



# **AUGUSTUS**

**MINERALS LIMITED**

**Augustus Minerals Limited**

**ABN 43 122 911 399**

**Annual Financial Report**

**30 June 2010**

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## **CORPORATE INFORMATION**

**ABN 43 122 911 399**

### **Directors**

Mr Garry Ralston  
Mr Mathew Walker  
Mr Jon Wild

### **Company Secretary**

Mr James Robinson

### **Registered office**

Suite 9, 1200 Hay Street  
WEST PERTH WA 6005

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

### **Principal place of business**

Suite 9, 1200 Hay Street  
WEST PERTH WA 6005

### **Share register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

### **Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
PERTH WA 6000

### **Bankers**

National Australia Bank  
Level 1, 1238 Hay Street  
WEST PERTH WA 6005

### **Auditors**

HLB Mann Judd  
Level 4, 130 Stirling Street  
PERTH WA 6000

**Website** [www.augustusminerals.com.au](http://www.augustusminerals.com.au)

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## DIRECTORS' REPORT

Your directors submit the annual financial report of the Company for the financial year ended 30 June 2010. 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 10 May 2007)
Mr Mathew Walker	(appointed 29 November 2006)
Mr Jon Wild	(appointed 29 November 2006)

### Names, qualifications, experience and special responsibilities

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#### Mr Garry Ralston

#### Non-Executive Chairman

Age: 55

Qualifications: Licensed Finance Broker (CFB)

Mr Ralston serves as Non-Executive Chairman of the Company and is based in Perth, Western Australia. He 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. He is also a director and co-founder of Select Mortgage Services.

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

- Pilbara Minerals Limited (resigned 12 February 2010)

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.

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#### Mr Mathew Walker

#### Executive Director

Age: 40

Qualifications: Bachelor of Business from the University of Technology Sydney

Mr Walker has extensive experience in private and public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Walker has served as executive Chairman or Managing Director for public companies with resource interests in North America, South America, Africa, Eastern Europe, Australia and Asia. Currently he serves as Managing Director of Augustus Minerals Limited (ASX: AUJ) and Executive Chairman of Tango Petroleum Limited (ASX: TNP). He is also a Director of boutique investment banking firm Alto Capital and Chairman of corporate advisory firm Cicero Corporate Services.

Mr Walker serves as Managing Director of his family livestock business, which was sold in part to Australian Agricultural Company Limited (ASX: AAC) in 2006, which was described by AAC at the time as "the world's largest and most credentialed full blood herd outside of Japan and is viewed as Australia's premier Wagyu Business".

Mr Walker is a member of the Australian Institute of Company Directors and holds a Bachelor of Business from the University of Technology, Sydney.

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

- Tango Petroleum Limited (appointed 4 November 2009)
- Pilbara Minerals Limited (resigned 26 August 2010)
- Pacific Ore Limited (resigned 20 November 2009)
- Aspire Mining Limited (resigned 12 February 2010)

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**DIRECTORS' REPORT (continued)**

**Mr Jon Wild**  
**Non-Executive Director**  
**Age: 39**  
**Qualifications: BCom**

Mr Wild has been in marketing and advertising for the last 15 years across a range of categories. He is currently employed 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 James Robinson**  
**Company Secretary**  
**Age: 32**  
**Qualifications: Bachelor of Economics from The University of Western Australia**

Mr Robinson gained extensive capital markets experience during 10 years with one of Western Australia's leading corporate advisory and stockbroking firms. He is currently a Director and Company Secretary of Tango Petroleum Limited (ASX: TNP). He is also a Director of corporate advisory firm Cicero Corporate Services.

He is a member of the Australian Institute of Company Directors, holds a Bachelor of Economics from the University of Western Australia and is currently completing a Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia.

**Interests in the shares and options of the Company**

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

<b>Director</b>	Number of fully paid ordinary shares
Mr Garry Ralston	850,000 <sup>1</sup>
Mr Mathew Walker	4,000,000
Mr Jon Wild	500,000

During or since the end of the financial year no shares or share options were granted to directors or to the five most highly remunerated officers of the company as part of their remuneration.

During and since the end of the financial year 1,150,907 ordinary shares were issued by the Company as a result of the exercise of options (exercisable at \$0.25 on or before 30 July 2010).

There are no unpaid amounts on the shares issued.

At the date of this report there were no unissued ordinary shares of the Company under option.

<sup>1</sup> 750,000 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. 100,000 shares are held in the name of Mr Garry Benjamin Ralston.

## **DIRECTORS' REPORT (continued)**

### **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 year was the exploration for natural resources.

### **Review of operations**

#### **SILVERWOOD PROSPECT, LOUISIANA USA, (40% WI)**

The Silverwood oil and gas prospect is located in the Jefferson Davis Parish in Louisiana USA. Augustus will earn a 40% working interest in the prospect which is currently undergoing completion operations.

Augustus has contributed US\$1,350,000 towards the dry hole cost of drilling the well with an additional estimated US\$240,000 well test completion cost payable in the event of exploration success. This represents a low cost investment in the context of the oil and gas industry considering the substantial potential prize.

#### **PROJECT OVERVIEW**

The Silverwood Prospect (the "Prospect") is a relatively low risk, high impact oil and gas exploration project located onshore South Louisiana. The prospect lies beneath an existing field which has to date produced over 7 BCF of gas and approximately 1 MMBBLS of oil on a fault closure. The prospect has two prospective targets, being the Vicksburg and Cockfield sands. The prospect is located close to existing infrastructure, hence the lead time and cost to commercialising any potential discovery will be relatively low.

#### **POTENTIAL RESOURCE**

The potential resource of the Vicksburg objective is estimated at 2.7 MMBBLS of oil and 2.7 BCF of gas. The potential resource of the Cockfield objective is estimated at 4.7 MMBBLS of oil and 10.3 BCF of gas. The combined resource potential is 7.4 MMBBLS of oil and 13 BCF of gas.

Seismic data on this prospect shows a seismic anomaly at the Vicksburg Sand horizon that potentially defines a charged section which correlates with physical data from nearby wells.

#### **GEOLOGICAL OVERVIEW**

The Upper Vicksburg Formation is found to produce in four nearby fields. The mapping of these fields reveals an elongated island complex of over 36 miles in length containing sandstone which is porous and permeable in nature. Three wells have been drilled to test the Vicksburg Sand after the field was fully developed from the shallower Frio sands. In 1982, the first well drilled began flowing oil and gas to surface uncontrollably due to a hole in the surface casing and the well was subsequently abandoned. A follow-on well unknowingly drilled in a location of a tight inlet channel which crossed through the structure, and the well was determined to be unproductive. In 2008, a third well was drilled. This well experienced a controlled blowout with significant oil and gas coming to surface due to the unexpected high formation pressure. The third well was not designed for the high formation pressures and was eventually abandoned due to the inability to control the hydrocarbons.

The drilling to date demonstrates the presence of a hydrocarbon trap, an efficient seal and the presence of quality reservoir rock with movable hydrocarbons. In addition, analogue fields in the area show the Vicksburg formation to be a commercial reservoir. All these factors considerably reduce the exploration risk.

Drilling a fourth well into the Vicksburg formation requires setting intermediate casing prior to reaching the target interval. The additional casing string and heavier weight drilling fluids are expected to control the Vicksburg formation's high pressure environment.

The deeper objective, the Cockfield Formation, is a known major producer in many fields within the area. The Cockfield Formation is estimated to be just over 2,000 ft deeper than the Vicksburg Formation in the prospect area. The trapping fault shows considerable growth and expansion during the Cockfield deposition which should provide large sand deposits. To date no wells have been drilled into the Cockfield Formation within the project area, and hence, it is a higher risk objective.

## **DIRECTORS' REPORT (continued)**

### **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 tenement 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 mineralization continues.

At South Heaney's Find, a number of anomalous 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.

#### **Activity at the Mt Palmer Project**

Augustus engaged Zephyr Consulting Group Pty Ltd (Zephyr) to design and manage an RC drilling program to evaluate a previously identified geochemical anomaly extending north from the historic Mt Palmer Gold Mine.

The project overlies the narrow attenuated north east extension of the Southern Cross greenstone belt bounded to the east and west by granitoids. The central portion of the tenement area is dominated by sub-cropping amphibolites facies greenstone lithologies. Gold mineralisation is largely associated with quartz reefs within the altered amphibolites.

Historical exploration within the tenement area has included drilling to the north and south of the old workings and an extensive costeaning program in the 1970's. Costean samples were analysed for nickel and base metals. Recent exploration, involving resampling of some of the costeans, identified elevated Au, As and Cu results and defined the Mt Palmer North anomaly, a +250m long by 50m wide zone extending north from the Mt Palmer workings.

RC drilling undertaken in August 2009 to evaluate this anomaly consisted of 12 holes for 850m on 4 lines approximately 120m apart. Composite spear samples were collected on 4m intervals and assayed for gold by fire assay. Elevated gold results were received for the southern two drill lines, defining a weak to moderately mineralised zone to the immediate north of the historic Mt Palmer workings, with a best intersection of 4m at 1.1g/t from 8m. The northern two drill lines failed to intercept anomalous gold zones.

The drilling appears to have downgraded the near surface potential of the area to the north of the historic Mt Palmer workings, however there remains some scope for down plunge extensions of the historic mineralisation at depth. There is also scope for the discovery of a southern extension to the historic Mt Palmer mineralisation beneath the tailings from the old workings and the edge of Lake Julia, however the proximity of the tenement boundary and results of previous exploration indicate that this is a low priority target.

The Board is now reviewing its strategy for the Mt Palmer project and a decision in respect of further exploration will be made in due course.

### **DOSTYK PROJECT, KAZAKHSTAN; (AUGUSTUS 19% beneficial interest prior to settlement of sale)**

#### **Disposal of Beneficial Interest**

On 16 October 2008, the Company advised it had reached an agreement with Cigma Metals Corporation ("Cigma") for the disposal of its beneficially held 19% project interest in the Dostyk Project for USD \$1,500,000.

As had been previously advised, settlement was delayed and staged. On 29 April 2010 the Company announced that it had received the final payment of US\$768,825 from Cigma in full and final settlement of the amount outstanding.

Whilst settlement took longer than originally anticipated, the receipt of the payment proved timely and allowed the Company to focus on its participation in the Silverwood oil and gas prospect.

## **DIRECTORS' REPORT (continued)**

### ***Operating results for the year***

The comprehensive loss of the Company for the financial period, after providing for income tax amounted to \$899,348 (2009: Profit of 114,364).

### ***Review of financial conditions***

The Company currently has \$3,960,171 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**

On 18 August 2009 the Company announced its intention to instigate an on market buyback of up to 4,000,001 of its own fully paid ordinary shares. This buyback was completed on 15 December 2009.

On 2 September 2009 the Company received a further payment from Cigma Metals Corporation ("Cigma") of US\$100,000 in relation to the settlement of the Company's sale of its beneficial interest in the Dostyk Project. These funds reduced the capital component of the amount outstanding to US\$850,000.

On 29 December 2009 the Company received a further payment of US\$100,000 in respect of the Company's sale of its beneficial interest in the Dostyk Project. Of this amount, US\$15,000 was applied as interest and expense reimbursement and US\$85,000 will be applied to reduce the capital component of the amount outstanding. These funds reduced the capital component of the amount outstanding to US\$765,000.

On 3 March 2010 the Company that it had agreed to participate in the Silverwood oil and gas prospect located in the Jefferson Davis Parish in Louisiana USA. Augustus will earn a 40% working interest in the prospect which is currently undergoing completion operations. Augustus has contributed an estimated US\$1,350,000 towards the dry hole cost of drilling the well with an additional estimated US\$240,000 well test completion cost payable in the event of exploration success. This represents a low cost investment in the context of the oil and gas industry considering the substantial potential prize.

On 29 April 2010 the Company received the final payment of US\$768,825 from Cigma in respect of the Company's sale of its beneficial interest in the Dostyk Project, Kazakhstan. Of this amount, US\$3,825 was applied as interest and expense reimbursement and US\$765,000 was applied in full and final settlement of the amount outstanding.

### **Significant events after balance date**

On 2 July 2010 the Company subscribed for 3,500,000 Tango Petroleum Limited (ASX: TNP) shares at an issue price of \$0.20 along with 3,500,000 free attaching listed options.

On 6 September 2010 the Company announced that the Richardson #1 well at the Silverwood prospect had completed testing and analysis of the primary Vicksburg Sand target interval. Based on the mudlogs, electric logs, sidewalls cores and additional analysis from Schlumberger and others, it was determined that there is approximately 18 feet of potential net oil pay. As a consequence, the partners elected to complete the well for production testing and determine the commercial significance of the interval. Completion operations are currently continuing.

Subsequent to year end 1,120,907 options were exercised at \$0.25 each, raising \$280,227 and increasing the ordinary shares on issue to 41,150,907. All options on issue at 30 June 2010 expired on 30 July 2010.

### **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.

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**DIRECTORS' REPORT (continued)**

**Indemnification and insurance of Directors and Officers**

The company has agreed to indemnify all the directors of the company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Remuneration report (Audited)**

This report outlines the remuneration arrangements in place for directors and senior management of Augustus Minerals Limited (the "Company") for the financial year ended 30 June 2010.

The following persons acted as directors during or since the end of the financial 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 James Robinson (Company Secretary)

*Remuneration philosophy*

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

*Non-executive directors committee*

The Non-Executive Directors Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The Non-Executive Directors Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis 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.

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## **DIRECTORS' REPORT (continued)**

### **Remuneration report (Audited) (continued)**

#### *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 latest determination was at the Annual General Meeting held on 30 November 2009 when shareholders approved an aggregate remuneration of up to \$250,000 per year.

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 2010 is detailed in the Remuneration of directors and named executives section of this report on page 9 of this report.

#### *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 5 most highly remunerated Company executives is detailed in Table 1.

#### *Employment Contracts*

The Company currently employs Mr Mathew Walker in the capacity of Executive Director on a month to month basis under the terms of a Services Agreement entered into on 1 January 2009. Mr Walker is to be paid an annual remuneration of \$120,000 plus statutory superannuation. He will also be reimbursed for reasonable expenses incurred in carrying out his duties.

#### *Options*

During the period ended 30 June 2010, there were no Options that were granted, vested or lapsed as part of director remuneration. Subsequent to the end of the year 9,000,000 options (exercisable at \$0.25) held by directors lapsed on 30 July 2010.

## DIRECTORS' REPORT (continued)

*Remuneration of directors and named executives*

Table 1: Directors' and named executives remuneration for the year ended 30 June 2010

	Short-term employee benefits			Post-employment benefits		Equity	Other	Total	% Performance Related
	Salary & Fees	Bonuses	Non- Monetary Benefits	Superannuation	Prescribed Benefits	Options			
Mr Garry Ralston	45,000	-	-	-	-	-	-	45,000	-
Mr Mathew Walker	120,000	-	-	-	-	-	-	120,000	-
Mr Jon Wild	30,000	-	-	-	-	-	-	30,000	-
Mr James Robinson	40,000	-	-	-	-	12,500	-	52,500	-
<b>Total</b>	<b>235,000</b>	-	-	-	-	<b>12,500</b>	-	<b>247,500</b>	-

Table 2: Directors' and named executives remuneration for the year ended 30 June 2009

	Short-term employee benefits			Post-employment benefits		Equity	Other	Total	% Performance Related
	Salary & Fees	Bonuses	Non- Monetary Benefits	Superannuation	Prescribed Benefits	Options			
Mr Garry Ralston	45,000	-	-	-	-	-	-	45,000	-
Mr Mathew Walker	110,045	-	-	28,800 <sup>1</sup>	-	-	-	138,845	-
Mr Jon Wild	37,500 <sup>2</sup>	-	-	-	-	-	-	37,500	-
Mr James Robinson	16,667	-	-	-	-	-	-	16,667	-
Mr David Parker	19,167	-	-	-	-	-	-	19,167	-
<b>Total</b>	<b>228,379</b>	-	-	<b>28,800</b>	-	-	-	<b>257,179</b>	-

<sup>1</sup> In addition to payments for the 2008/2009 financial year Mr Walker was paid superannuation owing for the 2006/2007 and 2007/2008 financial years. He was also prepaid for the December 2009 half year.

<sup>2</sup> In addition to payments for the 2008/2009 financial year Mr Wild was paid fees owing for the June 2008 quarter

**DIRECTORS' REPORT (continued)**

**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	Director Meetings		Independent Director Meetings	
	Attended	Eligible to Attend	Attended	Eligible to Attend
Mr Garry Ralston	8	9	1	1
Mr Mathew Walker	9	9	0	0
Mr Jon Wild	6	9	1	1

In addition, four circular resolutions were signed by the board during the period.

**Auditor's 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 19 and forms part of this directors' report for the year ended 30 June 2010.

**Non-Audit Services**

There were no non-audit services provided by the Company's auditors in the current financial year.

Signed in accordance with a resolution of the directors.



**Mathew Walker**  
**Executive Director**

**Dated this 28<sup>th</sup> day of September 2010**

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## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Augustus Minerals Limited is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council ('CGC') published guidelines as well as its corporate governance principles and recommendations.

The CGC's published guidelines 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 2010 and were fully compliant with the Council's best practice recommendations.

### 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:

<b>Name</b>	<b>Position</b>
Mr Garry Ralston	Non-Executive Chairman
Mr 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.

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**CORPORATE GOVERNANCE STATEMENT (continued)**

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

<b>Name</b>	<b>Term in Office</b>
Mr Garry Ralston	3 years 4 months
Mr Mathew Walker	3 years 10 months
Mr Jon Wild	3 years 10 months

**ASX BEST PRACTICE RECOMMENDATIONS AND COMMENTS**

	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
<b>1</b>	<b><i>Lay solid foundations for management and oversight</i></b>	
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 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.
<b>2</b>	<b>Structure the board to add value</b>	
2.1	A majority of the board should be independent directors.	Adopted. The Independent Directors are considered to be: Mr Garry Ralston Mr Jon Wild
2.2	The chairperson should be an independent director.	The chairperson is 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.

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**CORPORATE GOVERNANCE STATEMENT (continued)**

2.4	The board should establish a nomination committee.	<p>The Board did not believe it was necessary to establish a nomination committee during the year, however the Board has established a non-executive Directors Committee that has assumed the role of the Nomination Committee. The non-executive Directors 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 non-executive Directors Committee comprised the following members and met once throughout the year:</p> <p>Mr Garry Ralston Mr Jon Wild</p> <p>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.</p>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Company's Corporate Governance Policies include performance evaluation practices that are used to evaluate the performance of the board.
2.6	Companies should provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company has included details for each director, such as their skills, experience and expertise relevant to their position 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.
<p><b>3 Promote ethical and responsible decision-making</b></p>		
3.1	<p>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:</p> <p>(a) The practices necessary to maintain confidence in the Company's integrity</p> <p>(b) The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</p> <p>(c) The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	<p>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.</p> <p>General Principles of the Code of Conduct include:</p> <ol style="list-style-type: none"> <li>1. Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole.</li> <li>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</li> <li>3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.</li> <li>4. Employees must not take advantage of their position for personal gain, or the gain of their associates.</li> <li>5. Directors have an obligation to be independent in their judgments.</li> <li>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.</li> <li>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.</li> </ol>

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**CORPORATE GOVERNANCE STATEMENT (continued)**

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.	<p>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.</p> <p>The key policy items include:</p> <ol style="list-style-type: none"> <li>1. General Restrictions when in possession of Inside Information, which includes sections dedicated to Insider Trading Laws and Confidential Information.</li> <li>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.</li> <li>3. Policies that Restricted persons must comply with prior to and after trading of the Company's securities.</li> <li>4. Other sections of this policy include Notification of Trading, Breaches of Policy and General.</li> </ol>
3.3	Companies should provide the information indicated in Guide to Reporting on Principle 3.	<p>Any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 during the period are disclosed in the above sections.</p> <p>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.</p>
<b>4</b>	<b><i>Safeguard integrity in financial reporting</i></b>	
4.1	The board should establish an audit committee.	<p>The Board has not established an Audit Committee, however has established a non-executive 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 non-executive Directors Committee.</p> <p>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 non-executive Directors Committee are non-executive directors.</p> <p>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.</p>

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**CORPORATE GOVERNANCE STATEMENT (continued)**

4.2	<p>The audit committee should be structured so that it:</p> <ol style="list-style-type: none"> <li>1. consists of only non-executive directors</li> <li>2. consists of a majority of independent directors</li> <li>3. is chaired by an independent director, who is not the chair of the Company</li> <li>4. has at least three members.</li> </ol>	<p>As described in section 4.1, the non-executive Directors Committee assumed the role of the Audit Committee during the year.</p> <p>The non-executive Directors Committee:</p> <ol style="list-style-type: none"> <li>1. Does consist of only non-executive directors, Mr Garry Ralston and Mr Jon Wild.</li> <li>2. Does consist of a majority of independent directors.</li> <li>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. The Company did not think this was necessary at this point of the Company's development stage.</li> <li>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.</li> </ol> <p>The members of the non-executive Directors committee that has the responsibility of the Audit Committee during the year were:</p> <p>Mr Garry Ralston Mr Jon Wild</p> <p>Qualifications of audit committee members:</p> <p>Mr Garry Ralston - Licensed Finance Broker (CFB) Mr Jon Wild - B.Com</p>
4.3	<p>The audit committee should have a formal charter.</p>	<p>The formal Audit Committee is included in the Company's Corporate Governance Policy which is available on the Company's web site.</p>
4.4	<p>Companies should provide information indicated in the Guide to reporting on Principle 4.</p>	<p>This information is included in the above sections 4.1, 4.2 and 4.3.</p> <p>The Corporate Governance Statement has been posted on the Company's website.</p>
<b>5</b>	<b><i>Make timely and balanced disclosure</i></b>	
5.1	<p>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.</p>	<p>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.</p> <p>There is a vetting and authorisation processes in place that is designed to ensure that the Company's announcements:</p> <ol style="list-style-type: none"> <li>1. Are made in a timely manner</li> <li>2. Are factual</li> <li>3. Do not omit material information</li> <li>4. Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.</li> </ol>
5.2	<p>Provide the information indicated in <i>Guide to Reporting on Principle 5</i>.</p>	<p>Any departures are included in section 5.1 and 5.2 of this report.</p> <p>The Corporate Governance Statement has been posted on the Company's website.</p>

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**CORPORATE GOVERNANCE STATEMENT (continued)**

<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	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.
<b>7</b>	<b>Recognise and manage risk</b>	
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 is responsible for Risk Management and internal control systems and reports material business risks to the board. 2. Internal audit function The Audit Committee / non-executive Directors Committee described in section 4.1 and 4.2. has assumed the responsibility of the internal audit function. 3. Risk Management Committee The Board has not established a Risk Committee, however has established a non-executive 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 non-executive Directors Committee met once and discussed the recognition and management of risk, and reported this to the board.
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.	At present, the Board believes that it has adequately addressed issues of Risk and the future management of risk.
7.4	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Board considers it is appropriate to require the Chief Executive Officer 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. 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.

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**CORPORATE GOVERNANCE STATEMENT (continued)**

8	<b>Remunerate fairly and responsibly</b>	
8.1	The board should establish a remuneration committee.	<p>1. Purpose of the Remuneration Committee The Board has not established a Remuneration Committee, however has established a Non-executive 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.</p> <p>2. Charter The Company's Corporate Governance Policies includes a section on Remuneration Committee Charter, which form the charter that the Non-executive Directors Committee relies upon when discussing remuneration.</p> <p>3. Composition of the Non-executive Directors Committee The Non-executive Directors Committee: 1. Does consists of only independent directors, Garry Ralston (Chair) and Jon Wild.</p> <p>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 necessary at this point of the Company's development stage.</p> <p>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.</p> <p>5. 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.</p>
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	<p><b>Remuneration</b> 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 non-executive Directors Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.</p> <p>The expected outcomes of the remuneration structure are:</p> <ul style="list-style-type: none"> <li>• retention and motivation of key executives;</li> <li>• attraction of high quality management to the Company; and</li> <li>• performance incentives that allow executives to share the success of Augustus Minerals Limited.</li> </ul> <p>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.</p> <p>There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.</p>

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**CORPORATE GOVERNANCE STATEMENT (continued)**

		<p>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 established a non-executive Directors Committee. Members of the non-executive Directors Committee throughout the year were:</p> <p>Mr Garry Ralston Mr Jon Wild</p>
8.3	<p>Provide the information indicated in <i>Guide to Reporting on Principle 8</i>.</p>	<p>The names of the members of the non-executive Directors Committee which assumed the role of the Remuneration Committee during the year is included in section 8.2 above.</p> <p>The Company does not currently have in existence any schemes for retirement benefits.</p> <p>Any departures from best practice recommendations 8.1, 8.2 and 8.3 are included above.</p> <p>The Company's Corporate Governance Policies, which includes a Remuneration Committee Charter is available on the Company's web site.</p>

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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 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Augustus Minerals Limited.

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

Perth, Western Australia  
28 September 2010

**N G NEILL**  
Partner, HLB Mann Judd

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
<b>Continuing operations</b>			
Other income	2	525,945	421,768
Administration expenses		(50,990)	(18,891)
Directors fees		(195,000)	(185,045)
Occupancy expenses		(54,000)	(49,500)
Foreign exchange loss		(135,984)	(274,450)
Other expenses	2	(989,319)	(69,077)
<b>Profit/(loss) before income tax expense</b>		<b>(899,348)</b>	<b>(175,195)</b>
Income tax expense	3	-	-
<b>Profit/(loss) after tax from continuing operations</b>		<b>(899,348)</b>	<b>(175,195)</b>
Profit after tax from discontinued operation	6	-	289,559
<b>Net profit/(loss) for the period</b>		<b>(899,348)</b>	<b>114,364</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(899,348)</b>	<b>114,364</b>
Basic deficit per share from continuing operations (cents per share)	4	(2.15)	(0.398)
Basic earnings/(deficit) per share from discontinued operations (cents per share)	4	-	0.658

The accompanying notes form part of these financial statements

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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

	Notes	2010 \$	2009 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	3,960,171	7,776,754
Trade and other receivables	9	65,859	1,279,796
Other financial assets	10	2,034,532	-
<b>Total Current Assets</b>		<u>6,060,562</u>	<u>9,056,550</u>
<b>Non-Current Assets</b>			
Deferred exploration expenditure	11	1,848,360	162,971
<b>Total Non-Current Assets</b>		<u>1,848,360</u>	<u>162,971</u>
<b>Total Assets</b>		<u>7,908,922</u>	<u>9,219,521</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	16,749	20,143
<b>Total Current Liabilities</b>		<u>16,749</u>	<u>20,143</u>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities</b>		<u>-</u>	<u>-</u>
<b>Net Assets</b>		<u>7,892,173</u>	<u>9,199,378</u>
<b>Equity</b>			
Issued capital	7	7,866,570	8,649,427
Reserves		1,047,752	672,752
Accumulated losses		(1,022,149)	(122,801)
<b>Total Equity</b>		<u>7,892,173</u>	<u>9,199,378</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	Issued Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	8,649,427	(237,165)	672,752	9,085,014
Profit/(loss) for the year	-	114,364	-	114,364
Total comprehensive income/(loss) for the period	-	114,364	-	114,364
<b>Balance at 30 June 2009</b>	8,649,427	(122,801)	672,752	9,199,378
<b>Balance at 1 July 2009</b>	8,649,427	(122,801)	672,752	9,199,378
Loss for the year	-	(899,348)	-	(899,348)
Total comprehensive income/(loss) for the period	-	(899,348)	-	(899,348)
Shares issued during the year	7,500	-	-	7,500
Transaction costs on share issue / share buy-back	(12,150)	-	-	(12,150)
Recognition of share-based payments	-	-	375,000	375,000
Share buy-back	(778,207)	-	-	(778,207)
<b>Balance at 30 June 2010</b>	7,866,570	(1,022,149)	1,047,752	7,892,173

The accompanying notes form part of these financial statements



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
		Inflows/(Outflows)	
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(802,969)	(437,362)
Interest received		469,186	401,274
Net cash (used in) operating activities	8	(333,783)	(36,088)
<b>Cash flows from investing activities</b>			
Proceeds from sale of available-for-sale investments		376,160	-
Payment for financial assets		(2,487,130)	-
Proceeds from disposal of exploration prospects		1,096,416	719,450
Payments for exploration and evaluation expenditure	11	(1,685,389)	(121,392)
Net cash (used in)/provided by investing activities		(2,699,943)	598,058
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		7,500	-
Payments for share buy back		(790,357)	-
Net cash (used in)/provided by financing activities		(782,857)	7,765,199
Net (decrease)/increase in cash held		(3,816,583)	561,970
Cash and cash equivalents at the beginning of the period	8	7,776,754	7,214,784
<b>Cash and cash equivalents at the end of the period</b>		<b>3,960,171</b>	<b>7,776,754</b>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 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 financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia and the United States. The entity's principal activity is exploration for natural resources.

The Company has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Company had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

#### (b) Adoption of new and revised standards

##### Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2010, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- a. Segment reporting – new AASB 8 *Operating Segments*
- b. Financial Instruments – revised AASB 7 *Financial Instruments: Disclosures*
- c. Borrowing Costs – revised AASB 123 *Borrowing Costs*

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. 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 28 September 2010.

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 2010****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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Share-based payment transactions:*

The Company measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliably estimated fair value is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

**(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) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) 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.

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.

#### (i) Foreign currency translation

Both the functional and presentation currency of Augustus Minerals Limited is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) 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 date.

Deferred income tax is provided on all temporary differences at the balance 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 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 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 date.

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

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) 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 statement of financial position.

Cash flows are included in the statement of cash flows 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.

**(l) 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 groups 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.

**(m) 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) 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 statement of comprehensive income 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.

**(o) Share-based payment transactions**

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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 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 statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

*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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Share-based payment transactions (continued)**

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. 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 date up to and including the settlement date with changes in fair value recognised in profit or loss.

**(p) 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.

**(q) 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.

**(r) 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Exploration and evaluation (continued)**

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.

**(s) Going concern**

The directors are of the opinion that the company is a going concern due to the strong cash position and low ongoing operating costs.

**(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Augustus Minerals Limited.

*Change in accounting policy*

The Company has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Company as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 2: REVENUES AND EXPENSES**

	2010 \$	2009 \$
<b>(a) Other income</b>		
Net gains on disposal of available-for-sale investments	46,159	-
Interest income	479,786	421,768
	<u>525,945</u>	<u>421,768</u>
<b>(b) Other expenses</b>		
Consulting	291,878	-
Company Secretarial Costs	40,000	36,684
Insurance	26,846	26,380
General filing and administration costs	29,088	6,013
Travelling expenses	103,910	-
Change in fair value of investments	122,597	-
Share based payments expense	375,000	-
	<u>989,319</u>	<u>69,077</u>

**NOTE 3: INCOME TAX**

**Current tax expense**

**(a) Income tax benefit**

Current Tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

**(b) Numerical reconciliation between tax-expense and pre-tax net loss**

Loss from ordinary activities	(899,348)	(175,195)
Profit from discontinued operations	-	289,559
	<u>(899,348)</u>	<u>114,364</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 3: INCOME TAX (continued)

Income tax using the Company's domestic tax rate of 30% (2009: 30%)	(269,804)	34,309
Exploration expenditure	(505,617)	(36,418)
Accrued income	(353)	-
Capital raising costs	(729)	-
Impairment of available for sale securities	36,779	-
Non-deductible expenses/(deductible tax adjustments)	2,460	-
Movement in accruals and provisions	(1,500)	6,000
Share based payments	112,500	-
Utilisation of prior period losses	-	(3,891)
Current year losses for which no deferred tax asset was recognised	626,264	-
Income tax benefit/(expense) attributable to entity	-	-

#### (c) Tax losses

The tax benefit (at 30%) of estimated unused tax losses of \$2,703,102 (2009: \$751,535) have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Company operates.

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

#### (d) Unrecognised temporary differences

Net deferred tax assets (calculated at 30%) have not been recognized in respect of the following items:

Capital raising costs recognised directly in equity	2,916	-
Accrued expenses	4,500	6,000
Available for sale investments	36,779	-
Unrecognised deferred tax assets relating to the above temporary differences	44,195	6,000

Net deferred tax liabilities (calculated at 30%) have not been recognized in respect of the following items:

Accrued interest	12,155	8,975
Deferred exploration and evaluation expenditure	554,508	48,891
Income tax benefit/(expense) attributable to entity	566,663	57,866

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 4: EARNINGS PER SHARE

	2010 Cents per share	2009 Cents per share
<i>Basic earnings per share:</i>		
Continuing operations	(2.15)	(0.398)
Discontinued operations	-	0.658
Total basic earnings per share	(2.15)	0.260

#### *Basic earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

41,738,277	44,000,001
------------	------------

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

### NOTE 5: SEGMENT REPORTING

#### Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team on at least a monthly basis.

#### Location of interests and nature of projects

##### Oil and gas exploration projects

The Silverwood oil and gas prospect is located in the Jefferson Davis Parish in Louisiana USA. Augustus will earn a 40% working interest in the prospect which is currently undergoing completion operations. The Silverwood Prospect (the "Prospect") is a relatively low risk, high impact oil and gas exploration project located onshore South Louisiana. The prospect lies beneath an existing field which has to date produced over 7 BCF of gas and approximately 1 MMBBLS of oil on a fault closure. The prospect has two prospective targets, being the Vicksburg and Cockfield sands. The prospect is located close to existing infrastructure, hence the lead time and cost to commercialising any potential discovery will be relatively low.

##### Mining exploration projects

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.

#### Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts and in the prior period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 5: SEGMENT REPORTING (continued)

#### Geographical segments

	Investing Activities Australia \$	Exploration Activities Australia \$	Exploration Activities USA \$	Unallocated \$	Total \$
<b>30 June 2010</b>					
Segment revenue	183,323	-	-	342,622	525,945
Segment expenses	(122,597)	-	(326,563)	(976,133)	(1,425,293)
Segment result	60,726	-	(326,563)	(633,511)	(899,348)
Unallocated revenues and expenses					633,511
Results from operating activities					(265,837)
Segment assets	2,034,532	256,103	1,592,257	4,026,030	7,908,922
Segment liabilities	-	-	-	(16,749)	(16,749)
<b>30 June 2009</b>					
	Investing Activities Australia \$	Exploration Activities Australia \$	Exploration Activities Europe \$	Unallocated \$	Total \$
Segment revenue	-	421,768	297,439	-	719,207
Segment expenses	-	(596,963)	(7,880)	-	(604,843)
Segment result	-	(175,195)	289,559	-	114,364
Unallocated revenues and expenses					-
Results from operating activities					114,364
Less: discontinued operation					(289,599)
					(175,195)
Segment assets	-	162,971	-	9,056,550	9,219,521
Segment liabilities	-	-	-	(20,143)	(20,143)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 5: SEGMENT REPORTING (continued)**

	Continuing operations Australia \$	Discontinued operation Kazakhstan \$	Eliminations \$	Total \$
<b>30 June 2009</b>				
Segment revenue	421,768	297,439	(297,439)	421,768
Segment result	(175,195)	289,559	-	114,364
Unallocated expenses				
Results from operating activities				114,364
Less: discontinued operation				(289,559)
Results from continuing operations				(175,195)

**NOTE 6: DISCONTINUED OPERATION**

(a) Details of operations disposed

**DOSYTK PROJECT**

On 16 October 2008 the Company reached an agreement with its joint venture partner, Cigma Metals Corporation, for the disposal of its beneficially held 19% project interest in the Dostyk Project in Kazakhstan for US\$1,500,000.

On 5 November the Company announced the receipt of the first instalment of US\$100,000 as part payment for the Dostyk Project in Kazakhstan.

On 18 December the Company announced the receipt of the second instalment of US\$400,000 as part payment for the Dostyk Project in Kazakhstan.

On 29 December the Company announced the amendment of the terms of the final instalment of US\$1,000,000. Settlement of the 19% beneficial interest will occur on the receipt of the final instalment.

The principal activity of the Dostyk Project during the period was exploration for natural resources.

(a) Financial performance of operations disposed

The results of the discontinued operations for the period until disposal are presented below:

	Period ended 16 October 2008 \$
Profit of Dostyk Project for the period	289,559
Gain on disposal of Dostyk Project	394,289
Foreign Exchange Loss	(96,850)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 6: DISCONTINUED OPERATION (continued)

The components of the loss for the period from the discontinued operation are as follows:

	Period ended 16 October 2008 \$
Revenue - Gain on disposal of Dostyk Project	394,289
Foreign Exchange Loss	(96,850)
	<u>297,439</u>
Operating expenses	(7,880)
Profit before income tax	289,559
Income tax expense	-
Profit after income tax	<u>289,559</u>

### NOTE 7: ISSUED CAPITAL

	2010 \$	2009 \$
<i>Ordinary shares</i>		
At 1 July	8,649,427	9,400,001
Share buy-back	(778,207)	-
Options converted at 25 cents on 27 April 2010	7,500	-
Less share issue and share buy-back costs	(12,150)	(750,574)
At 30 June	<u>7,866,570</u>	<u>8,649,427</u>
Movements in ordinary shares on issue	2010	2009
Movements in ordinary shares on issue	No.	No.
At 1 July	44,000,001	44,000,001
Movements during the period		
Share buy-back from 9 September 2009 to 18 December 2009	(3,805,600)	-
Options converted at 25 cents on 27 April 2010	30,000	-
At 30 June	<u>40,224,401</u>	<u>44,000,001</u>
	2010	2009
	No.	No.
Company options	<u>40,000,000</u>	<u>10,000,000</u>

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

	2010 \$	2009 \$
Share option Reserves		
Movements in option reserve were as follows:		
Balance 1 July	672,752	672,752
Value of options issued during the year	375,000	-
Balance 30 June	<u>1,047,752</u>	<u>672,752</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 7: ISSUED CAPITAL (continued)

	No.	\$
Movements in share options		
At 1 July 2009	10,000,000	672,752
Company options issued during the year (i)	30,000,000	375,000
Company options exercised during the year	(30,000)	-
At 30 June 2010	<u>39,970,000</u>	<u>1,047,752</u>

(i) The value of Options has been determined by reference to the fair value of the services provided.

Subsequent to year end 1,120,907 options were exercised at \$0.25 each, raising \$280,227 and increasing the ordinary shares on issue to 41,150,907. All options on issue at 30 June 2010 expired on 30 July 2010.

### NOTE 8: CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Cash at bank and on hand	960,171	276,754
Short-term deposits	3,000,000	7,500,000
	<u>3,960,171</u>	<u>7,776,754</u>

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 day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company did not engage in any non-cash financing activities for the period ending 30 June 2010 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.

<b>Reconciliation of loss for the year to net cash flows from operating activities</b>	2010 \$	2009 \$
Profit / (Loss) for the year	(899,348)	114,364
Net fair value change in investments	122,597	-
Foreign exchange loss	135,984	274,450
Gain on sale of tenement	-	(394,289)
Gain on sale of shares	(46,159)	-
Share based payments expense	375,000	-
Change in net assets and liabilities:		
(Increase)/decrease in trade and other receivables	(18,463)	16,971
Increase/(Decrease) in trade and other payables	(3,394)	(47,584)
Net cash used in operating activities	<u>(333,783)</u>	<u>(36,088)</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
Amount due under contract	-	1,232,400
Other assets	25,341	17,478
Interest receivable	40,518	29,918
Trade and other receivables	<u>65,859</u>	<u>1,279,796</u>

Amount due under contract of \$1,232,400 relates to the amount outstanding from the disposal of the Dostyk Project, (Kazakhstan).

### NOTE 10: OTHER FINANCIAL ASSETS

<b>Current</b>	2010	2009
	\$	\$
Available for sale investments carried at fair value:		
Listed shares	34,532	-
Convertible notes	2,000,000	-
	<u>2,034,532</u>	<u>-</u>

### NOTE 11: DEFERRED EXPLORATION EXPENDITURE

	2010	2009
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of year	162,971	1,873,590
Exploration expenditure	93,132	121,392
Acquisition costs	1,592,257	-
Sale of Dostyk project	-	(1,832,011)
Total deferred exploration and evaluation expenditure	<u>1,848,360</u>	<u>162,971</u>

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 12: TRADE AND OTHER PAYABLES (CURRENT)

	2010	2009
	\$	\$
Trade payables *	16,749	20,143

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

### NOTE 13: FINANCIAL INSTRUMENTS

	2010	2009
	\$	\$
<b>Financial assets</b>		
Receivables	65,859	1,279,796
Cash and cash equivalents	3,960,171	7,776,754

The following table details the expected maturity/s for the Company's 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
	%	\$	\$	\$	\$	\$
<b>2010</b>						
Non-interest bearing	-	65,859	-	-	-	-
Variable interest rate instruments	2.92	960,171	-	-	-	-
Fixed interest rate instruments	5.1	-	3,000,000	-	-	-
		1,026,030	3,000,000	-	-	-
<b>2009</b>						
Non-interest bearing	-	49,150	-	-	-	-
Variable interest rate instruments	5.5	275,000	-	1,232,400	-	-
Fixed interest rate instruments	4	-	7,500,000	-	-	-
		324,150	7,500,000	1,232,400	-	-

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
<b>2010</b>						
Non-interest bearing	-	16,749	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		16,749	-	-	-	-
<b>2009</b>						
Non-interest bearing	-	20,143	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		20,143	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 14: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity risk
- Market risk

This note presents the 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 as 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 year ended 30 June 2010, it has been the Company's policy to trade certain financial instruments.

#### (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. 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 credit risk on liquid funds and derivative financial instruments is limited 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 Company by maintaining an appropriate mix between short term and medium-term Deposits. The Company'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 2010, 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:

	2010 \$
<b>Change in Loss Change</b>	
Increase in interest rate by 1%	(4,798)
Decrease in interest rate by 1%	4,798
<b>Change in Equity Change</b>	
Increase in interest rate by 1%	(4,798)
Decrease in interest rate by 1%	4,798

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 14: 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 value of the holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposit. 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.

### NOTE 15: COMMITMENTS AND CONTINGENCIES

#### Remuneration Commitments

The Company entered into remuneration commitments with all the Executive director of the Company on 1 July 2009, for all services rendered from this date forward. The Company also employs consultants who are contracted under standard consultancy rates. There were no other remuneration commitments made.

#### Guarantees

Augustus Minerals Limited did commit to nor make guarantees of any form as at 30 June 2010.

#### Western Australian Projects

The Company has minimum expenditure commitments on its 100% owned Western Australian granted tenements. These commitments include expenditure on annual rental fees and minimum annual exploration expenditure which are both detailed in the below table.

#### AUGUSTUS MINERALS LTD - FULL TENEMENT "GRANTS" SCHEDULE

HOLDER	PROJECT	TID	AREA	GRANT DATE	RENT	EXPCOM
AUGM	Mt Palmer	E77/0987	3	27/11/2006	\$565.29	\$20,000.00
AUGM	Mt Palmer	E77/1290	3	17/11/2008	\$363.33	\$15,000.00
					\$928.62	\$35,000.00

### NOTE 16: DIVIDENDS

The directors of the company have not declared any dividend for the year ended 30 June 2010.

### NOTE 17: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2010.

### NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2010 the Company subscribed for 3,500,000 Tango Petroleum Limited (ASX: TNP) shares at an issue price of \$0.20 along with 3,500,000 free attaching listed options.

On 6 September 2010 the Company announced that the Richardson #1 well at the Silverwood prospect had completed testing and analysis of the primary Vicksburg Sand target interval. Based on the mudlogs, electric logs, sidewalls cores and additional analysis from Schlumberger and others, it was determined that there is approximately 18 feet of potential net oil pay. As a consequence, the partners elected to complete the well for production testing and determine the commercial significance of the interval. Completion operations are currently continuing.

Subsequent to year end 1,120,907 options were exercised at \$0.25 each, raising \$280,227 and increasing the ordinary shares on issue to 41,150,907. All options on issue at 30 June 2010 expired on 30 July 2010.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 19: AUDITOR'S REMUNERATION

The auditor of Augustus Minerals Limited is HLB Mann Judd.

	2010	2009
	\$	\$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>		
An audit or review of the financial reports	20,000	18,800

### NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURES

#### (a) Details of Key Management Personnel

Mr Garry Ralston	Non- Executive Chairman
Mr Mathew Walker	Executive Director
Mr Jon Wild	Non- Executive Director
Mr James Robinson	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

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other (purchases)	Balance at end of period
<b>30 June 2010</b>					
Mr Garry Ralston	1,000,000	-	-	-	1,000,000
Mr Mathew Walker	4,000,000	-	-	3,500,000	7,500,000
Mr Jon Wild	500,000	-	-	-	500,000
Mr James Robinson	-	-	-	1,500,000*	1,500,000
<b>Total</b>	<b>5,500,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>10,500,000</b>

\* 1,000,000 of these options were issued in connection with the allocation to Equatorial Partners Limited.

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other	Balance at end of period
<b>30 June 2009</b>					
Mr Garry Ralston	1,000,000	-	-	-	1,000,000
Mr Mathew Walker	4,000,000	-	-	-	4,000,000
Mr Jon Wild	500,000	-	-	-	500,000
Mr James Robinson	-	-	-	-	-
<b>Total</b>	<b>5,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 20: 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 (purchases)	Balance at end of period
<b>30 June 2010</b>	Ord	Ord	Ord	Ord	Ord
Mr Garry Ralston	850,000	-	-	-	850,000
Mr Mathew Walker	3,500,000	-	-	500,000	4,000,000
Mr Jon Wild	500,000	-	-	-	500,000
Mr James Robinson	100,000	-	-	500,000	600,000
	<b>4,950,000</b>	-	-	<b>1,000,000</b>	<b>5,950,000</b>

	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other (purchases)	Balance at end of period
<b>30 June 2009</b>	Ord	Ord	Ord	Ord	Ord
Mr Garry Ralston	750,000	-	-	100,000	850,000
Mr Mathew Walker	2,000,000	-	-	1,500,000	3,500,000
Mr Jon Wild	500,000	-	-	-	500,000
Mr James Robinson	-	-	-	100,000	100,000
	<b>3,250,000</b>	-	-	<b>1,700,000</b>	<b>4,950,000</b>

### NOTE 21: RELATED PARTY DISCLOSURES

Disclosure of interest of Administration Agreement with Cicero Corporate Services Pty Ltd

- Mathew Walker and James Robinson are joint owners and directors of Cicero Corporate Services Pty Ltd.
- Services provided include office rent of the Company's principal place of business, bookkeeping and boardroom facilities.
- Cicero Corporate Services Pty Ltd is contracted to provide administration services on an ongoing basis, of approximately \$5,000 (excluding GST) plus reimbursements per month.
- 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 \$63,112.87 (\$57,018.04 – 2009) to Cicero Corporate Services Pty Ltd for administration services.

**DIRECTORS' DECLARATION**

In the opinion of the directors of Augustus Minerals Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 20 to 44, are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the Company's financial position as at 30 June 2010 and of the performance of the Company for the year then ended; and
  - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
4. 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 2010.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



**Mathew Walker**

**Executive Director**

**28 SEPTEMBER 2010**

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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 ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 20 to 45.

#### *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 the consolidated financial statements comply 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 control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.

Email: [hlb@hlbwa.com.au](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>

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Accountants | Business and Financial Advisers

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 opinions.

*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 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(c).

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Augustus Minerals Limited for the year ended 30 June 2010 complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB MANN JUDD  
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman Neill'.

N G NEILL  
Partner

Perth, Western Australia  
28 September 2010

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**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 holder listed on the Company's register as at 21 September 2010:

Mr Mathew Donald Walker holding 4,000,000 shares or 9.72% of the Company's issued capital.

**2. Number of holders in each class of equity securities and the voting rights attached (as at 21 September 2010)****Ordinary Shares**

There are 515 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.

**3. Distribution schedule of the number of holders in each class of equity security as at 21 September 2010.****a) Fully Paid Ordinary Shares**

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL HOLDING			
1 - 1,000	3	1,101	0.00 %
1,001 - 5,000	68	272,266	0.66 %
5,001 - 10,000	115	955,232	2.32 %
10,001 - 100,000	256	10,013,582	24.33 %
100,001 -	57	29,908,726	72.68 %
<b>TOTAL ON REGISTER</b>	<b>499</b>	<b>41,150,907</b>	<b>100.00 %</b>

**4. Marketable Parcel**

There are 13 shareholders with less than a marketable parcel.

**ADDITIONAL SHAREHOLDER INFORMATION (Continued)****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 21 September 2010) is as follows:

**Ordinary Shares Top 20 holders and percentage held**

HOLDER NAME	UNITS	% OF ISSUED
1 * WALKER MATHEW DONALD	4,000,000	9.72%
2 ABN AMRO CLEARING SYDNEY CUST A/C	1,922,700	4.67%
3 VERIGREEN PL	1,850,000	4.50%
4 * MCNEIL NOM PL	1,500,000	3.65%
5 * DONGRAY RICHARD S + J S/F A/C	1,500,000	3.65%
6 * VIENNA HLDGS PL RONJEN S/F A/C	1,300,000	3.16%
7 * LUNDY S/F NO 2 PL LUNDY NO2 S/F A/C	1,000,000	2.43%
8 * VITICULTURAL PROP MGNT PL	1,000,000	2.43%
9 YALTA AG	1,000,000	2.43%
10 ROKEBA NOM PL SILMAN PROP A/C	800,000	1.94%
11 * RALSTON GARRY B + T M RALSTON S/F A/C	750,000	1.82%
12 * GMBH MARE	750,000	1.82%
13 BATIO PL WILD S/F A/C	700,000	1.70%
14 VITICULTURAL PROP MGNT PL	600,000	1.46%
15 * SABRELINE PL JPR INV A/C	600,000	1.46%
16 * CORP & RESOURCE CONS PL	510,400	1.24%
17 * MCELROY BRAD	500,000	1.22%
18 WECK LORAIN VON DER W	500,000	1.22%
19 * SCHNURA GEORG	500,000	1.22%
20 JP MORGAN NOM AUST LTD CASH INCOME A/C	496,400	1.21%
*** TOP 20 TOTAL ***	21,779,500	52.95 %

\*\* ALL HOLDERS INCLUDED

\* - DENOTES MERGED HOLDER

**ADDITIONAL SHAREHOLDER INFORMATION (Continued)**

**1. Company Secretary**

The name of the Company secretary is James Robinson.

**2. Address and telephone details of the Company'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 does not have any restricted securities on issue.

**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.

**8. Schedule of Tenements**

**Exploration Licences (Granted)**

The following granted tenements are 100% owned by Augustus Minerals Ltd (AUGM).

<b>HOLDER</b>	<b>PROJECT</b>	<b>TID</b>	<b>AREA</b>
AUGM	Mt Palmer	E77/987	3
AUGM	Mt Palmer	E77/1290	3

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