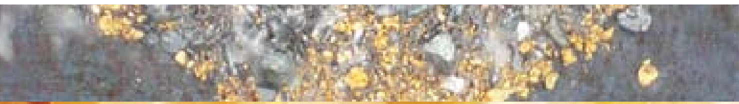
ASHBURTON MINERALS LTD



ANNUAL REPORT

2007

Corporate Directory

Directors
Rick CRABB
(Non-Executive Chairman)
Tom DUKOVCIC
(Managing Director)
Rodney DUNN
(Executive Director)

Company Secretary
Julie HILL

Registered Office
Level 2
35-37 Havelock Street
WEST PERTH WA 6005
Telephone: (08) 9266 0300
Facsimile: (08) 9266 0301

Principal Place of Business
Level 2
35-37 Havelock Street
WEST PERTH WA 6005
Telephone: (08) 9266 0300
Facsimile: (08) 9266 0301
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

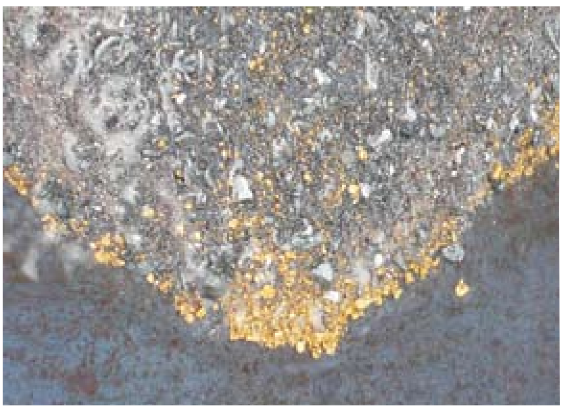


Table of Contents

Logging drill chips

Chairman's Report

The year saw your Company active on several fronts, the most notable being the completion of a rights issue in March 2007, which raised $2.26 million before costs, and the subsequent acceleration of exploration activities in Brazil.

During the year, the Company consolidated and expanded its holdings at the Cuiaba Gold Project and is now the dominant tenement holder in the area. The Company controls some 1,500 sq km of tenure securing most of the prospective ground within the central Cuiaba gold field that is not held by private mine operators. The commencement of systematic exploration programmes delineated a 2 km long gold anomaly at Tanque Belo. Drilling of the anomaly resulted in the discovery of significant bedrock gold mineralisation, including a result of 10 m @ 3.97 g/t from 46 m to end of hole. These results confirm the presence of sediment-hosted disseminated gold mineralisation that is of a different style to the quartz vein deposits exploited in the region to date. This is particularly encouraging as it enhances the chances of a discovery of large tonnage gold deposits, which the Company is targeting in the district, and validates the Company's exploration approach. The Board looks forward to continued positive results from Brazil.

In Australia, the Company became involved with the Mt Webb project through its own tenement applications and via an option agreement over three privately held tenements that encompass an exciting copper discovery at the Pokali prospect. Drilling of four RC holes by Aurora Gold NL and BHP Limited in 1998/99 returned up to 36 m @ 0.42% Cu yet no further work has been completed at this prospect. The Company is pleased to have been able to secure this ground and looks forward to drilling the area before year's end.

The Company also holds several smaller projects in WA and NSW prospective for gold, copper, zinc and uranium. In addition, the Company continues to evaluate various opportunities that might see the Company progress to an economic mining operation in the near term.

Whilst we are in the midst of a strong resources boom, success can still only come through sound exploration and perseverance. With some luck, the Company might be close to seeing the rewards of its dedicated approach. On behalf of the Board, I thank our Managing Director Tom Dukovcic and his team in Perth and Brazil for their ongoing hard work.

Rick Crabb
Chairman

Review of Operations

Overview

During the year under review the Company's principal activity was gold exploration within the Cuiaba Gold Project in the state of Mato Grosso in central Brazil.

The Company's activities were partly funded from remaining cash reserves arising from the sale in October 2005 of Wirralie Mines Pty Ltd and that company's tenements in NE Queensland, and partly from funds raised through a rights issue conducted in March 2007.

The Company's main focus is in Brazil, which is a greatly under explored resource-rich country. The Company also retains a presence in Australia through the large Mt Webb copper-gold project in WA and several other interests in WA and NSW.

Project evaluation is an ongoing activity in both Australia and Brazil, driven by the Company's underlying philosophy of seeking to identify projects with the potential to deliver large economic deposits.

Brazil

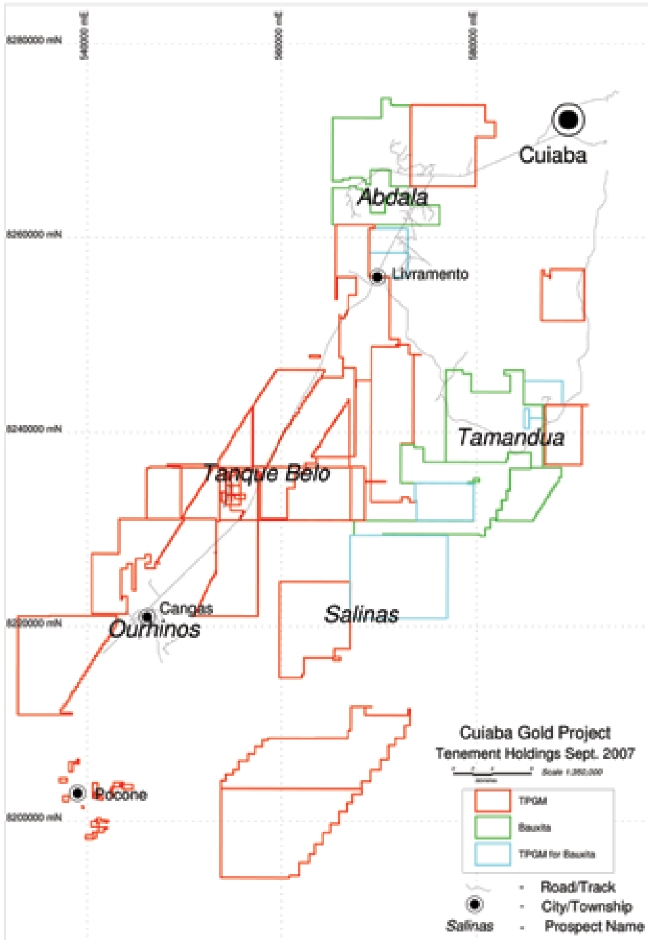
Cuiaba Gold Project (Au)

The Company undertakes its Brazilian activities through its wholly owned subsidiary Trans Pacific Gold Pty Ltd ("TPG") and that company's Brazilian registered subsidiary Trans Pacific Gold Mineraçao Ltda ("TPGM").

The Cuiaba Gold Project was created in May 2006 when the Company signed a Heads of Agreement with AIM-listed Minmet plc. A formal Option and Joint Venture Agreement was entered into in May 2007. Under the agreement, TPGM can earn a 75% interest in a portfolio of ten tenements of some 380 sq km in area held by Minmet subsidiary Mineradora de Bauxita Ltda ("MBL") by expenditure of A$800,000 within a three year period. Minmet has made available to TPGM a dataset comprising an extensive airborne geophysical survey covering the entire Cuiaba gold field, and ground exploration data including results of geochemical sampling and diamond drilling programmes. In addition to the MBL ground, TPGM holds around 1,000 sq km of the central Cuiaba gold field under tenure in its own right.

The Cuiaba gold field extends for over 130 km within a thick

Location of Brazil Projects



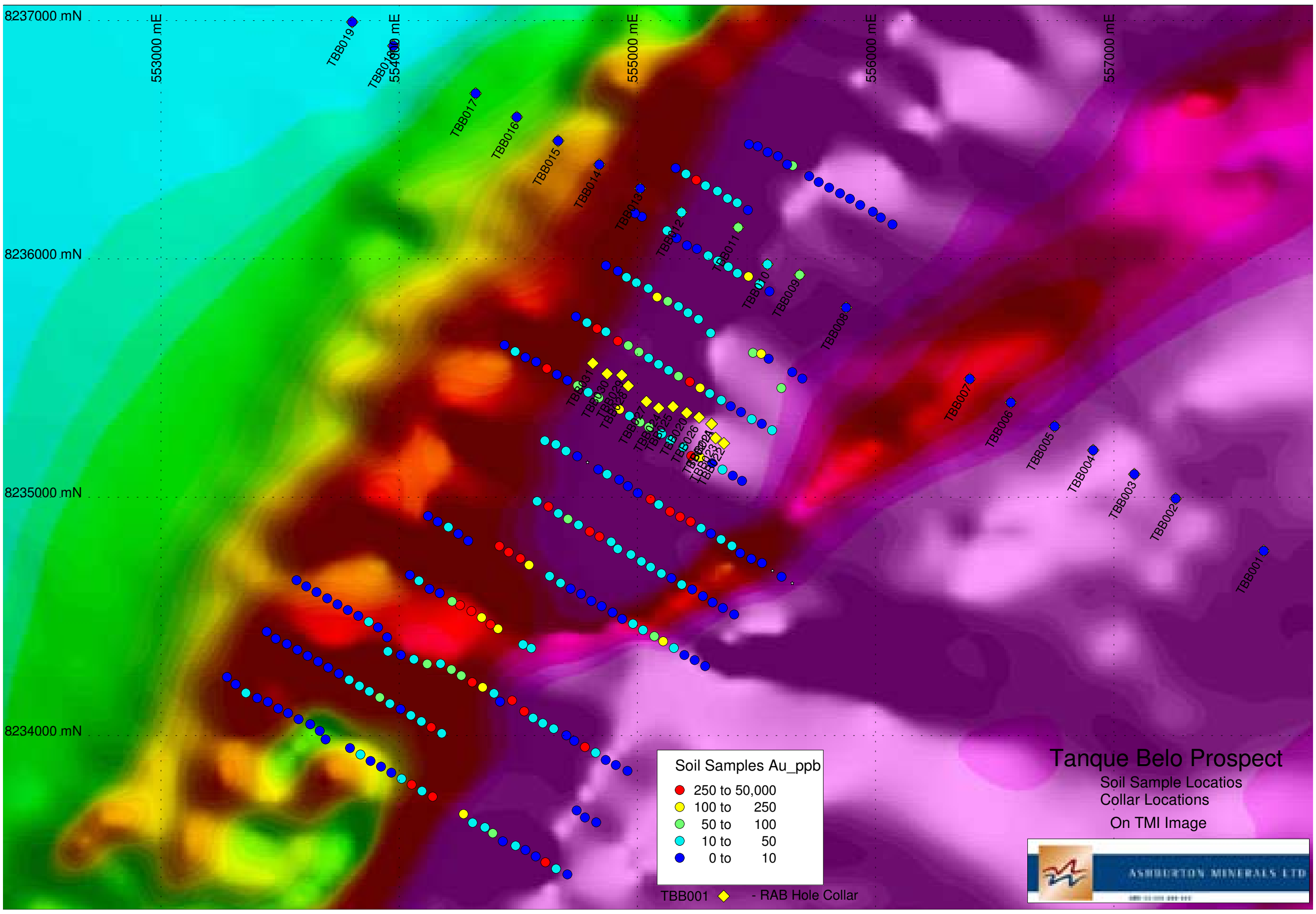
Cuiaba Gold Project Tenements, showing prospect locations sequence of Proterozoic metasediments from which gold has been worked for over 200 years, mainly from small late-stage quartz veins. The Company, however, is exploring for large tonnage gold deposits located within the host sediments in the pursuit of large deposits that could sustain a long lived economic gold operation.

The results received during the first half of 2007 from the first area explored in detail by the Company, the Tanque Belo prospect, have been excellent. A surface gold geochemical anomaly in excess of 2 km long and up to 800 m wide has been outlined, with gold-in-soil values of up to 15.05 g/t. The anomaly trends sub-parallel to stratigraphy so it does not reflect mineralisation related to cross-cutting quarts veins. Initial RAB drilling across the anomaly intersected significant bedrock gold mineralisation, including intercepts of 10 m @ 3.97 g/t and 16 m @ 0.48 g/t in separate drill holes. Both intercepts occur at the end of the hole. These results are considered outstanding for a first-pass drilling programme. Moreover, they represent the best known drilling results returned from the Cuiaba district. Full results from only the first line of drilling have been received. A further three drill lines have been drilled across the anomaly, for which results are pending. Nevertheless, the results to date fit the Company's conceptual model and support the possible presence of a substantial gold deposit at Tanque Belo.

In parallel, surface geochemical sampling over the remainder of the Cuiaba Gold Project is under way to generate additional targets for RAB drilling. Drilling is expected to continue into early December 2007 until precluded by the wet season.

Brazil Tailings JV (75%; Areias Douradas Pty Ltd free carried 25%)

A further two tailings deposits were tested by aircore drilling as part of an ongoing evaluation of the possibility of reprocessing the artisinal tailings sands with cyanide. These



Tanque Belo geochem anomaly and loc of drill holes two tanks are located in the Tanque Belo area and contain tailings sands that are visibly coarser than those previously encountered within the large Ourinhos tailings dams 15 km to the south. The estimated volume of 60,000 m^3 returned an average gold grade of 0.21 g/t. While higher than the average of 0.14 g/t within the fine sands at Ourinhos, these values remain low. Consequent on these low results, the Company has downgraded the economic potential of the tailings reprocessing project in the Cuiaba area.

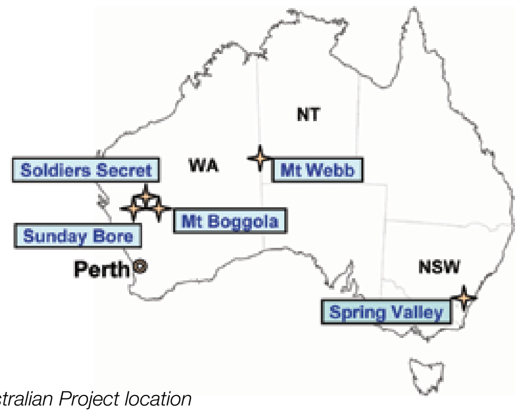
Brazil - Other

Elsewhere in Brazil the Company has been evaluating various projects prospective for copper, gold and iron. The Company is aiming to secure an additional quality project in Brazil with the demonstrable potential for large tonnage deposits.

Australia

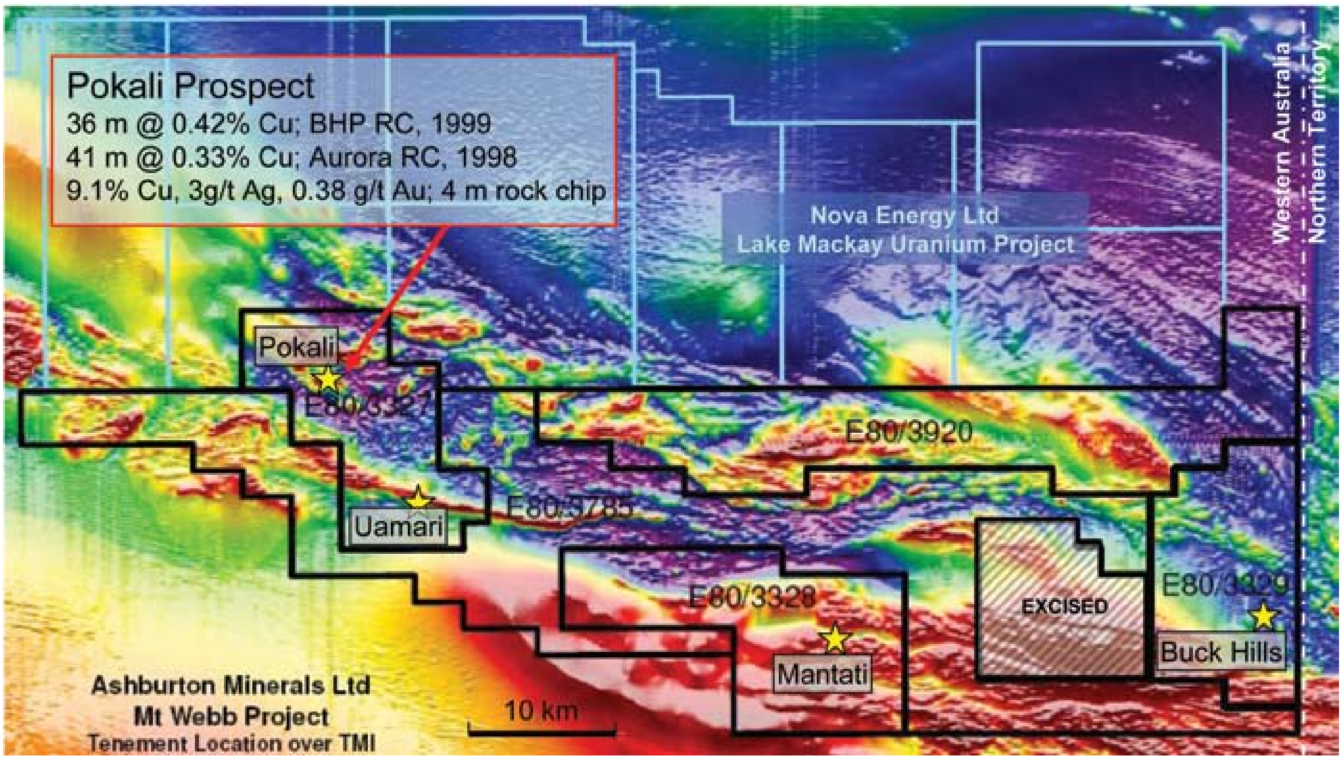
Mt Webb Project (Cu-Ag-Au)

In Australia, the Company, through its wholly owned subsidiary Ashburton Gold Mines NL, acquired ground in its own right and entered into an option agreement with a private company over the Mt Webb IOCG (iron-oxide-copper-gold) project in far



Australian Project location

eastern WA. The Mt Webb area was last explored in 1999 by Aurora Gold and BHP whose work identified the presence of surface mineralisation of up to 9.1% Cu, including 3 g/t Ag and 0.38 g/t Au. RC drilling by Aurora Gold at the Pokali prospect returned 41 m @ 0.33% Cu which prompted BHP to joint venture into the project. BHP drilled a hole 250 m southwest of the Aurora Gold hole and intersected 36 m @ 0.42% Cu, including an interval of 6 m @ 1.68% Cu and 0.29 g/t Au. No subsequent work has been completed at Pokali notwithstanding the fact that Geoscience Australia and the Geological Survey of WA both regard the Mt Webb area, based on geological, geochemical and tectonic grounds, as



Mt Webb tenements over regional geophysics, showing prospect locations and summary results being the closest analogue to the mineralising environment hosting the giant Olympic Dam copper-gold-uranium mine in South Australia.

BHP reports that it left the Mt Webb area partly due to being unable to negotiate access with the traditional Aboriginal landowners. In mid 2007 the Company successfully negotiated an access agreement with the Kiwirkurra community and is currently in the process of clearing a work programme to conduct a follow up RC drilling programme at Pokali.

The Company regards the Mt Webb project as being extremely prospective for significant copper-gold deposits and looks forward to drilling the Pokali prospect before year's end.

Sunday Bore Project (U)

The Company also holds the Sunday Bore tenement (E09/1308) within the Proterozoic Gascoyne Complex in WA. This project was pegged to cover the centre of a pronounced regional multi-element geochemical anomaly, showing particularly elevated vanadium values of up to 0.1%. Vanadium can often be associated with uranium mineralisation. The tenement is regarded as prospective for calcrete-hosted uranium mineralisation, with over 70% of the tenement marked by calcrete deposits reflecting ancient drainage shedding from the surrounding Gascoyne Complex granitoids. The Sunday Bore tenement is located centrally to Desert Energy's Minnie Creek uranium project. Initial field work comprising stream sediment and calcrete sampling is planned for October/November 2007.

Spring Valley Project (Zn-Cu)

In NSW, the Company entered into an option and joint venture agreement over the Spring Valley Zn-Cu project over a conceptual target along the interpreted continuity of the Woodlawn Zn-Cu deposit. This is a low-cost greenfields exploration project that nevertheless offers significant discovery potential should the concept be proven.

Transdrill rig drilling at Tanque Belo

Tenement Schedule

BRAZIL

Cuiaba Gold Project, Mato Grosso

Trans Pacific Gold Mineração Limitada (TPGM) 100%

866624/2007	866013/2005	866750/2006
866848/2007	866015/2005	866842/2006
866227/2007	866016/2005	866843/2006
866229/2007	866017/2005	866844/2006
866232/2007	866018/2005	866613/2006
866231/2007	866020/2005	866018/2007
866228/2007	866022/2005	866019/2007
866230/2007	866023/2005	866579/2006
866574/2006	866024/2005	866581/2006
866580/2006	866025/2005	866150/2007
866582/2006	866026/2005	866151/2007
866614/2006	866887/2005	866776/2006
866765/2004	866888/2005	866792/2006
866766/2004	866841/2007	866085/2007
866767/2004	866845/2006	866708/2007
866768/2004	866575/2006	866709/2007
866769/2004	866576/2006	866710/2007

Mineradora de Bauxita Limitada (TPGM Earning 75%)

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

Sapucai, Minas Gerais

Trans Pacific Gold Mineração Limitada (TPGM) 100%

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

Empresa de Mineracao Ouro Novo Limitada (TPGM Earning 80%)

830131/2006	830132/2006	860493/1993

AUSTRALIA

Western Australia

Ashburton Gold Mines NL (100%)

Soldiers Secret:

E08/924, E08/1304, E08/1783

Sunday Bore:

E09/1308

Mt Boggola:

E08/1613

Mt Webb:

Ashburton Gold Mines NL (earning 100%)

E80/3327, E80/3328, E80/3329

Ashburton Gold Mines NL (100%)

E80/3785 (Application), E80/3920 (Application)

New South Wales

Spring Valley:

Ashburton Minerals Ltd (Earning 80%)

E3105 (Application)

Directors' Report

Your Directors present their report on the Company and its Controlled Entities for the financial year ended 30 June 2007.

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

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:

Ms Julie Hill – BCom, CA

Julie has more than 18 years experience as a Chartered Accountant working in a variety of industries, including resources, rail, viticulture and government. Prior to these commercial roles, Julie worked in public practice in an audit and compliance capacity.

Julie is company secretary for several other companies in the resource sector, both listed and private.

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 $1,734,853 (2006: $2,481,106)

Dividends Paid Or Recommended

The Directors recommend that no dividend be paid for the year ended 30 June 2007, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

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Financial Position

The net assets of the Economic Entity have increased by $469,433 from $3,996,784 at 30 June 2006 to $4,466,217 in 2007.

The Directors believe the group is in a strong and stable financial position to expand and grow 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 20th March 2007, the Company issued 59,730,004 ordinary shares at an issue price of 3.8 cents and 59,730,004 free attaching options exercisable at 6.5 cents each expiring 28 February 2010.

After Balance Date Events

No 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 2,063,976 ordinary shares and 1,079,808 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 Resources 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 gold discoveries at various locations in Western Australia, including Transvaal, Cuddingwarra and Leonora. Mr Dukovcic is a director of several private mineral exploration companies and brings valuable exploration, geological and management skills to the Board.
Interest in Shares and Options	- Mr Dukovcic holds 720,000 ordinary shares and 2,118,874 options.
Mr Rodney Dunn	- Director (Executive)
Experience	- Mr Dunn has been actively involved in the mining industry for approximately 24 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 6,022,939 ordinary shares and 4,081,261 options.

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 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. 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 2007, 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 $36,000 per annum for each non-executive director and $36,000 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 shows the gross revenue, losses and earnings per share for the last five years for the listed Entity.

	2003 $	2004 $	2005 $	2006 $	2007 $
Revenue	126,849	156,035	196,049	118,170	39,304
Net Loss	(854,464)	(432,055)	(2,078,062)	(2,481,106)	(1,734,853)
Earnings Per Share (cents)	(0.28)	(0.78)	(2.68)	(3.17)	(1.80)

Details of Remuneration

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

2007	Salary, Fees and Commissions $	Superannuation 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**	**-**

There were no other key management personnel during the year.

2006	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Other $	Options $	Total $	Performance Related %
Directors							
Mr Rick Crabb	33,000	2,970	-	-	-	35,970	-
Mr Tom Dukovcic	170,000	15,300	-	-	-	185,300	-
Mr Rodney Dunn	125,000	11,250	-	-	-	136,250	-
	328,000	**29,520**	**-**	**-**	**-**	**357,520**	**-**

Options issued as part of remuneration for the year ended 30 June 2007

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, 5 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	4	5
Mr Tom Dukovcic	5	5
Mr Rodney Dunn	4	5

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:

Grant Date	Date of Expiry	Exercise Price	Number Under-Option
17 September 2004	06 September 2007	$0.25	5,000,000
08 May 2006	30 June 2009	$0.15	500,000
11 December 2006	11 December 2008	$0.05	1,500,000
11 December 2006	01 October 2010	$0.08	3,500,000
20 March 2007	28 February 2010	$0.065	59,730,004
25 May 2007	11 December 2008	$0.05	650,000
			70,880,004

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 2007:

Taxation Services	$13,088

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 11 of the directors' report.

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

Mr T P Dukovcic

Managing Director

Dated this 28th day of September 2007

Auditor's Independence Declaration

MOORE STEPHENS

Auditor's Independence Declaration
Under Section 307c Of The Corporations Act 2001
To The Directors Of Ashburton Minerals Ltd

As lead auditor for the audit of Ashburton Minerals Ltd for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

This declaration is in respect of Ashburton Minerals Ltd and the entities it controlled during the period.

MOORE STEPHENS

SUAN-LEE TAN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 28th day of September 2007.

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Income Statement For The Year Ended 30 June 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
Revenue	2	39,304	115,737	39,304	115,737
Other income	2	-	2,433	-	1,073,045
Accounting Fees		(62,356)	(58,911)	(57,455)	(56,476)
Corporate Costs		(53,151)	(42,757)	(51,325)	(41,480)
Depreciation expense		(67,022)	(85,723)	(50,306)	(30,002)
Employee benefit expense		(744,283)	(467,668)	(669,288)	(399,278)
Exploration expenditure written-off		(11,262)	(382,698)	(11,262)	(340,265)
Finance costs		(7,188)	(15,307)	(4,866)	(14,382)
Goodwill written-off		-	(144,785)	-	-
Loss on disposal of subsidiary		-	(806,506)	-	-
Occupancy Costs		(72,270)	(72,397)	(72,270)	(72,397)
Public Relations		(42,748)	(25,423)	(42,249)	(25,423)
Other expenses		(841,226)	(497,101)	(152,480)	(201,551)
Profit/(Loss) before income tax	3	(1,734,853)	(2,481,106)	(1,072,197)	7,528
Income tax expense	4	-	-	-	-
Profit/(Loss) from continuing operations		(1,734,853)	(2,481,106)	(1,072,197)	7,528
(Profit)/Loss attributable to minority equity interest		-	4,343	-	-
Profit/(Loss) attributable to members of the Parent Entity		**(1,734,853)**	**(2,476,763)**	**(1,072,197)**	**7,528**
Overall Operations					
Basic loss per share (cents per share)	7	(1.8)	(3.17)		
Continuing Operations					
Basic loss per share (cents per share)	7	(1.8)	(3.17)		

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 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	1,080,003	965,084	1,040,781	944,411
Trade and other receivables	9	61,089	113,293	51,811	60,160
Other financial assets	11	3,200	3,200	3,200	3,200
TOTAL CURRENT ASSETS		**1,144,292**	**1,081,577**	**1,095,792**	**1,007,771**
NON-CURRENT ASSETS					
Trade and other receivables	9	94,623	94,623	3,375,142	2,288,271
Investments accounted for using the equity method	10	-	-	-	2
Financial assets	11	1	1	878,501	878,501
Property, plant and equipment	13	171,613	216,582	44,465	75,567
Intangible assets	14	-	-	-	-
Other non-current assets	15	3,455,006	2,792,873	112,596	112,596
TOTAL NON-CURRENT ASSETS		**3,721,243**	**3,104,079**	**4,410,704**	**3,354,937**
TOTAL ASSETS		**4,865,535**	**4,185,656**	**5,506,496**	**4,362,708**
CURRENT LIABILITIES					
Trade and other payables	16	257,572	40,865	49,597	31,652
Short-term Provisions	17	41,746	48,007	40,760	42,661
TOTAL CURRENT LIABILITIES		**299,318**	**88,872**	**90,357**	**74,313**
NON-CURRENT LIABILITIES					
Trade and other payables	16	100,000	100,000	-	-
Long-term provisions	17	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		**100,000**	**100,000**	**-**	**-**
TOTAL LIABILITIES		**399,318**	**188,872**	**90,357**	**74,313**
NET ASSETS		**4,466,217**	**3,996,784**	**5,416,139**	**4,288,395**
EQUITY					
Issued capital	18	23,906,892	21,827,219	23,906,892	21,827,219
Reserves	19	540,973	420,705	540,973	420,705
Retained earnings/(Accumulated losses)		(19,981,648)	(18,246,797)	(19,031,726)	(17,959,529)
Parent interest		4,466,217	4,001,127	5,416,139	4,288,395
Minority equity interest		-	(4,343)	-	-
TOTAL EQUITY		**4,466,217**	**3,996,784**	**5,416,139**	**4,288,395**

The accompanying notes form part of these financial statements.

Statement Of Changes In Equity

For The Year Ended 30 June 2007

Economic Entity

	Note	Ordinary $	Accumulated Losses $	Option Reserve $	Asset Realisation Reserve $	Asset Revaluation Reserve $	Minority Equity Interests $	Total $
Balance at 1 July 2005		21,676,049	(15,770,034)	-	32,095	376,014	-	6,314,124
Gain/(Loss) attributable to members of Parent Entity		-	(2,476,763)	-	-	-	-	(2,476,763)
Gain/(Loss) attributable to minority shareholders		-	-	-	-	-	(4,343)	(4,343)
Shares/options issued during the year		151,170	-	12,596	-	-	-	163,766
Transaction costs		-	-	-	-	-	-	-
Balance at 30 June 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**	**(19,981,647)**	**132,864**	**32,095**	**376,014**	**-**	**4,466,217**

The accompanying notes form part of these financial statements

Statement Of Changes In Equity

For The Year Ended 30 June 2007

Parent Entity

	Note	Ordinary $	Retained Earnings $	Share Option Reserve $	Asset Realisation Reserve $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2005	**2**	21,676,049	(17,967,057)	-	32,095	376,014	4,117,101
Gain/(Loss) attributable to members of Parent Entity		-	7,528	-	-	-	7,528
Shares/options issued during the year		151,170	-	12,596	-	-	163,766
Transaction costs		-	-	-	-	-	-
Balance at 30 June 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**

Cash Flow Statement
For The Year Ended 30 June 2007

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(1,305,767)	(991,671)	(898,084)	(658,627)
Interest received		39,304	95,184	39,304	92,384
Finance costs		(7,188)	(9,448)	(7,188)	(9,448)
Net cash used in operating activities	**22(a)**	(1,273,651)	(905,935)	(865,968)	(575,691)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	1,000	-	1,000
Purchase of property, plant and equipment		(22,053)	(141,489)	(19,204)	(26,489)
Payments for exploration expenditure		(673,395)	(1,133,710)	(11,262)	(112,596)
Proceeds from sale of subsidiary		-	995,839	-	995,839
Proceeds from sale of tenements		-	364,000	-	364,000
Payment for subsidiary, net of cash acquired		-	(120,683)	-	-
Net cash used in investing activities		(695,448)	(35,043)	(30,466)	1,221,754
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,269,940	-	2,269,940	-
Payment of share issue costs		(190,267)	-	(190,267)	-
Proceeds of borrowings		354,345	200,000	350,000	200,000
Repayment of borrowings		(350,000)	(202,000)	(350,000)	(202,000)
Loan to subsidiary		-	-	(1,086,869)	(1,573,454)
Net cash provided by financing activities		2,084,018	(2,000)	992,804	(1,575,454)
Net (decrease)/ increase in cash held		114,919	(942,978)	96,370	(929,391)
Cash at beginning of financial year		965,084	1,908,062	944,411	1,873,802
Cash at end of financial year	**8**	1,080,003	965,084	1,040,781	944,411

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 12 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.

Note 1: Statement of Significant Accounting Policies (continued)

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, 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.

Note 1: Statement of Significant Accounting Policies (continued)

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.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been

Note 1: Statement of Significant Accounting Policies (continued)

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.

Note 1: Statement of Significant Accounting Policies (continued)

(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.

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.

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.

Note 2: Revenue

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Operating activities					
- interest received other persons		39,304	105,201	39,304	105,201
- other revenue		-	10,536	-	10,536
Total Revenue		39,304	115,737	39,304	115,737
Non-operating activities					
- gain/(loss) on disposal of property, plant & equipment		-	2,433	-	(28,011)
- gain on disposal of investment in Wirralie Mines Pty Ltd		-	-	-	1,101,056
Other Income		-	2,433	-	1,073,045

Note 3: Loss for the year

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a) Expenses				
Impairment of goodwill	-	144,785	-	-
Write-off capitalised expenses	11,262	382,698	11,262	340,265
Occupancy costs	72,270	72,397	72,270	72,397
Accounting fees	62,356	58,911	57,455	56,476
(b) Significant revenue and expenses				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Consideration on disposal of Wirralie Mines Pty Ltd	-	995,839	-	-
Carrying amount of net assets sold	-	(1,802,345)	-	-
Net loss on the disposal of Wirralie Mines Pty Ltd	-	(806,506)	-	-

Note 4: Income Tax Expense

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(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% (2006: 30%)		(520,456)	(744,332)	(321,659)	2,258
Add:					
Tax effect of:					
- current year revenue losses not recognised		368,471	279,536	321,811	269,635
- other deferred tax balances not recognised		866,192	27,856	574,881	35,062
- current year foreign losses not recognised		125,364	-	-	-
- current year overseas losses not recognised		117,885	-	-	-
- share based payments		36,081	-	36,081	-
- other non-allowable items		53,474	475,938	8,463	23,362
		1,047,011	38,998	619,577	330,317
Less:					
Tax effect of:					
- exploration and evaluation expenditure deductible for income tax purposes not recognised		121,768	-	-	-
- effect of higher rate of tax on overseas loss		13,869	-	-	-
- prior period adjustment		911,374	-	619,577	-
- other non-assessable items		-	27,527	-	271,479
- debts recovered		-	-	-	58,838
- recoupment of prior year revenue losses not previously recognised		-	11,471	-	-
Income tax		-	-	-	-
The applicable weighted average effective tax rates are as follows:		0%	0%	0%	0%

Note 4: Income Tax Expense (continued)

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(c) The following deferred tax balances have not been recognised					
Deferred Tax Assets:					
At 30%:					
- carry forward revenue losses		2,115,160	1,746,940	1,891,131	1,651,604
- carry capital losses		1,332,477	629,640	1,332,477	629,640
- carry forward foreign losses		446,313	260,718	33,779	33,779
- capital raising costs		72,023	57,655	72,023	57,655
- property, plant and equipment		37	58	37	58
- provisions and accruals		13,628	18,198	13,202	16,139
- unlisted investments		80,774	80,774	80,774	80,774
		4,060,412	2,793,983	3,423,423	2,469,649
At 34% (Brazil):					
Carry forward overseas losses		454,543	-	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 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Deferred Tax Liabilities:					
At 30%:					
- exploration expenditure		348,637	104,651	33,779	33,779
- property, plant and equipment		3,411	-	-	-
		352,048	104,651	33,779	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.

The values included in the comparative year have been updated to correctly reflect current and deferred tax balances, including deferred tax balances not recognised. There is no impact to the tax expense for the year.

Note 5: Key Management Personnel Compensation

(a) Directors

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

(i) Chairman – Non-executive
Mr Rick Crabb

(ii) Executive Directors
Mr Tom Dukovcic – Managing Director
Mr Rodney Dunn

(b) Other key management personnel

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

(c) Key management personnel compensation

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Short-term employee benefits	334,000	328,000	334,000	328,000
Post-employment benefits	30,060	29,520	30,060	29,520
Share-based payments	76,458	-	76,458	-
	440,518	357,520	440,518	357,520

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 page 9

(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

Note 5: Key Management Personnel Compensation (continued)

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 & 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 are vested and unexercisable at the end of the year.

2006	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 & exercisable at the end of the year
Mr Rick Crabb	1,691,446	-	-	(1,673,584)	17,862	17,862
Mr Tom Dukovcic	5,316,861	-	-	(5,225,841)	91,020	91,020
Mr Rodney Dunn	2,905,699	-	-	(2,338,335)	567,364	567,364
Total	9,914,006	-	-	(9,237,760)	676,246	676,246

No options are vested and unexercisable at the end of the year

(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

2007	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the evercise 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

2006	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the evercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	132,168	-	-	-	132,168
Mr Tom Dukovcic	601,126	-	-	-	601,126
Mr Rodney Dunn	3,441,678	-	-	-	3,441,678
Total	4,174,972	-	-	-	4,174,972

Note 6: Auditors' Remuneration

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Remuneration of the auditor of the Parent Entity for:				
- auditing or reviewing the financial report	17,272	12,000	17,272	12,000
- taxation services	13,088	7,562	13,088	7,562
	30,360	19,562	30,060	19,562

Note 7: Earnings per Share

	Economic Entity	
	2007	2006
	$	$
(a) Reconciliation of Earnings to Profit or Loss		
Loss	(1,734,853)	(2,481,106)
Earnings used to calculate basic EPS	(1,734,853)	(2,481,106)
(b) Reconciliation of Earnings to Profit or Loss from Continuing Operations		
Loss from continuing operations	(1,734,853)	(2,481,106)
Earnings used to calculate basic EPS from continuing operations	(1,734,853)	(2,481,106)
	No.	No.
(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	96,331,677	78,238,919

Diluted EPS not disclosed as potential ordinary shares are not dilutive

Note 8: Cash and Cash Equivalents

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
Cash at bank and in hand		1,080,003	965,084	1,040,781	944,411
		1,080,003	965,084	1,040,781	944,411
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:-					
Cash and cash equivalents		1,080,003	965,084	1,040,781	944,411
		1,080,003	965,084	1,040,781	944,411

Note 9: Trade and Other Receivables

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Current				
Other receivables:				
- Deposits	30,201	42,231	30,212	42,231
- Other receivables	4,603	46,571	2,850	-
- Goods and services tax	26,285	24,491	18,749	17,929
	61,089	113,293	51,811	60,160
Non-Current				
Amounts receivable from:				
- wholly-owned entities	-	-	3,375,142	2,288,271
- associated companies	94,623	94,623	-	-
	94,623	94,623	3,375,142	2,288,271

Note 10: Investments Accounted for Using the Equity Method

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Investments in associated entities - at cost	-	-	-	2
Less: Provision for diminution in value	-	-	-	-
	-	-	-	2

Note 11: Other Financial Assets

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Available-for-sale financial assets	11(a)	3,201	3,201	881,701	881,701
Less non current portion		1	1	878,501	878,501
Current portion		3,200	3,200	3,200	3,200
(a) Available-for-sale Financial Assets Comprise:					
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		(269,249)	(269,249)	(269,249)	(269,249)
Total available-for-sale financial assets		3,201	3,201	881,701	881,701

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 12: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2007	2006
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) Acquisition of Controlled Entities

2007:
There were no acquisitions or disposals of controlled entities during the year.

2006:
On 22 February 2006 Trans Pacific Gold Pty Ltd acquired 50% of Transdrill Pty Ltd for a purchase consideration of $150,000.

(c) 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.

	Economic Entity 30 June 2006 $
Total consideration is made up as follows:	
Cash consideration	150,000
Details of the Controlled Entity acquired are as follows:	
Assets and liabilities held at acquisition date:	
Cash	45,187
Receivables	14,785
Property, plant & equipment	95,290
Payables	(150,047)
Net assets/(liabilities) acquired	5,215
Total goodwill on acquisition	144,785

Note 13: Property, Plant and Equipment

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	427,543	409,726	245,968	226,822
Accumulated depreciation	(255,930)	(193,144)	(201,503)	(151,255)
Total Plant and equipment	**171,613**	**216,582**	**44,465**	**75,567**
Total Property, Plant and Equipment	**171,613**	**216,582**	**44,465**	**75,567**

(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.

	Plant and Equipment
	$
Economic Entity:	
Balance at the beginning of year	216,582
Additions	22,053
Disposals	-
Additions through acquisition of Entity	-
Depreciation expense	(67,022)
Disposals of assets on sale of subsidiary	-
Carrying amount at the end of year	171,613
Parent Entity:	
Balance at the beginning of year	75,567
Additions	19,204
Disposals	-
Depreciation expense	(50,306)
Carrying amount at the end of year	44,465

Note 14: Intangible Assets

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
Goodwill					
Cost		144,785	144,785	-	-
Accumulated impairment losses		(144,785)	(144,785)	-	-
Net carrying value		-	-	-	-

Note 14: Intangible Assets (continued)

	Goodwill
	$
Economic Entity:	
Year ended 30 June 2006	
Balance at the beginning of year	-
Additions	-
Disposals	-
Acquisitions through business combinations	144,785
Amortisation charge	-
Impairment losses	(144,785)
Closing carrying value at 30 June 2006	-

Note 15: Other Assets

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
NON-CURRENT					
Exploration expenditure capitalised					
- exploration and evaluation phases		3,455,006	2,792,873	112,596	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	
	2007	2006	2007	2006
	$	$	$	$
Balance at the beginning of year	2,792,873	6,288,869	112,596	511,639
- exploration and evaluation costs capitalised	673,395	807,309	11,262	112,596
- exploration and evaluation costs written off	(11,262)	(382,698)	(11,262)	(340,265)
- disposals on sale of a controlled entity	-	(3,920,607)	-	-
- costs transferred to a controlled entity	-	-	-	(171,374)
Closing carrying value at 30 June 2007	3,455,006	2,792,873	112,596	112,596

Note 16: Trade and Other Payables

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
CURRENT					
Trade payables		37,234	14,164	11,785	6,467
Sundry payables and accrued expenses		220,338	26,701	37,812	25,185
		257,572	40,865	49,597	31,652
NON-CURRENT					
Amounts payable to other parties		100,000	100,000	-	
		100,000	100,000	-	-

Note 17: Provisions

	Employee Entitlements $
Economic Entity:	
Balance at the beginning of year	48,007
Additional provisions	19,226
Amounts used	(25,487)
Carrying amount at the end of year	41,746
Parent Entity:	
Balance at the beginning of year	42,661
Additional provisions	18,240
Amounts used	(20,141)
Carrying amount at the end of year	40,760

Note 18: Issued Capital

	Economic Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
139,370,009 (2006: 79,640,005) fully paid ordinary shares	25,246,984	22,977,044	25,246,984	22,977,044
Share Issue Costs	(1,340,092)	(1,149,825)	(1,340,092)	(1,149,825)
	23,906,892	21,827,219	23,906,892	21,827,219
(a) Ordinary Shares	**No.**	**No.**	**No.**	**No.**
At the beginning of reporting period	79,640,005	77,391,048	79,640,005	77,391,048
Shares issued during year	59,730,004	2,248,957	59,730,004	2,248,957
At reporting date	139,370,009	79,640,005	139,370,009	79,640,005

- On 20 March 2007 the Company issued 59,730,004 ordinary shares at an issue price of 3.8 cents and 59,370,004 free attaching options exercisable at 6.5 cents each by 28 February 2010.

Note 19: Reserves

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(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	-
(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
	540,973	420,705	540,973	420,705

Note 20: Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2007.

Note 21: Segment Reporting

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

Note 21: Segment Reporting (continued)

Primary Reporting – Geographical Segments

	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

	Australia $	Brazil $	Consolidated $
2006			
Revenue			
Operating revenue	115,737	-	115,737
Total revenue	115,737	-	115,737
Result			
Segment Result	(2,159,670)	(321,436)	(2,481,106)
Profit (loss) before income tax	(2,159,670)	(321,436)	(2,481,106)
Income tax	-	-	-
Profit (loss) after income tax	(2,159,670)	(321,436)	(2,481,106)
Assets			
Segment assets	3,217,075	968,581	4,185,656
Total Assets	3,217,075	968,581	4,185,656
Liabilities			
Segment liabilities	184,916	3,956	188,872
Total Liabilities	184,916	3,956	188,872
Other			
Depreciation and amortisation of segment assets	81,691	4,032	85,723
Total Other	81,691	4,032	85,723

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.

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 22: Cash Flow Information

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax					
Loss after income tax		(1,734,853)	(2,481,105)	(1,072,197)	7,529
Non-cash flows in profit					
Depreciation		67,022	85,723	50,306	30,002
Exploration expenditure written-off		11,262	382,689	11,262	340,265
Share-based payments		120,268	-	120,268	-
Impairment of goodwill		-	144,785	-	144,785
(Gain)/loss on disposal of property, plant & equipment		-	28,011	-	(2,433)
(Gain)/loss on disposal of subsidiary		-	806,506	-	(1,101,056)
(Increase)/decrease in trade & term debtors		52,204	(38,370)	8,349	21,067
Increase/(decrease) in trade payables and accruals and provisions		210,446	(21,067)	16,044	(33,859)
Other		-	186,893	-	18,009
Cashflow from operations		(1,273,651)	(905,935)	(865,968)	(575,691)

Note 23: Share-based Payments

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.

	Economic Entity				Parent Entity			
	2007		2006		2007		2006	
	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	-	-	-	-	-	-	-	-
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	-	-
Exercisable at year end	5,650,000	0.07	-	-	5,650,000	0.07	-	-

The fair value of options granted to directors during the year 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 is $120,268 and relates, in full, to equity-settled share-based payment transactions.

Note 24: Events After the Balance Sheet Date

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Company.

Note 25: 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

Apart from the Directors' remuneration disclosed in the Director's Report, no Directors have entered into a contract with the Economic Entity since the end of the previous financial year and there are no 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**	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Transactions with related parties:				
Key Management Personnel				
Repayment of loan to Titanic Holdings Pty Ltd, a company in which Mr Dunn is a director.	-	104,459	-	104,459
Repayment of loan to Westessa Holdings Pty Ltd, a company in which Mr Crabb is a director.	100,000	51,341	100,000	51,341
Repayment of loan to Rick Crabb	250,000	-	250,000	-

Note 26: Financial Instruments

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries.

(i) Financial Risk

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and interest rate risk.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Note 26: Financial Instruments (continued)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Economic Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Economic Entity.

Interest Rate Risk Exposure

Interest Rate Risk

The Economic Entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		**Floating Interest Rate $**		**Fixed Interest rate maturing 1 to 5 Years $**		**Non-interest Bearing $**		**Total $**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Financial Assets:										
Cash	4.5%	4.2%	1,080,003	965,084	-	-	-	-	1,080,003	965,084
Receivables	4.5%	4.2%	30,201	42,231	-	-	125,511	165,685	155,712	207,916
Investments			-	-	-	-	3,201	3,201	3,201	3,201
Total Financial Assets			1,110,204	1,007,315	-	-	128,712	168,886	1,238,916	1,176,201
Financial Liabilities:										
Trade and sundry creditors			-	-	-	-	399,318	188,872	399,318	188,872
Total Financial Liabilities			-	-	-	-	399,318	188,872	399,318	188,872

(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.

Note 26: Financial Instruments (continued)

Aggregate net fair values and carrying values of financial assets and liabilities at balance date.

	2007		2006	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial Assets				
Available for sale financial assets at fair value	3,201	3,201	3,201	3,201
Loans and receivables	155,712	155,712	207,916	207,916
	158,913	158,913	211,117	211,117
Financial Liabilities				
Other loans and amounts due	399,318	399,318	188,872	188,872
	399,318	399,318	188,872	188,872

Note 27: Change in Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2005–10: Amendments to Australian Accounting Standards.	AASB 1: First time adoption of AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per Share AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005 These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 Jul 2007
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation	As above	1 Jan 2007	1 Jul 2007

Note 28: Company Details

The registered office of the Company is:

Level 2
35-37 Havelock Street
West Perth WA 6005
Tel: (08) 9266 0300
Fax: (08) 9266 0301

The principal place of business is:

Level 2
35-37 Havelock Street
West Perth WA 6005
Tel: (08) 9266 0300
Fax: (08) 9266 0301

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 46, 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 2007 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 28th day of September 2007

MOORE STEPHENS

Independent Audit Report to the Members of Ashburton Minerals Ltd

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Ashburton Minerals Ltd (the company) and Ashburton Minerals Ltd and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, 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.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 12 to 14 of the directors' report and not in the financial report.

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 IFRS. The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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

Independent Audit Report to the Members of Ashburton Minerals Ltd

evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' 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 Ltd on 27 September 2007 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

a. the financial report of Ashburton Minerals Ltd and Ashburton Minerals Ltd 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 2007 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.

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

c. the remuneration disclosures that are contained in pages 12 to 14 of the directors' report comply with Accounting Standard AASB 124.

SUAN-LEE TAN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 28th day of September 2007.

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An independent member of Moore Stephens International Limited - members in principal cities throughout the world

Corporate Governance Statement
For The Year Ended 30 June 2007

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the Consolidated Entity including formulating its strategic direction, approving and monitoring capital, exploration and operating expenditure, setting remuneration, appointing and removing directors and senior employees, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Executive Directors and senior employees.

Identification of Independent Directors

The independent Director of the Company is Mr Rick Crabb. Mr Crabb was a principal of the firm Blakiston & Crabb. Blakiston & Crabb have been one of the providers of legal services to the Company. Mr Crabb ceased as a principal of Blakiston & Crabb on 30 June 2004 and now focuses on his public company directorships and investments.

Board Processes

Due to the small size of the board all matters that would be addressed by committees (eg. Nomination committee, audit committee) are dealt with by the full Board of Directors.

The board has established a framework for the Consolidated Entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full board holds regular meetings to discuss operational matters, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.
The agenda for meetings is prepared in conjunction with the chairman, Executive Directors and Company Secretary. Board reports are circulated in advance.

Independent Professional Advice and Access to Company Information

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a Director then, provided the Director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Composition of the Board

The names and profile of each Director of the Company at the date of this report are set out in the Director's report.

The composition of the board is determined using the following principles:

- The Board should comprise at least three directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified,
- Due to the small size of the board it is not considered necessary that the majority of the board should be independent directors,
- The Board should comprise directors with a broad range of expertise, with a majority of directors having extensive knowledge of the Company's industry,
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (excluding the Managing Director) are subject to re-election at least every two years.

The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, a panel of candidates is selected with the appropriate expertise and experience. External advisers may be used to assist in such a process. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Director Evaluation

During the Reporting Period an evaluation of the Board and its members was facilitated by the Chairman and carried out by the full Board in the absence of the relevant Board member.

Remuneration Report

Remuneration policies

The Board is responsible for determining remuneration policies and packages applicable to the Board members and senior employees of the Company. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior employees. The board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

Remuneration packages consist of fixed remuneration packages with no equity-based remuneration component. There is no separate profit-share plan.

Options may be issued to directors as an incentive and in recognition of the fact that the fixed cash component of remuneration is comparatively modest. The ability to exercise the options is conditional on the holder remaining in the Company's employment. There are no other non-cash benefits available to directors or employees.

The Company does not have any schemes for retirement benefits, other than statutory superannuation, for directors.

Directors and Senior Executives Remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and the named officers of the Company receiving the highest remuneration are set out in Note 5.

Options granted to Directors and Officers

During or since the end of the financial year, 3,500,000 options were granted by the Company to directors and officers as shown in the Directors' Report.

Unissued shares under option

As at the date of this report, there were 70,880,004 unissued ordinary shares under option. Further information in respect of these options is set out in the Directors' Report.

No option holder has any right under the options to participate in any other share issue of the Company or of any other Entity.

Share Issued upon Exercise of Options

No options were exercised during or since the end of the financial year.

Audit Committee Meetings

During the Reporting Period, the full Board considered those matters that would otherwise be considered by an audit committee on the following dates:

- 28 September 2006
- 15 March 2007

Risk Management

Oversight of the Risk Management System

The Board overseas the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing operational, financial reporting and compliance risks for the Consolidated Entity. Financial reporting risk management and associated compliance and controls have been assessed and found to be operating adequately. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the financial report for all material operations in the Consolidated Entity.

Risk Profile

The Executive Directors report to the Board regularly on the status of risks, ensuring that they are identified, assessed and appropriately managed.

Major risks arise from such matters as political risk, exploration risk, security to tenure, environment, government policy changes, commodity prices, occupational health and safety and financial reporting.

Procedures have been established to ensure:

- The political situation in Brazil is closely monitored,
- Exploration expenditure is incurred in accordance with an approved budget,
- Joint ventures and project acquisitions are properly authorised and executed,
- The quality and integrity of personnel,
- Financial reporting accuracy and compliance with the financial reporting regulatory framework,
- Environmental regulation compliance.

Quality and Integrity of Personnel

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of co-operation and constructive dialogue with employees.

Financial Reporting

The Executive Directors have declared in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Environmental Regulation

The Consolidated Entity holds exploration interests in Brazil and Australia. The Consolidated Entity's operations are subject to environmental regulations in Brazil and Australia in relation to its exploration activities.

The Consolidated Entity is committed to achieving a high standard of environmental performance. The Executive Directors are responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. As part of this process they are responsible for:

- Implementing environmental management plans in operating areas which may have a significant environmental impact,
- Identifying where remedial actions are required and implementing action plans.

The Board is advised of any significant environmental issues as they occur. Based upon the work completed, the board is not aware of any significant breaches of environmental requirements during the period covered by this report.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the Consolidated Entity. A fundamental theme of the Consolidated Entity's code of ethics is that all business affairs are conducted legally, ethically and with the strict of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Consolidated Entity. All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Consolidated Entity.

Conflict of Interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whist the item is considered. Details of director related entity transactions with the Company and the Consolidated Entity are set out in note 27.

Trading in General Company Securities by Directors and Employees

The Policy on trading in Company securities by directors and employees is that directors and employees are prohibited from dealing in company shares or exercising options whilst in possession of price sensitive information not yet released to the market.

Communication with Shareholders

The Board provides shareholders with information using a comprehensive continuous disclosure policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to ASX, posting them on the Company's website and issuing media releases.

In summary, the continuous disclosure policy operates as follows:

- The Executive Directors and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX,
- The full annual financial report is distributed to all shareholders,
- The half-yearly report contains summarised financial information and a review of the operations of the Consolidated Entity during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it,
- Quarterly reports contain summarised financial information and a review of the operations of the Consolidated Entity during the period. The quarterly reports are lodged with the ASX, and sent to any shareholder who requests it,
- Proposed major changes in the Consolidated Entity which may impact on share ownership rights are submitted to a vote of shareholders,
- All announcements made to the market are placed on the Company's website after they are released to the ASX,
- The full texts of notices of meetings and associated explanatory material are placed on the Company's website,
- The external auditor is requested to attend the annual general meeting to answer any questions concerning the audit and the content of the auditor's report.

All the above information is made available on the Company's website within three days of public release and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company are available on the Company's website.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Consolidated Entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

A copy of the Constitution is available to any shareholder who requests it.

Supplementary (ASX) information

Shareholding Details

The following shareholder information was applicable as at 10 October 2007.

1. Distribution of shareholding

The distribution of members and their shareholdings was as follows:

Number Held			Number of Shareholders
1	-	1,000	151
1,001	-	5,000	329
5,001	-	10,000	228
10,001	-	100,000	535
100,001	-		169
Total number of Shareholders			**1412**

2. Twenty largest Shareholders (as at 10 October 2007):

	SHARE HOLDER	NUMBER OF ORDINARY SHARES	%
1	ANZ NOMINEES LTD	35,949,633	25.79
2	FORTIS CLEARING NOMINEES PL	13,294,533	9.54
3	RED PEAKS PL	5,398,554	3.87
4	BRETRED PL	4,605,844	3.3
5	CCR CORP PL	2,233,200	1.6
6	NATIONAL NOMINEES LTD	1,769,000	1.27
7	MINMET ISLE OF MAN LTD	1,609,332	1.15
8	TEOFILOVA LILIANA	1,480,300	1.06
9	BERNE NO 132 NOMINEES PL	1,374,834	.99
10	CRABB RICK	1,351,000	.97
11	KINNON CHRISTOPHER W M	1,225,000	.88
12	SEMERDZIEV IANAKI	1,200,000	.86
13	COST NOMINEES LTD	1,200,000	.86
14	RAYNER JEFFREY + B	1,134,650	.81
15	ALS ENTPS PL	1,086,244	.78
16	STEWART KATHLEEN MAY	1,050,000	.75
17	KNELL NORMAN HUGH + L M	1,000,000	.72
18	WILKINS MICHAEL	809,839	.58
19	LEIGH PAUL IVAN	800,000	.57
20	CATHIES LANE PL	660,000	.47
		79,231,963	**56.82**

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:

NAME	NUMBER OF ORDINARY SHARES	%
ANZ Nominees Limited	35,949,633	25.79
Fortis Clearing Nominees PL	13,294,533	9.54

4. Distribution of Listed Optionholdings

The distribution of members and their listed option holdings (as at 10 October 2007) was as follows:

Number Held			Number of Option Holders
1	-	1,000	21
1,001	-	5,000	46
5,001	-	10,000	39
10,001	-	100,000	166
100,001	-		87
Total number of Shareholders			**359**

5. Twenty largest 28 February 2010 Listed Option Holders (as at 10 October 2007):

	OPTION HOLDER	NUMBER OF OPTIONS	%
1	FORTIS CLEARING NOMINEES PL	9,876,134	16.53
2	ANZ NOMINEES LTD	5,537.463	9.27
3	GOFFACAN PL	2,523,800	4.23
4	RED PEAKS PL	2,313,666	3.87
5	LAWRENCE CROWE CONS PL	2,000,000	3.35
6	ISAIAH SIXTY PL	1,415,505	2.37
7	NAUM A + ABAYEVA A	1,350,050	2.26
8	DARRELEN PL	1,100,000	1.84
9	NATIONAL NOMINEES LTD	1,039,142	1.74
10	EVTEEHEEA PL	1,025,000	1.72
11	STYLEC AUST PL	1,000,000	1.67
12	GOFFACAN PL	850,000	1.42
13	TEOFILOVA LILIANA	780,000	1.31
14	PICOT ANDREW W + B H	750,000	1.26
15	SEMERDZIEV IANAKI	730,000	1.22
16	OTIS BILL + OMEROU ANDREA	690,000	1.16
17	BERNE NO 132 NOMINEES PL	589,215	.99
18	CRABB RICK	579,000	.97
19	RAYNER JEFFREY + B	526,316	.88
20	KINNON CHRISTOPHER W M	525,000	.88
		35,200,291	**58.94**

6. Voting Rights

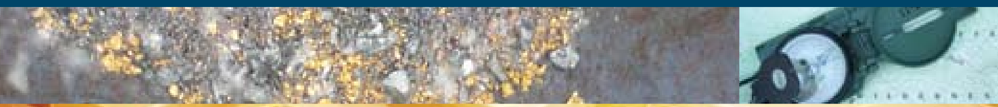
In accordance with Item 73 of the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and, on a poll, every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect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