CURRENT LIABILITIES		431,899	299,318	147,619	90,357
NON-CURRENT LIABILITIES					
Trade and other payables	15	70,000	100,000	-	-
Interest bearing liability	16	29,846	-	29,846	-
TOTAL NON-CURRENT LIABILITIES		99,846	100,000	29,846	-
TOTAL LIABILITIES		531,745	399,318	177,465	90,357
NET ASSETS		4,915,594	4,466,217	1,620,408	5,416,139
EQUITY					
Issued capital	18	26,326,407	23,906,892	26,326,407	23,906,892
Reserves	19	489,633	540,973	540,973	540,973
Retained earnings/(Accumulated losses)		(21,900,446)	(19,981,648)	(25,246,972)	(19,031,726)
TOTAL EQUITY		4,915,594	4,466,217	1,620,408	5,416,139

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Year Ended 30 June 2008

Economic Entity

	Ordinary $	Accum-ulated Losses $	Option Reserve $	Asset Realisation Reserve $	Asset Reval-uation Reserve $	Foreign Currency Translation Reserve $	Minority Equity Interests $	Total $
Balance at 1 July 2006	**21,827,219**	**(18,246,797)**	**12,596**	**32,095**	**376,014**	**-**	**(4,343)**	**3,996,784**
Gain/(Loss) attributable to members of Parent Entity	-	(1,734,853)	-	-	-	-	-	(1,734,853)
Shares/options issued during the year	2,269,940	-	120,268	-	-	-	-	2,390,208
Reversal of OEI	-	-	-	-	-	-	4,343	4.343
Transaction costs	(190,267)	-	-	-	-	-	-	(190,267)
Balance at 30 June 2007	**23,906,892**	**(19,981,648)**	**132,864**	**32,095**	**376,014**	**-**	**-**	**4,466,217**
Gain/(Loss) attributable to members of Parent Entity	-	(1,918,798)	-	-	-	-	-	(1,918,798)
Shares/options issued during the year	2,545,091	-	-	-	-	-	-	2,545,091
Adjustments from translation of foreign entities	-	-	-	-	-	(51,340)	-	(51,340)
Transaction costs	(125,576)	-	-	-	-	-	-	(125,576)
Balance at 30 June 2008	**26,326,407**	**(21,900,446)**	**132,864**	**32,095**	**376,014**	**(51,340)**	**-**	**4,915,594**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Year Ended 30 June 2008

Parent Entity

	Note	Ordinary $	Retained Earnings $	Share Option Reserve $	Asset Re-alisation Reserve $	Asset Re-valuation Reserve $	Total $
Balance at 1 July 2006		21,827,219	(17,959,529)	12,596	32,095	376,014	4.288,395
Gain/(Loss) attributable to members of Parent Entity		-	(1,072,197)	-	-	-	(1,072,197)
Shares/options issued during the year		2,269,940	-	120,268	-	-	2,390,208
Transaction costs		(190,267)	-	-	-	-	(190,267)
Balance at 30 June 2007		**23,906,892**	**(19,031,726)**	**132,864**	**32,095**	**376,014**	**5,416,139**
Gain/(Loss) attributable to members of Parent Entity		-	(6,215,246)	-	-	-	(6,215,246)
Shares/options issued during the year		2,545,091	-	-	-	-	2,545,091
Transaction costs		(125,576)	-	-	-	-	(125,576)
Balance at 30 June 2008		**26,326,407**	**(25,246,972)**	**132,864**	**32,095**	**376,014**	**1,620,408**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For The Year Ended 30 June 2008

	Note	Economic Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(1,539,923)	(1,305,767)	(877,217)	(898,084)
Interest received		39,996	39,304	39,996	39,304
Finance costs		(34,357)	(7,188)	(12,157)	(7,188)
Net cash used in operating activities	**23(a)**	(1,534,284)	(1,273,651)	(849,378)	(865,968)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		14,364	-	14,364	-
Purchase of property, plant and equipment		(140,190)	(22,053)	-	(19,204)
Payments for exploration expenditure		(1,045,155)	(673,395)	(33,974)	(11.262)
Net cash used in investing activities		(1,170,981)	(695,448)	(19,610)	(30,466)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,545,092	2,269,940	2,545,092	2,269,940
Payment of share issue costs		(125,580)	(190,267)	(125,580)	(190,267)
Proceeds of borrowings		-	354,345	-	350,000
Repayment of borrowings		(30,000)	(350,000)	-	(350,000)
Loan to subsidiary		-	-	(1,917,640)	(1,086,869)
Net cash provided by financing activities		2,389,512	2,084,018	501,872	992,804
Net (decrease)/ increase in cash held		(315,753)	114,919	(367,116)	96,370
Cash at beginning of financial year		1,080,003	965,084	1,040,781	944,411
Cash at end of financial year	**8**	764,250	1,080,003	673,665	1,040,781

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Economic Entity of Ashburton Minerals Ltd and controlled entities, and Ashburton Minerals Ltd as an individual Parent Entity. Ashburton Minerals Ltd is a listed public Company, incorporated and domiciled in Australia.

The financial report of Ashburton Minerals Ltd and controlled entities, and Ashburton Minerals Ltd as an individual Parent Entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Economic Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A Controlled Entity is any Entity Ashburton Minerals Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Parent Entity.

Where controlled entities have entered or left the Economic Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Economic Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Economic Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

Note 1: Statement of Significant Accounting Policies *(cont'd)*

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Economic Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Office furniture & equipment	20.0% - 40.0%
Motor vehicles	22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Note 1: Statement of Significant Accounting Policies *(cont'd)*

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that Entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Note 1: Statement of Significant Accounting Policies *(cont'd)*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(o) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company and the consolidated entity to continue as going concerns and to pay their debts as and when they fall due is dependent on the ability of the Company and the consolidated entity to secure additional funding sufficient to fund ongoing project exploration and evaluation activities and to provide adequate working capital for a further 12 months.

The directors took steps during the year under report to ensure the Company and the consolidated entity continued as going concerns.

These steps included:

In November 2007, raised $969,214 before costs via placement to institutional and sophisticated investors under the Company's 15% capacity;

In May 2008, raised approximately $1.6 million before costs via a Renounceable Rights Issue.

Since 30 June 2008, the Company has announced details of a Share Purchase Plan (SPP) which entitles registered shareholders to participate up to a maximum of $5,000 per shareholder. The maximum amount to be raised via the SPP is $500,000.

Notwithstanding this, there is uncertainty whether the Company and the consolidated entity will be able to continue as going concerns. Should the Company and the consolidated entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company and the consolidated entity be unable to continue as going concerns.

(p) 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 the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not effect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Note 1: Statement of Significant Accounting Policies *(cont'd)*

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 8 'Operating Segments'	1 January 2009	30 June 2010
AASB 101 'Presentation of Financial Statements' (revised September 2007)	1 January 2009	30 June 2010
AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009

Initial application of the following standards is not expected to have any material impact on the financial report of the Group and Company:

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
AASB Interpretation 12 'Service Concession Arrangements', AASB Interpretation 4 'Determining whether an Arrangement contains a Lease' (revised), AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised), AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB Interpretation 13 'Customer Loyalty Programmes'	1 January 2008	30 June 2009
AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

Note 1: Statement of Significant Accounting Policies *(cont'd)*

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
Improvements to IFRSs (2008)	1 January 2009	30 June 2010
Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
IFRIC 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	1 January 2009	30 June 2010

The director's note that the impact of the initial application of the other Standards and Interpretations not adopted is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

Note 2: Revenue

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Operating activities					
interest received other persons		39,996	39,304	39,996	39,304
other revenue		-	-	-	-
Total Revenue		39,996	39,304	39,996	39,304
Non-operating activities					
gain/(loss) on disposal of property, plant & equipment		4,823	-	4,823	-
Other Income		4,823	-	4,823	-

Note 3: Loss for the year

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(a) Expenses				
Corporate costs	75,961	53,151	74,456	51,325
Occupancy costs	132,863	72,270	93,993	72,270
Accounting fees	56,309	62,356	21,945	57,455
(b) Significant revenue and expenses				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Provision for diminution in the carrying value of inter-company loans	-	-	5,292,780	-
Exploration expenditure immediately expensed	246,462	11,262	-	11,262

Note 4: Income Tax Expense

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(a) The components of tax expense comprise:					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
		-	-	-	-
(b) The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:					
Prime facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2007: 30%)		(575,639)	(520,456)	(1,864,574)	(321,659)
Add:					
Tax effect of:					
- Revenue losses not recognised		415,637	368,471	315,299	321,811
- Foreign losses not recognised		236,434	125,364	-	-
- Overseas losses not recognised		253,044	117,885	-	-
- Provision for diminution – intercompany loans		-	-	1,587,834	-
- Other deferred tax balances not recognised		-	866,192	7,531	574,881
- Share based payments		-	36,081	-	36,081
- other non-allowable items		6,443	53,474	622	8,463
		335,919	1,047,011	46,712	619,577
Less:					
Tax effect of:					
- Exploration and evaluation expenditure deductible for income tax purposes not recognised		281,270	121,768	13,650	-
- Effect of higher rate of tax on overseas loss		29,770	13,869	-	-
- Prior period adjustment		-	911,374	7,531	619,577
- Other deferred tax balances not recognised		24,879	-	25,531	-
Income tax		-	-	-	-
The applicable weighted average effective tax rates are as follows:		0%	0%	0%	0%
(c) The following deferred tax balances have not been recognised					
Deferred Tax Assets:					
At 30%:					
- Carry forward revenue losses		2,524,400	2,115,160	2,203,067	1,891,131
- Carry capital losses		1,332,477	1,332,477	1,332,477	1,332,477
- Carry forward foreign losses		438,383	446,313	33,779	33,779
- Capital raising costs		73,232	72,023	73,232	72,023
- Property, plant and equipment		278	37	278	37
- Provisions and accruals		28,929	13,628	28,929	13,202
- Unlisted investments		81,735	80,774	81,735	80,774
		4,479,434	4,060,412	3,753,497	3,423,423

Note 4: Income Tax Expense *(cont'd)*

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
At 34% (Brazil):					
Carry forward overseas losses		707,587	454,543	-	-

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deferred Tax Liabilities:					
At 30%:					
- exploration expenditure		629,907	348,637	47,429	33,779
- property, plant and equipment		2,364	3,411	-	-
		632,271	352,048	47,429	33,779

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue and foreign losses for which the Deferred Tax Asset has not been recognised.

Note 5: Key Management Personnel Compensation

(a) Directors

The following persons were Directors of Ashburton Minerals Ltd during the financial year:

- Mr Rick Crabb – Non-Executive Chairman
- Mr Tom Dukovcic – Managing Director
- Mr Rodney Dunn – Executive Director
- Mr Peter Bradford – Non-Executive Director (appointed 3 June 2008)

(b) Other key management personnel

There were no other key management personnel during the financial year.

Note 5: Key Management Personnel Compensation *(cont'd)*

(c) Key management personnel compensation

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Short –term employee benefits	378,917	334,000	378,917	334,000
Post-employment benefits	34,103	30,060	34,103	30,060
Share-based payments	-	76,458	-	76,458
	413,020	440,518	413,020	440,518

The Company has transferred the detailed remuneration disclosures to the Directors' report in accordance with the Corporations Amendment Regulations 2006 (No. 4)

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Directors' report on pages 7 and 8.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Ashburton Minerals Ltd, including their personally related parties, are set out below:

2008	Balance at the start of the year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	1,079,808	-	-	2,221,864	3,301,672	3,301,672
Mr Tom Dukovcic	2,118,874	-	-	187,764	2,306,638	2,306,638
Mr Rodney Dunn	4,081,261	-	-	2,409,179	6,490,440	6,490,440
Mr Peter Bradford	-	-	-	8,000,000	8,000,000	8,000,000
Total	7,279,943	-	-	12,818,807	20,098,750	20,098,750

No options were vested or unexercisable for the year ending 30 June 2008

2007	Balance at the start of the year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	17,862	-	-	1,061,946	1,079,808	1,079,808
Mr Tom Dukovcic	91,020	2,000,000	-	27,854	2,118,874	2,118,874
Mr Rodney Dunn	567,364	1,500,000	-	2,013,897	4,081,261	4,081,261
Total	676,246	3,500,000	-	3,103,697	7,279,943	7,279,943

No options were vested or unexercisable for the year ending 30 June 2007

Note 5: Key Management Personnel Compensation *(cont'd)*

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Ashburton Minerals Ltd, including their personally related parties, are set out below:

2008	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	2,063,976	-	-	8,344,791	10,408,767
Mr Tom Dukovcic	720,000	-	-	120,000	840,000
Mr Rodney Dunn	6,022,939	-	-	2,409,179	8,432,118
Mr Peter Bradford	-	-	-	8,000,000	8,000,000
Total	8,806,915	-	-	18,873,970	27,680,0885

2007	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	132,168	-	-	1,931,808	2,063,976
Mr Tom Dukovcic	601,126	-	-	118,874	720,000
Mr Rodney Dunn	3,441.678	-	-	2,581,259	6,022,939
Total	4,174,972	-	-	4,631,941	8,806,915

Note 6: Auditors' Remuneration

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Remuneration of the auditor of the Parent Entity for:				
- auditing or reviewing the financial report	24,182	17,272	24,182	17,272
- taxation services	14,867	13,088	10,263	13,088
	39,049	30,360	34,445	30,060

Note 7: Earnings per Share

		Economic Entity	
		2008 $	2007 $
(a)	Reconciliation of Earnings to Profit or Loss		
	Loss	(1,918,798)	(1,734,853)
	Earnings used to calculate basic EPS	(1,918,798)	(1,734,853)
(b)	Reconciliation of Earnings to Profit or Loss from Continuing Operations		
	Loss from continuing operations	(1,918,798)	(1,734,853)
	Earnings used to calculate basic EPS from continuing operations	(1,918,798)	(1,734,853)
		No.	**No.**
(c)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	158,783,152	96,331,677

Diluted EPS not disclosed as potential ordinary shares are not dilutive

Note 8: Cash and Cash Equivalents

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash at bank and in hand		764,250	1,080,003	673,665	1,040,781
		764,250	1,080,003	673,665	1,040,781

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:-

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash and cash equivalents		764,250	1,080,003	673,665	1,040,781
		764,250	1,080,003	673,665	1,040,781

Note 9: Trade and Other Receivables

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Other receivables:				
- Deposits	7,962	30,201	7,962	30,212
- Other receivables	5,495	4,603	5,495	2,850
- Goods and services tax	28,553	26,285	21,601	18,749
	42,010	61,089	35,058	51,811
Non-Current				
Amounts receivable from:				
- wholly-owned entities[(1)]	-	-	5,292,780	3,375,142
- Provision for doubtful debt	-	-	(5,292,780)	-
- other	99,236	94,623	-	-
	99,236	94,623	-	3,375,142

[(1)] The loans to the wholly-owned entities were fully provided for in the current year as the directors took the view that these loans would not be recoverable in the immediate future.

Note 10: Other Financial Assets

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Available-for-sale financial assets	**10(a)**	-	3,201	878,500	881,701
Less non current portion		-	1	878,500	878,501
Current portion		-	3,200	-	3,200

(a) Available-for-sale Financial Assets Comprise:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Unlisted investments, at cost				
- shares in controlled entities	-	-	878,500	878,500
- interest in other corporations	272,450	272,450	272,450	272,450
- Less provision for impairment	(272,450)	(269,249)	(272,450)	(269,249)
Total available-for-sale financial assets	-	3,201	878,500	881,701

Note 10: Other Financial Assets *(cont'd)*

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

Note 11: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2008	**2007**
Parent Entity:			
Ashburton Minerals Ltd	Australia	-	-
Ultimate Parent Entity:			
Ashburton Minerals Ltd	Australia	-	-
Subsidiaries of Ashburton Minerals Ltd:			
Ashburton Gold Mines NL	Australia	100	100
Trans Pacific Gold Pty Ltd	Australia	100	100
Trans Pacific Gold Mineracao Ltda	Brazil	100	100
Transdrill Pty Ltd	Australia	50	50

* Percentage of voting power is in proportion to ownership

(b) Controlled Entities with Ownership Interest of 50% or Less

Trans Pacific Gold Pty Ltd holds 50% of the ordinary shares of Transdrill Pty Ltd. Trans Pacific Gold Pty Ltd is required to make all the financial and operating policy decisions of Transdrill Pty Ltd and to ensure that those policies are consistent with the policies of the Economic Entity.

On 22 July 2008, the Company announced it had moved to full ownership of Transdrill Pty Ltd after its fully owned subsidiary, Trans Pacific Gold Pty Ltd, acquired the remaining 50% of the company.

Note 12: Property, Plant and Equipment

	Economic Entity		Parent Entity	
	2008 $	**2007 $**	**2008 $**	**2007 $**
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	567,396	427,543	240,353	245,968
Accumulated depreciation	(277,470)	(255,930)	(187,799)	(201,503)
Total Plant and equipment	289,926	171,613	52,554	44,465
Total Property, Plant and Equipment	289,926	171,613	52,554	44,465

Note 12: Property, Plant and Equipment *(cont'd)*

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Economic Entity $	Parent Entity $
Balance at the beginning of year	171,613	44,465
Additions	181,247	39,798
Disposals	(15,279)	(9,541)
Depreciation expense	(47,655)	(22,168)
Carrying amount at the end of year	289,926	52,554

Note 13: Intangible Assets

	Note	Economic Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Goodwill					
Cost		144,785	144,785	-	-
Accumulated impairment losses		(144,785)	(144,785)	-	-
Net carrying value		-	-	-	-

Note 14: Other Assets

	Note	Economic Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Exploration and evaluation expenditure					
Exploration expenditure capitalised					
- exploration and evaluation phases		4,251,917	3,455,006	158,096	112,596

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective mining permits. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Reconciliation of movements during the year

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Balance at the beginning of year	3,455,006	2,792,873	112,596	112,596
- exploration and evaluation costs capitalised	1,043,372	673,395	45,500	11,262
- exploration and evaluation costs written off	(246,461)	(11,262)	-	(11,262)
Closing carrying value at 30 June 2007	4,251,917	3,455,006	158,096	112,596

Note 15: Trade and Other Payables

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
CURRENT					
Trade payables		92,145	37,234	12,184	11,785
Sundry payables and accrued expenses		264,758	220,338	60,439	37,812
		356,903	257,572	72,623	49,597
NON-CURRENT					
Amounts payable to other parties		70,000	100,000	29,846	-
		70,000	100,000	29,846	-

Note 16: Interest Bearing Liability

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
CURRENT					
Hire purchase liability		9,977	-	9,977	-
NON-CURRENT					
Hire purchase liability		29,846	-	29,846	-

During the year, the Company entered into a hire purchase agreement to purchase a motor vehicle. The total hiring amount under the terms of the agreement was $49,817 to be paid by 59 monthly instalments. The cost of the motor vehicle was $40,000.

Note 17: Provisions

	Employee Entitlements $
Economic Entity:	
Balance at the beginning of year	41,746
Additional provisions	48,662
Amounts used	(25,389)
Carrying amount at the end of year	65,019
Parent Entity:	
Balance at the beginning of year	40,760
Additional provisions	48,662
Amounts used	(24,403)
Carrying amount at the end of year	65,019

Note 18: Issued Capital

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
223,867,063 (2007: 139,370,009) fully paid ordinary shares	27,792,075	25,246,984	27,792,075	25,246,984
Share Issue Costs	(1,465,668)	(1,340,092)	(1,465,668)	(1,340.092)
	26,326,407	23,906,892	26,326,407	23,906,892

(a) Ordinary Shares

	No.	No.	No.	No.
At the beginning of reporting period	139,370,009	79,640,005	139,370,009	79,640,005
Shares issued during year	84,497,054	59,730,004	84,497,054	59,730,004
At reporting date	223,867,063	139,370,009	223,867,063	139,370,009

- On 10 December 2007, the Company issued 20,494,222 ordinary shares at an issue price of 4.6 cents;
- On 15 May 2008, the Company issued 63,945,692 ordinary shares at an issue price of 2.5 cents and 63,945,692 free attaching options exercisable at 6.5 cents each expiring 28 February 2010; and
- During the year, the Company issued 57,140 ordinary shares upon the conversion of listed options at 6.5 cents per share.

Note 19: Reserves

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
(a) Share Option Reserve				
(i) The option reserve records items recognised as costs of acquisition of exploration projects and subsidiaries.	12,596	12,596	12,596	12,596
(ii) The share options reserve records distributions of options.	120,268	120,268	120,268	120,268
(b) Asset Revaluation Reserve				
The asset revaluation reserve records revaluations of non-current assets.	376,014	376,014	376,014	376,014
(c) Asset Realisation Reserve				
The asset realisation reserve records realised gains on sale of non-current assets.	32,095	32,095	32,095	32,095
(d) Foreign Currency Translation Reserve				
The foreign currency translation reserve records gains or losses on translation of foreign entities	(51,340)	-	-	-
	489,633	540,973	540,973	540,973

Note 20: Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2008.

Note 21: Commitments

Operating lease commitments

On 22 November 2007, the Company entered into a three year operating lease for their Corporate offices in Newcastle Street, Northbridge, Western Australia after the expiry of the former office lease in Havelock Street, West Perth.

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Payable – minimum lease payments:				
- not later than 12 months	83,000	16,891	83,000	16,891
- between 12 months and 5 years	114,125	-	114,125	-
- greater than 5 years	-	-	-	-

Exploration lease commitments

In order to maintain current rights of tenure to mining tenements, the Company has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
- not later than 12 months	865,500	715,500	24,500	24,500
- between 12 months and 5 years	-	400,000	-	-
- greater than 5 years	-	-	-	-

Note 22: Segment Reporting

The Consolidated Entity operates in two geographical segments being Australia and Brazil and one industry segment, that of mineral exploration.

Primary Reporting – Geographical Segments

	Australia $	Brazil $	Consolidated $
2008			
Revenue			
Operating revenue	44,819	-	44,819
Total revenue	44,819	-	44,819
Result			
Segment Result	(1,174,552)	(744,246)	(1,918,798)
Profit (loss) before income tax	(1,174,552)	(744,246)	(1,918,798)
Income tax	-	-	-
Profit (loss) after income tax	(1,174,552)	(744,246)	(1,918,798)
Assets			
Segment assets	4,163,535	1,283,804	5,447,339
Total Assets	4,163,535	1,283,804	5,447,339

Note 22: Segment Reporting *(cont'd)*

	Australia $	Brazil $	Consolidated $
2008			
Liabilities			
Segment liabilities	311,652	220,093	531,745
Total Liabilities	311,652	220,093	531,745
Other			
Depreciation and amortisation of segment assets	38,834	8,821	47,655
Total Other	38,834	8,821	47,655

	Australia $	Brazil $	Consolidated $
2007			
Revenue			
Operating revenue	39,304	-	39,304
Total revenue	39,304	-	39,304
Result			
Segment Result	(1,388,132)	(346,721)	(1,734,853)
Profit (loss) before income tax	(1,388,132)	(346,721)	(1,734,853)
Income tax	-	-	-
Profit (loss) after income tax	(1,388,132)	(346,721)	(1,734,853)
Assets			
Segment assets	3,628,484	1,237,051	4,865,535
Total Assets	3,628,484	1,237,051	4,865,535
Liabilities			
Segment liabilities	206,089	193,229	399,318
Total Liabilities	206,089	193,229	399,318
Other			
Depreciation and amortisation of segment assets	67,022	-	67,022
Total Other	67,022	-	67,022

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment, exploration expenditure capitalised net of accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Economic Entity at an arms length. These transfers are eliminated on consolidation.

Note 22: Segment Reporting *(cont'd)*

Business Segments

The Economic Entity has the following business segment:

Exploration – conducting exploration activities in relation to mineral projects in Australia and Brazil.

Geographical Segments

The Economic Entity's head office is located in Australia, with exploration work carried out in Australia and Brazil.

Note 23: Cash Flow Information

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax					
Loss after income tax		(1,918,798)	(1,734,853)	(6,215,246)	(1,072,197)
Non-cash flows in profit					
Depreciation		47,655	67,022	22,168	50,306
Exploration expenditure written-off		246,461	11,262	0	11,262
Share-based payments		0	120,268	0	120,268
(Gain)/loss on disposal of property, plant & equipment		(4,823)	-	(4,823)	-
(Increase)/decrease in trade & term debtors		22,280	52,204	19,959	8,349
Increase/(decrease) in trade payables and accruals and provisions		72,939	210,446	35,783	16,044
Provision for non-recovery of intercompany loans		-	-	5,292,781	-
Cashflow from operations		(1,534,284)	(1,273,651)	(849,378)	(865,968)

Note 24: Share-based Payments

There were no share-based payments during the year ended 30 June 2008.

The following share-based payment arrangements existed at 30 June 2007:

On 11 December 2006, 3,500,000 share options were granted to directors to accept ordinary shares at an exercise price of 8 cents each. The options are exercisable by 1 October 2010. The options hold no voting or dividend rights and are not transferable. At balance date, no share option has been exercised.

The Company established the Ashburton Minerals Ltd Employee Share Option Plan on 21 September 2006 and adopted it on 24 November 2006. The Board may offer options to participants at the Board's discretion. The options are exercisable by 11 December 2008 at an exercise price of 5 cents each. The options hold no voting or dividend rights and are not transferable.

On 11 December 2006, 1,500,000 share options were granted to employees under the Ashburton Minerals Ltd Employee Share Option Plan. The options are exercisable by 11 December 2008 at an exercise price of 5 cents each.

On 25 May 2007, 650,000 share options were granted to employees under the Ashburton Minerals Ltd Employee Share Option Plan. The options are exercisable by 11 December 2008 at an exercise price of 5 cents each.

Note 24: Share Based Payments *(cont'd)*

	Economic Entity				Parent Entity			
	2008		2007		2008		2007	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at beginning of year	5,650,000	0.07	-	-	5,650,000	0.07	-	-
Granted	-	-	5,650,000	0.07	-	-	5,650,000	0.07
Outstanding at year end	5,650,000	0.07	5,650,000	0.07	5,650,000	0.07	5,650,000	0.07
Exercisable at year end	5,650,000	0.07	5,650,000	0.07	5,650,000	0.07	5,650,000	0.07

The fair value of options granted to directors during the year ended 30 June 2007 was 2 cents.

The value of the Director options was calculated by using a Black & Scholes option pricing model applying the following inputs:

Exercise price	8 cents
Life of the option	4 years
Expected share price volatility	72%
Risk free rate of return	5.77%

Included in the employee benefits expense in the income statement for the year ended 30 June 2007 is $120,268 and relates, in full, to equity-settled share-based payment transactions.

Note 25: Events After the Balance Sheet Date

On 22 July 2008, the Company announced that it had moved to full ownership of Transdrill Pty Ltd after its wholly owned subsidiary Trans Pacific Gold Pty Ltd, acquired the remaining 50% of the private drilling company. The terms of the acquisition include the issue to the vendor shareholders of 4,800,000 fully paid ordinary shares in Ashburton at an issue price of 2.5 cents each, being $120,000 in value.

On 08 September 2008, the Company announced a Share Purchase Plan to raise a maximum amount of $500,000 by issuing 20 million shares to eligible shareholders. At the time of this report, the Plan had not yet closed.

On 15 September 2008, the Company exercised its option over three granted exploration licences in the Mount Webb region in far eastern Western Australia by issuing 7 million shares to Bestgold Investments Pty Ltd as approved at a General Meeting of Shareholders on 12 September 2008. The Company has an additional $30,000 to pay to Bestgold to complete the transaction.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Note 26: Related Party Transactions

The names of each person holding the position of Director of Ashburton Minerals Ltd since the beginning of the financial year are:

- Mr Rick Crabb
- Mr Tom Dukovcic
- Mr Rodney Dunn
- Mr Peter Bradford

As announced on 8 February 2007, the Company entered into an option agreement with Bestgold Investments Pty Ltd, a company controlled by Tom Dukovcic and Rodney Dunn. The option agreement grants Ashburton the right to acquire three granted exploration licences in the Mount Webb region in far eastern Western Australia. Under the terms of the option, Ashburton paid Bestgold an option fee of $10,000 on 8 January 2008 to secure a 12 month exclusive right of possession of the Bestgold tenements. During the year the Company decided to exercise the option and purchase the Mount Webb tenements for a consideration of $30,000 in cash and ordinary fully paid shares in the Company to the value of $189,000. As at 30 June 2008, this had not been paid. Shareholders approved the transaction at a General Meeting of shareholders on 12 September 2008.

On 27 August 2008, the Company entered into a loan agreement with Rick Crabb, whereby Mr Crabb loaned the Company $200,000 to fund exploration activities on the Mount Webb project. The repayment of the loan is dependent upon successful fund raising by the Company in the next 6 months. The loan in is unsecured and at commercial arms length terms.

Other than the transactions described above and apart from the Directors' remuneration disclosed in the Directors' Report, no Directors have entered into a contract with the Economic Entity since the end of the previous financial year and there are no other material contracts involving Directors' interests existing at year end.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Transactions with related parties:				
Key Management Personnel				
Payment of an option fee to Bestgold Investments Pty Ltd, a company in which Mr Dunn and Mr Dukovcic are directors.	10,000	-	-	-
Repayment of loan to Westessa Holdings Pty Ltd, a company in which Mr Crabb is a director.	-	100,000	-	100,000
Repayment of loan to Rick Crabb	143,000	250,000	143,000	250,000

Note 27 Financial Risk Management

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring risk, and management of capital.

The Company and the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Note 27 Financial Risk Management *(cont'd)*

Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counter-party.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other equivalents

As the Group operates primarily in exploration activities, it does not have trade receivable and therefore is not exposed to credit risk in relation to trade receivables.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables (mainly relates to staff advances and security bonds) and investments. The management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Company and Group's financial assets represents the maximum credit exposure. The Company and Group's maximum exposure to credit risk at the reporting date was:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Loans and receivables	141,246	155,712	35,058	3,426,953
Investments	-	3,201	878,500	881,701
Cash and cash equivalents	764,250	1,080,003	673,665	1,040,781
	905,496	1,238,916	1,587,223	5,349,435

Impairment losses

None of the Groups' other receivables are past due (2007: nil)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational, exploration and development activities. The decision on how the Company will raise future capital will depend on the market conditions existing at that time.

Note 27: Financial Risk Management *(cont'd)*

The following are the maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Less than 6 months	366,880	257,572	82,600	49,597
6 months to 1 year	-	-	-	-
1 to 5 years	99,846	100,000	29,846	-
Over 5 years	-	-	-	-
	466,726	357,572	112,446	49,597

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency Risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Australian Dollar (AUD). The currency in which these transactions primarily are dominated is Brazilian Real (BRL).

The Group has not entered into any derivative financial instruments to hedge such transactions.

The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to Currency Risk

The Group and Company's exposure to foreign currency risk at balance date based on notional amounts was as follows:

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Cash	30,239	17,088	-	-
Trade and other receivables	99,236	96,304	-	-
Trade payables	(220,093)	(193,736)	-	-
Gross balance sheet exposure	(90,618)	(80,344)	-	-

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the Brazilian Real at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Economic Entity		Parent entity	
	Equity A$	Profit or loss A$	Equity A$	Profit or loss A$
30 June 2008	(9,062)	(9,062)	-	-
30 June 2007	(8,344)	(8,344)	-	-

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Note 27: Financial Risk Management *(cont'd)*

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 90 day rolling periods.

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Weighted Average Effective Interest Rate		Floating Interest Rate $		Fixed Interest rate maturing 1 to 5 Years $		Non-interest Bearing $		Total $	
Economic Entity	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Financial Assets:										
Cash	6.36%	4.5%	764,250	1,080,003	-	-	-	-	764,250	1,080,003
Receivables	6.05%	4.5%	7,962	30,201	-	-	133,284	125,511	141,246	155,712
Investments			-	-	-	-	-	3,201	-	3,201
Total Financial Assets			772,212	1,110,204	-	-	133,284	128,712	905,496	1,238,916
Financial Liabilities:										
Trade and sundry creditors			-	-	-	-	491,922	399,318	491,922	399,318
Interest bearing liabilities	4.33%	-	-	-	39,823	-	-	-	39,823	-
Total Financial Liabilities			-	-	39,823	-	491,922	399,318	531,745	399,318
Parent Entity										
Financial Assets:										
Cash	6.36%	4.5%	673,665	1,040,781	-	-	-	-	673,665	1,040,781
Receivables	6.05%	4.5%	7,962	30,201	-	-	27,096	3,396,752	35,058	3,426,953
Investments			-	-	-	-	878,500	881,701	878,500	881,701
Total Financial Assets			681,627	1,070,982	-	-	905,596	4,278,453	1,587,223	5,349,435
Financial Liabilities:										
Trade and sundry creditors			-	-	-	-	137,642	90,357	137,642	90,357
Interest bearing liabilities	4.33%	-	-	-	39,823	-	-	-	39,823	-
Total Financial Liabilities			-	-	39,823	-	137,642	90,357	177,465	90,357

Note 27: Financial Risk Management *(cont'd)*

(i) Net Fair Values

The net fair values of:-

- Listed investments have been valued at the quoted market price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cashflows of the investment.
- Other assets and liabilities approximate their carrying value

No financial assets and liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Economic Entity		Parent Entity	
	Equity A$	Profit or loss A$	Equity A$	Profit or loss A$
30 June 2008				
Variable rate instruments	6,292	6,292	6,292	6,292
30 June 2007				
Variable rate instruments	8,734	8,734	8,734	8,734

A decrease of 100 basis points in interest rates would have had an equal but opposite effect on equity and profit or loss by the amounts shown above, on the basis that all other variables remain constant.

Commodity Price Risk

The Group is still operating primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not yet subject to commodity price risk.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 28: Company Details

The registered office of the Company is:

310 Newcastle Street
Perth WA 6000
Tel: (08) 9225 9000
Fax: (08) 9225 9001

The principal place of business is:

310 Newcastle Street
Perth WA 6000
Tel: (08) 9225 9000
Fax: (08) 9225 9001

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 45, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and Economic Entity;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. 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.

Mr T Dukovcic
Managing Director

Dated this 30th day of September 2008

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Dino Travaglini
Ray Simpson
Suan-Lee Tan
Ennio Tavani

Independent Auditor's Report to the Members of

Ashburton Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Ashburton Minerals Limited (the company) and Ashburton Minerals Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Ashburton Minerals Limited on 30 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report

Independent Auditor's Report to the Members of
Ashburton Minerals Limited

Auditor's Opinion
In our opinion:

a. the financial report of Ashburton Minerals Limited and Ashburton Minerals Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern
Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As discussed in Note 1(o) to the financial report, the ability of the Company and its subsidiaries to continue as a going concern and meet their planned exploration commitments is dependant upon the Company raising sufficient working capital. In the event that the Company cannot achieve the above, the Company and the consolidated entity may be unable to continue as a going concern and may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts other than as stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets nor to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion, the Remuneration Report of Ashburton Minerals Limited for the year ended 30 June 2008 complies with Section 300A of the *Corporations Act 2001*.

Moore Stephens

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of September 2008.

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Corporate Governance Statement

The Company has considered and set up a framework for embracing the ASX Principals of Good Corporate Governance and Best Practice Recommendations ("Recommendations"). The Company has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Company and the Board, the resources available to the Company and the activities of the Company. Where, after due consideration the Company's corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Copies of the Company's corporate governance policies are available on the Company's website at www.ashburton-minerals.com.au

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations. As the Company's activities develop in size, nature and scope, further consideration will be given by the Board to implementation of additional corporate governance structures.

	Recommendation	**Ashburton Minerals Ltd current practice**
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Satisfied, available on the Company website.
2.1	A majority of the Board should be independent directors.	Not satisfied. There are two independent non-executive directors on the 4 person Board. The Board has considered this and have deemed it to be appropriate for the Company at its early stage of operation
2.2	The chairperson should be an independent director.	Satisfied. The chairman of the Board is Mr Rick Crabb who is considered independent.
2.3	The roles of the chairperson and chief executive officer should not be exercised by the same individual.	Satisfied, Mr Tom Dukovcic is the Chief Executive Officer.
2.4	The Board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Annual Report requirements.	Satisfied.
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied, available on the Company's website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	Satisfied. Trading in securities policy is available on Company website.
3.3	Report and disclose 3.1 and 3.2.	Satisfied. Available on Company website.
4.1	Require the CEO (or equivalent) and the CFO (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	Due to the size of the Company, it does not have a designated CFO. This is performed by the Managing Director and Company Secretary.
4.2	The Board should establish an audit committee.	Satisfied. An audit committee has been established.

Corporate Governance Statement

Recommendation		Ashburton Minerals Ltd current practice
4.3	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the Board; and (d) at least three members.	Not satisfied. The role of the audit committee is currently being undertaken by two independent non-executive directors. The Company is currently not of a size to justify having three independent non-executive directors.
4.4	The audit committee should have a formal charter.	Satisfied.
4.5	Provide the information indicated in Guide to Reporting on Principle 4.	Satisfied.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Satisfied. Continuous disclosure policy is available on the Company website.
5.2	Post 5.1 on website.	Satisfied. Refer 5.1
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Satisfied. Communications with shareholders policy is available on the Company website.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Satisfied.
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Satisfied. Risk management program is available on the Company website.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: (a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and (b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Due to the size and scale of operations the Company does not have a designated CFO. The roles are performed by the Board as a whole.
7.3	Report and disclose 7.1 and 7.2	Satisfied. Refer 7.1 Not currently applicable. Refer 7.2
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	Not satisfied. The Company has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Company's operations. The full Board will review the performance of key executives.

Recommendation		Ashburton Minerals Ltd current practice
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand: (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance	Satisfied. Refer to directors' report.
9.2	The Board should establish a remuneration committee.	Not satisfied. The Board considers this recommendation and formed the view that given the number of directors on the Board, this function could be performed just as efficiently with full Board participation.
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Details of executive and non-executive remuneration are outlined in the directors' report.
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Satisfied.
9.5	Report on the above matters.	Satisfied. The Company has incorporated all information as required.
10.1	Establish and disclose a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Satisfied. Code of Conduct is available on the Company website.

Supplementary (ASX) Information

Shareholding Details

The following shareholder information was applicable as at 16 October 2008.

1. Distribution of shareholding

The distribution of members and their shareholdings was as follows:

Number Held			Number of Shareholders
1	-	1,000	139
1,001	-	5,000	310
5,001	-	10,000	192
10,001	-	100,000	528
100,001	-		257
Total number of Shareholders			**1426**

2. Twenty largest Shareholders (as at 16 October 2008)

	Shareholder	Number of Ordinary Shares	%
1	ANZ NOMINEES LTD	37,282,819	15.17
2	FORTIS CLEARING NOMINEES PL	28,826,528	11.73
3	ANTELL CHARLES	8,200,000	3.34
4	BRADFORD PETER + VICKI	8,200,000	3.34
5	RED PEAKS PL	7,557,976	3.08
6	BESTGOLD INVESTMENTS PL	7,000,000	2.85
7	CRABB RICK WAYNE + CJ	6,777,669	2.76
8	CCR PL	4,526,480	1.84
9	MC NAMARA GEOFFREY W M	4,000,000	1.63
10	TEOFILOVA LILIANA	3,500,000	1.42
11	STROTHER GARY RAYMOND	3,360,000	1.37
12	SEMERDZIEV IANAKI	2,500,000	1.02
13	IOMA PL	2,373,913	0.97
14	CRABB RICK	2,208,171	0.90
15	HUNT BRIAN FREDERICK	2,181,110	0.89
16	BERNE NO 132 NOMINEES PL	2,124,768	0.86
17	NATIONAL NOMINEES LTD	1,839,000	0.75
18	MC KINNON CHRISTOPHER W M	1,750,000	0.71
19	WILKINS MICHAEL	1,739,271	0.71
20	WESTESSA HOLDINGS PL	1,622,927	0.66
		137,570,632	**56.00**

3. Substantial Shareholders

The following shareholders have advised the Company as having a substantial interest, being 5.0% or greater, in the issued capital of the Company:

Shareholder	Number of Ordinary Shares	%
ANZ NOMINEES LTD	37,282,819	15.17
FORTIS CLEARNING NOMINEES PL	28,826,528	11.73

4. Distribution of Listed Optionholdings

The distribution of members and their listed option holdings (as at 16 October 2008) was as follows:

Number Held			Number of Shareholders
1	-	1,000	24
1,001	-	5,000	75
5,001	-	10,000	54
10,001	-	100,000	219
100,001	-		131
Total number of Shareholders			**503**

5. Twenty largest 28 February 2010 Listed Option Holders (as at 16 October 2008)

	Option Holder	Number of Options	%
1	FORTIS CLEARING NOMINEES PL	22,255,142	18.00
2	ANTELL CHARLES	8,000,000	6.47
3	BRADFORD PETER + VICKI	8,000,000	6.47
4	ANZ NOMINEES LTD	7,401,582	5.99
5	GOFFACAN PL	4,855,000	3.93
6	RED PEAKS PL	4,473,088	3.62
7	DARRELEN PL	3,325,000	2.69
8	IOMA PL	2,374,272	1.92
9	INNES JOHN ALEXANDER + L	2,000,000	1.62
10	BIMEDENT PL	2,000,000	1.62
11	CRABB RICK WAYNE + C J	1,964,335	1.59
12	TEOFILOVA LILIANA	1,780,000	1.44
13	NAUM A + ABAYEVA A	1,650,050	1.33
14	CCR PL	1,493,280	1.21
15	CRABB RICK	1,337,337	1.08
16	DWYER VIVIEN MARY	1,300,000	1.05
17	BERNE NOMINEES PL	1,139,149	0.92
18	NATIONAL NOMINEES PL	1,109,142	0.90
19	MC KINNON CHRISTOPHER W M	1,050,000	0.85
20	DEMARTE FRANK + CHIARA	1,000,000	0.81
		78,507,377	**63.51**

6. Voting Rights

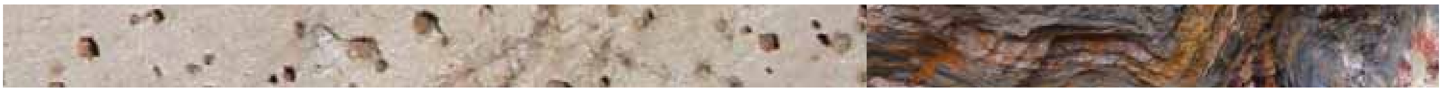
In accordance with Item 73 of the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and, on a poll, every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for each share held.

7. Restricted Securities

There are no restricted securities in the capital of the Company on issue.

8. Stock Exchange Listing

Ashburton Minerals Ltd is listed on the Australian Stock Exchange Limited. The trading code for the Company's fully paid ordinary Shares is ATN and ATNOA for its listed Options.



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