Augustus Minerals Limited

ABN 43 122 911 399

Annual Financial Report
For The Year Ended 30 June 2008

Contents

CORPORATE INFORMATION

ABN 43 122 911 399

Directors
Garry Ralston
Mathew Walker
Jon Wild

Company Secretary
David Parker

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Fax: (08) 9324 3045

Principal place of business
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PERTH WA 6005

Share Register
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Solicitors
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16 Milligan St
PERTH WA 6000

Bankers
National Australia Bank
Level 1, 1238 Hay St,
West Perth WA 6005

Auditors
HLB Mann Judd
Level 2, 15 Rheola Street
West Perth WA 6005

Website
www.augustusminerals.com.au

DIRECTORS' REPORT

Your directors submit the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Garry Ralston	(appointed 10th May 2007)
Mr Mathew Walker	(appointed 29th November 2006)
Mr Jon Wild	(appointed 29th November 2006)

Names, qualifications, experience and special responsibilities

Garry Ralston
Non-Executive Chairman
Age: 53
Qualifications: Licensed Finance Broker (CFB)

Mr Garry Ralston serves as Non-Executive Chairman of the Company and is based in Perth, Western Australia. Mr Ralston has been directly involved in the banking and finance industry for over 35 years. Mr Ralston was a co-founder and until recently a director of Finance and Systems Technology (FAST) which is one of Australia's premier Mortgage aggregators. Mr Ralston is also a director and co-founder of Select Mortgage Services.

Mr Ralston was the founding chairman of Prudential West Pty Ltd which subsequently changed its name to Enviromission Ltd and is an ASX listed company.

During the last three years, Mr Ralston has also served as a director of the following listed companies:

Fortuna Minerals Limited	(appointed November 2007)
Tomahawk Energy Limited	(resigned 23 May 2007)

Mr Ralston is a member of the non-executive directors committee, which deals with responsibilities usually set aside for Remuneration, Risk, Audit and Nomination committees.

Mr Mathew Walker
Executive Director
Age: 38
Qualifications: Bachelor of Business from the University of Technology Sydney

Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the mining sector, he has served as executive Chairman or Managing Director for public companies with mining interests in North America, South America, Africa, Australia, and Central Asia. Currently he serves as Managing Director of Windy Knob Resources Limited, as Director of Imperium Minerals Limited, and as Chairman of Fortuna Minerals Limited. He is also a Director of boutique investment bank Alto Capital and corporate services firm Cicero Corporate Services Pty Ltd. Mr Walker is a member of the Australian Institute of Company Directors. He holds a Bachelor of Business from the University of Technology, Sydney.

During the last three years, Mathew Walker has also served as a director of the following listed companies:

Citrofresh International Limited	(Resigned September 2005)
Erongo Energy Limited	(Resigned July 2007)
Pacific Ore Ltd	(Resigned November 2007)
Windy Knob Resources Limited	(Appointed October 2006)
Fortuna Minerals Ltd	(Appointed November 2007)

DIRECTORS' REPORT (continued)

Mr Jon Wild
Non-Executive Director
Age: 37
Qualifications: BCom

Mr Jonathon Wild has been in marketing and advertising for the last 14 years across a range of categories. He is currently working as the Marketing Director of HotelClub an online accommodation specialist owned by Orbitz Worldwide a NYSE listed company. Mr Wild has held a board position with the Australian Association of National Advertisers (AANA). The AANA represents the advertising community's rights to commercial freedom of speech.

During the last three years, Mr Wild has not served on any other ASX listed boards. Mr Wild is a member of the non-executive directors committee, which deals with responsibilities usually set aside for Remuneration, Risk, Audit and Nomination committees.

Company Secretary

Mr. David Parker
Company Secretary
Age: 29
Qualifications: Bachelor of Commerce from Curtin University, Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

Mr David Parker has completed a Bachelor of Commerce at Curtin University, is a Senior Associate of the Financial Services Institute of Australasia and has completed a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia. Mr Parker is currently Company Secretary of Windy Knob Resources Ltd, Pacific Ore Limited (joint) and Alamar Resources Limited. Mr Parker is a director of corporate services firm Cicero Corporate Services Pty Ltd. Mr Parker was appointed Company Secretary on incorporation of the Company.

Interests in the shares and options of the company and related bodies corporate

During the year a total of nil share options were granted as remuneration to directors and executives of the company.

Option holdings of Key Management Personnel; Options are exercisable at 25 cents on or before 30 November 2010.

30 June 2008	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of period
Mr Garry Ralston[1]	1,000,000	-	-	-	1,000,000
Mr Mathew Walker	4,000,000	-	-	-	4,000,000
Mr Jon Wild	500,000	-	-	-	500,000
Mr David Parker[2]	500,000	-	-	-	500,000
Total	**6,000,000**	**-**	**-**	**-**	**6,000,000**

All options were issued in the 2007 year, and are exercisable at 25 cents on or before 30 November 2010.

[1] Options are held in the Name of Mr Garry Benjamin Ralston & Mrs Toni Michelle Ralston ATF The Ralston Super Fund. Mr Ralston is the controller and is a beneficiary of the Super Fund.

[2] Shares are held in the name of Cobblestones Corporate Pty Ltd ATF the DRP Investment Trust. Mr Parker is a controller and beneficiary of this Company.

DIRECTORS' REPORT (continued)

No ordinary shares were issued during the financial year as a result of the exercise of an option.

No Options were issued since the end of the year to a director.

Shareholdings of Key Management Personnel

Shares held in Augustus Minerals Limited

	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
30 June 2008	Ord	Ord	Ord	Ord	Ord
Mr Garry Ralston[1]	750,000	-	-	-	750,000
Mr Mathew Walker[2]	2,000,000	-	-	-	2,000,000
Mr Jon Wild	-	-	-	500,000[3]	500,000
Mr David Parker	500,001	-	-	-	500,001
	3,250,001	**-**	**-**	**500,000**	**3,750,001**

[1] Shares are held in the Name of Mr Garry Benjamin Ralston & Mrs Toni Michelle Ralston ATF The Ralston Super Fund. Mr Ralston is the controller and is a beneficiary of the Super Fund.

[2] Since the end of the year Mr Walker has purchased 250,000 shares via on market trades and currently holds 2,250,000 shares in the Company. See ASX release dated 27 August 2008 for more information.

[3] Shares purchased through seed issue at $0.25 on 23 July 2008.

[4] Shares are held in the name of Cobblestones Corporate Pty Ltd ATF the DRP Investment Trust. Mr Parker is a controller and beneficiary of this Company.

Dividends

No dividends have been paid or declared since the start of the financial year and/or the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Company during the period was the exploration for natural resources.
There have been no other significant changes in the nature of those activities during the period.

DIRECTORS' REPORT (continued)

Review of operations

MT PALMER PROJECT, WESTERN AUSTRALIA, (100% OWNED)

Details of the Mt Palmer Project

The Company entered into an agreement to purchase a 100% interest in the Mt Palmer Tenements in May 2007 and this transaction was completed in July 2007. The Mt Palmer Tenements are located in the Yellowdine Greenstone belt which forms part of the Parker Range terrain in the Southern Cross Province of Western Australia. The Province is host to a number of significant gold and base metal deposits including Southern Cross, Marvel Loch, and Forrestania.

Gold mineralisation in the Yellowdine region is associated with quartz reefs within quartz-biotite schists as well as sheared contact margins between amphibolites and banded iron formations. The Project surrounds the historical Mt Palmer workings (excised from E77/987) which produced a total of 305,799 tonnes of ore for a return of 157,933oz at an average grade of 15.9g/t Au. The high grade deposit was mined over a distance of 360m. Sporadic drilling and surface geochemistry results have been returned along strike from the Mt Palmer mine suggesting that the mineralisation continues.

At South Heaney's Find, a number of anomolous gold intersections were returned from RAB drilling of targets beneath extensive transported soil cover. Interpretation of aeromagnetic data in this area shows that the geology is structurally complex and may have the potential for significant gold mineralisation.

The western side of Lake Julia also appears to be shallowly underlain by greenstones which have been subject to only limited exploration. An indication of the potential is given by the gold anomalism located by Broken Hill Metals in lake sediments. Alluvial gold has also been located below Lake Julia.

Location and Tenure of the Mt Palmer Project

E77/987 and E77/1290 are centered about 8 kilometres south of Yellowdine on the Great Eastern Highway, 36 kilometres east of Southern Cross. The Mt Palmer Tenements cover a north-south strip of ground about 1.6 kilometres wide and 14 kilometres long and straddle the old Mt Palmer gold mine which is excised from the current ground. Granted Exploration Licence E77/987 covers 5 sub blocks (15.85 square kilometres) and application E77/1290 covers 3 sub blocks (9.51 square kilometres) bringing the total project area to 25.09 square kilometres.

DOSTYK PROJECT, KAZAKHSTAN; (AUGUSTUS 19% beneficial interest)

Details of the Dostyk Project

Binding Terms Sheet

The Company entered into an agreement with Cigma Metals Corporation (Cigma) dated on or about 29 June 2007 to purchase a 19% participatory interest (Participatory Interest) in Dostyk Limited Liability Partnership (Dostyk Partnership Entity) in relation to the Dostyk Project (Binding Terms Sheet), which consists of gold and polymetallic deposits in the Maikubensk area of Pavlodar oblast of the Republic of Kazakhstan (Dostyk Project).

Pursuant to the Binding Terms Sheet, Cigma agreed to assign the Participatory Interest to the Company (Acquisition) in consideration for the payment of US$1,000,000 to Cigma or its nominee. The Binding Terms Sheet was subject to a number of conditions precedent, each of which have now been satisfied.

The Binding Terms Sheet was varied by a letter agreement executed on or about 22 October 2007 between the Company and Cigma (Variation Agreement), pursuant to which the parties acknowledged that it may take considerable time for Cigma to obtain all necessary regulatory approvals in Kazakhstan for the transfer of the Participatory Interest to the Company.

DIRECTORS' REPORT (continued)

On 22 October 2007, the Company acquired a 19% benificial interest in the Dostyk Partnership Entity by the payment of US$1,000,000. Once the Company has been registered as the legal owner of a 19% interest in the Dostyk Partnership Entity, the participatory interest of each of the participants will be as follows:

Cigma – 81%

Company – 19%

At the end of the year, the company was still waiting on the transfer of the 19% Dostyk Partnership entity interest that is currently being held as a beneficial interest by Cigma as per the Binding Terms Sheet. Cigma must hold the beneficial interest until such time as it received the necessary regulatory approvals in Kazakhstan for the transfer of the Participatory Interest to the Company. The Company did receive correspondence from the Ministry of Energy and Mineral Resources off the Republic of Kazakhstan in June 2008 stating that various approvals had been given for the transfer, however the Company is still waiting on the execution of the transfer, and as per the Binding Terms Sheet Cigma will hold the 19% beneficial interest on trust for the Company until the transfer of title has been executed.

Dostyk Project Areas

The Dostyk project is located in well a developed industrial region of Kazakhstan. 30km from the project area is the Ekibastuz Coal Basin. The Ekibastuz Basin provides the coal and electrical energy for the whole of Kazakhstan as well as the major industrial areas of the Urals in Russia. As a result the project area is crossed by numerous high voltage power lines and railways. Underground gold mining has been continuous at the Maykain mine, located in the mid north of the license (not included) for the past 30 years.

1. Beryozky

This prospect is interpreted as part of a large copper porphyry system within the outer part of a volcanic caldera, and has a lateral extension at surface of over 1,300 meters. Interpretation of current data shows the potential of the system to join with the Karagandy-Ozek mineralization zone further north, which in turn merges further to the north with the Quartzite Gorka target. This interpretation describes a system of over 7kms in length. The host rocks are andesites, diorites and tuffs. The mineralisation is still open at depth. A total of thirteen diamond drill holes were completed on this project in 2007 for a total of 3,623.4 metres. An additional six (6) diamond drill holes for a total of 1,950 metres have been completed on this project in 2008.

2. Quartzite Gorka

Quartzite Gorka is interpreted as part of a large unified porphyry system which includes Beroyzky to the south. The host rocks are secondary quartzites and diorites. The length of the mineralised zone is approximately 1,400 meters, interpreted to merge in the south with the northerly extension of the Karagandy-Ozek prospect. A total of eleven (11) diamond drill holes were completed during 2007 for a total of 3,056 metres with complete or partial assays received for six (6) holes. A total of nine diamond drill holes were completed on this project for a total of 2,548 metres in the first half of the year.

3. Annino

The Annino/Nikolaevo Target is interpreted as Volcanic Massive Sulfide mineralization related to quartz-sericite metasomatites. The strike of mineralization is 1,400 meters and the width, base on surface trenching and drill intersections varies between, 30 to 40 meters. A total of twenty three diamond drill holes were completed on this project for a total of 4,482 metres.

4. Beskauga

This target area is a large copper-porphyry system with approximate dimensions of 2.0km by 1.7km and was discovered through number of multiple Cu-Au-Mo-Ag anomalies. A total of sixteen diamond drill holes were completed on this project for a total of 4,714 metres.

5. Ushtogan

A desktop study has commenced based on historical soviet drilling data at the Ushtagan prospect.

Scientific or technical information in this news release has been prepared under the supervision of Mr Michael Montgomery, a Consultant of the Company and a Member of the Australian Institute of Mining and Metallurgy. Mr Montgomery has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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" (the JORC Code). Mr Montgomery consents to the inclusion in this report of the Information, in the form and context in which it appears.

DIRECTORS' REPORT (continued)

Future Strategy And Other Activities

The Company will continue to explore for resources on it's two projects, being the 100% owned Mt Palmer Project in Western Australia and the 19% participatory interest in the Dostyk Project in Kazakhstan.

The Company will also review resource based opportunities for participation in addition to the current Company projects.

Operating results for the year

The loss of the Company for the financial period, after providing for income tax amounted to $25,670 (2007: $211,495).

Review of financial conditions

The Company currently has $7,214,784 in cash assets which the Directors believe puts the Company in a sound financial position with sufficient capital to effectively explore its tenements and pursue other resource based opportunities.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement in Directors Report.

Corporate Governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Statement in Directors Report.

Significant changes in the state of affairs

At the start of the period the company had 13,500,001 fully paid ordinary shares and 6,000,000 options exercisable at $0.25 which expire on 30 November 2010.

On 23 July 2007, the Company issued 21,000,000 shares to seed capital investors at $0.25 each to raise a gross $5,250,000 before costs.

On 7 August 2007, the Company issued 1,500,000 shares to vendors of the Mt Palmer Project.

On 22 October 2007, the Company acquired a 19% beneficial interest in the Dostyk Partnership Entity by the payment of US$1,000,000. Once the Company has been registered as the legal owner of a 19% interest in the Dostyk Partnership Entity

On 23 October 2007, the Company issued 3,000,000 shares to seed capital investors at $0.25 each to raise a gross $750,000 before costs.

On 20 February 2008, the Company issued 5,000,000 shares to investors as part of the Prospectus lodged with ASIC on 23 November 2007 to investors at $0.50 each to raise a gross $2,500,000 before costs.

On 20 February 2008, the Company issued 4,000,000 options, exercisable at 25 cents on or before 30 November 2010, to Corporate and Resource Consultants Pty Ltd. These options were a success based fee, payable on the successful listing of the Company on the ASX, as part of a consultancy agreement as outlined in the prospectus dated 23 November 2007.

At the end of the period the company had 44,000,001 fully paid ordinary shares and 10,000,000 options exercisable at $0.25 which expire on 30 November 2010.

DIRECTORS' REPORT (continued)

Significant events after balance date

There have been no significant events since the balance date.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any significant breaches of these requirements during the period.

Indemnification and insurance of Directors and Officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of Augustus Minerals Limited (the "company").

The following persons acted as directors during or since the end of the financial year:

All directors acted as directors during the entire year.

Mr Garry Ralston	Non-executive chairman
Mr Mathew Walker	Executive director
Mr Jon Wild	Non-executive director

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr Garry Ralston	Non-executive chairman
Mr Mathew Walker	Executive director
Mr Jon Wild	Non-executive director
Mr David Parker	Company Secretary

DIRECTORS' REPORT (continued)

Remuneration report (Continued)

Remuneration philosophy

The remuneration policy of Augustus Minerals Limited has been designed to align director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates.

The Board of Augustus Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create aligned goals between directors and shareholders.

Remuneration committee

The Board of Directors and the Independent Directors committee of the company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the senior management team.

During the period ended 30 June 2008, the Company did not have a separate remuneration committee. Instead, the duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the entire board and the independent directors committee. The Company does require it's independent Directors to meet biannually, to discuss the issue of remuneration and to assume the role of the Remuneration Committee. The independent directors met once during the period and discussed remuneration issues.

The company intends to form a separate Remuneration Committee in the following year that will be required to meet annually. The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the senior management team. The Remuneration Committee will assesses the appropriateness of the nature and amount of remuneration of directors and senior executives annually by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company.

The remuneration of non-executive directors for the period ended 30 June 2008 is detailed in the Remuneration of directors and named executives section of this report on page 11 of this report.

DIRECTORS' REPORT (continued)

Remuneration report (Continued)

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition the company employees and directors, the company has contracted key consultants on contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the independent directors committee (which assumes the role of the Remuneration Committee). The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the 4 most highly remunerated Company executives is detailed in Table 1.

Employment Contracts of Directors and Senior Executives

On 1 August 2007, the Company entered into a services agreement with Mr Mathew Walker (Services Agreement) effective as from 1 January 2007. Under the Services Agreement, Mr Walker is engaged by the Company to provide services to the Company in the capacity of Executive Director. Mr Walker is to be paid an annual remuneration of $100,000. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Services Agreement continues for a period of 2 years, with an option to extend for a further 1 year term, unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Company must give notice of termination, or alternatively, payment in lieu of service. In addition, Mr Walker is entitled to all unpaid remuneration and entitlements up to the date of termination.

Options

During the period ended 30 June 2008, there were no Options that were granted, vested or lapsed as part of director remuneration. Options are unlisted, are exercisable at $0.25 on or before 30 November 2010.

Remuneration of directors and named executives:

Table 1: Directors' remuneration For the year ended 30 June 2008

	Primary benefits			Post employment		Equity	Other	Total	%
	Salary & Fees	Bonuses	Non Monetary Benefits	Superannuation	Prescribed benefits	Options			Performance Related
Mr Mathew Walker	100,000	-	-	-	-	-	-	100,000	-
Mr Garry Ralston	45,000	-	-	-	-	-	-	45,000	-
Mr Jon Wild	30,000	-	-	-	-	-	-	30,000	-
Mr David Parker	45,000	-	-	-	-	-	-	45,000	-
Total	220,000	-	-	-	-	-	-	220,000	-

Table 2: Directors' remuneration For the period ended 30 June 2007

	Primary benefits			Post employment		Equity	Other	Total	%
	Salary & Fees	Bonuses	Non Monetary Benefits	Superannuation	Prescribed benefits	Options			Performance Related
Mr Mathew Walker	50,000	-	-	-	-	55,442	-	105,442	-
Mr Garry Ralston	11,250	-	-	-	-	13,861	-	25,111	-
Mr Jon Wild	15,000	-	-	-	-	6,930	-	21,930	-
Mr David Parker	-	-	-	-	-	6,930	-	6,930	-
Total	76,250	-	-	-	-	83,163	-	159,413	-

Remuneration report (Continued)

Remuneration of directors and named executives: (Continued)

Table 3: Options granted as part of remuneration for the period ended 30 June 2007

	Value of options granted at grant date	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Value of options lapsed during period	Value of options included in remuneration for the period	% Remuneration consisting of options for the period
Mathew Walker	**55,442**	**-**	**-**	**55,442**	**-**	**55,442**	**52.6%**
Jon Wild	**6,930**	**-**	**-**	**6,930**	**-**	**6,930**	**31.6%**
David Parker	**6,930**	**-**	**-**	**6,930**	**-**	**6,930**	**100%**
Garry Ralston	**13,861**	**-**	**-**	**13,861**	**-**	**13,861**	**55.2%**

Options were valued using the Black Scholes valuation model. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

1. Amounts owing from related parties

(a) Jon Wild was owed director fees of $7,500 at the end of the year, which have been shown as accruals in the accounts. This amount of $7,500 has been included in Table 1 as fees paid to Mr Jon Wild during the year.

(b) At the period ended 30 June 2007, the directors were owed a total of $76,250, which they were paid in the year ended 30 June 2008. This amount was shown as a current liability in the balance sheet for the 2007 period. These amounts were disclosed under the 2007 Annual Report and have been included in Table 2 under remuneration paid for the period ended 30 June 2007.

(c) Cicero Corporate Services Pty Ltd was owed $4,565 for administration services at the end of the year.

2. During the year ended 30 June 2008, Cicero Corporate Services Pty Ltd, an entity controlled by Mr Walker and Mr Parker received a total payments on commercial terms of $13,062.50 inclusive of GST for the provision of corporate administration services and reimbursements.

3. During the financial year, David Parker received $9,000 on as placement commission on capital raised by ACNS Capital Markets Pty Ltd, t/a Alto Capital a company which Mr David Parker was employed as an authorised representative.

Transactions (2)-(3) above were entered into on normal commercial terms have not been included as part of directors' remuneration.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Director Meetings		Independent Director Meetings	
Director	attended	eligible to attend	attended	eligible to attend
Mr Mathew Walker	5	5	0	0
Mr Garry Ralston	5	5	1	1
Mr Jon Wild	5	5	1	1

In addition, ten (10) circular resolutions were signed by the board during the period.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 17 and forms part of this directors' report.

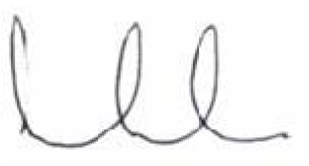
Non-Audit Services

The following non-audit services were provided by our auditors, HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

HLB Mann Judd was engaged to prepare an independent accountants report in relation to a prospectus dated 29 November 2007, and has been paid $5,000.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the directors.



Mathew Walker

Director

Dated 30 day of September 2008

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Augustus Minerals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Augustus Minerals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Augustus Minerals Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Remunerate fairly and responsibly

Augustus Minerals Limited's corporate governance practices were in place throughout the year ended 30 June 2008, any departures are disclosed in the below sections.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Augustus Minerals Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Augustus Minerals Limited are considered to be independent:

Name	Position
Garry Ralston	**Non-executive chairman**
Jon Wild	**Non-executive director**

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

CORPORATE GOVERNANCE STATEMENT (continued)

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Mr Garry Ralston	1 year 5 months
Mr Mathew Walker	1 year 10 months
Mr Jon Wild	1 year 10 months

ASX BEST PRACTICE RECOMMENDATIONS AND COMMENTS

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (Executive Director).
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Company's Corporate Governance Policies includes a section on Performance Evaluation Practices, which discloses the performance evaluation criteria. During the period a Performance evaluation of senior executives (the Executive Director) was performed once during the year and was in accordance with the process described in the Corporate Governance Policies.
1.3	Companies should provide the information indicated in the Guide to reporting Principle 1.	Any departure from principle 1.1 and 1.2 are contained in the above points. A Performance evaluation of senior executives (the Executive Director) was performed once during the year and was in accordance with the process described in the Company's Corporate Governance Policies. The Corporate Governance Policies which discloses the board charter is available on the Company's web site.
2.	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	Adopted. The Independent Directors are considered to be: Garry Ralston Jon Wild
2.2	The chairperson should be an independent director.	The chairperson Mr Garry Ralston. He is considered an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company has an Executive Director, Mr Mathew Walker (considered to be the Chief Executive Officer). This position is separate from the Chairman.
2.4	The board should establish a nomination committee.	The Board did not believe it was necessary to establish a nomination committee during the year, however the Board has established an Independent Directors Committee that has assumed the role of the Nomination Committee. The Independent Director Committee meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The Independent Directors Committee comprised the following members and met once throughout the year: Garry Ralston Jon Wild

CORPORATE GOVERNANCE STATEMENT (continued)

2.4	The board should establish a nomination committee.	The Company has a formal Nomination Committee Charter, which is included in the Company's Corporate Governance Policy which is available on the Company's web site.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Companies Corporate Governance Policies include on Performance Evaluation Practices that are used to evaluate the performance of the board.
2.6	Companies should provide the information indicated in *Guide to Reporting on Principle 2.*	The Company has posted details of each director, such as their skills, experience and expertise relevant to their position is included in the Directors Report, (section 2). Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 are included in the above sections.
3.	**Promote ethical and responsible decision-making**	
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 (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Statement includes a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. GENERAL PRINCIPLES of the Code of Conduct include: 1. Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole. 2. Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment. 3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole. 4. Employees must not take advantage of their position for personal gain, or the gain of their associates. 5. Directors have an obligation to be independent in their judgements. 6. Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company. 7. Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Company's Corporate Governance Policy includes a section on Securities Trading Policy, which provides guidelines for transacting (buying and selling) securities in the Company, which has been posted on the Company's web site. The key policy items include: 1. General Restrictions when in possession of Inside Information, which includes sections dedicated to Insider Trading Laws and Confidential Information. 2. Additional Trading restrictions for directors and some employees. This section details times when Restricted Persons are prohibited from trading the Company's securities, and policies on exceptional circumstances where clearance is given to restricted persons. 3. Requirements before Trading: policies that Restricted persons must comply with prior to and after trading of the Company's securities. 4. Other sections of this policy include Notification of Trading, Breaches of Policy and General.
3.3	Companies should provide the information indicated in Guide to Reporting on Principle 3.	Any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 during the period are disclosed in the above sections. The Corporate Governance Statement which includes an applicable code of conduct or a summary and the trading policy or a summary, has been posted on the Company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

4.	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	The Board has not established an Audit Committee, however has established an Independent Directors Committee that has assumed the role of the Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Independent Director Committee. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Independent Director Committee are non-executive directors. The Company has a formal Audit Committee Charter, which is included in the Company's Corporate Governance Policy which is available on the Company's web site.
4.2	The audit committee should be structured so that it: 1. consists of only non-executive directors 2. consists of a majority of independent directors 3. is chaired by an independent director, who is not the chair of the company 4. has at least three members.	As described in section 4.1, the Independent Director Committee assumed the role of the Audit Committee during the year. The Independent Director Committee: 1. Does consist of only non-executive directors. 2. Does consist of a majority of independent directors. 3. Is not chaired by an independent director, who is not the chair of the company. This Committee is chaired by Garry Ralston who is the Chair of the Company. This Company did not think this was relevant at this point of the Company's development stage. 4. The Committee does not have three members, only two members. This is due to the Company only having two independent, non-executive directors to form the committee. The members (and qualifications) of the Independent Directors committee that has the responsibility of the Audit Committee during the year were: Mr Garry Ralston — Licensed Finance Broker (CFB) Mr Jon Wild — BCom
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Policy includes a formal charter for the proposed audit committee.
4.5	Companies should provide information indicated in the Guide to reporting on Principle 4.	This information is included in the above sections 4.1, 4.2 and 4.3. The Corporate Governance Statement has been posted on the Company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

5.	***Make timely and balanced disclosure***	
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position and the development of the Company's assets and activities. There is a vetting and authorisation processes in place that is designed to ensure that the company announcements: 1. Are made in a timely manor 2. Are factual 3. Do not omit material information 4. Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
5.2	Provide the information indicated in *Guide to Reporting on Principle 5.*	Any departures are included in section 5.1 and 5.2 of this report. The Corporate Governance Statement has been posted on the Company's website.
6.	***Respect the rights of shareholders***	
6.1	Design and design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Any departures are included in section 6.1 and 6.2 of this report. The Corporate Governance Statement has been posted on the Company's website.
7.	**Recognise and manage risk**	
7.1	Companies should establish policies for oversight and management of material risks and disclose a summary of these policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The company's Corporate Governance Policies include policies for oversight and management of material risks under the section Risk Management and Internal Compliance and Control, which is disclosed on the company's web site.
7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	1. Risk Management and internal control system. The Executive Director s responsible for risk Management and internal control systems and reports material business risks to the board. 2. Internal audit function The Audit Committee / Independent Director committee is described in section 4.1 and 4.2. 3. Risk Management Committee The Board has not established an Risk Committee, however has established an Independent Directors Committee that has assumed the role of the Risk Committee which operates under a charter approved by the Board. The Board is ultimately responsible for risk oversight and risk management. During the year, the Independent Directors Committee met once and discussed the recognition and management of risk, and reported this to the board. At present, the Board believes that it has adequately addressed issues of Risk and the future management of risk.

CORPORATE GOVERNANCE STATEMENT (continued)

7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration in accordance with section 295A of the Corporations Act is founded on a and system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board considers it is appropriate to require the Chief Executive Office (Executive Director) and Chief Financial Officer (Company Secretary) to provide such a statement at the relevant time, i.e. as part of the annual and half yearly financial report process.
7.4	Provide the information indicated in *Guide to Reporting on Principle 7.*	Any departures from best practice recommendations 7.1, 7.2 7.3 and 7.4 are included in the above sections. The Corporate Governance Statement has been posted on the Company's website.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	1. Purpose of the Remuneration Committee The Board has not established an Remuneration Committee, however has established an Independent Directors Committee that has assumed the role of the Remuneration Committee, which operates under a charter approved by the Board. This committee met once during the year. 2. Charter The company's Corporate Governance Policies includes a section on Remuneration Committee Charter, which form the charter that the Independent Directors Committee relies upon when discussing remuneration. 3. Composition of the Independent Director Committee The Independent Director Committee: 1. Does consists of only independent directors, Garry Ralston (Chair) and Jon Wild. 2. Is not chaired by an independent director, who is not the chair of the company. This Committee is chaired by Garry Ralston who is the Chair of the Company. This Company did not think this was relevant at this point of the Company's development stage. 4. The Committee does not have three members, only two members. This is due to the Company only having two independent, non-executive directors to form the committee. 3. Remuneration Policy The remuneration policy is described in the Remuneration Committee Charter in the Corporate Governance Policies which is available on the Company's web site.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	**Remuneration** It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are: • retention and motivation of key executives; • attraction of high quality management to the company; and • performance incentives that allow executives to share the success Augustus Minerals Limited.

CORPORATE GOVERNANCE STATEMENT (continued)

8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives. (continued)	For a full discussion of the company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and executive team. The Board has not established a Remuneration Committee, however the members of the Independent Director Committee that acted as the Remuneration Committee throughout the year were: Garry Ralston Jon Wild
8.3	Provide the information indicated in *Guide to Reporting on Principle 8.*	The names of the members of the Independent Director Committee which assumed the role of the Remuneration Committee during the year is included in section 8.2 above. The Company does not currently have in existence any schemes for retirement benefits. Any departures from best practice recommendations 8.1, 8.2 and 8.3 are included above. The company Corporate Governance Policies, which includes a Remuneration Committee Charter is available on the Company's web site.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Augustus Minerals Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Augustus Minerals Limited.

Perth, Western Australia
30 September 2008

N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

INCOME STATEMENT

For The Year Ended 30 June 2008

	Notes	2008 $	2007 $
Other income	2	402,997	3,610
Administration expenses		(35,663)	(14,500)
Directors fees		(171,250)	(159,413)
Travel expenses		(42,198)	(29,292)
Other expenses	2	(179,556)	(11,900)
Loss before income tax expense		(25,670)	(211,495)
Income tax expense	3	-	-
Net loss for the period		(25,670)	(211,495)
Basic loss per share (cents per share)	4	(0.001)	(0.028)

The accompanying notes form part of these financial statements.

BALANCE SHEET
As At 30 June 2008

	Notes	2008	2007
		$	$
Current Assets			
Cash and cash equivalents	6	7,214,784	843,512
Interest receivable	11	9,424	-
Other current assets	7	54,943	72,748
Total Current Assets		7,279,151	916,260
Non-Current Assets			
Deferred exploration expenditure	8	1,873,590	50,000
Total Non-Current Assets		1,873,590	50,000
Total Assets		9,152,741	966,260
Current Liabilities			
Trade and other payables	9	3,195	102,621
Accrued expenses		64,532	63,620
Amounts owed to director/director related entities		-	76,250
Total Current Liabilities		67,727	242,491
Non-Current Liabilities		-	-
Total Liabilities		67,727	242,491
Net Assets		9,085,014	723,769
Equity			
Issued capital	10	8,649,427	852,101
Reserves	10	672,752	83,163
Accumulated losses	10	(237,165)	(211,495)
Total Equity		9,085,014	723,769

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
For The Year Ended 30 June 2008

	Note	2008 $	2007 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(553,499)	7,800
Interest received		393,191	3,207
Gain on foreign exchange		382	404
Net cash provided by/(used in) operating activities	6	(159,926)	11,411
Cash flows from investing activities			
Payment for exploration and tenements		(1,234,001)	(20,000)
Net cash (used in) investing activities	8	(1,234,001)	(20,000)
Cash flows from financing activities			
Proceeds from issue of shares		7,765,199	852,101
Net cash provided by financing activities		7,765,199	852,101
Net increase in cash and cash equivalents		6,371,272	843,512
Cash and cash equivalents at 1 July 2007		843,512	-
Cash and cash equivalents at 30 June 2008	6	7,214,784	843,512

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2008

	Note	Ordinary Shares $	Accumulated Losses $	Option Reserve $	Total $
Balance at 30 June 2007		852,101	(211,495)	83,163	723,769
Shares issued during the year	10	8,530,000	-	-	8,530,000
Share issue expense	10	(732,674)	-	-	(732,674)
Options issued during the year		-	-	589,589	589,589
Loss for the year	10	-	(25,670)	-	(25,670)
Balance at 30 June 2008		8,649,427	(237,165)	672,752	9,085,014

Comparison to previous period ended 30 June 2007

	Note	Ordinary Shares $	Accumulated Losses $	Option Reserve $	Total $
Balance on incorporation		**-**	**-**	**-**	**-**
Shares issued during the year	10	870,001	-	-	870,001
Share issue expense	10	(17,900)	-	-	(17,900)
Options issued during the year		-	-	83,163	83,163
Loss for the year	10	-	(211,495)	-	(211,495)
Balance at 30 June 2007		852,101	(211,495)	83,163	723,769

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The comparisons between the year ended 30 June 2008 and the period ended 30 June 2007 does not correspond to a full year comparison. The period ended 30 June 2007, was from incorporation on 29 November 2006 until 30 June 2007, represents approximately seven months.

The financial report has also been prepared on a historical cost basis.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are Mining Exploration.

The financial statements comprise the financial statements of Augustus Minerals Limited as at 30 June each year (the Company).

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2008, the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Company has also adopted the following Standards as listed below which only impacted on the Company's financial statements with respect to disclosure:

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

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective For the Period ending 30 June 2008. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 30 September 2008.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of Company Options.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Augustus Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 4).

(ii) Cash settled transactions:

The Company also provides benefits to employees in its electronics segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Augustus Minerals Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see Note 10). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

	2008 $	2007 $
NOTE 2: REVENUES AND EXPENSES		
(a) Revenue		
Interest received	393,191	3,206
Interest receivable	9,424	-
Other	382	404
	402,997	3,610
(b) Other Expenses		
Consulting	8,000	-
Advertising	31,857	8,218
General Filing and Administration fees	21,196	92
Company secretarial	45,000	-
Insurance	15,920	-
Legal fees	18,837	-
Rental expenses	24,000	-
Share registry fees	9,370	-
Telephone expenses	5,376	-
Website expenses	-	3,590
Total	179,556	11,900

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

	2008 $	2007 $
NOTE 3: INCOME TAX		
Income tax recognised in loss		
The prima facie income tax (benefit) on pre-tax accounting loss from operations reconciles to the income tax (benefit) in the financial statements as follows:		
Accounting loss before tax from continuing operations	(25,670)	(211,495)
Income tax expense calculated at 30%	(7,702)	(63,449)
Accrued expenses	18,557	17,457
Capital raising costs	(44,107)	(210)
Directors fees	-	47,824
Tenement expense	(561,727)	(11,400)
Penalties & fines	81	-
Income tax benefit not brought to account	594,898	9,778
Income tax benefit	-	-

The Company has tax losses arising in Australia of $2,015,587 (2007: $32,594) that are available indefinitely for offset against future taxable profits of the company.

NOTE 4: EARNINGS PER SHARE

	2008 Cents per share	2007 Cents per share
Basic earnings per share:		
Continuing operations	(0.001)	(0.028)
Discontinued operations	-	-
Total basic earnings per share	(0.001)	(0.028)

	2008 #	2008 #
Basic earnings per share		
The weighted average number of ordinary shares used in the calculation of basic earnings per share:	42,043,837	7,654,930

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 5: SEGMENT INFORMATION

The company operates in a single business segment, namely mining exploration.

The company operates in 2 distinct geographical segments. These segments are determined based on the location of the companies' assets.

The following table presents expenditure and asset information regarding geographical segments for the years ended 30 June 2008 and 30 June 2007.

	Australia	Europe	Total
	$	$	$
30 June 2008			
Segment expenditure	(2,756)	(92,461)	(95,217)
Segment results	(2,756)	(92,461)	(95,217)
Segment assets	97,401	1,776,189	1,873,590
30 June 2007			
Segment expenditure	(215,105)	-	(215,105)
Segment results	(211,495)	-	(211,495)
Segment assets	966,260	-	966,260

The companies' geographical segment in Europe is in the Republic of Kazakhstan. The company acquired this segment in October 2007, and consequently was not reported in the financial results for the 2007 financial period.

Cash and cash equivalents comprise the majority of the companies' assets. These are held in the geographical segment of Australia. These have been excluded from the Australian segment as these are not exposed to the same risks as are the other assets shown.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 6: CASH AND CASH EQUIVALENTS

	2008 $	2007 $
Cash at bank and on hand	714,784	843,512
Short-term deposits	6,500,000	-
	7,214,784	843,512

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one month or three months, depending on the immediate cash requirements of the Company, and the ability to earn interest at the respective short-term deposit rates. The Company only used NAB for Term Deposits during the year.

The company did not engage in any non-cash financing activities for the period ending 30 June 2008 was not party to any borrowing facilities for the same period.

All cash was available for use, and no restrictions were placed on the use of it at any time during the period.

Reconciliation of loss for the year to net cash flows from operating activities	2008 $	2007 $
Loss for the year	(25,670)	(211,495)
Accrued interest	(9,424)	-
Changes in Assets and Liabilities		
Other current assets	53,593	(72,748)
Goods and Services Tax payable	(35,035)	-
Current payables	(68,051)	148,871
Accrued expenses	(75,339)	63,620
Share/Option based payments	-	83,163
Net cash (used in) operating activities	(159,926)	11,411

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2008 $	2007 $
GST recoverable	45,529	9,741
Prepayments - other	-	63,007
Insurance Prepayment	9,414	-
	54,943	72,748

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 8: DEFERRED EXPLORATION EXPENDITURE

	2008 $	2007 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	50,000	-
Exploration Expenditure	54,621	-
Acquisition Costs	1,768,969	50,000
Total exploration expenditure	1,873,590	50,000

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 9: TRADE AND OTHER PAYABLES (CURRENT)

	2008 $	2007 $
Trade payables *	3,195	102,621

* Trade payables are non-interest bearing and are normally settled on 60-day terms.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 10: ISSUED CAPITAL AND RESERVES

	2008 #	2007 #
Ordinary shares issued and fully paid	44,000,001	13,500,001

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2008		2007	
	No.	$	No.	$
Movement in ordinary shares on issue				
Subscriber shares issued at $1.00 each on 29 November 2006			1	1
Shares at 2 cents issued on 14 May 2007			6,000,000	120,000
Shares at 20 cents issued on 13 June 2007			7,500,000	750,000
			13,500,001	870,001
Less share issue costs				(17,900)
			13,500,001	852,101
At 1 July 2007	13,500,001	870,001		
Shares at 25 cents issued on 23 June 2007	21,000,000	5,250,000		
Shares at 2 cents issued on 7 August 2007	1,500,000	30,000		
Shares at 25 cents issued on 23 October 2007	3,000,000	750,000		
Shares at 50 cents issued on 20 February 2008	5,000,000	2,500,000		
	44,000,001	9,400,001		
Share issue costs		(750,574)		
At 30 June 2008	44,000,001	8,649,427		

Accumulated losses

Movements in accumulated losses were as follows:

	2008 $	2007 $
Balance 1 July	(211,495)	-
Net loss for the year	(25,670)	(211,495)
Balance 30 June	(237,165)	(211,495)

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 10: ISSUED CAPITAL AND RESERVES (Continued)

	2008 #	2007 #
Company Options	10,000,000	6,000,000

Company Options carry no voting rights and carry no right to dividends.

Company Options are unlisted, and are exercisable at $0.25 on or before 30 November 2010.

	2008		2007	
	No.	$	No.	$
Movement in Company Options on issue				
Initial Balance on incorporation on 29 November 2006			0	0
Company Options issued on 11 May 2007			6,000,000	83,163
			6,000,000	83,163
At 1 July 2007	6,000,000	83,163		
Company Options issued on 20 February 2008	4,000,000	589,589		
At 30 June 2008	10,000,000	672,752		

Reserves

Movements in Option reserve were as follows:

	2008 $	2007 $
Balance 1 July	83,163	-
Value of Options issued during the year	589,589	83,163
Balance 30 June	672,752	83,163

On 20 February 2008, 4,000,000 share options were granted to Corporate & Resource Consultants Pty Ltd. These options were a success based fee, payable on the successful listing of the Company on the ASX, as part of a consultancy agreement as outlined in the prospectus dated 23 November 2007. Options not exercised on or before the expiry date of 30 November 2010 will automatically lapse. The options hold no voting or dividend rights and are not transferable.

The value of Options was calculated using the Black Scholes model, using the following variables:

Volatility:	60%
Spot price at date of valuation:	$0.50
Date of valuation:	20 February 2008
Date of expiry:	30 November 2010
Time till maturity:	2 years 10 months
Exercise price:	25 cents
Interest rate:	8.0%
Discount for lack of marketability	46%

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 11: FINANCIAL INSTRUMENTS

	2008 $	2007 $
Financial assets		
Receivables	9,424	-
Cash and cash equivalents	7,214,784	843,512
	7,224,208	843,512

The following table details the expected maturity/s for the companies' non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
2008						
Non-interest bearing	-	324,198	-	-	-	-
Variable interest rate instruments	6.50	400,000	-	-	-	-
Fixed interest rate instruments	7.46	-	6,500,000	-	-	-
		724,198	6,500,000	-	-	-
2007						
Non-interest bearing	-	-	-	-	-	-
Variable interest rate instruments	5.91	843,512	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		843,512	-	-	-	-

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Company has exposure to the following risks from their use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. An example, is that the Company only dealt with the NAB for Term Deposits during the year. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does have significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The company did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Term Deposits with the NAB. The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term Deposits. The company and Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(i) Interest rate Sensitivity

At 30 June 2008, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2008
	$
Change in Loss	**Change**
Increase in interest rate by 1%	(69,000)
Decrease in interest rate by 1%	69,000
Change in Equity	Change
Increase in interest rate by 1%	(69,000)
Decrease in interest rate by 1%	69,000

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal. The company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

(i) Currency Risk
The Company is exposed to currency risk on investments and purchases that are denominated in a currency other than the respective currencies of the Company, being primarily the Australian Dollar. The company does make international transactions denominated in US dollars when dealing with the Dostyk project. The company has not entered into derivative financial instruments to hedge such transactions, and anticipated receipts or payments that are denominated in a foreign currency.

(e) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 13: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The company entered into remuneration commitments with all the non-executive directors of the company on 1 July 2008, for all services rendered from this date forward.

On 1 August 2007, the Company entered into a services agreement with Mr Mathew Walker (Services Agreement) effective as from 1 January 2007. Under the Services Agreement, Mr Walker is engaged by the Company to provide services to the Company in the capacity of Executive Director. Mr Walker is to be paid an annual remuneration of $100,000 plus statutory superannuation. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Services Agreement continues for a period of 2 years, with an option to extend for a further 1 year term, unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Company must give notice of termination, or alternatively, payment in lieu of service. In addition, Mr Walker is entitled to all unpaid remuneration and entitlements up to the date of termination.

The Company has a consultancy agreement with Michael Montgomery, however has no commitments to use his services in the future.

Western Australian Projects

The Company has minimum expenditure commitments on it's 100% owned Western Australian granted tenements. These commitments include expenditure on annual rental fees (a total of $569.29) and minimum annual exploration expenditure (of $15,000) on the granted Mt Palmer tenement E77/0987.

Guarantees

Augustus Minerals Limited did commit to nor make guarantees of any form as at 30 June 2008.

NOTE 14: EVENTS AFTER THE BALANCE SHEET DATE

No events of a material nature have occurred after balance date that could be considered to impact on the results of the company.

NOTE 15: AUDITOR'S REMUNERATION

The auditor of Augustus Minerals Limited is HLB Mann Judd.

	2008 $	2007 $
Amounts received or due and receivable by HLB Mann Judd for:		
Audit or review of the 2007 financial reports	13,500	-
An Independent Accountants Report prepared for the Company's Prospectus dated 23 November 2007	5,000	-
	18,500	-

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 16: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Mr Garry Ralston	Chairman (non-executive)
Mr Mathew Walker	Executive Director
Mr Jon Wild	Director (non-executive)
Mr David Parker	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Option holdings of Key Management Personnel

30 June 2008	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other	Balance at end of period	
Mr Garry Ralston[1]	1,000,000	-	-	-	1,000,000	*All options were issued in the 2007 year, and are exercisable at 25 cents on or before 30 November 2010.*
Mr Mathew Walker	4,000,000	-	-	-	4,000,000	
Mr Jon Wild	500,000	-	-	-	500,000	
Mr David Parker[2]	500,000	-	-	-	500,000	
Total	**6,000,000**	**-**	**-**	**-**	**6,000,000**	

[1] Options are held in the Name of Mr Garry Benjamin Ralston & Mrs Toni Michelle Ralston ATF The Ralston Super Fund. Mr Ralston is the controller and is a beneficiary of the Super Fund.
[2] Shares are held in the name of Cobblestones Corporate Pty Ltd ATF the DRP Investment Trust. Mr Parker is a controller and beneficiary of this Company.

30 June 2007	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other	Balance at end of period	
Mr Garry Ralston[1]	-	1,000,000	-	-	1,000,000	*All options were issued in the 2007 year, and are exercisable at 25 cents on or before 30 November 2010.*
Mr Mathew Walker	-	4,000,000	-	-	4,000,000	
Mr Jon Wild	-	500,000	-	-	500,000	
Mr David Parker[2]	-	500,000	-	-	500,000	
Total	**-**	**6,000,000**	**-**	**-**	**6,000,000**	

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 16: DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(c) Shareholdings of Key Management Personnel

Shares held in Augustus Minerals Limited

	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
30 June 2008	Ord	Ord	Ord	Ord	Ord
Mr Garry Ralston[1]	750,000	-	-	-	750,000
Mr Mathew Walker[2]	2,000,000	-	-	-	2,000,000
Mr Jon Wild	-	-	-	500,000[3]	500,000
Mr David Parker[4]	500,001	-	-	-	500,001
Mr Michael Montgomery	-	-	-	-	-
	3,250,001	**-**	**-**	**500,000**	**3,750,001**

[1] Shares are held in the Name of Mr Garry Benjamin Ralston & Mrs Toni Michelle Ralston ATF The Ralston Super Fund. Mr Ralston is the controller and is a beneficiary of the Super Fund.

[2] Since the end of the year Mr Walker has purchased 250,000 shares via on market trades and currently holds 2,250,000 shares in the Company. See ASX release dated 27 August 2008 for more information.

[3] Shares purchased through seed issue at $0.25 on 23 July 2008.

[4] Shares are held in the name of Cobblestones Corporate Pty Ltd ATF the DRP Investment Trust. Mr Parker is a controller and beneficiary of this Company.

Shares held in Augustus Minerals Limited

	Balance on incorporation	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
30 June 2008	Ord	Ord	Ord	Ord	Ord
Mr Garry Ralston	-	-	-	750,000	750,000
Mr Mathew Walker	-	-	-	2,000,000	2,000,000
Mr Jon Wild	-	-	-	-	-
Mr David Parker	1	-	-	500,000	500,001
Mr Michael Montgomery	-	-	-	-	-
	1	**-**	**-**	**3,250,000**	**3,250,001**

NOTE 17: RELATED PARTY DISCLOSURES

1. Disclosure of interest of Administration Agreement with Cicero Corporate Services Pty Ltd
    a. Mathew Walker and David Parker are the joint owners and directors of Cicero Corporate Services Pty Ltd.
    b. Cicero Corporate Services Pty Ltd provided administration services to the Company on commercial terms during the year. The Company made payments during the year on commercial terms totalling $13,062.50 to Cicero Corporate Services Pty Ltd for administration services.
    c. Services provided include office rent of the Company's principal place of business, bookkeeping and boardroom facilities.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2008

NOTE 16: DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

   d. Cicero Corporate Services Pty Ltd is contracted to provide administration services on an ongoing basis, of approximately $4,000 plus reimbursements per month.

2. During the financial year, David Parker received $9,000 on commercial terms as placement commission on capital raised by ACNS Capital Markets Pty Ltd, a company which David Parker was employed as an authorised representative.
3. Disclosure of interests in ACNS Capital Markets t/a Alto Capital (previously Delta Securities).
   a. Mathew Walker holds a 5% interest in ACNS Capital Markets t/a Alto Capital. David Parker also holds a 1% interest in ACNS Capital Markets t/a Alto Capital. ACNS Capital Markets t/a Alto Capital provided administration and corporate services to the Company during the period.
   b. ACNS Capital Markets t/a Alto Capital provided administration services to the Company on commercial terms during the year. The Company made payments during the year totalling $20,426.25 to Alto Capital for Administration Services.
   c. ACNS Capital Markets t/a Alto Capital also provided corporate services to the Company on commercial terms during the year, including acting as the Manager to the Offer for the Company's prospectus dated 23 November 2007 and as a broker to the seed raisings. The Company made payments on commercial terms during the year totalling $535,000 to Alto Capital for capital raising services.
4. Amounts owing from related parties
   a. Mr Jon Wild was owed director fees of $7,500 at the end of the year, which have been shown as accruals in the accounts. This amount of $7,500 has been included in Table 1 of the Remuneration report as fees paid to Mr Jon Wild during the year.
   b. At the period ended 30 June 2007, the directors were owed a total of $76,250, which they were paid in the year ended 30 June 2008. This amount was shown as a current liability in the balance sheet for the 2007 period and disclosed under the Remuneration Report in the 2007 Annual Report.
   c. Cicero Corporate Services Pty Ltd was owed $4,565 for administration services at the end of the year.

NOTE 17: DOSTYK PARTNERSIP ENTITY HOLDING

Binding Terms Sheet

The Company entered into an agreement with Cigma Metals Corporation (Cigma) dated on or about 29 June 2007 to purchase a 19% participatory interest (Participatory Interest) in Dostyk Limited Liability Partnership (Dostyk Partnership Entity) in relation to the Dostyk Project (Binding Terms Sheet), which consists of gold and polymetallic deposits in the Maikubensk area of Pavlodar oblast of the Republic of Kazakhstan (Dostyk Project).

Pursuant to the Binding Terms Sheet, Cigma agreed to assign the Participatory Interest to the Company (Acquisition) in consideration for the payment of US$1,000,000 to Cigma or its nominee. The Binding Terms Sheet was subject to a number of conditions precedent, each of which have now been satisfied.

The Binding Terms Sheet was varied by a letter agreement executed on or about 22 October 2007 between the Company and Cigma (Variation Agreement), pursuant to which the parties acknowledged that it may take considerable time for Cigma to obtain all necessary regulatory approvals in Kazakhstan for the transfer of the Participatory Interest to the Company.

On 22 October 2007, the Company acquired a 19% beneficial interest in the Dostyk Partnership Entity by the payment of US$1,000,000. Once the Company has been registered as the legal owner of a 19% interest in the Dostyk Partnership Entity, the participatory interest of each of the participants will be as follows: Cigma – 81% and Company – 19%

At the end of the year, the company was still waiting on the transfer of the 19% Dostyk Partnership entity interest that is currently being held as a beneficial interest by Cigma as per the Binding Terms Sheet. Cigma must hold the beneficial interest until such time as it received the necessary regulatory approvals in Kazakhstan for the transfer of the Participatory Interest to the Company. The Company did receive correspondence from the Ministry of Energy and Mineral Resources off the Republic of Kazakhstan in June 2008 stating that various approvals had been given for the transfer, however the Company is still waiting on the execution of the transfer, and as per the Binding Terms Sheet Cigma will hold the 19% beneficial interest on trust for the Company until the transfer of title has been executed.

Directors' Declaration

1. In the opinion of the directors:
   a. the financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year then ended; and
      ii. complying with Accounting Standards and Corporations Regulations 2001; and
   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

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

Mathew Walker

Director

Dated this 30 day of September 2008

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
Augustus Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Augustus Minerals Limited, which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration as set out on pages 22 to 46.

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 controls 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(c), 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 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 judgement, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Independent Auditor's Report (Continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Augustus Minerals Limited is in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the company's financial position as at 30 June 2008 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(c).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 12 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Augustus Minerals Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia

30 September 2008

N G NEILL

Partner

Additional Shareholder Information

A. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained within the Director's Report.

B. Shareholding

1. Substantial Shareholders

There is one substantial investor listed on the Companies register as at 10 September 2008:

Mr Mathew Donald Walker, holding 2,250,000 shares or 5.11% of the company's issued capital.

2. Number of holders in each class of equity securities and the voting rights attached (as at 10 September 2008)

Ordinary Shares

There are 474 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorized representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorized representative has one vote for every fully paid ordinary share held.

Options

There are 5 holders of unlisted options. There are no voting rights attached to these options.

3. Distribution schedule of the number of holders in each class of equity security as at 10 September 2008.

a) Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL HOLDING			
1 - 1,000	2	1,001	.00 %
1,001 - 5,000	64	270,849	.62 %
5,001 - 10,000	129	1,094,941	2.49 %
10,001 - 100,000	213	8,581,627	19.50 %
100,001 -	66	34,051,583	77.39 %
TOTAL ON REGISTER	474	44,000,001	100.00 %

* The above distribution schedule includes 4,710,000 escrowed securities.

Additional Shareholder Information (Continued)

b) Unlisted Company Options exercisable at $0.25 on or before 30 November 2010

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL HOLDING			
0 – 100,000			
100,001 -	5	10,000,000	100.00 %
TOTAL ON REGISTER	315	10,000,000	100.00 %

4. Marketable Parcel

There are 4 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security.

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 10 September 2008) is as follows:

Ordinary Shares Top 20 holders and percentage held

	HOLDER NAME	DESIGNATION	UNITS	% OF ISSUED
1 *	WALKER MATHEW DONALD		2,250,000	5.11%
2 *	WALKER C D + L F	WALKER SUPER A/C	2,000,000	4.55%
3 *	JOHN SINGLETON PROMOTIONS		2,000,000	4.55%
4 *	VERIGREEN PL		1,900,000	4.32%
5 *	MCNEIL NOM PL		1,500,000	3.41%
6 *	GREENFROG NOM PL	NOM A/C	1,400,000	3.18%
7 *	DONGRAY RICHARD S + J	S/F A/C	1,375,000	3.12%
8 *	VIENNA HLDGS PL	RONJEN S/F A/C	1,200,000	2.73%
9 *	VITICULTURAL PROP MGNT PL		1,000,000	2.27%
10 *	LUNDY S/F NO 2 PL	LUNDY NO2 S/F A/C	1,000,000	2.27%
11 *	FOWLER PAUL TRAVIS		1,000,000	2.27%
12 *	YALTA AG		1,000,000	2.27%
13 *	CORPORATE & RES CONS PL		900,000	2.05%
14 *	JOHNJAC PL		900,000	2.05%
15 *	RALSTON GARRY B + T M	RALSTON S/F A/C	750,000	1.70%
16 *	GMBH MARE		750,000	1.70%
17	ANZ NOM LTD	CASH INCOME A/C	730,823	1.66%
18 *	VITICULTURAL PROP MGNT PL		600,000	1.36%
19 *	FISHER GREG		551,001	1.25%
20 *	SHIELDS MICHAEL		500,000	1.14%
	*** TOP 20 TOTAL ***		23,306,824	52.96%

** ALL HOLDERS INCLUDED * - DENOTES MERGED HOLDER

Additional Shareholder Information (Continued)

Top 20 holders and percentage held: Options exercisable at $0.25 on or before 30 November 2010

	HOLDER NAME	DESIGNATION	UNITS	% OF ISSUED
1 *	WALKER MATHEW DONALD		4,000,000	40%
2 *	CORPORATE & RES CONS PL		4,000,000	40%
3 *	RALSTON GARRY B + T M	RALSTON S/F A/C	1,000,000	10%
4 *	JON WILD		500,000	5%
5 *	COBBLESTONES CORP PTY LTD	DRP INVESTMENT A/C	500,000	5%
	*** TOP 20 TOTAL ***		10,000,000	100%

Additional ASX Information

1. Company Secretary

The name of the company secretary is David Parker.

2. Address and telephone details of the entity's registered administrative office and principle place of business:

Suite 9, 1200 Hay Street
WEST PERTH WA 6005

Telephone: (08) 6460 4960
Fax: (08) 9324 3045

3. Address and telephone details of the office at which a registry of securities is kept:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

4. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

5. Restricted Securities

The Company has issued the following restricted securities:

Class of Security	Number	Date Ceasing to be Restricted Securities
Fully paid ordinary shares	4,710,000	20 February 2010
Options exercisable at $0.25 on or before to 30 November 2010	9,500,000	20 February 2010

6. Review of Operations

A review of operations is contained in the Directors' Report.

7. Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily exploration for natural resources and acquisition of resource based projects.

The Company believes it has used its cash in a consistent manner to which was disclosed under the prospectus dated 29 November 2007.

Additional ASX Information (Continued)

8. Schedule of Tenements

Western Australian Tenements

Exploration Licences (Granted)

The following granted tenements are registered in the name of and 100% owned by Windy Knob Resources Ltd.

HOLDER	PROJECT	TID	CURAREA
AUGUSTUS MINERALS LTD	MT PALMER	E77/0987	5

Exploration Licences (Applications)

The following tenement 'application' is **not** registered in the name of Augustus Minerals Ltd.

PROJECT	TID
MT PAMLER	E77/1290
Holder %	**HOLDER NAME**
60/200ths	Bruce Robert LEGENDRE
120/200ths	Corporate & Resource Consultants Pty Ltd
20/200ths	TE Johnston & Associates Pty Ltd

Exploration Licences Dostyk Project Kazakhstan

Augustus Minerals Limited owns a 19% beneficial interest (which is held by Cigma Metals ltd on behalf of Augustus Minerals Ltd) in the tenements held by the Dostyk Partnership entity. Please see the director report section Review of Operations for more information.