

ASHBURTON MINERALS LTD
And Controlled Entities

ABN 99 008 894 442

FINANCIAL REPORT 2012

TABLE OF CONTENTS

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION.....	8
FINANCIAL STATEMENTS	
Consolidated Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flow	12
Notes to and forming part of the Financial Statements.....	13
DIRECTORS' DECLARATION	37
INDEPENDENT AUDIT REPORT TO THE MEMBERS	38
CORPORATE GOVERNANCE STATEMENT	40

CORPORATE DIRECTORY

Directors

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

Company Secretary

Rodney Dunn

Registered Office

Level 1, 254 Railway Parade
WEST LEEDERVILLE, WA, AUSTRALIA, 6007
Telephone: (08)9363 7800
Facsimile: (08)9363 7801

Principal Place of Business

Level 1, 254 Railway Parade
WEST LEEDERVILLE, WA, AUSTRALIA, 6007
PO Box 1245 WEST LEEDERVILLE WA 6901
Telephone: (08)9363 7800
Facsimile: (08)9363 7801
Website: www.ashmin.com.au

Country of Incorporation

Australia

Auditors

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

Share Registry

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

Home Exchange

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

ASX Codes: ATN, ATNO

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your Directors present their report on the Company and its Controlled Entities ("the Economic Entity") for the financial year ended 30 June 2012.

DIRECTORS

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

Mr Rick Crabb
Mr Tom Dukovic
Mr Peter Bradford

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

COMPANY SECRETARY

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

Mr Rodney Dunn

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The consolidated loss of the Economic Entity for the financial year after providing for income tax amounted to \$5,067,820 (2011: \$1,450,305).

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2012, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

FINANCIAL POSITION

The net assets of the Economic Entity have decreased by \$3,877,969 from \$7,818,236 at 30 June 2011 to \$3,940,267 at 30 June 2012.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

- Carried out exploration programme at Capricorn JV.
- Withdrew from Obi Gold Project, Indonesia, following review of drilling results (announced to ASX 9 September 2011).
- At Mt Webb, discovered a substantial new copper anomaly at the Pokali prospect, and two gold anomalies central to the project area (announced to ASX 5 October 2011).
- Received Western Australian Government co-funded drilling grant to test the new high priority target at Pokali prospect, Mt Webb.
- Commenced investigations to acquire an advanced Australian based gold project.
- Successfully raised \$367,842 by way of a placement comprising the issue of 73,568,504 new shares at 0.5 cents each, and 36,784,252 free attaching options, on the basis of one option for every two shares issued, exercisable at 1.0 cents each by 14 April 2014.
- Announced a 1 for 5 rights issue to raise a further \$809,253 by the issue of 161,850,709 shares at 0.5 cents each and 80,925,534 free attaching options, on the basis of one option for every two shares issued, exercisable at 1.0 cents each by 14 April 2014.

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (cont.)

- Commenced a four-hole RC drilling programme at Pokali prospect, Mt Webb
- Successful completion of a 1 for 5 rights issue, raising \$809,255
- Successful completion of drilling programme at Pokali prospect, Mt Webb
- General Meeting held 28 June 2012, ratifying the issue of 73,568,504 shares and 36,784,252 options issued under a placement as announced on 29 March 2012; and approving an increase to \$200,000 per annum for the maximum aggregate fees payable to non-executive Directors.

After Balance Date Events

- Received encouraging results for two of the four RC holes drilled at the Pokali prospect, Mt Webb (announced to ASX 19 July 2012).
- Relinquished interest in the Spring Valley and the Capricorn JV projects.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL ISSUES

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

INFORMATION ON DIRECTORS

Mr Rick Crabb	- Chairman (Non-executive) Appointed 1 September 1999
Qualifications	- BJuris (Hons), LLB, MBA.
Experience	- Mr Crabb practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. In his capacity as Ashburton Chairman, Mr Crabb brings valuable legal, commercial and resource development experience and expertise to the Board.
Interest in Shares and Options	- Mr Crabb holds an interest in 122,958,212 ordinary shares and 10,246,520 listed options.
Directorships held in other listed entities	- Mr Crabb is currently a director of Paladin Energy Ltd (from 8 February 1994), Golden Rim Resources Limited (from 22 August 2001) and Otto Energy Ltd (from 19 November 2004). During the past three years Mr Crabb's former directorships in other listed entities included Royal Resources Ltd (23 February 2004 to 11 August 2009) and Port Bouvard Ltd (2 December 1996 to 23 April 2009).

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Mr Tom Dukovcic	-	Managing Director (Executive) Appointed 22 April 1999
Qualifications	-	BSc (Hons), MAIG, MAICD.
Experience	-	Mr Dukovcic is a geologist with over 20 years' experience in exploration and development. He has worked in diverse regions throughout Australia, including the Yilgarn, Kimberley, central Australia and northeast Queensland and internationally in southeast Asia and Brazil. During this time he has been directly involved with the management of gold discoveries in Australia and Brazil. Mr Dukovcic is a Member of the Australian institute of Geoscientists and a Member of the Australian Institute of Company Directors. He brings valuable geological knowledge, exploration and management experience and skills to the Board.
Interest in Shares and Options	-	Mr Dukovcic holds an interest in 7,300,200 ordinary shares, 387,500 listed options and 15,000,000 unlisted options.
Mr Peter Bradford	-	Non-Executive Director Appointed 3 June 2008
Qualifications	-	BAppSc Extractive Metallurgy, FAusIMM, MSME
Experience	-	Mr Bradford is a metallurgist and corporate executive with 30 years' experience in gold and base metal operations in Africa and Australia. Mr Bradford is President and CEO of Copperbelt Resources Limited He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Society for Mining Metallurgy and Exploration. He is also past president and lifetime member of the Ghana Chamber of Mines.
Interest in Shares and Options	-	Mr Bradford holds an interest in 44,700,000 ordinary shares.
Directorships held in other listed entities	-	During the past three years Mr Bradford has former directorships in other Ltd companies including Kula Gold Limited (September 2008 to June 2012 and Anvil Mining Limited (September 1998 to November 2009).

REMUNERATION REPORT

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

Remuneration Policy

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

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board.

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

Executive directors can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.

The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place.

Salaried directors and senior executives receive a superannuation contribution, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, except to the extent that the director's or executive's time is spent on exploration activities. The director's or executive's salary is then apportioned on a time basis and capitalised to exploration. Shares issued to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the General Meeting.

Fees for non-executive directors are not linked to the performance of the Economic Entity. The Directors are not required to hold any shares in the Company under the Constitution of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

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

Remuneration Committee

During the year ended 30 June 2012, the Economic Entity did not have a separately established nomination or remuneration committee. Considering the size of the Economic Entity and the number of directors, the Board is of the view that these functions could be efficiently performed with full Board participation.

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Structure

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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

Senior Manager and Executive Director Remuneration

Objective

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

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

Structure

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

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

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the 5 years to 30 June 2012:

	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$
Revenue	39,996	10,547	49,702	205,957	285,235
Net Profit/(Loss)	(1,918,798)	(2,452,715)	(270,380)	(1,450,305)	(5,067,820)
Share price at start of year	0.0390	0.0250	0.0100	0.0160	0.0350
Share price at end of year	0.0250	0.0100	0.0160	0.0350	0.0050
Earnings Per Share (in cents)	(1.21)	(0.78)	(0.06)	(0.22)	(0.60)

Details of Remuneration

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

2012	Salary, Fees and Commission	Superannuation Contribution	Cash Bonus	Other (Back Pay)	Options	Total	Performance Related
	\$	\$	\$	\$	\$	\$	%
Key management personnel							
Mr Rick Crabb	30,000	2,700	-	-	-	32,700	-
Mr Tom Dukovcic	180,000	16,200	-	-	-	196,200	-
Mr Rodney Dunn	120,000	10,800	-	-	-	130,800	-
Mr Peter Bradford	30,000	-	-	-	-	30,000	-
	<u>360,000</u>	<u>29,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,700</u>	<u>-</u>
2011	Salary, Fees and Commission	Superannuation Contribution	Cash Bonus	Other	Options	Total	Performance Related
	\$	\$	\$	\$	\$	\$	%
Key management personnel							
Mr Rick Crabb	27,500	2,475	-	-	-	29,975	-
Mr Tom Dukovcic	176,239	20,388	50,000	-	235,000	481,627	-
Mr Rodney Dunn	120,000	11,007	-	-	51,000	182,007	-
Mr Peter Bradford	33,000	-	-	-	-	33,000	-
	<u>356,739</u>	<u>33,870</u>	<u>50,000</u>	<u>-</u>	<u>286,000</u>	<u>726,609</u>	<u>-</u>

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Options issued as part of remuneration

There were no options issued to directors and key management personnel as part of their remuneration for the year ended 30 June 2012.

Employment Contracts of Directors and Other Key Management Personnel

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

MEETINGS OF DIRECTORS

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

Board Meetings

Director	Number eligible to attend	Number attended
Mr Rick Crabb	8	8
Mr Tom Dukovic	8	8
Mr Peter Bradford	8	6

INDEMNIFYING OFFICERS OR AUDITOR

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

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

OPTIONS

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

Number Under-Option	Date of Expiry	Exercise Price
1,875,500	17 September 2012	\$0.0400
5,000,000	21 April 2014	\$0.0725
5,000,000	21 April 2014	\$0.0870
5,000,000	21 April 2014	\$0.1015
5,500,000	14 June 2014	\$0.0725
117,694,772	30 April 2014	\$0.0100

PARENT ENTITY FINANCIAL STATEMENTS

On 28 June 2010, the Corporations Amendment (Corporate Reporting Reform) Act 2010 came into legislation after receiving royal assent. The accompanying Corporations Amendment Regulations 2011 (No. 6) were made on 29 June 2010. The Act has provided a degree of simplification for corporate reporting through the removal of the requirement to prepare parent entity financial statements. Some parent entity disclosures are still required by way of note, with a simplified parent statement of financial position being required as well as parent disclosures in relation to commitments amongst other parties. Refer to Note 29 for details.

CORPORATE GOVERNANCE

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

NON-AUDIT SERVICES

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

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2012:

Taxation Services	\$8,800
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 8 of the directors' report.

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



TOM DUKOVCIC
Managing Director

Dated this 28th day of September 2012

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 3019, Perth Adelaide
Terrace WA 6832

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF
ASHBURTON MINERALS LIMITED

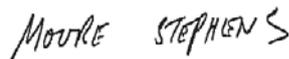
As lead auditor for the audit of Ashburton Minerals Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ashburton Minerals Limited during the year.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of September 2012

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 JUNE 2012

	Note	Economic Entity	
		2012	2011
		\$	\$
Profit/(Loss)			
Revenue	2	111,650	164,052
Other income	2	173,585	41,905
Accounting Fees		(85,669)	(39,176)
Corporate Costs		(60,061)	(81,684)
Depreciation expense		(11,248)	(26,238)
Employee benefit expense		(247,925)	(697,239)
Exploration expenditure expensed		(1,264,093)	(338,228)
Finance costs		(2,739)	(17,762)
Provision for diminution – intercompany loans		-	-
Occupancy Costs		(61,169)	(78,470)
Public Relations		(64,335)	(38,096)
Impairment Writedown – Goodwill		-	-
Impairment Writedown – Exploration Expense		(2,904,736)	-
Other expenses		(647,458)	(349,861)
Profit/(Loss) before income tax	3	(5,064,198)	(1,460,798)
Income tax expense	4	(3,622)	(10,493)
Profit/(Loss) from continuing operations		(5,067,820)	(1,450,305)
Profit/(Loss) attributable to members of the Parent Entity		<u>(5,067,820)</u>	<u>(1,450,305)</u>
Other Comprehensive Income/(Loss)			
Foreign currency translation movements taken to FCTR		68,746	(19,302)
Total Comprehensive Income/(Loss) attributable to members of the parent entity		<u>(4,999,074)</u>	<u>(1,469,607)</u>
Overall Operations			
Basic Profit/(Loss) per share (cents per share)	7	(0.60)	(0.22)
Continuing Operations			
Basic Profit/(Loss) per share (cents per share)	7	(0.60)	(0.22)

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

The accompanying notes form part of these financial statements.

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT
30 JUNE 2012

	Note	Economic Entity	
		2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	849,654	2,577,634
Trade and other receivables	9	45,175	112,450
Other financial assets		-	-
TOTAL CURRENT ASSETS		894,829	2,690,084
NON-CURRENT ASSETS			
Trade and other receivables	9	-	18,810
Other Financial assets		-	-
Property, plant and equipment	11	12,588	21,545
Other non-current assets	12	3,423,179	5,321,999
TOTAL NON-CURRENT ASSETS		3,435,767	5,362,354
TOTAL ASSETS		4,330,596	8,052,438
CURRENT LIABILITIES			
Trade and other payables	13	301,249	123,501
Interest bearing liability	14	-	26,635
Short-term provisions	15	23,077	23,077
TOTAL CURRENT LIABILITIES		324,326	173,213
NON-CURRENT LIABILITIES			
Long- term provisions	15	66,003	60,989
Interest bearing liability		-	-
TOTAL NON-CURRENT LIABILITIES		66,003	60,989
TOTAL LIABILITIES		390,329	234,202
NET ASSETS		3,940,267	7,818,236
EQUITY			
Issued capital	16	34,439,142	33,386,783
Reserves	17	555,324	486,578
Retained earnings/(Accumulated losses)		(31,054,199)	(26,055,125)
TOTAL EQUITY		3,940,267	7,818,236

The accompanying notes form part of these financial statements.

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2012

Consolidated Entity

	Ordinary	Accumulated Losses	Option Reserve	Asset Realisation Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2010	28,714,042	(24,604,820)	149,729	32,095	-	(49,444)	4,241,602
Gain/(Loss) attributable to members of Parent Entity		(1,450,305)					(1,450,305)
Shares/options issued during the year	4,765,240		373,500				5,138,740
Adjustments from translation of foreign entities						(19,302)	(19,302)
Transaction costs	(92,499)						(92,499)
Prior Year Adjustments	-	-	-	-	-	-	-
Balance at 30 June 2011	33,386,783	(26,055,125)	523,229	32,095	-	(68,746)	7,818,236
Gain/(Loss) attributable to members of Parent Entity		(4,999,073)					(4,999,073)
Shares/options issued during the year	1,177,271						1,177,271
Adjustments from translation of foreign entities						68,746	68,746
Transaction costs	(124,911)						(124,911)
Prior Year Adjustments	-	-	-	-	-	-	-
Balance at 30 June 2012	34,439,142	(31,054,198)	523,229	32,095	-	-	3,940,268

The accompanying notes form part of these financial statements.

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOW
FOR YEAR ENDED
30 JUNE 2012

	Note	Economic Entity	
		2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		259,670	(64,376)
Payments to suppliers and employees		(849,103)	(1,325,232)
Interest received		111,650	164,052
Taxation paid		(3,622)	10,493
Finance costs		(26,635)	(17,762)
Net cash used in operating activities	21(a)	<u>(508,040)</u>	<u>(1,232,826)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of exploration assets		-	-
Proceeds from sale of property, plant and equipment		-	40,356
Purchase of property, plant and equipment		(2,291)	(9,202)
Payments for purchase of prospects		-	-
Payments for exploration expenditure		(2,270,009)	(2,783,491)
Net cash used in investing activities		<u>(2,272,300)</u>	<u>(2,752,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,052,360	4,552,741
Payment of share issue costs		-	-
Proceeds of borrowings		-	26,635
Repayment of borrowings		-	(6,121)
Loan to subsidiary		-	-
Net cash provided by financing activities		<u>1,052,360</u>	<u>4,573,255</u>
Net (decrease)/ increase in cash held		(1,727,980)	588,092
Cash at beginning of financial year		2,577,634	1,946,889
Effects of exchange rates on cash holdings in foreign entities		-	42,653
Cash at end of financial year	8	<u>849,654</u>	<u>2,577,634</u>

The accompanying notes form part of these financial statements.

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

Note 1: Statement of Significant Accounting Policies

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Principles of Consolidation

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

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year-end.

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

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

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

(b) Income Tax

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

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

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

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

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

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

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

(c) Property, Plant and Equipment

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

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

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

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

(d) Exploration and Development Expenditure

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

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

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

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

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

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

(e) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Available-for-sale financial assets

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

Fair value

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

Impairment

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

(f) Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

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

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

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

(h) Employee Benefits

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

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Revenue

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

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

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

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

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

(l) Goods and Services Tax (GST)

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

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

(m) Comparative Figures

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

(n) Critical accounting estimates and judgements

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

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

Key Sources of estimation uncertainty

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Recoverability of exploration and evaluation expenditure

The recoverability of the exploration and evaluation expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective tenements which comprise the assets.

(o) Going Concern

The financial report has been prepared on the going concern basis, as the company intends to raise capital in the next 12 months, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

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

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

(p) **New Accounting Standards for Application in Future Periods (cont.)**

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- i. for an offer that may be withdrawn – when the employee accepts;
- ii. for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- iii. where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 2: Revenue

	Note	Economic Entity	
		2012	2011
		\$	\$
Operating activities			
– interest received		111,650	164,052
Total Revenue		111,650	164,052
Non-operating activities			
– gain/(loss) on disposal of property, plant & equipment		37,975	41,905
– gain/(loss) on disposal of exploration asset		-	-
– other revenue		135,610	-
Other Income		173,585	40,905

Note 3: Loss For The Year

(a)	Expenses		
	Corporate costs	60,061	81,684
	Occupancy costs	61,169	78,470
	Accounting fees	85,669	39,176
(b)	Significant revenue and expenses		
	The following significant revenue and expense items are relevant in explaining the financial performance:		
	Impairment Writedown – Exploration Expenditure	2,904,736	-
	Exploration expenditure expensed	1,264,093	338,228

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 4: Income Tax Expense

	Economic Entity	
	2012	2011
	\$	\$
(a) The components of tax expense comprise:		
Current tax	(3,622)	(10,493)
Deferred tax	-	-
Income tax expense reported in statement of comprehensive income	(3,622)	(10,493)
(b) The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2011: 30%)	(1,499,722)	(438,239)
Add:		
Tax effect of:		
- Revenue losses not recognised	475,126	322,043
- Share based payments	-	98,550
- Other non-allowable items	1,179,587	19,137
	154,991	(1,491)
Less:		
Tax effect of:		
- Other deferred tax balances not recognised	27,283	11,024
- Other non-assessable items	31,526	960
Prior year losses recouped not previously recognised	92,560	-
Income tax expense	(3,622)	(10,493)
(c) The deferred tax recognised at 30 June relates to the following:		
Deferred Tax Liabilities:		
Exploration expenditure	(1,026,954)	(960,860)
Deferred Tax Assets:		
Carry forward revenue losses	1,026,954	960,860
Net deferred tax	-	-
(d) Unrecognised deferred tax assets:		
Carry forward revenue losses	3,648,629	3,264,625
Carry forward capital losses	1,332,477	1,332,477
Capital raising costs	58,790	42,870
Unlisted investments	600	600
Provisions and accruals	30,230	29,468
	5,070,726	4,670,040

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

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The comparative year disclosures have been updated to be consistent with the 2012 presentation. There has been no change to the income tax expense.

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 5: Key Management Personnel Compensation

(a) Directors

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

- Mr Rick Crabb – Non-Executive Chairman
- Mr Tom Dukovic – Managing Director
- Mr Peter Bradford – Non-Executive Director

(b) Other key management personnel

Mr Rodney Dunn – Company Secretary

(c) Key management personnel compensation

	Economic Entity	
	2012	2011
	\$	\$
Short-term employee benefits	360,000	460,739
Post-employment benefits	29,700	33,870
Share-based payments	-	286,000
	389,700	726,609

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

(d) Equity instrument disclosures relating to key management personnel

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Directors' report on pages 5 and 6.

- (ii) Option holdings

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

2012	Balance at the start of the year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	-	-	-	10,246,520	10,246,520	10,246,520
Mr Tom Dukovic	15,000,000	-	-	387,500	15,387,500	15,387,500
Mr Peter Bradford	-	-	-	-	-	-
Mr Rodney Dunn	3,000,000	-	-	-	3,000,000	3,000,000
Total	18,000,000	-	-	10,634,020	28,634,020	28,634,020

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

No options were vested or unexercisable for the year ending 30 June 2012

2011	Balance at the start of the year	Granted during the year as Compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr Rick Crabb	-	-	-	-	-	-
Mr Tom Dukovcic	2,000,000	15,000,000	-	(2,000,000)	15,000,000	15,000,000
Mr Peter Bradford	-	-	-	-	-	-
Mr Rodney Dunn	1,500,000	3,000,000	-	(1,500,000)	3,000,000	3,000,000
Total	3,500,000	18,000,000	-	(3,500,000)	18,000,000	18,000,000

No options were vested or unexercisable for the year ending 30 June 2011.

(iii) Share holdings

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

2012	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	102,465,176	-	-	20,493,036	122,958,212
Mr Tom Dukovcic	6,725,000	-	-	775,000	7,500,000
Mr Peter Bradford	44,700,000	-	-	-	44,700,000
Mr Rodney Dunn	8,788,908	-	-	-	8,788,908
Total	162,679,084	-	-	21,268,036	175,158,212

2011	Balance at the start of the year	Granted during the year as Compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Rick Crabb	86,520,975	-	-	15,944,201	102,465,176
Mr Tom Dukovcic	13,625,000	-	-	(6,900,000)	6,725,000
Mr Peter Bradford	32,500,000	-	-	12,200,000	44,700,000
Mr Rodney Dunn	12,098,000	-	-	(3,309,092)	8,788,908
Total	144,743,975	-	-	17,935,109	162,679,084

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 6: Auditor's Remuneration

	Economic Entity	
	2012	2011
	\$	\$
Remuneration of the auditor of the Parent Entity for:		
– auditing or reviewing the financial report	24,463	25,487
– taxation and other services	8,800	11,860
	33,263	37,347

Note 7: Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

Loss	(5,067,820)	(1,450,305)
Earnings used to calculate basic EPS	(5,067,820)	(1,450,305)

(b) Reconciliation of Earnings to Profit or Loss from Continuing Operations

Loss from continuing operations	(5,067,820)	(1,450,305)
Earnings used to calculate basic EPS from continuing operations	(5,067,820)	(1,405,305)

No. No.

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	836,230,959	646,651,860
--	-------------	-------------

Diluted EPS not disclosed as potential ordinary shares are not dilutive

- On 5 April 2012, the Company issued 73,588,504 ordinary shares by way of placement at an issue price of 0.5 cents.
- On 7 May 2012, the Company issued 161,850,709 ordinary shares through a 1 for 5 rights issue at an issue price of 0.5 cents.

Note 8: Cash and Cash Equivalents

	Economic Entity	
	2012	2011
	\$	\$
Cash at bank and in hand	849,654	2,577,634
	849,654	2,577,634

Reconciliation of cash

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

Cash and cash equivalents	849,654	2,577,634
	849,654	2,577,634

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 9: Trade and Other Receivables

	Economic Entity	
	2012	2011
	\$	\$
- Debtors	-	41,228
- Other receivables	-	9,453
- Goods and services tax	45,175	61,709
	45,175	112,450
	45,175	112,450

Non-Current

Amounts receivable from:

- wholly-owned entities	-	-
- other	-	18,810
	-	18,810
	-	18,810

Note 10: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2012	2011
Parent Entity:			
Ashburton Minerals Ltd	Australia	-	-
Ultimate Parent Entity:			
Ashburton Minerals Ltd	Australia	-	-
Subsidiaries of Ashburton Minerals Ltd:			
Ashburton Gold Mines NL	Australia	100	100
Trans Pacific Gold Pty Ltd	Australia	100	100
Trans Pacific Gold Mineracao Ltda	Brazil	-	100
Transdrill Pty Ltd	Australia	100	100

* Percentage of voting power is in proportion to ownership

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 11: Property, Plant and Equipment

	Economic Entity	
	2012	2011
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	107,591	216,468
Accumulated depreciation	(95,003)	(194,923)
Total Plant and equipment	12,588	21,545
Total Property, Plant and Equipment	12,588	21,545

(a) Movements in Carrying Amounts

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

Balance at the beginning of year	21,545	38,581
Additions	2,291	9,202
FX Movement	-	-
Adjustments	-	-
Disposals	-	-
Depreciation expense	(11,248)	(26,238)
Carrying amount at the end of year	12,588	21,545

Note 12: Other Assets

Exploration expenditure	3,423,179	5,321,999
-------------------------	-----------	-----------

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

Reconciliation of movements during the year

	Economic Entity	
	2012	2011
	\$	\$
Balance at the beginning of year	5,321,999	2,373,508
– exploration and evaluation costs capitalised	2,270,009	3,286,719
– exploration expenditure expensed	(1,264,093)	-
– impairment writedown	-	-
– exploration and evaluation costs written off	(2,904,736)	(338,228)
Closing carrying value at end of year	3,423,179	5,321,999

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 13: Trade and Other Payables

	Economic Entity	
	2012	2011
	\$	\$
CURRENT		
Trade payables	101,258	80,556
Sundry payables and accrued expenses	199,991	42,945
	301,249	123,501
	301,249	123,501

Note 14: Interest bearing liability

CURRENT		
Loan	-	26,635
	-	26,635
	-	26,635

Note 15: Provisions

Employee Provisions

Balance at the beginning of year	84,066	23,077
Additional provisions	28,090	84,066
Amounts used	(23,077)	(23,077)
Carrying amount at the end of year	89,079	84,066
	89,079	84,066

Note 16: Issued Capital

971,121,705 (2011: 735,685,043) fully paid ordinary shares	36,191,984	35,014,713
Share Issue Costs	(1,752,842)	(1,627,931)
	34,439,142	33,386,783
	34,439,142	33,386,783

Ordinary Shares

	No.	No.
At the beginning of reporting period	735,685,043	501,548,034
Shares issued during year	235,436,662	234,137,009
At reporting date	971,121,705	735,685,043

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 17: Reserves

	Economic Entity	
	2012	2011
	\$	\$
(a) Share Option Reserve		
(i) The option reserve records items recognised as costs of acquisition of exploration projects and subsidiaries.	386,096	386,096
(ii) The share option reserve records distributions of options.	137,133	137,133
(b) Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current assets.	-	-
(c) Asset Realisation Reserve		
The asset realisation reserve records realised gains on sale of non-current assets.	32,095	32,095
(d) Foreign Currency Translation Reserve		
The foreign currency translation reserve records gains or losses on translation of foreign entities	-	(68,746)
	555,324	486,578

Note 18: Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2012.

Note 19: Commitments

Operating lease commitments

	Economic Entity	
	2012	2011
	\$	\$
Payable – minimum lease payments:		
- not later than 12 months	41,020	41,800
- between 12 months and 5 years	43,180	17,417
- greater than 5 years	-	-

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

Exploration lease commitments

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

	Economic Entity	
	2012	2011
	\$	\$
- not later than 12 months	615,000	667,500
- between 12 months and 5 years	-	-
- greater than 5 years	-	-

Note 20: Segment Reporting

The Consolidated Entity or Group operates in the mineral exploration industry in Australia, and previously in Brazil and Indonesia. For management purposes, the Group is organized into one main operating segment which involves the exploration of minerals in these regions. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Assets by geographical region

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

	2012	2011
	\$	\$
Australia	4,330,596	4,862,841
Brazil	-	833,476
Indonesia	-	2,356,121
Gross Assets	4,330,596	8,052,438

Revenue by geographical region

	2012	2011
	\$	\$
Australia	127,704	205,957
Brazil	157,531	-
Actual Revenue	285,235	205,957

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 21: Cash Flow Information

	Economic Entity	
	2012	2011
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Gain/(Loss) after income tax	(5,067,820)	(1,450,305)
Non-cash flows in profit		
Depreciation	11,248	26,238
Exploration expenditure written-off	2,904,736	-
Financing costs	-	-
Exploration expenditure expensed	1,264,093	-
Assets written off	-	-
(Gain)/loss on disposal of property, plant & equipment	-	(40,358)
(Increase)/decrease in trade & term debtors	86,085	(65,925)
Increase/(decrease) in trade payables and accruals and provisions	151,113	(30,011)
Impairment of other non-current assets	-	-
Options valuation	-	-
Share based payments	-	325,800
FX movement	137,492	(59,256)
Movement in provisions	5,013	60,989
	(508,040)	(1,232,826)
Cashflow from operations	(508,040)	(1,232,826)

Note 22: Events After the Balance Sheet Date

- Received encouraging results for two of the four RC holes drilled at the Pokali prospect, Mt Webb (announced to ASX 19 July 2012).
- Relinquished interest in the Spring Valley and the Capricorn JV projects..

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

Note 23: Related Party Transactions

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

- Mr Rick Crabb
- Mr Tom Dukovic
- Mr Peter Bradford

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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

	Economic Entity	
	2012	2011
	\$	\$
Transactions with related parties:	-	-

Note 24: Financial Risk Management

Overview

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

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

Significant Accounting Policies

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

Net Fair Value

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

Credit Risk

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

Cash and cash equivalents

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

Trade and other equivalents

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

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

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 24: Financial Risk Management (cont.)

Exposure to credit risk

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

	Economic Entity	
	2012	2011
	\$	\$
Loans and receivables	45,175	112,450
Cash and cash equivalents	849,654	2,577,634
	894,829	2,690,084
	894,829	2,690,084

Impairment losses

None of the Economic Entity's other receivables are past due (2011: nil).

Liquidity Risk

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

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

The Company will need to raise additional capital in the next 12 months. The decision on how and when the Company will raise future capital will largely depend on the market conditions existing at that time.

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

	Economic Entity	
	2012	2011
	\$	\$
Less than 6 months	107,605	150,136
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	107,605	150,136
	107,605	150,136

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 24: Financial Risk Management (cont.)

Market Risk

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

Currency Risk

The Economic Entity was exposed to currency risk on investments, purchases and borrowings that were denominated in a currency other than the respective functional currencies of Economic Entity entities, which is primarily the Australian Dollar (AUD). The currency in which these transactions primarily were denominated is : Indonesian rupiah (IDR).

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

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

Exposure to Currency Risk

The Economic Entity did not have any exposure to foreign currency risk at balance date.

Commodity Price Risk

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

Capital Management

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

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

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

Interest Rate Risk

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

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 24: Financial Risk Management (cont.)

Profile

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

Economic Entity	Weighted Average Effective Interest Rate		Floating Interest Rate \$		Fixed Interest Rate Maturing 1 to 5 Years \$		Non-interest Bearing \$		Total \$	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets:										
Cash	3.50%	4.66%	849,654	2,577,634	-	-	-	-	849,654	2,577,634
Receivables			-	-	-	-	45,175	112,450	45,175	112,450
Investments			-	-	-	-	-	-	-	-
Total Financial Assets			849,654	2,577,634	-	-	45,175	112,450	894,829	2,690,084
Financial Liabilities:										
Trade and sundry creditors			-	-	-	-	107,605	150,136	107,605	150,136
Interest bearing liabilities			-	-	-	-	-	-	-	-
Total Financial Liabilities			-	-	-	-	107,605	150,136	107,606	150,136

The net fair values of:-

- Unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cashflows of the investment.
- Other assets and liabilities approximate their carrying value.

No financial assets and liabilities are readily traded.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Economic Entity	
	Equity A\$	Profit or loss A\$
30 June 2012		
Variable rate instruments	8,497	8,497
30 June 2011		
Variable rate instruments	25,776	25,776

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

ASHBURTON MINERALS LTD
 ABN 99 008 894 442
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2012

Note 25: Company Details

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

Level 1, 254 Railway Parade
 WEST LEEDERVILLE WA 6007
 Tel: (08) 9363 7800
 Fax: (08) 9363 7801

Note 26: Parent Entity Financial Information

	Economic Entity	
	2012	2011
	\$	\$
(a) summary of financial information		
Assets		
Current assets	893,054	1,970,522
Total assets	1,902,780	5,173,839
Liabilities		
Current liabilities	133,898	114,627
Total liabilities	222,977	198,693
Shareholders' Equity		
Issued capital	34,439,142	33,386,783
Reserves	555,324	555,324
Accumulated Losses	(33,314,663)	(28,966,961)
	1,679,803	4,975,146
Profit/(loss) for the year	(4,347,702)	(959,215)
Total comprehensive income	(4,347,702)	(959,215)

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

As at 30 June 2012, the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

As at 30 June 2012, the parent entity has no guarantees or contingent liabilities.

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

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

1. The financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.
4. Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



TOM DUKOVVIC
Managing Director

Dated this 28th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBURTON MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Ashburton Minerals Limited (the company) and Ashburton Minerals Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Management's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES

Independence

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

Auditor's Opinion

In our opinion:

- a. the financial report of Ashburton Minerals Limited and Ashburton Minerals Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, we draw attention to note 1(o) of the financial statements which states that the financial statements have been prepared on a going concern basis. Whilst the Company currently has adequate financial resources for the medium term its ability to continue as a going concern for at least the next 12 months may require it to undertake further capital raisings during this period. Based on prior experience the directors of the Company are confident of obtaining the necessary shareholder support if and when required. Furthermore they are actively investigating new projects with a view to recapitalising the Company. Notwithstanding this there is some degree of uncertainty of the Company achieving these outcomes and consequently we have some uncertainty as to whether the Company will continue as a going concern for a minimum period of the next 12 months. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

Report on the Remuneration Report

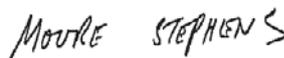
We have audited the remuneration report as included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Ashburton Minerals Limited for the year ended 30 June 2012 complies with s 300A of the *Corporations Act 2001*.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of September 2012

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT

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

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

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

In relation to the independence of the Chairman, Mr Rick Crabb, the Board has resolved that notwithstanding his substantial shareholding he is regarded to be an independent director as he has consistently demonstrated his capability to make decisions and take actions that are designed to be in the best interests of the Company. The Board further noted that Mr Crabb considers himself to be capable of bringing independent judgment to the Board.

Recommendation		Ashburton Minerals Ltd current practice
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Satisfied, available on the Company website.
2.1	A majority of the Board should be independent directors.	Satisfied. There are two independent non-executive directors on the 3 person Board.
2.2	The chairperson should be an independent director.	Satisfied. The chairman of the Board is Mr Rick Crabb who is considered independent.
2.3	The roles of the chairperson and chief executive officer should not be exercised by the same individual.	Satisfied. Mr Tom Dukovcic fulfils the role of chief executive officer.
2.4	The Board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Annual Report requirements.	Satisfied.
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: <ul style="list-style-type: none"> (a) the practices necessary to maintain confidence in the company's integrity; and (b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Satisfied, available on the Company's website.
3.2	Establish and disclose a policy on diversity	Satisfied. Available on Company website.
3.3	Report and disclose 3.1 and 3.2.	Satisfied.
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	Satisfied.
4.2	The Board should establish an audit committee.	Satisfied. An audit committee has been established.
4.3	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the Board; and (d) at least three members. 	Not satisfied. The role of the audit committee is currently being undertaken by two independent non-executive directors. The Company is currently not of a size to justify having three independent non-executive directors.

**ASHBURTON MINERALS LTD
ABN 99 008 894 442
AND CONTROLLED ENTITIES**

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