2010 ANNUAL REPORT

ASHBURTON MINERALS LTD

CORPORATE DIRECTORY

Directors
Rick CRABB
(Non-Executive Chairman)
Tom DUKOVCIC
(Managing Director)
Peter BRADFORD
(Non-Executive Director)

Company Secretary
Rodney Dunn

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Country of Incorporation
Australia

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Exchange Plaza
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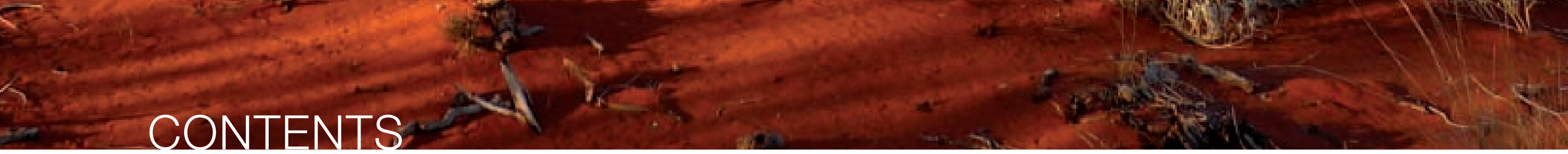
PERTH WA 6000

ASX Code: ATN

Cover: *Outcropping copper mineralisation at Pokali, Mt Webb*

Drilling of hole PKC 017 at Pokali



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Drill hole PKC024 at Pokali intersected 246m @ 0.22% Cu, including 12m @ 1.1% Cu from 168m

CHAIRMAN'S REPORT

Dear Shareholder,

A year of stabilisation ahead of growth

Following on from an extended period of uncertainty in the resources industry, in particular as it related to the junior explorer sector, of which your Company is a part, the past year has seen a return to more stable conditions.

Having completed the sale of the Cuiaba gold project in Brazil, your Company did not need to return to the market to raise funds. The sale brought in A$5.3 million, which enabled the completion of two drilling programmes at Mt Webb (one in late 2009 and one in May 2010), both of which added value to this important asset. After paying some A$1.01 million in capital gains tax in Brazil, the Company retained cash of $1.9 million at 30 June 2010.

Drilling at Mt Webb continues to yield impressive copper results from the Pokali prospect at this large greenfields project in remote Western Australia.

A recent result of 12 m @ 1.1 % Cu, from within a broader intercept of 246 m @ 0.22% Cu in drill hole PKC024, confirms Pokali as a very exciting discovery. The latest phase of drilling extended mineralisation by 400 m to the east, with results suggesting an increase in widths and grades further eastwards. The mineralisation at Pokali, now identified over an overall zone 4 km long and 1 km wide, remains open in all directions indicating the large potential of this prospect.

With the remainder of the Mt Webb project essentially unexplored, and with geophysical evidence suggesting the possible presence of a number of other similar sized targets, exploration of the entire project area represents a costly exercise. Having demonstrated the real potential for economic copper mineralisation at Pokali, your Company is confident of being able to attract a well funded and copper-focused joint venture partner into the Mt Webb project to assist in the timely exploration of the entire area so as to uncover the full potential of this exciting project.

Your Company has been actively seeking to re-establish an exposure to gold. The first move in this regard is the acquisition of an option over the Yea gold project in Victoria. This 300 sq km project contains a number of historical goldfields and includes the very high grade Providence group of workings from which a reported 30,000 oz of gold has been recovered at an average grade of around 1 oz per tonne. Cursory and limited historical drilling into these workings included high grade intercepts such as 2 m @ 48.0 g/t and 2 m @ 16.3 g/t. The Company is hopeful of being able to in the near term define a high grade gold resource at Providence and will commence drilling there in mid November.

However, your Company is still seeking a major gold project to replace Cuiaba as its primary focus. Any such project that the Company becomes involved with will meet with our stated strategy of being of a large size, with evidence of extensive mineralisation, having large potential and being under explored.

Your Company has demonstrated with Cuiaba and Mt Webb that this strategy works and brings benefits and the Board looks forward to continuing this approach.

Your Company is in a sound position to enter a phase of growth over the next few years.

On behalf of the Board and shareholders I extend my thanks to Managing Director Tom Dukovcic and management and staff in Australia and Brazil for their continued hard work and commitment to the Company.

Rick Crabb
Chairman

Adit at the Providence workings, Yea

The Company's primary activities during the year were the continued exploration of its key Mt Webb copper project in Western Australia, the acquisition of an option over the Yea gold project in Victoria, and the evaluation of new opportunities in the search for a key gold project.

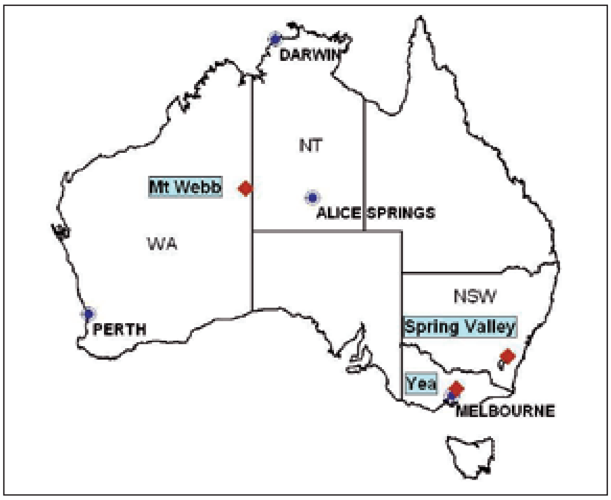

Fig 1. Australian project location

Mt Webb, WA
(copper-gold IOCG; Ashburton 100%)

The Mt Webb project comprises five exploration licences, totalling 1,270 km^2 in area situated in eastern Western Australia, abutting the Northern Territory border. The project area lies some 650 km due west of Alice Springs.

The tenements encompass the western part of the Arunta Region which contains a complex suite of rock types of Palaeoproterozoic to early Mesoproterozoic age, thus overlapping the most important period of Proterozoic mineralisation. The project area straddles a major terrain boundary marked by the Central Australian Suture (CAS), a long-lived crustal scale fault, and its subsidiary structures. Rock types in the area include greenschist facies metamorphic schists variably modified by thermal metamorphism associated with extensive granitoid intrusion. Amongst these is the 1640 Ma Mt Webb Granite, a fractionated I-type granitoid thought to represent a major continental collision event coincident with a hairpin bend in the polar wander path. Similar characteristics are associated with other Proterozoic IOCG districts such as those hosting Ernest Henry and Olympic Dam.

Ashburton commenced exploration at Mt Webb in 2008, with the primary point of interest being the Pokali prospect. Ashburton's ongoing work at Pokali has resulted in the discovery of widespread copper mineralisation over an area of some 4 km in length and 1 km in width.

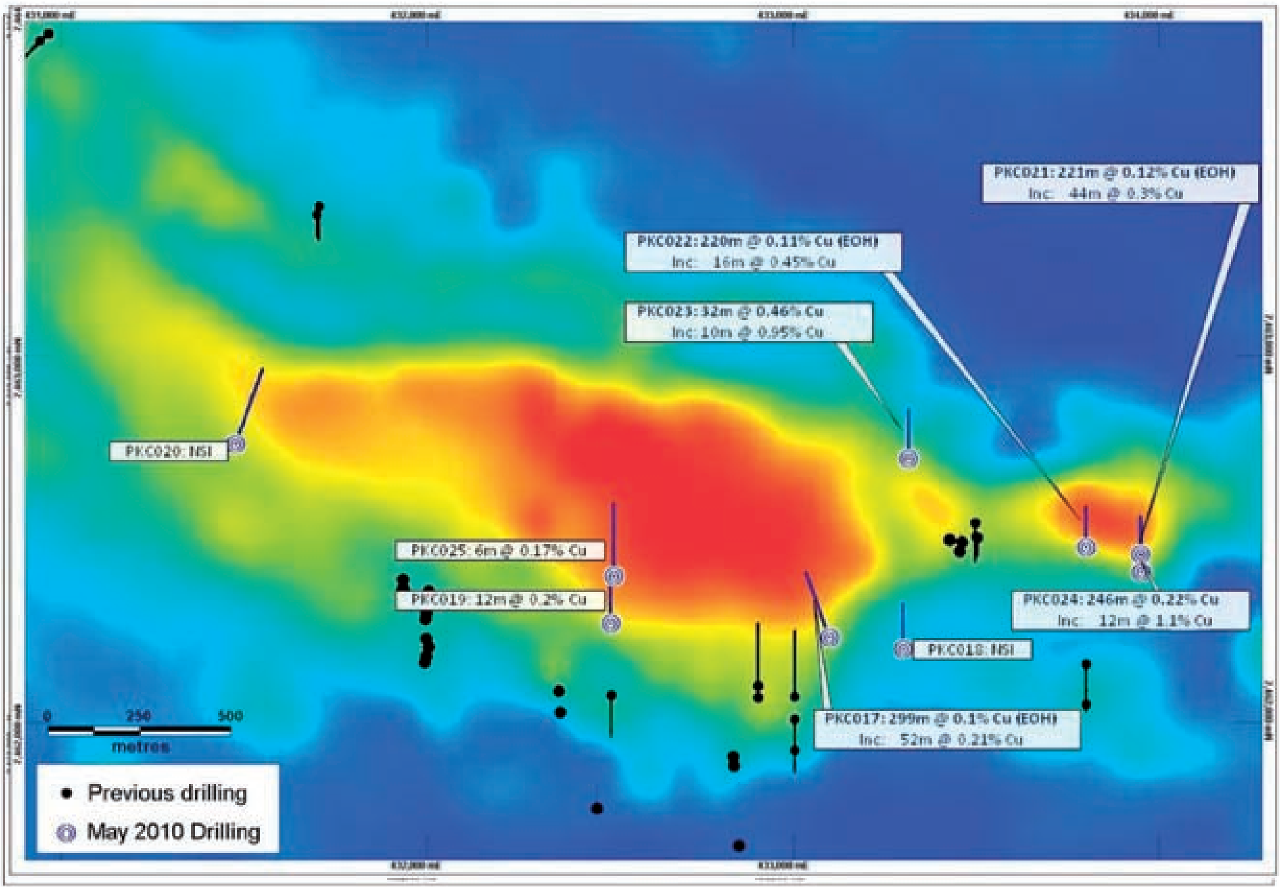

Fig 2. Pokali RC drilling May 2010

REVIEW OF OPERATIONS

The latest phase of reverse circulation (RC) drilling completed at Pokali in May 2010 returned the best results to date, with the easternmost hole PKC024 containing intercepts of 2 m @ 2.47% Cu from 36 m and 12 m @ 1.1% Cu from 168 m within a broader run of 246 m @ 0.22% Cu from 4 m.

A number of other broad intercepts of low grade copper mineralisation were returned thus re-emphasising the impressive size of the mineralised system at Pokali, with increasing evidence of the presence of higher grades of mineralisation over substantial widths. Latest results are presented in the accompanying table.

The IOCG (iron oxide copper gold) mineralisation at Pokali is associated with widespread and intense silicification and magnetite alteration. The system sits at the copper end of the spectrum with little gold present, although gold is geochemically anomalous and shows a direct association with copper. The most dominant copper-bearing mineral is chalcopyrite which occurs in disseminated to blebby form, with minor amounts of malachite, bornite, and occasional native copper. Host rocks are a series of metamorphosed sediments and high-Mg volcanics present as a variety of schistose rocks with silica, magnetite and/or biotite overprints. Better copper grades are often associated with intervals of increased pervasive silica alteration. All recorded copper mineralisation occurs in association with an elevated magnetic susceptibility. However, the presence of intermittent haematite alteration is noted in the easternmost holes, suggesting a possible vector towards better mineralisation.

Ashburton is confident that ongoing work will continue to yield ever better results and that the prospect of defining economic copper resources at Pokali remains high.

The central and eastern parts of the Mt Webb project area contain several geophysical anomalies marked by semi-coincident gravity and magnetic highs, a feature often typical of economic IOCG deposits. Due to the very large size of the prospective targets, effective and timely exploration of the whole of the Mt Webb project represents an expensive exercise potentially beyond the capabilities of a junior explorer. Consequently, Ashburton is considering seeking a joint venture partnership with a major copper company to enable the full potential of the project to be assessed.

Table 1. Pokali RC Drilling (Sep 2009, May 2010) best copper intercepts (>0.10% Cu)

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)
September 2009:				
PKC006	nsi		Water Bore	
PKC007	24	72 (eoh)	48	0.36
PKC008	76	94	18	0.84
PKC009	96	98	2	0.11
PKC010	86	90	4	0.10
PKC011	nsi			
PKC012	122	126	4	0.10
PKC013	82	112	30	0.15
PKC014	nsi			
PKC015	nsi			
PKC016	74	96	22	0.18
May 2010:				
PKC017	0	299 (eoh)	299	0.10
incl.	130	156	26	0.20
incl.	190	242	52	0.21
PKC018	nsi			
PKC019	96	108	12	0.20
PKC020	nsi			
PKC021	0	221 (eoh)	221	0.12
incl	66	110	44	0.30
PKC022	0	220 (eoh)	220	0.11
incl	104	112	8	0.40
	140	170	30	0.22
	188	204	16	0.45
PKC023	74	106	32	0.46
incl	96	106	10	0.95
PKC024	4	250	246	0.22
incl	36	38	2	2.47
	152	188	36	0.60
	incl 168	180	12	1.07
PKC025	102	108	6	0.17

(eoh) = end of hole; nsi = no significant intercepts

Reverse circulation drilling at Pokali

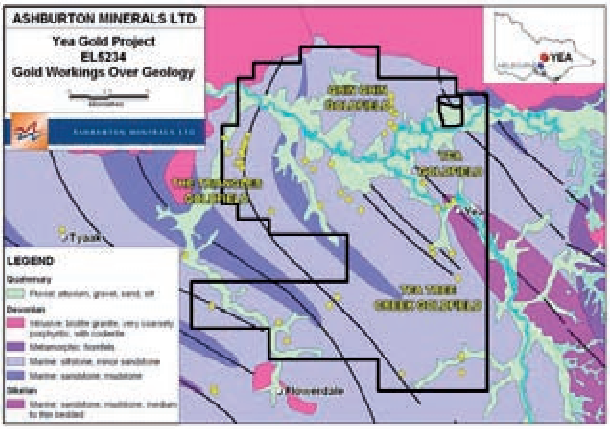

Fig 3. Yea location and geology

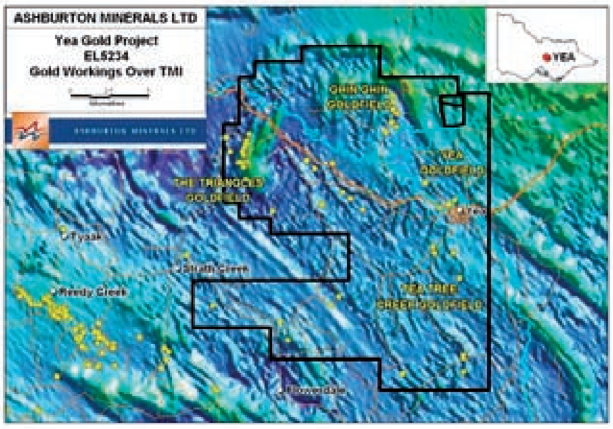

Fig 4. Yea location and TMI

Yea, Victoria (Gold; option, earning 100%)

The Company entered into the Yea option as a first step in re-establishing its focus on gold exploration. The project consists of a single exploration licence, EL 5234, which encompasses a number of gazetted historical goldfields within its 300 km^2 area. The tenement is situated near the township of Yea (*pron.*"*yay*"), some 90 km NNE of Melbourne, as shown in Figure 3.

Of significance to Ashburton are the consistently high, ounce-level, grades reported from the gold workings and the fact that the area remains relatively unexplored in recent times.

The project offers the opportunity to define high-grade resources in the near term and Ashburton will commence an initial drilling program in November to test the Providence line of workings at depth.

The geology of the tenement is dominated by Siluro-Devonian metasediments of the Melbourne Trough which have been chevron folded on a broad scale. Gold mineralisation is often associated with regional anticlinal structures, sub-parallel shears and faults and inflections on these along strike.

Under the terms of the agreement, Ashburton has secured a 6 month option by payment to the vendor of $33,333 in cash and the issue to the vendor of 7,500,000 fully paid shares and 7,500,000 options exercisable at 4 cents each by 17 September 2012. If Ashburton chooses to proceed it will make a further payment of $33,333 and issue a further 7,500,000 fully paid shares to secure a further 12 month option, on the expiration of which a final payment of $33,334 and the issue of a final 7,500,000 fully paid shares will secure Ashburton a 100% interest in EL 5234.

The Yea Goldfield was opened in 1851 and is the oldest goldfield within the tenement. The Providence Mine, situated north of the Yea River near the township of Yea, is the largest historical producer within EL 5234. Four main reefs were mined at Providence mainly in the period from 1859 to 1888, reportedly yielding an aggregate of over 930 kg (30,000 oz) of gold.

Gold mineralisation at the Providence area occurs in west-dipping quartz veins, shear zones and fault breccias within a weakly mineralised 150 m thick host sandstone unit bounded on either side by interbedded siltstones and mudstones.

The best recorded production was from the Carriers and Providence Reefs, with the Carrier Reef recording production of up to 527 g/t (17 oz/t) and averaging around 310 g/t (10 oz/t). The main focus of mining was the Providence Reef which had grades of up to 180 g/t (6 oz/t) but averaged close to 1 oz/t. Workings on this reef extended to 100 m in depth and over 240 m horizontally. In 1888 the main shaft collapsed and, together with the inability to control inflow of groundwater with the equipment of the day, the mine was abandoned. Only minor scale mining occurred intermittently up to the late 1940s.

The Providence area was last explored 1996-97, the target being large tonnage sandstone-hosted disseminated gold mineralisation. As such, this work did not specifically target the high-grade reefs. A total of 16 reverse circulation (RC) holes were drilled and confirmed the presence of anomalous gold mineralisation within the sandstone unit (eg, 70 m @ 0.37 g/t; 20 m @ 0.85 g/t).

Importantly, several holes also intersected high-grade gold mineralisation, including:

- Hole PP05: 2 m @ 11.92 g/t (20-22 m);
- Hole PP06: 2 m @ 16.30 g/t (36 – 38 m), within 18 m @ 2.75 g/t (930 – 48 m); and
- Hole PP16: 2 m @ 40.80 g/t (48 – 50 m), at end of hole, in the last hole of the program.

There is no evidence of subsequent drilling having taken place.

A surface sampling program was undertaken on completion of the drilling to try to identify high-grade zones. Rock-chip composite grab samples were collected at 10 m intervals along grid lines 50 m apart. The best three consecutive samples on one line averaged 174 g/t across a 30 m wide zone of brecciated sandstone. This zone was then sampled on surface at 10 m intervals and averaged (excluding the above high value) 0.55 g/t over a 190 m strike length.

Drilling of hole PKC 021 at Pokali

Encouragingly, all three of the above RC drill intercepts occur above the level of reported mining activity. No drilling of the high grade reefs has been undertaken below the 100 m depth extent of mining. The Providence area therefore offers an exciting drilling target with potential to outline shallow resources as well as deeper resources beneath the historical workings.

The project area also contains the Tea Tree, The Triangles and the Ghin Ghin goldfields, which will be explored subsequent to the Providence area if results warrant exercise of the option.

Ashburton looks forward to exploring the high grade fields within the Yea gold project as exploration success under the prevailing high gold price has a greater chance of yielding economic gold resources and therefore returns for shareholders.

Other Projects

The Company entered into a 50:50 joint venture, the Capricorn Project JV, with Resource Mining Corporation Limited to explore for copper, gold and base metals in the Ashburton Basin region of Western Australia. This is a conceptual venture that is still at the desktop evaluation stage.

Elsewhere, the Company completed a soil sampling programme at the Spring Valley Zn-Cu project in NSW. A low order Cu-Pb-Zn anomaly was identified peripheral to an area of alluvial cover beneath which historical work (1972) interpreted a potential EM bedrock conductor (a feature often related to massive sulphide mineralisation). The Company is considering undertaking a modern day airborne EM survey to more accurately determine the location of any targets worthy of drilling.

The single exploration licence forming the Sunday Bore project was relinquished due to its downgraded prospectivity.

The information in this report that relates to Exploration Results is based on information compiled by Mr Tom Dukovcic, who is an employee of the Company and a member of the Australian Institute of Geoscientists and who has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Dukovcic consents to the inclusion in this report of information compiled by him in the form and context in which it appears.

TENEMENT SCHEDULE

Project	Tenement	Annual Minimum Expenditure	Holder
Mt Webb	E80/3327	$79,500	Ashburton Gold Mines NL 100%
	E80/3328	$48,000	Ashburton Gold Mines NL 100%
	E80/3329	$30,000	Ashburton Gold Mines NL 100%
	E80/3785	$200,000	Ashburton Gold Mines NL 100%
	E80/3920	$106,000	Ashburton Gold Mines NL 100%
Spring Valley	EL6941	$20,000	Ashburton Minerals Ltd earning 80%
Yea	EL5234	$60,000	Ashburton Minerals Ltd option to acquire 100%

Your Directors present their report on the Company and its Controlled Entities ("the Economic Entity") for the financial year ended 30 June 2010.

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 Peter Bradford

Mr Rodney Dunn (Resigned 03 November 2009 as a director but is still an Exective and Company Secretary of the Company)

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

COMPANY SECRETARY

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

Mr Rodney Dunn

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The consolidated loss of the Economic Entity for the financial year after providing for income tax amounted to $270,380 (2009: $2,452,715)

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2010, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

FINANCIAL POSITION

The net assets of the Economic Entity have increased by $728,857 from $3,512,745 at 30 June 2009 to $4,241,602 at 30 June 2010.

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- On 3 July 2009, the Company announced that it had entered into an agreement with privately owned Brazilian company Brasil Central Engenharia Ltda to sell the Cuiaba Gold Project for US$5 million. Payments were made in progressive tranches. US$1.5 million was received by the Company on 29 September 2009.
- On 9 July 2009, 8,333,333 shares were issued to Minmet plc as part consideration of the acquisition of all of Minmet's rights and interests in the Cuiaba Gold Project. A cash payment of A$100,000 was paid to Minmet as part of the transaction.
- On 22 October 2009, the Company announced the results of the second phase of drilling at the Pokali prospect within the Mt Webb copper project in Western Australia. Drilling identified additional zones of copper mineralisation, including several higher grade intercepts, including 18 m @ 0.57% Cu in hole PKC008 and 48 m @ 0.36% Cu at end of hole in hole PKC007.
- On 3 November 2009, Rodney Dunn resigned as a Director of the Company but remained as Company Secretary.
- 18 November 2009, the Company received a further US$2 million from sale of Cuiaba.
- On 29 April 2010 the Company announced the completion of the sale of the Cuiaba gold project with the payment of the final US$1.5 million being received subsequent to the gazetted transfer to the purchaser of all remaining tenements.
- On 8 June 2010, the Company announced that it had formed a 50/50 minerals exploration joint venture ("the Capricorn Project") with Resource Mining Corporation Limited.
- During the year, the Company issued 223,949 ordinary shares upon the conversion of listed options at 6.5 cents per share.
- During the year, the Company issued 78,894,350 ordinary shares upon the conversion of listed options at 1 cent per share.

AFTER BALANCE DATE EVENTS

On 30 July 2010, the Company announced the completion of the third phase of drilling at the Pokali prospect within the Company's Mt Webb copper project. This work enhanced the prospectivity of Pokali by identifying new zones of copper mineralisaiton, with the highlight being hole PKC024 which intersected 246 m @ 0.22% Cu from 4 m, including a high-grade zone of 12 m @ 1.1% Cu from 168 m. Copper mineralisaiton at Pokali remains open in all directions.

On 16 September 2010 the Company announced that it had entered into an option agreement to purchase the Yea gold project in Victoria. Within the project, the Providence mine reports high grade historical production of approximately 30,000 oz of gold at an average grade of 1 oz/t. More recent RC drilling in 1996 returned up to 2 m @ 40.80 g/t from these workings. This drilling has not been followed up, thus demonstrating the scope for near-term high-grade resources.

On 20 Sep 2010, as part of the initial option payment under the the Yea gold project agreement, the Company issued to the vendors 7,500,000 shares and 7,500,000 options, exercisable at 4c each by 17 Sep 2012. The Company also made a cash payment of $33,333 to the vendors as per the terms of the agreement.

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

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue with its present strategy of investment in and exploration of advanced and prospective mineral projects primarily in Australia, but will continue to review appropriate opportunities in Brazil and other overseas locations. 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, or of an overseas jurisdiction.

INFORMATION ON DIRECTORS

Mr Rick Crabb
Chairman (Non-executive).

Qualifications
BJuris (Hons), LLB, MBA.

Experience
Mr Crabb practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies.

Interest in Shares and Options
Mr Crabb holds an interest in 86,520,975 ordinary shares.

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, and as a former director of Port Bouvard Ltd from 2 December 1996 to 23 April 2009 and Royal Resources from 23 February 2004 to 11 August 2009.

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 throughout Australia, which include the Yilgarn, the Kimberley, Central Australia and NE Queensland as well as overseas in southeast Asia and Brazil and has been directly involved with the management of gold discoveries in Australia and Brazil. Mr Dukovcic brings valuable exploration, geological and management skills to the Board.

Interest in Shares and Options
Mr Dukovcic holds an interest in 13,625,000 ordinary shares and 2,000,000 unlisted options.

Mr Peter Bradford
Non-Executive Director

Qualifications
BAppSc Extractive Metallurgy, FAusIMM

Experience
Mr Bradford is a qualified metallurgist with extensive experience in corporate and capital market activities, mine operations, and project and business development. He is a Fellow of the AusIMM, a Member of the Society for Mining, Metallurgy and Exploration and past president and lifetime member of the Ghana Chamber of Mines.

Interest in Shares and Options
Mr Bradford holds an interest in 32,500,000 ordinary shares.

Directorships held in other listed entities
During the past three years Mr Bradford has served on the Board of Anvil Mining Limited from September 1998 to November 2009 and Golden Star Resources Ltd. from August 2000 to February 2008.

REMUNERATION REPORT

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

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

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board.
- Non-executive directors, executive directors and senior executives receive either a director's fee or a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.
- Executive directors can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.
- The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place.
- Salaried directors and senior executives receive a superannuation contribution, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed, except to the extent that the director's or executive's time is spent on exploration activities. The director's or executive's salary is then apportioned on a time basis and capitalised to exploration. Shares issued 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 2010, 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
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, as well as employer contributions to superannuation funds.

The Directors have resolved that non-executive directors' fees are $30,000 per annum for each non-executive director. Non-executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expense incurred by Directors on Company business.

Senior Manager and Executive Director Remuneration
Objective
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company as to:

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

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

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration
The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the 5 years to 30 June 2010:

	2006 $	2007 $	2008 $	2009 $	2010 $
Revenue	118,170	39,304	39,996	10,547	49,702
Net Profit/(Loss)	(2,481,106)	(1,734,853)	(1,918,798)	(2,452,715)	(270,380)
Share price at start of year	0.0647	0.0396	0.0390	0.0250	0.0100
Share price at end of year	0.0396	0.0390	0.0250	0.0100	0.0160
Earnings Per Share (in cents)	(3.17)	(1.80)	(1.21)	(0.78)	(0.06)

Details of Remuneration
The remuneration for each key management personnel of the Economic Entity during the year was as follows:

2010	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Other (Back Pay) $	Options $	Total $	Performance Related %
Key management personnel							
Mr Rick Crabb	30,000	5,460	-	30,667	-	66,127	-
Mr Tom Dukovcic	180,000	18,796	-	28,846	-	227,642	-
Mr Rodney Dunn	120,000	12,565	-	19,615	-	152,180	-
Mr Peter Bradford	30,000	-	-	-	-	30,000	-
	360,000	36,821	-	79,128	-	475,949	-

2009	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Other $	Options $	Total $	Performance Related %
Directors							
Mr Rick Crabb	49,833	4,485	-	-	-	54,318	-
Mr Tom Dukovcic	158,461	14,262	-	-	-	172,723	-
Mr Rodney Dunn	112,501	10,125	-	-	-	122,626	-
Mr Peter Bradford	36,884	-	-	-	-	36,884	-
	357,679	28,872	-	-	-	386,551	-

Options issued as part of remuneration
There were no options issued to directors or key management personnel as part of their remuneration for the year ended 30 June 2010.

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

	Board Meetings	
Director	**Number eligible to attend**	**Number attended**
Mr Rick Crabb	4	3
Mr Tom Dukovcic	4	4
Mr Rodney Dunn	2	2
Mr Peter Bradford	4	4

INDEMNIFYING OFFICERS OR AUDITOR

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

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

OPTIONS

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

Number Under-Option	Date of Expiry	Exercise Price
3,500,000	01 October 2010	$0.08

PARENT ENTITY FINANCIAL STATEMENTS

On 28 June 2010, the Corporations Amendment (Corporate Reporting Reform) Act 2010 came into legislation after receiving royal assent. The accompanying Corporations Amendment Regulations 2010 (No. 6) were made on 29 June 2010. The Act has provided a degree of simplification for corporate reporting through the removal of the requirement to prepare parent entity financial statements. Some parent entity disclosures are still required by way of note, with a simplified parent statement of financial position being required as well as parent disclosures in relation to commitments amongst other parties. Refer to note 29 for details.

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 2010:

Taxation Services	$14,800

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 13 of the directors' report.

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

TOM DUKOVCIC
Managing Director

Dated this 29th day of September 2010

MOORE STEPHENS

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ASHBURTON MINERALS LIMITED

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2010, there have been:

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

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

Suan-Lee Tan	**Moore Stephens**
Partner	Chartered Accountants

Signed at Perth this 29th day of September 2010.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2010

	Note	Economic Entity 2010 $	2009 $
Profit/(Loss)			
Revenue	**2**	49,702	10,547
Other income	**2**	2,770,705	245,388
Accounting fees		(95,551)	(23,037)
Corporate costs		(41,952)	(60,525)
Depreciation expense		(28,041)	(35,172)
Employee benefit expense		(331,373)	(289,239)
Exploration expenditure expensed		-	(88,432)
Exploration expenditure written off		(809,611)	(718,151)
Finance costs		(26,542)	(216,302)
Provision for diminution – intercompany loans		-	-
Occupancy costs		(114,243)	(111,343)
Public relations		(825)	(7,001)
Impairment writedown - goodwill		-	(120,000)
Impairment writedown – exploration expense		-	(502,486)
Other expenses		(571,575)	(536,962)
Profit/(Loss) before income tax	**3**	800,694	(2,452,715)
Income tax expense	**4**	(1,071,074)	-
Profit/(Loss) from continuing operations		(270,380)	(2,452,715)
Profit/(Loss) attributable to members of the Parent Entity		(270,380)	(2,452,715)
Other Comprehensive Income/(Loss)			
Foreign currency translation movments taken to FCTR		(62,343)	64,240
Total Comprehensive Income/(Loss) attributable to members of the parent entity		(332,723)	(2,388,475)
Overall Operations			
Basic Profit/(Loss) per share			
(cents per share)	**7**	(0.06)	(0.78)
Continuing Operations			
Basic Profit/(Loss) per share			
(cents per share)	**7**	(0.06)	(0.78)

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	Economic Entity 2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**8**	1,946,889	137,143
Trade and other receivables	**9**	65,335	372,787
Exploration assets held for sale		-	2,532,991
Other financial assets	**10**	-	-
TOTAL CURRENT ASSETS		**2,012,224**	**3,042,921**
NON-CURRENT ASSETS			
Trade and other receivables	**9**	-	96,619
Other financial assets	**10**	-	-
Property, plant and equipment	**12**	38,581	47,183
Intangible assets	**13**	-	-
Other non-current assets	**14**	2,373,508	1,593,282
TOTAL NON-CURRENT ASSETS		**2,412,088**	**1,737,084**
TOTAL ASSETS		**4,424,312**	**4,780,005**
CURRENT LIABILITIES			
Trade and other payables	**15**	153,512	779,088
Interest bearing liability	**16**	6,121	456,060
Short-term provisions	**17**	23,077	13,846
TOTAL CURRENT LIABILITIES		**182,710**	**1,248,994**
NON-CURRENT LIABILITIES			
Trade and other payables	**15**	-	-
Interest bearing liability	**16**	-	18,266
TOTAL NON-CURRENT LIABILITIES		**-**	**18,266**
TOTAL LIABILITIES		**182,710**	**1,267,260**
NET ASSETS		**4,241,602**	**3,512,745**
EQUITY			
Issued capital	**18**	28,714,042	27,671,184
Reserves	**19**	132,380	194,724
Retained earnings/(Accumulated losses)		(24,604,820)	(24,353,163)
TOTAL EQUITY		**4,241,602**	**3,512,745**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2010

Consolidated Entity

	Ordinary $	Accumulated Losses $	Option Reserve $	Asset Realisation Reserve $	Asset Revaluation Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2008	**26,326,407**	**(21,900,446)**	**132,864**	**32,095**	**376,014**	**(51,340)**	**4,915,594**
Gain/(Loss) attributable to members of Parent Entity	-	(2,452,715)	-	-	-	-	(2,452,715)
Shares/options issued during the year	1,405,069	-	16,865	-	-	-	1,421,934
Adjustments from translation of foreign entities	-	-	-	-	-	64,240	64,240
Transaction costs	(60,292)	-	-	-	-	-	(60,292)
Writeoff Revaluation Reserve	-	-	-	-	(376,014)	-	(376,014)
Balance at 30 June 2009	**27,671,184**	**(24,353,163)**	**149,729**	**32,095**	**-**	**12,900**	**3,512,745**
Gain/(Loss) attributable to members of Parent Entity	-	(270,380)	-	-	-	-	(270,380)
Shares/options issued during the year	1,053,500	-	-	-	-	-	1,053,500
Adjustments from translation of foreign entities	-	-	-	-	-	(62,343)	(62,343)
Transaction costs	(9,496)	-	-	-	-	-	(9,496)
Prior Year Adjustments	(1,146)	18,722	-	-	-	-	17,577
Balance at 30 June 2010	**28,714,042**	**(24,604,820)**	**149,729**	**32,095**	**-**	**(49,443)**	**4,241,602**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOW

For the Year Ended 30 June 2010

	Note	Economic Entity 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Reciepts from customers		47,626	23,679
Payments to suppliers and employees		(951,040)	(412,343)
Interest received		49,702	10,547
Taxation paid		(1,071,074)	-
Finance costs		(62,705)	(180,139)
Net cash used in operating activities	**23(a)**	(1,987,491)	(558,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Exploration Assets		5,256,070	-
Proceeds from sale of property, plant and equipment		-	37,939
Purchase of property, plant and equipment		(19,438)	(2,241)
Payments for exploration expenditure		(1,467,959)	(1,483,370)
Net cash used in investing activities		3,768,673	(1,447,672)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		803,500	1,027,071
Payment of share issue costs		(9,496)	(30,292)
Proceeds of borrowings		-	400,000
Repayment of borrowings		(459,887)	(17,958)
Loan to subsidiary		-	-
Net cash provided by financing activities		334,116	1,378,821
Net (decrease)/ increase in cash held		2,115,298	(627,107)
Cash at beginning of financial year		137,143	764,250
Effects of exchange rates on cash holdings in foreign entities		(305,552)	-
Cash at end of financial year	**8**	1,946,889	137,143

The accompanying notes form part of these financial statements.

For the Year Ended 30 June 2010

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 Ashburton Minerals Ltd and its controlled entities ("the Group" or "Consolidated Entity" or "Economic Entity"). Ashburton Minerals Ltd is a listed public Company, incorporated and domiciled in Australia.

The financial report of the Group complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Principles of Consolidation

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

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

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

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

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

(b) Income Tax

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

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

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

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

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

(c) Property, Plant and Equipment

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 statement of comprehensive income during the financial period in which they are incurred.

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

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 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration and Development Expenditure

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

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

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

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

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

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

(e) Financial Instruments

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

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

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

(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 consolidated statement of comprehensive income.

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 statement of comprehensive income, 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 statement of comprehensive income.

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 statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(h) Employee Benefits

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

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(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).

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

(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 statement of financial position are shown inclusive of GST.

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

(m) Comparative Figures

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

(n) Critical accounting estimates and judgements

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

(o) Going Concern

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

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

(p) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Ashburton Minerals Ltd.

AASB 3: Business Combinations
In March 2008, the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009.

Recognition and measurement impact
Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

Disclosure impact
The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

There has been no impact of AASB 3 on the company during the year.

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

AASB 8: Operating Segments
In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact
Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill
AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact
AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker.

This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements
In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact
Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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

(q) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  — simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  — simplifying the requirements for embedded derivatives;

  — removing the tainting rules associated with held-to-maturity assets;

  — removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

  — allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

  — reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

    a. the objective of the entity's business model for managing the financial assets; and

    b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

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

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends

  AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.
- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.
- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.
- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Note 2: Revenue

	Note	Economic Entity 2010 $	2009 $
Operating activities			
– interest received		49,702	10,547
Total Revenue		49,702	10,547
Non-operating activities			
– gain/(loss) on disposal of property, plant & equipment		-	19,516
– gain/(loss) on disposal of exploration asset		2,723,079	-
– other revenue		47,626	225,872
Other Income		2,770,705	245,388

Note 3: Loss for the year

		2010 $	2009 $
(a)	**Expenses**		
	Corporate costs	41,952	60,525
	Occupancy costs	114,243	111,343
	Accounting fees	95,551	23,037
(b)	**Significant revenue and expenses**		
	The following significant revenue and expense items are relevant in explaining the financial performance:		
	Impairment writedown - goodwill	-	120,000
	Impairment writedown – exploration expenditure	-	502,486
	Exploration expenditure written off	809,611	718,151

Note 4: Income Tax Expense

		Economic Entity 2010 $	2009 $
(a)	The components of tax expense comprise:		
	Current tax	1,071,074	-
	Deferred tax	-	-
	Income tax expense reported in statement of comprehensive income	1,071,074	-
(b)	The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2009: 30%)	240,208	(735,815)
	Add:		
	Tax effect of:		
	- Revenue losses not recognised	194,974	178,532
	- Other deferred tax balances not recognised	22,648	155,933
	- Impairment write-down	-	242,202
	- Share based payments	-	5,060
	- Other non-allowable items	720,230	154,088
		1,178,060	-
	Less:		
	Tax effect of:		
	- Other allowable items	106,986	-
	Income tax expense	1,071,074	-
(c)	The deferred tax recognised at 30 June relates to the following:		
	Deferred Tax Liabilities:		
	Exploration expenditure	(782,673)	(384,488)
	Deferred Tax Assets:		
	Carry forward revenue losses	782,673	384,488
	Net deferred tax	-	-
(d)	Unrecognised deferred tax assets:		
	Carry forward revenue losses	2,910,099	2,576,890
	Carry forward capital losses	1,332,477	1,332,477
	Capital raising costs	47,306	62,690
	Unlisted investments	600	81,735
	Provisions and accruals	9,466	12,607
		4,299,948	4,066,399

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.

The comparative year disclosures have been updated to be consistent with the 2010 presentation. There has been no change to the income tax expense.

Note 5: Key Management Personnel Compensation

(a) **Directors**

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

- Mr Rick Crabb – Non-Executive Chairman
- Mr Tom Dukovcic – Managing Director
- Mr Rodney Dunn – Executive Director (Resigned 3 November 2009)/Company Secretary
- Mr Peter Bradford – Non-Executive Director

(b) **Other key management personnel**

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

(c) **Key management personnel compensation**

	Economic Entity 2010 $	Economic Entity 2009 $
Short-term employee benefits	360,000	357,679
Post-employment benefits	36,821	28,872
Back Pay for prior year	79,128	-
Share-based payments	-	-
	475,949	386,551

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

(d) **Equity instrument disclosures relating to key management personnel**

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Directors' report on pages 11 and 12.

(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:

2010	Balance at the start of the Year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	28,605,742	-	25,304,070	3,301,672	-	-
Mr Tom Dukovcic	3,309,971	-	245,000	1,064,971	2,000,000	2,000,000
Mr Rodney Dunn	8,157,107	-	-	6,657,107	1,500,000	1,500,000
Mr Peter Bradford	16,100,000	-	8,100,000	8,000,000	-	-
Total	56,172,820	-	33,649,070	19,023,750	3,500,000	3,500,000

No options were vested or unexercisable for the year ending 30 June 2010

2009	Balance at the start of the Year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	3,301,672	-	-	25,304,070	28,605,742	28,605,742
Mr Tom Dukovcic	2,306,638	-	-	1,003,333	3,309,971	3,309,971
Mr Rodney Dunn	6,490,440	-	-	1,666.667	8,157,107	8,157,107
Mr Peter Bradford	8,000,000	-	-	8,100,000	16,100,000	16,100,000
Total	20,098,750	-	-	36,074,070	56,172,820	56,172,820

No options were vested or unexercisable for the year ending 30 June 2009

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

(iii) Share holdings

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

2010	Balance at the start of the Year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	61,216,276	-	-	25,304,699	86,520,975
Mr Tom Dukovcic	5,180,000	-	-	8,445,000	13,625,000
Mr Rodney Dunn	16,432,117	-	-	(4,334,117)	12,098,000
Mr Peter Bradford	24,400,000	-	-	8,100,000	32,500,000
Total	107,228,393	-	-	37,515,582	144,743,975

2009	Balance at the start of the Year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	10,408,767	-	-	50,807,509	61,216,276
Mr Tom Dukovcic	840,000	-	-	4,340,000	5,180,000
Mr Rodney Dunn	8,432,118	-	-	7,999,999	16,432,117
Mr Peter Bradford	8,000,000	-	-	16,400,000	24,400,000
Total	27,680,885	-	-	79,547,508	107,228,393

Note 6: Auditor's Remuneration

	Economic Entity 2010 $	2009 $
Remuneration of the auditor of the Parent Entity for:		
– auditing or reviewing the financial report	25,224	23,113
– taxation and other services	14,800	14,389
	40,024	37,502

Note 7: Earnings per Share

		2010	2009
(a)	Reconciliation of Earnings to Profit or Loss		
	Loss	(270,380)	(2,452,715)
	Earnings used to calculate basic EPS	(270,380)	(2,452,715)
(b)	Reconciliation of Earnings to Profit or Loss from Continuing Operations		
	Loss from continuing operations	(270,380)	(2,452,715)
	Earnings used to calculate basic EPS from continuing operations	(270,380)	(2,452,715)
		No.	**No.**
(c)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	466,280,131	312,848,486

Diluted EPS not disclosed as potential ordinary shares are not dilutive

Note 8: Cash and Cash Equivalents

	Economic Entity 2010 $	2009 $
Cash at bank and in hand	1,946,889	137,142
	1,946,889	137,142

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 statement of financial position as follows:-

Cash and cash equivalents	1,946,889	137,142
	1,946,889	137,142

Note 9: Trade and Other Receivables

Current		
Other receivables:		
- Deposits	-	-
- Other receivables	4,711	349,714
- Goods and services tax	60,624	23,073
	65,335	372,787
Non-Current		
Amounts receivable from:		
- wholly-owned entities	-	-
- other	-	96,619
	-	96,619

Note 10: Other Financial Assets

Available-for-sale financial assets	-	-

Note 11: Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)* 2010	2009
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	100	100

** Percentage of voting power is in proportion to ownership*

Note 12: Property, Plant and Equipment

	Economic Entity 2010 $	2009 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	208,270	308,911
Accumulated depreciation	169,689	261,728
Total Plant and equipment	**35,581**	**47,183**
Total Property, Plant and Equipment	**35,581**	**47,183**

(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.

	2010 $	2009 $
Balance at the beginning of year	47,183	289,926
Additions	19,438	2,241
FX Movement	-	(5,007)
Adjustments	120,081	(763)
Disposals	(120,080)	(204,042)
Depreciation expense	(28,041)	(35,172)
Carrying amount at the end of year	35,581	47,183

Note 13: Intangible Assets

	2010 $	2009 $
Goodwill		
Cost	-	264,785
Accumulated impairment losses	-	(264,785)
Net carrying value	-	-

(a) Movements in Carrying Amounts

	2010 $	2009 $
Balance at the beginning of year	-	-
Additions on full acquisition of controlled entity	-	120,000
Less: Impairment writedown	-	(120,000)
Carrying amount at end of year	-	-

Note 14: Other Assets

	Economic Entity 2010 $	2009 $
Exploration and evaluation expenditure		
Exploration expenditure capitalised		
– exploration and evaluation phases	2,373,508	1,593,282
Exploration expenditure Held for Sale	-	2,532,991

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.

	2010 $	2009 $
Reconciliation of movements during the year		
Balance at the beginning of year	1,593,282	4,251,917
– exploration and evaluation costs capitalised	2,078,877	1,471,007
– exploration and evaluation costs trf to Held for Sale	(489,040)	(2,532,991)
– Asset revaluation Writeoff	-	(376,014)
– impairment writedown	-	(502,486)
– exploration and evaluation costs written off	(809,611)	(718,151)
Closing carrying value at end of year	2,373,508	1,593,282

Note 15: Trade and Other Payables

	2010 $	2009 $
CURRENT		
Trade payables	112,548	49,152
Sundry payables and accrued expenses	40,964	739,936
	153,512	779,088

Note 16: Interest bearing liability

	2010 $	2009 $
CURRENT		
Loans from a director	-	436,163
Visa Card	6,121	9,934
Hire purchase liability	-	9,963
	6,121	456,060
NON-CURRENT		
Hire purchase liability	-	18,266

During the 2008 year, the Company entered into a hire purchase agreement to purchase a motor vehicle. This vehicle was sold and the HP paid off in full during the 2010 year.

During the 2009 year, the company was loaned $400,000 by director Rick Crabb at rates between 10.5 and 12%. This loan amount was paid back in full in the 2010 year.

Note 17: Provisions

Employee Provisions	Economic Entity 2010 $	Economic Entity 2009 $
Balance at the beginning of year	13,846	65,019
Additional provisions	9,231	13,846
Amounts used	-	(65,019)
Carrying amount at the end of year	23,077	13,846

Note 18: Issued Capital

501,548,034 (2009: 414,096,412) fully paid ordinary shares	30,249,501	29,197,147
Share Issue Costs	(1,535,459)	(1,525,962)
	28,714,042	27,671,185

Ordinary Shares

	No.	No.
At the beginning of reporting period	414,096,412	223,867,063
Shares issued during year	87,451,622	190,229,349
At reporting date	501,548,034	414,096,412

- On 7 July 2009, the Company issued 8,333,333 ordinary shares at an issue price of 3 cents;
- During the year, the Company issued 223,949 ordinary shares upon the conversion of listed options at 6.5 cents per share;
- During the year, the Company issued 78,894,350 ordinary shares upon the conversion of listed options at 1 cent per share.

Note 19: Reserves

	Economic Entity 2010 $	Economic Entity 2009 $
(a) Share Option Reserve		
(i) The option reserve records items recognised as costs of acquisition of exploration projects and subsidiaries.	12,596	12,596
(ii) The share options reserve records distributions of options.	137,133	137,133
(b) Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current assets.	-	-
(c) Asset Realisation Reserve		
The asset realisation reserve records realised gains on sale of non-current assets.	32,095	32,095
(d) Foreign Currency Translation Reserve		
The foreign currency translation reserve records gains or losses on translation of foreign entities	(49,444)	12,900
	132,380	194,724

Note 20: Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2010.

Note 21: Commitments

Operating lease commitments

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

	Economic Entity 2010 $	2009 $
Payable – minimum lease payments:		
- not later than 12 months	48,812	107,999
- between 12 months and 5 years	-	45,910
- greater than 5 years	-	-

Exploration lease commitments

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

	Economic Entity 2010 $	2009 $
- not later than 12 months	463,500	583,000
- between 12 months and 5 years	-	-
- greater than 5 years	-	-

Note 22: Segment Reporting

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

Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

	2010 $	2009 $
Australia	3,513,843	1,453,961
Brazil	910,469	3,326,044
Total Assets	4,424,312	4,780,005
Revenue by geographical region		
Australia	85,413	53,741
Brazil	2,734,994	202,193
Total Assets	2,820,407	255,934

Note 23: Cash Flow Information

	Economic Entity 2010 $	2009 $
(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Gain/(Loss) after income tax	(270,380)	(2,452,715)
Non-cash flows in profit		
Depreciation	28,041	35,172
Exploration expenditure written-off	811,060	718,151
Financing costs	(36,163)	216,302
Exploration expenditure expensed	(1,449)	88,432
Assets written off	11,731	184,854
(Gain)/loss on disposal of property, plant & equipment	(2,734,810)	(19,516)
(Increase)/decrease in trade & term debtors	(5,464)	(328,162)
Increase/(decrease) in trade payables and accruals and provisions	(54,792)	359,875
Impairment writedown	-	622,486
Options Valuation	-	16,865
FX movement	264,734	-
Provision for non-recovery of intercompany loans	-	-
Cashflow from operations	(1,987,491)	(558,256)

Note 24: Share-based Payments

The following share-based payment arrangements existed at 30 June 2010:

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.

On 09 July 2008, 2,100,000 share options were granted to employees under the Ashburton Minerals Ltd Employee Share Option Plan. The options are exercisable by 09 July 2010 at an exercise price of 6 cents each. Of these, 1,100,000 options have expired as a result of employees leaving the company.

	Economic Entity 2010 Number of Options	2010 Weighted Average Exercise Price $	2009 Number of Options	2009 Weighted Average Exercise Price $
Outstanding at beginning of year	4,500,000	0.07	5,650,000	0.07
Granted	-	0.07	2,100,000	0.07
Expired	-	0.07	(3,250,000)	0.07
Outstanding at year end	4,500,000	0.07	4,500,000	0.07
Exercisable at year end	4,500,000	0.07	4,500,000	0.07

The fair value of the 2,100,000 options granted to employees during the year ended 30 June 2009 was 0.8031 cents each.

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

Exercise price	6 cents
Life of the option	2 years
Expected share price volatility	100%
Risk free rate of return	6.69%

Included in the employee benefits expense in the statement of comprehensive income for the year ended 30 June 2009 is $16,865 and relates, in full, to those equity-settled share-based payment transactions.

Note 25: Events After the Balance Sheet Date

On 30 July 2010, the Company announced the completion of the third phase of drilling at the Pokali prospect within the Company's Mt Webb copper project. This work enhanced the prospectivity of Pokali by identifying new zones of copper mineralisaiton, with the highlight being hole PKC024 which intersected 246 m @ 0.22% Cu from 4 m, including a high-grade zone of 12 m @ 1.1% Cu from 168 m. Copper mineralisaiton at Pokali remains open in all directions.

On 16 September 2010 the Company announced that it had entered into an option agreement to purchase the Yea gold project in Victoria. Within the project, the Providence mine reports high grade historical production of approximately 30,000 oz of gold at an average grade of 1 oz/t. More recent RC drilling in 1996 returned up to 2 m @ 40.80 g/t from these workings. This drilling has not been followed up, thus demonstrating the scope for near-term high-grade resources.

On 20 Sep 2010, as part of the initial option payment under the the Yea gold project agreement, the Company issued to the vendors 7,500,000 shares and 7,500,000 options, exercisable at 4c each by 17 Sep 2012. The Company also made a cash payment of $33,333 to the vendors as per the terms of the agreement.

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

Note 26: Related Party Transactions

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

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

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

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

	Economic Entity 2010 $	Economic Entity 2009 $
Transactions with related parties:		
Key Management Personnel		
Payment of an option fee to Bestgold Investments Pty Ltd, a company in which Mr Dunn and Mr Dukovcic are directors.	-	219,000
Repayment of loan to Westessa Holdings Pty Ltd, a company in which Mr Crabb is a director.	100,000	-
Receipt of loan from Westessa Holdings Pty Ltd, a company in which Mr Crabb is a director.	-	100,000
Receipt of loan from Rick Crabb	-	300,000
Repayment of loan to Rick Crabb	300,000	-

Note 27: Financial Risk Management

Overview

This note presents information about the Economic Entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring risk, and management of capital. The Economic Entity does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Economic Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

Significant Accounting Policies

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

Note 27: Financial Risk Management (cont'd)

Net Fair Value

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

Credit risk

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

Cash and cash equivalents

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

Trade and other equivalents

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

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

Exposure to credit risk

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

	Economic Entity	
	2010 $	**2009 $**
Loans and receivables	65,335	372,787
Investments	-	-
Cash and cash equivalents	1,946,889	137,142
	2,012,224	509,929

Impairment losses

None of the Economic Entity's other receivables are past due (2009: nil)

Liquidity risk

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

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

The Company does not anticipate a need to raise additional capital in the next 12 months as it is expected to be able to meet forecast operational, exploration and development activities from the proceeds of the sale of the Cuiba Gold Project. Nevertheless, the decision on how and when the Company will raise future capital will depend on the market conditions existing at that time.

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

	Economic Entity	
	2010 $	**2009 $**
Less than 6 months	182,710	812,831
6 months to 1 year	-	436,163
1 to 5 years	-	18,266
Over 5 years	-	-
	182,710	1,267,260

Note 27: Financial Risk Management (cont'd)

Market Risk

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

Currency Risk

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

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

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

Exposure to Currency Risk

The Economic Entity's exposure to foreign currency risk at balance date based on notional amounts was as follows:

	Economic Entity	
	2010 $	**2009 $**
Cash	1,106,878	4,785
Trade and other receivables	21,875	346,924
Trade payables	(206,132)	(564,585)
Gross balance sheet exposure	922,621	(212,876)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the Brazilian Real at 30 June 2010 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Economic Entity	
	Equity A$	**Profit or loss A$**
30 June 2010	92,262	92,262
30 June 2009	(21,288)	(21,288)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2010 would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Commodity Price Risk

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

Capital Management

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

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

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

Interest rate risk

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

The Economic Entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in higher interest bearing cash management account.

Note 27: Financial Risk Management (cont'd)

Profile

At the reporting date the interest rate profile of the Economic Entity's interest-bearing financial instruments was:

Economic Entity	Weighted Average Effective Rate 2010	Weighted Average Effective Rate 2009	Floating Interest Rate $ 2010	Floating Interest Rate $ 2009	Fixed interest rate maturing 1 to 5 Years $ 2010	Fixed interest rate maturing 1 to 5 Years $ 2009	Non-interest Bearing $ 2010	Non-interest Bearing $ 2009	Total $ 2010	Total $ 2009
Financial Assets:										
Cash	4.50%	3.50%	1,946,889	137,142	-	-	-	-	1,946,889	137,142
Receivables			-	-	-	-	65,335	446,333	65,335	372,787
Investments			-	-	-	-	-	-	-	-
Total Financial Assets			1,946,889	137,142	0	0	65,335	446,333	2,012,224	509,929
Financial Liabilities:										
Trade and sundry creditors			-	-	-	-	182,710	812,831	182,710	812,831
Interest bearing liabilities	-	10.98%	-	-	-	454,429	-	-	-	454,429
Total Financial Liabilities			0	0	0	454,429	182,710	812,831	182,710	1,267,260

(i) **Net Fair Values**

The net fair values of:-

- 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.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Economic Entity Equity A$	Economic Entity Profit or loss A$
30 June 2010		
Variable rate instruments	4,545	4,545
30 June 2009		
Variable rate instruments	3,013	3,013

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

Note 28: Company Details

The registered office and principal place of business of the Company is:

310 Newcastle Street

Perth WA 6000

Tel: (08) 9225 9000

Fax: (08) 9225 9001

Note 29: Parent entity financial information

		Economic Entity 2010 $	2009 $
(a)	summary of financial information		
	Assets		
	Current assets	879,201	147,168
	Total assets	1,036,181	228,094
	Liabilities		
	Current liabilities	146,513	680,773
	Total liabilities	146,513	699,039
	Shareholders Equity		
	Issued capital	28,714,042	27,671,184
	Reserves	181,824	181,824
	Accumulated Losses	(28,006,198)	(28,323,953)
		889,669	(470,945)
	Profit/(loss) for the year	317,755	(3,076,979)
	Total comprehensive income	317,755	(3,076,979)

(b) **Contractual commitments for the acquisition of property, plant and equipment**

As at 30 June 2010, the parent entity has no contractual commitments for the acquisition of proprerty, plant or equipment.

(c) **Guarantees and contingent liabilities**

As at 30 June 2010, the parent entity has no guarantees or contingent liabilities.

DIRECTORS' DECLARATION

In the opinion of the Directors of Ashburton Minerals Ltd (the "Company"):

1. The financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
    a. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2010.
4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

TOM DUKOVCIC
Managing Director

Dated this 29th day of September 2010

MOORE STEPHENS

INDEPENDENT AUDITOR'S 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") which comprises the consolidated statement of financial position as at 30 June 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration. The Group or consolidated entity comprises both the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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 would be in the same terms if provided to the directors as at the date of this auditor's report

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Auditor's Opinion

In our opinion:

a. the financial report of Ashburton Minerals Ltd is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Ashburton Minerals Ltd for the year ended 30 June 2010 complies with Section 300A of the *Corporations Act 2001*.

Suan-Lee Tan
Partner

MOORE STEPHENS

Moore Stephens
Chartered Accountants

Signed at Perth this 29th day of September 2010.

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CORPORATE GOVERNANCE STATEMENT

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

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

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

In relation to the independence of the Chairman, Mr Rick Crabb, the Board has resolved that not withstanding his substantial shareholding he is regarded to be an independent director as he has consistently demonstrated his capability to make decisions and take actions that are desiged to be in the best interests of the Company. The Board further noted that Mr Crabb considers himself to be capable of bringing independent judgment to the Board.

Recommendation		**Ashburton Minerals Ltd current practice**
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Satisfied, available on the Company website.
2.1	A majority of the Board should be independent directors.	Satisfied. There are two independent non-executive directors on the 3 person Board.
2.2	The chairperson should be an independent director.	Satisfied. The chairman of the Board is Mr Rick Crabb who is considered independent.
2.3	The roles of the chairperson and chief executive officer should not be exercised by the same individual.	Satisfied, Mr Tom Dukovcic is the Chief Executive Officer.
2.4	The Board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Annual Report requirements.	Satisfied.
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied, available on the Company's website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	Satisfied. Trading in securities policy is available on Company website.
3.3	Report and disclose 3.1 and 3.2.	Satisfied. Available on Company website.
4.1	Require the CEO (or equivalent) and the CFO (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	Satisfied.
4.2	The Board should establish an audit committee.	Satisfied. An audit committee has been established.
4.3	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the Board; and (d) at least three members.	Not satisfied. The role of the audit committee is currently being undertaken by two independent non-executive directors. The Company is currently not of a size to justify having three independent non-executive directors.
4.4	The audit committee should have a formal charter.	Satisfied.

Recommendation		Ashburton Minerals Ltd current practice
4.5	Provide the information indicated in Guide to Reporting on Principle 4.	Satisfied.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Satisfied. Continuous disclosure policy is available on the Company website.
5.2	Post 5.1 on website.	Satisfied. Refer 5.1
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Satisfied. Communications with shareholders policy is available on the Company website.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Satisfied.
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Satisfied. Risk management program is available on the Company website.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: (a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and (b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Satisfied.
7.3	Report and disclose 7.1 and 7.2	Satisfied.
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	Not satisfied. The Company has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Company's operations. The full Board will review the performance of key executives.
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand: (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance	Satisfied. Refer to directors' report.
9.2	The Board should establish a remuneration committee.	Not satisfied. The Board considers this recommendation and formed the view that given the number of directors on the Board, this function could be performed just as efficiently with full Board participation.
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Satisfied. Details of executive and non-executive remuneration are outlined in the directors' report.
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Satisfied.
9.5	Report on the above matters.	Satisfied. The Company has incorporated all information as required.
10.1	Establish and disclose a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Satisfied. Code of Conduct is available on the Company website.

Shareholding Details

The following shareholder information was applicable as at 13 October 2010.

1. Distribution of shareholding (ASX.ATN)

The distribution of members and their shareholdings was as follows:

Number Held	Number of Shareholders
1 - 1,000	149
1,001 - 5,000	294
5,001 - 10,000	192
10,001 - 100,000	710
100,001 -	431
Total number of Shareholders	**1776**

2. Twenty largest Shareholders (ASX.ATN; as at 13 October 2009)

	Shareholder	Number of Ordinary Shares	%
1	CRABB RICK WAYNE + C J	76,944,173	15.12%
2	JP MORGAN NOM AUST LTD	43,697,932	8.58%
3	BRADFORD PETER + VICKI	32,500,000	6.38%
4	ABN AMRO CLEARING SYDNEY	23,868,859	4.69%
5	ANTELL CHARLES	22,649,410	4.45%
6	BESTGOLD INV PL	12,000,000	2.36%
7	NAMARA GEOFFREY W M	10,261,457	2.02%
8	CCR PL	10,000,000	1.96%
9	WELLS MURRAY BRYAN + S J	6,800,000	1.34%
10	CRABB RICK	5,520,428	1.08%
11	GIFFARD SVCS PL	5,000,000	.98%
12	RAYNER JEFFREY + B	4,970,177	.98%
13	TEOFILOVA LILIANA	4,630,000	.91%
14	TROMSO PL	4,200,000	.83%
15	MINMET ISLE OF MAN LTD	4,114,965	.81%
16	WESTESSA HLDGS PL	4,056,374	.80%
17	DUNCAN CRAIG NEIL	4,000,000	.79%
18	PEWKLIANG BOONSRI	3,900,000	.77%
19	CUSTODIAL SVCS LTD	3,443,000	.68%
20	STROTHER GARY RAYMOND	3,360,000	.66%
	TOTAL	**285,916,775**	**56.19%**

3. Substantial Shareholders

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

Shareholder	Number of Ordinary Shares	%
Rick Crabb	87,520,975	17.45
JP Morgan Nom Aust LTD	43,697,932	8.58
Peter & Vicki Bradford	32,500,000	6.38

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