



**CROESUS MINING NL**

**ABN 46 009 150 083**

**Annual Report**

**For the Year Ended 30 June 2008**

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**Corporate Directory**

**Directors**

David Steinepreis  
Non-executive Chairman

Gary Steinepreis  
Executive

Patrick Burke  
Executive

Stephen Lowe  
Non-executive

**Company Secretary**

Gary Steinepreis

**Registered Office**

Level 1, 33 Ord Street  
West Perth WA 6005  
Telephone: 08 9420 9300  
Facsimile: 08 9481 2690

**Share Register**

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 787 575

**Auditor**

WHK Horwath  
Level 6, 256 St Georges Terrace  
Perth WA 6000  
Telephone: 08 9481 1448

**Stock Exchange Listing**

Croesus Mining NL's shares are listed on the  
Australian Securities Exchange, home branch,  
Perth.  
Code: CRS

**Website Address**

[www.croesus.com.au](http://www.croesus.com.au)

## **Directors' Report**

Your directors present their report on Croesus Mining NL (Croesus or the Company) for the year ended 30 June 2008.

### **Directors**

The name of each person who has been a director during the year and to the date of this report are:

**David Christian Steinepreis** appointed a director on 12 July 2007 and continues in office at the date of this report.

**Gary Christian Steinepreis** appointed a director on 12 July 2007 and continues in office at the date of this report.

**Patrick Nicolas Burke** appointed a director on 12 July 2007 and continues in office at the date of this report.

**Stephen Lowe** appointed a director on 12 July 2007 and continues in office at the date of this report.

The name of each person who was a director during the year and resigned prior to the date of this report are:

**Michael Kiernan** was appointed as a director on 10 November 2005 and resigned on 12 July 2007.

**David Macoboy** was appointed as a director on 12 January 2006 and resigned on 12 July 2007.

**Allan Quadrio** was appointed as a director on 16 March 2006 and resigned on 12 July 2007.

**Raymond Carey** was appointed as a director on 6 February 2004 and resigned on 12 July 2007.

### **Company Secretary**

The company secretary is Gary Steinepreis. Mr Steinepreis was appointed to the position of company secretary on 12 July 2007. Mr Steinepreis is also a director of the Company and information on him and his qualifications are included under the information on directors.

The previous company secretary was Frank Campagna B.Bus (Acc), CPA.

### **Principal Activities**

The Company was under external administration during the year. A deed of company arrangement was executed during the year and the Company was released from external administration and re-admitted to the official list on ASX on 9 May 2008.

The principal continuing activity of the Company is mineral exploration.

### **Significant Changes in the State of Affairs and Review of Operations**

On 17 March 2006, the securities of Croesus were suspended from quotation on the Official List of ASX at the request of the Company to allow the Company to conduct a thorough review of all aspects of all financial and operational aspects of its Norseman gold mining business.

The review concluded that poor decisions over several years had left the Company in a very difficult financial and operational position with the key issues being insufficient ore resources to maintain its processing plant at full capacity and high costs. As a result, production levels were insufficient to meet the Company's full hedging commitments.

In response, the Company announced, on 7 April 2006, the implementation of a short term mining, production and exploration plan for the continuation of the Company's Norseman gold operations. The plan included introduction of significant operations, productivity and efficiency gains, deferment of certain short term financial obligations to enable the operation to become cash positive, significant operating and corporate cost reductions and identification of additional reserves and development of a third ore source in addition to the Bullen and Harlequin mines.

Notwithstanding that, as a result of implementing the plan, operations were improving, the Company was unable to restructure its finances sufficiently to allow further capital to be raised and hedging debts satisfied to allow the Company to return to a sound financial footing. As a result it was decided to place the Company in Administration on the basis that the moratorium provided by the Administration process would allow all options for either the sale of the operations or a restructure or recapitalisation of the Company to be fully explored.

On 23 June 2006, the directors of the Company appointed Bryan Hughes and Vincent Smith of Pitcher Partners as Joint and Several Administrators of the Company (**Administrators**) and certain subsidiaries, Central Norseman Gold Corporation Limited, Croesus Resources NL, Ambassador Resources Limited, Croesus Mining Services Pty Ltd and Mining Resources (WA) Pty Ltd (collectively **Croesus Group or Group**), pursuant to Section 436A of the Corporations Act.

At the second meeting of creditors held on 20 July 2006, the Administrators recommended to the creditors of the Company that, in the opinion of the Administrators, it was in the interests of creditors to approve the execution of a deed of company arrangement which would, among other things, allow the Deed Administrators to continue to oversee the trading operations of Croesus whilst seeking expressions from parties interested in the recapitalization / restructure of Croesus and/or an acquisition of all or part of the Groups assets. At this meeting, creditors resolved to approve the execution of a deed of company arrangement on these terms, and the deed was executed by Croesus on 10 August 2006 and by the Administrators (**Deed Administrators**) of Croesus on 15 September 2006 (**Deed of Company Arrangement**).

**Significant Changes in the State of Affairs and Review of Operations** (continued)

As a result of the Deed Administrators receiving a number of indicative proposals from interested parties, a short list of eight parties was identified. Following due diligence by these parties three final offers were received for the acquisition of the Group's Norseman operations.

After extensive negotiations with each of these parties, on 3 January 2007 Croesus executed a share sale agreement with UK AIM listed company Davos Resources plc and its Australian subsidiary Davos Gold Pty Ltd (**Davos**). The purchase consideration was \$66M, payable in cash and Davos Resources plc (later named Norseman Gold plc) convertible notes and shares, plus the assumption of performance bonds totaling approximately A\$5M. Completion of the sale of the Norseman operations occurred on 30 April 2007.

At the same time as the Davos companies lodged their initial expression of interest to acquire the Norseman operations, Ascent Capital Holdings Pty Ltd (**Ascent Capital**), a party associated with Davos director David Steinepreis, also lodged a proposal for the recapitalisation of the Company.

The recapitalisation proposal was detailed in a recapitalisation deed which was executed on 3 January 2007 by the Company, Deed Administrators and Ascent Capital. This Recapitalisation Deed was varied on 24 May 2007, 20 July 2007, 24 September 2007 and 19 November 2007 (**Recapitalisation Deed**) (**Recapitalisation Proposal**).

At the third meeting of creditors held on 28 February 2007, the Administrators recommended to the creditors of the Company that, in the opinion of the Administrators, it was in the interests of creditors to approve the execution of a varied deed of company arrangement to facilitate the Recapitalisation Proposal. At this meeting, creditors resolved to approve the execution of a varied deed of company arrangement for the Company. The varied deed of company arrangement was executed on 3 March 2007 (**Varied Deed of Company Arrangement**).

The Varied Deed of Company Arrangement and Recapitalisation Deed, subject to certain conditions including shareholder approval, required that an amount of \$800,000 and certain assets and rights of the Company be made available for the satisfaction of the claims of creditors (both secured and unsecured) and to meet the costs of the Administrators and Deed Administrators. Ascent Capital provided the funding to meet the costs associated with the Notice of Meeting and will arrange \$800,000 in additional loan funds, via a conditional loan agreement, to enable the Company to meet the terms of the Varied Deed of Company Arrangement and Recapitalisation Deed.

Nominees of Ascent Capital being Mr David Steinepreis, Mr Gary Steinepreis and Mr Patrick Burke were appointed Directors of the Company on 12 July 2007. Mr Stephen Lowe was also appointed a Director of the Company on 12 July 2007.

**Significant Changes in the State of Affairs and Review of Operations** (continued)

The Recapitalisation Proposal for the Meeting contemplated the following:

- (a) Resolution 1 - the consolidation of the existing capital of the Company on a 1 for 15 basis;
- (b) Resolutions 2, 3 and 10:
  - (i) the issue and allotment of 140,000,000 Shares at an issue price of 0.25 cents per Share (post consolidation) to raise \$350,000 for working capital. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees, non-related parties and Mark Creasy or his nominees;
  - (ii) the issue and allotment of 285,000,000 Shares at an issue price of 1 cent per Share (post consolidation) to raise \$2,850,000 for working capital. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees, non-related parties and Mark Creasy or his nominees; and
  - (iii) the issue and allotment of 50,000,000 unlisted Options (post consolidation) for a total subscription sum of \$1000 with each Option to acquire one Share in the Company exercisable at 1 cent each on or before 31 December 2009. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees and Mark Creasy or his nominees;
- (c) Resolution 4 – the ratification of the disposal of assets by the Administrator and Deed Administrator and the transfer of such of the assets of the Company as are capable of being assigned to the Trustee pursuant to ASX Listing Rule 11.2 and the terms of the Varied Deed of Company Arrangement;
- (d) Resolutions 5, 6, 7 & 8 - the re-election of the nominees of Ascent Capital as Directors of the Company; and
- (e) Resolution 9 – Section 195 approval.

The Resolutions were considered collectively as well as individually as certain Resolutions were interdependent on others.

The Resolutions were passed and the consolidation of capital completed. The deed of company arrangement was wholly effectuated on 17 April 2008. The Company completed the recapitalisation and had its securities reinstated to trading on ASX on 9 May 2008. The Company will continue with its mineral exploration business through the development of the Polar Bear Tenements and will pursue complementary acquisitions. The Company will retain its mineral resources and energy focus and intends to review new investment opportunities.

## **Operating Result**

The loss from continuing operations for the financial year after providing for income tax amounted to \$451,472 (2007: \$nil.) The profit from discontinued operations for the financial year after providing for income tax amounted to \$15,444,883 (2007: loss of \$11,117,294). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

## **Dividends**

No dividends were paid or proposed to be paid to members during the financial year.

## **Financial Position**

During the year the Company was under external administration and its securities suspended from trading on the ASX. The execution of a deed of company arrangement and shareholder approval has enabled the Company to be released from external administration and to have the suspension of the trading of its shares lifted. The reconstruction and recapitalisation of the Company sees it in a financial position that will enable it to move forward with its current activities whilst investigating future potential opportunities by way of acquisition and/or investment.

## **After Balance Date Events**

There has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

## **Future Developments, Prospects and Business Strategies**

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

## **Environmental Issues**

The Company's operations are subject to the environmental regulation under the laws of the Commonwealth and State of Western Australia. The Board is of the view that all requirements have been met.

## **Information on Current Directors**

### **David Christian Steinepreis** (Non-executive Chairman, age 51)

#### **Experience and Expertise**

Mr Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors.

#### **Other Current Directorships**

Chairman, Black Fire Energy Limited (chairman since 29 November 2006); and Chairman, Southern Pacific Petroleum NL (chairman since 11 October 2007).

#### **Former Directorships in the Last Three Years**

WAG Limited 2 November 2006 to 13 March 2008;  
Toodyay Resources Limited 22 December 2005 to 15 October 2007;  
RMG Limited 31 January 2006 to 28 September 2007;  
Black Range Minerals Limited 8 January 2004 to 22 August 2005;  
Eureka Mines Limited 24 October 2005 to 21 June 2006;  
Western Metals Limited 14 December 2005 to 26 June 2006;  
Avalon Minerals Limited 18 December 2006 to 15 January 2007;  
Gawler Resources Limited 17 May 2006 to 1 March 2007;  
Signature Brands Limited 1 June 2006 to 20 February 2007; and  
Monitor Holdings Limited 16 April 2004 to 13 June 2007.

#### **Special Responsibilities**

Chairman of the Board

#### **Interests in Shares and Options**

Shares	43,000,000
Options	11,500,000

### **Gary Christian Steinepreis** (Executive director, age 42)

#### **Experience and Expertise**

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

#### **Other Current Directorships**

Executive Director, Southern Pacific Petroleum NL (director since 11 October 2007)  
Executive Director, WAG Limited (director since 2 November 2006);  
Executive Director, Black Fire Energy Ltd (director since 29 November 2006);  
Non-Executive Director, Avalon Minerals Ltd (director since 20 December 2006);  
Executive Director, RMG Limited (director since 31 January 2006); and  
Non-Executive Director, Signature Brands Ltd (director since 1 June 2006).

**Information on Current Directors** (continued)

**Gary Christian Steinepreis** (Executive director, age 42) (continued)

**Former Directorships in the Last Three Years**

Toodyay Resources Limited 22 December 2005 to 23 October 2007;  
Gawler Resources Ltd (17 May 2006 to 27 November 2007)  
Deep Yellow Limited 20 August 2004 to 10 October 2005;  
GB Energy Limited 13 March 2006 to 29 August 2007;  
Western Metals Limited 3 October 2005 to 26 June 2006;  
Monitor Holdings Limited 16 April 2004 to 18 January 2007; and  
Karmelsonix Limited 18 August 2003 to 21 November 2006.

**Special Responsibilities**

Company Secretary

**Interests in Shares and Options**

Shares	64,000,000
Options	11,500,000

**Patrick Burke** (Executive director, age 39)

**Experience and Expertise**

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

**Other Current Directorships**

Executive Director, WAG Limited (director since 20 December 2006); and  
Executive Director, Southern Pacific Petroleum NL (director since 11 October 2007)

**Former Directorships in the Last Three Years**

Signature Brands Limited 1 June 2006 to 20 February 2007.

**Special Responsibilities**

None

**Interests in Shares and Options**

Shares	8,000,000
Options	2,000,000

**Information on Current Directors** (continued)

**Stephen John Lowe** (Executive director, age 47)

**Experience and Expertise**

Stephen Lowe is a taxation specialist with over 15 years experience consulting to a wide range of corporate and private clients on a broad range of taxation issues including mining, international matters, GST and CGT. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales. He is a Fellow of the Taxation Institute of Australia and a Member of the Australian Institute of Company Directors.

**Other Current Directorships**

Non-Executive Director, Apex Minerals NL (director since 31 October 2001)

**Special Responsibilities**

None

**Interests in Shares and Options**

Shares	3,872,760
Options	NIL

**Information on Former Directors**

**Michael Kiernan B. Bus**

**(Former Non-Executive Chairman)**

Mr Kiernan has more than 30 years experience in transport, mining, contracting and resources industries, including the development and operation of mining projects.

**Raymond Eric Cary B.Sc, F.Aus.I.M.M. CP (Mgt), F.A.I.G.**

**(Former Non-Executive Director)**

Mr Cary has more than 35 years experience in the minerals industry including exploration, resource evaluation, feasibility studies, project development, mining operations, corporate and asset acquisitions and project financing.

**David Macoboy B.Ec, B.Comm, CPA**

**(Former Non-Executive Director)**

Mr Macoboy is a certified practising accountant with degrees in both economics and commerce. He has extensive experience in banking, finance and general management in a range of industries having held senior positions in banking, investment banking, media and mining companies.

**Allan Quadrio B.App.Sc (Met), FAusIMM**

**(Former Non-Executive Director)**

Mr Quadrio has 25 years experience in mining operations. He is an experienced and qualified metallurgist and has been resident manager at various mine operations within Western Australia, including gold and nickel operations.

## **Meetings of Directors**

There were no meetings of the Company's board of directors held during the year ended 30 June 2008. During part of the year the Company was subject to a deed of Company Arrangement and the powers of directors suspended. Following the release from external administration and the reconstruction / recapitalisation of the Company the operations of the board were managed by resolutions of directors signed by all of the directors.

## **Remuneration Report**

The principles adopted have been approved by the current board of the Company following the release from external administration. The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Service agreements
- (4) Share-based compensation
- (5) Additional information

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

### **1 Principles used to determine the nature and amount of remuneration**

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

**Remuneration Report** (continued)

**(1) Principles used to determine the nature and amount of remuneration**  
(continued)

*Executive and non - executive directors*

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the directors. Directors do not receive share based payments as part of their compensation package. There are no retirement allowances or other benefits paid to directors.

**2 Details of Remuneration**

The amount of remuneration of the directors of Croesus Mining NL (as defined in AASB 124 Related Party Disclosures) is set out below.

During the financial year there were no key management personnel other than the directors.

<b>Directors</b>	<b>Short term payments</b>	<b>Superannuation payments</b>	<b>Share based payments</b>	<b>Total</b>
<b>2008</b>	\$	\$	\$	\$
D Steinepreis	72,500	-	-	72,500
G Steinepreis	72,500	-	-	72,500
P Burke	35,000	-	-	35,000
S Lowe	10,732	-	-	10,732
M Kiernan	-	-	-	-
D Macoboy	-	-	-	-
A Quadrio	-	-	-	-
R Carey	-	-	-	-
	<b>190,732</b>	<b>-</b>	<b>-</b>	<b>190,732</b>
<b>2007</b>				
M Kiernan	-	-	-	-
D Macoboy	-	-	-	-
A Quadrio	-	-	-	-
R Carey	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Ascent Capital Holdings Pty Ltd a company owned 50% by David Steinepreis and 50% by Gary Steinepreis was paid fees in the amount of \$125,000 for undertaking the reconstruction and recapitalisation of the Company. For the purpose of the remuneration report \$62,500 has been allocated to both David and Gary Steinepreis.

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of \$10,000 for providing corporate management services to the Company.

## **Remuneration Report (continued)**

### **2 Details of Remuneration (continued)**

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of \$10,000 for providing corporate management services to the Company.

Pat Burke was paid fees in the amount of \$25,000 for the provision of professional legal services with regard to the reconstruction and recapitalisation of the Company. He was also paid \$10,000 for the provision of corporate management services in the running of the reconstructed entity.

MKT Taxation Advisors an entity associated with Stephen Lowe was paid fees for professional services in the amount of \$732. They were also paid fees in the amount of \$10,000 for the provision of the services of Stephen Lowe in undertaking corporate management responsibilities of the Company.

### **3 Employment Contracts of Directors and Senior Executives**

There are no employment contracts with directors. As at the date of this report there are no executives or key management personnel, other than the directors, engaged by the Company. Directors serve on a month to month basis and there are no termination payments payable.

### **4 Performance-based Remuneration**

There was no performance-based remuneration paid to directors during the financial year.

### **Indemnifying of Officers or Auditor**

The Company does not currently have directors and / or officers or auditor insurance. No insurance to cover the prospective liability of directors and / or officers or auditors was paid during the financial year.

Prior to external administration the Company had paid a premium to insure all officers of the company against costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers of the Company or a related body corporate.

### **Options**

At the date of this report the unissued ordinary shares of Croesus Mining NL under Option are as follows:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Under Option</b>
30 April 2008	31 December 2009	\$0.01	50,000,000

### **Options (continued)**

2,403,846 options granted on 29 June 2005 with an exercise price of \$6.24 expired on 30 June 2008.

No shares were issued during or since the end of the financial year on the exercise of options. No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

### **Employee Shares**

As at 30 June 2005, 203,565 19 cent employee shares were issued pursuant to the Croesus Mining NL employee share scheme which has now been discontinued. Of these, 13,000 remain unconverted to ordinary shares at 30 June 2008. These were reconstructed as part of the recapitalisation to 866 \$2.85 employee shares.

### **Employee Share Options**

The Croesus Mining NL Share Option Plan was approved in February 2001. The issue to each individual Employee, Key Employee or Director is controlled by virtue of the provisions of both the Share Plan and the Australian Stock Exchange Limited Listing Rules. Under the Share Scheme the number of shares an eligible person will be entitled to receive each year will be determined by the Board of Directors in their sole discretion. Employees, key employees and directors are entitled to take up ordinary shares at a cost determined by the Board with regard to the market value of the shares when the Board resolves to offer the Option.

There are currently no outstanding options on issue as all employees were terminated as part of the external administration and deed of company arrangement.

### **Proceedings on Behalf of the Company**

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

### **Auditor**

WHK Horwath continues in office in accordance with section 327 of the *Corporations Act 2001*.

### **Non-Audit Services**

There were no non-audit services provided by the auditors during the financial year, however the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

**Non-Audit Services** (continued)

The board of directors are satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors' imposed by the *Corporations Act 2001*.

**Audit Services**

During the financial year \$24,500 (2007:\$25,000) was paid or is payable for audit services provided by the auditors.

**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15 of the annual report.

**Corporate Governance**

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken subsequent to the end of the year and following release from external administration. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the board of directors.



Gary Steinepreis  
Director  
West Perth  
22 August 2008

#### AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Croesus Mining NL for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

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

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL  
Principal

Perth, WA

Dated this 22<sup>nd</sup> day of August 2008

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The financial report is presented in Australian currency.  
The financial report covers Croesus Mining NL as an individual entity only. Croesus Mining NL is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Croesus Mining NL**  
**Level 1, 33 Ord Street**  
**West Perth WA 6005**

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the directors' report. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors on 22 August 2008. The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

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**Croesus Mining NL**  
**Income Statement**  
For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Revenue	5	28,299	-
Expenses	6	<u>(479,771)</u>	-
<b>Loss before income tax</b>		<b>(451,472)</b>	-
Income tax expense	8	-	-
<b>Loss from continuing operations</b>		<b>(451,472)</b>	-
Profit / (loss) from discontinued operations	7	15,444,883	(11,117,294)
<b>Total profit / (loss) for the year from discontinued operations</b>		<b>15,444,883</b>	<b>(11,117,294)</b>
<b>Profit / (loss) for the year</b>		<b>14,993,411</b>	<b>(11,117,294)</b>
<b>Profit / (loss) attributable to the members of Croesus Mining NL</b>		<b>14,993,411</b>	<b>(11,117,294)</b>
Overall operations		Cents	Cents
<b>Basic profit / (loss) per share</b>	26	15.77	(3.07)
<b>Diluted profit / (loss) per share</b>	26	14.17	(3.07)
Continuing operations			
<b>Basic loss per share</b>	26	(0.47)	-
<b>Diluted loss per share</b>	26	(0.47)	-
Discontinued operations			
<b>Basic profit / (loss) per share</b>	26	16.24	(3.07)
<b>Diluted profit / (loss) per share</b>	26	14.59	(3.07)

The above income statement should be read in conjunction with the accompanying notes.

**Croesus Mining NL**  
**Balance Sheet**  
As at 30 June 2008

	Notes	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,834,906	673,346
Investments in other entities	11	-	3,531,707
Other financial assets	12	-	14,619,595
Trade and other receivables	10	43,100	-
<b>Total current assets</b>		<b>1,878,006</b>	<b>18,824,648</b>
<b>Total assets</b>		<b>1,878,006</b>	<b>18,824,648</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	42,303	792,090
Provisions	14	-	5,717,548
Interest bearing liabilities	15	-	28,559,893
<b>Total current liabilities</b>		<b>42,303</b>	<b>35,069,531</b>
<b>Net assets (liabilities)</b>		<b>1,835,703</b>	<b>(16,244,883)</b>
<b>EQUITY</b>			
Issued capital	16	107,922,714	104,836,539
Option reserve	17	1,000	-
Accumulated losses		(106,088,011)	(121,081,422)
<b>Total equity (deficiency)</b>		<b>1,835,703</b>	<b>(16,244,883)</b>

The above balance sheet should be read in conjunction with the accompanying notes.

**Croesus Mining NL**  
**Statement of Changes in Equity**  
For the year ended 30 June 2008

	<b>Ordinary shares</b>	<b>Option reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
2007	\$	\$	\$	\$
Balance 1 July 2006	104,836,539	-	(109,964,128)	<b>(5,127,589)</b>
Loss for the year	-	-	(11,117,294)	<b>(11,117,294)</b>
Balance 30 June 2007	<u>104,836,539</u>	-	<u>(121,081,422)</u>	<b><u>(16,244,883)</u></b>
<b>2008</b>				
Balance 1 July 2007	104,836,539	-	(121,081,422)	<b>(16,244,883)</b>
Shares issued	3,200,000	-	-	<b>3,200,000</b>
Options issued	-	1,000	-	<b>1,000</b>
Transaction costs	(113,825)	-	-	<b>(113,825)</b>
Profit for the year	-	-	14,993,411	<b>14,993,411</b>
Balance 30 June 2008	<u><b>107,922,714</b></u>	<u><b>1,000</b></u>	<u><b>(106,088,011)</b></u>	<u><b>1,835,703</b></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Croesus Mining NL**  
**Cash Flow Statement**  
For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts		3,459	-
Interest received		37,554	238,349
GST refund received		63,898	-
Payments to suppliers and employees		(1,815,376)	(11,586,923)
<b>Net cash used in operating activities</b>	24	<b>(1,710,465)</b>	<b>(11,348,574)</b>
<b>Cash flows from investing activities</b>			
Proceeds from / (payments for) investments		2,031,707	(2,031,707)
Proceeds from / (payments for) convertible notes		14,619,595	(20,000,000)
Receipts for sale of Central Norseman Gold Corporation		-	66,000,000
<b>Net cash provided by investing activities</b>		<b>16,651,302</b>	<b>43,968,293</b>
<b>Cash flows from financing activities</b>			
Proceed from the issue of securities		3,201,000	-
Costs associated with the issue of securities		(110,960)	-
Payment pursuant to a deed of company arrangement		(800,000)	-
Repayment of borrowings (net)		(16,069,317)	(32,474,851)
<b>Net cash used in financing activities</b>		<b>(13,779,277)</b>	<b>(32,474,851)</b>
<b>Net increase in cash and cash equivalents</b>		1,161,560	144,868
Cash and cash equivalents at the beginning of the financial year		673,346	528,478
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>1,834,906</b>	<b>673,346</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

## **Contents of the Notes to the Financial Statements**

### **Note**

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## **1 Statement of significant accounting policies**

This financial report includes the financial statements and notes of Croesus Mining NL a listed public limited entity.

### **(a) Basis of preparation**

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non – current assets, financial assets and financial liabilities.

### **(b) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows. Interest income is recognised on a time proportion basis using the effective interest method.

### **(c) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

**1 Statement of significant accounting policies** (continued)

**(c) Income Tax** (continued)

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(d) Impairment of Assets**

At each reporting date, the Company 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 asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(e) Cash and Cash Equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Trade and Other Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

**1 Statement of significant accounting policies** (continued)

**(f) Trade and Other Receivables** (continued)

A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

**(g) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Issued Capital**

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

**(i) Earnings Per Share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

**1 Statement of significant accounting policies** (continued)

**(j) Goods and Services Tax** (continued)

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

**(k) 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 which permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits.

Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for 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.

**(l) Interest in Joint Ventures**

The Company's share of assets, liabilities, revenue and expenses of joint venture operations are included in appropriate items of the income statement and balance sheet. The Company's interests in joint venture entities are brought to account using the cost method.

**1 Statement of significant accounting policies** (continued)

**(m) 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 requirement of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in 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.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

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

**Impairment**

At each reporting date, the Company assesses 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 an impairment has arisen. Impairment losses are recognised in the income statement.

**1 Statement of significant accounting policies (continued)**

**(n) Provisions**

Provisions are recognised when the Company 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.

**(o) New Accounting Standards and Australian Accounting Interpretations**

Certain new accounting standards and Australian Accounting Interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The company has assessed and determined that these new standards and interpretations do not currently apply.

**2 Financial Risk Management**

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks and provides written principles for overall risk management.

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

**Interest Rate Risk**

As the Company has no significant interest-bearing assets other than cash at bank, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

2008	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	1,834,906	-	-	1,834,906	<b>6.85</b>
Trade and other receivables	-	-	43,100	43,100	
Total financial assets	<b>1,834,906</b>	-	43,100	<b>1,878,006</b>	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	42,303	42,303	
Total financial liabilities	-	-	<b>42,303</b>	<b>42,303</b>	

**2 Financial Risk Management (continued)**

**Interest Rate Risk (continued)**

2007 Financial Instruments	Floating interest rate \$	Fixed interest rate maturing in: 1 year or less \$	Non-interest bearing \$	Total \$	Weighted average effective interest rate %
(i) Financial assets					
Cash assets	673,346	-	-	673,346	<b>3.50</b>
Investments	-	-	3,531,707	3,531,707	
Other financial assets	-	-	14,619,595	14,619,595	
<b>Total financial assets</b>	<b>673,346</b>	<b>-</b>	<b>18,151,302</b>	<b>18,824,648</b>	
(ii) Financial liabilities					
Interest bearing liabilities	-	28,559,893	-	28,559,893	
Trade and other payables	-	-	6,509,638	6,509,638	
<b>Total financial liabilities</b>	<b>-</b>	<b>28,559,893</b>	<b>6,509,638</b>	<b>35,069,531</b>	

Trade and other payables are expected to be paid as follows:	<b>2008</b> \$	<b>2007</b> \$
Less than 6 months	42,303	35,069,531
6 months to a year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	<b>42,303</b>	<b>35,069,531</b>

**Net Fair Values**

The net fair value of financial assets and liabilities are materially in line with their carrying values.

**Sensitivity Analysis – Interest Rate Risk**

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at the balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in a change in interest rates.

	<b>2008</b>
<b>Change in loss:</b>	<b>\$</b>
Increase by 1%	3,972
Decrease by 1%	(3,972)
<b>Change in equity:</b>	
Increase by 1%	3,972
Decrease by 1%	(3,972)

**2 Financial Risk Management** (continued)

**Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

**Credit Risk**

The Company has no significant concentrations of credit risk.

**Price risk**

The Company is not exposed to commodity price risk.

**3 Critical Accounting Estimates, Judgements and Assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

No critical accounting estimates and/or assumptions have been made during the preparation of the financial report.

**4 Segment Information**

**Business Segment**

The Company operates in the mineral exploration business segment.

**Geographical Segment**

The Company is domiciled in Australia and currently operates within Australia.

<b>5 Revenue</b>	<b>2008</b>	<b>2007</b>
	\$	\$
Interest received	28,299	-
	<hr/>	
<b>6 Expenses</b>	<b>2008</b>	<b>2007</b>
	\$	\$
Administration expenses	(148,132)	-
Corporate compliance costs	(148,620)	-
Audit fees	(24,500)	-
Occupancy costs	(16,266)	-
Corporate management fees	(133,750)	-
Travel expenses	(8,503)	-
<b>Total expenses</b>	<b>(479,771)</b>	<b>-</b>
	<hr/> <hr/>	

<b>7 Profit / (Loss) from discontinuing operations</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Discontinuing operations</b>		
Interest received	3,862	-
Proceeds from Macquarie Bank	2,376	-
Deposit interest	5,393	-
GST refund received	63,898	-
Miscellaneous income	1,083	-
Debt defeasance pursuant to a deed of company arrangement	17,745,845	-
Provision for write-down of investments	(437,500)	-
Interest paid	(190,852)	-
Administrators fees	(385,159)	-
Solicitors costs	(287,586)	-
Administrative expenses	(90,557)	-
Sundry expenses	(16,635)	-
General operating costs	(29,769)	-
Legal fees	(72,014)	-
Administrators remuneration	(67,502)	-
Payment pursuant to a deed of company arrangement	(800,000)	-
Interest revenue received	-	238,349
Write back of Impairment assets	-	1,780,509
External Administration and admin costs	-	(5,615,128)
Exploration Expenditure	-	(63,186)
Interest and borrowing costs	-	(7,457,838)
	<b>15,444,883</b>	<b>(11,117,294)</b>

### **Discontinuing Operations and Comparative financial information**

On 17 March 2006, the securities of Croesus Mining NL (**Croesus or Company**) were suspended from quotation on the Official List of ASX at the request of the Company.

On 23 June 2006, the directors of the Company appointed Bryan Hughes and Vincent Smith of Pitcher Partners as Joint and Several Administrators of the Company and certain subsidiaries, Central Norseman Gold Corporation Limited, Croesus Resources NL, Ambassador Resources Limited, Croesus Mining Services Pty Ltd and Mining Resources (WA) Pty Ltd, pursuant to Section 436A of the Corporations Act.

At the second meeting of creditors held on 20 July 2006, the Administrators recommended to the creditors of the Company that, in the opinion of the Administrators, it was in the interests of creditors to approve the execution of a deed of company arrangement which would, among other things, allow the Deed Administrators to continue to oversee the trading operations of Croesus whilst seeking expressions from parties interested in the recapitalisation / restructure of Croesus and/or an acquisition of all or part of the Groups assets.

**7 Profit / (Loss) from discontinuing operations** (continued)

**Discontinuing Operations and Comparative financial information** (continued)

At this meeting, creditors resolved to approve the execution of a deed of company arrangement on these terms, and the deed was executed by Croesus on 10 August 2006 and by the Administrators of Croesus on 15 September 2006.

On 3 January 2007 Croesus executed a share sale agreement with UK AIM listed company Davos Resources plc and its Australian subsidiary Davos Gold Pty Ltd (Davos). The purchase consideration was \$66M, payable in cash and Davos Resources plc (Later renamed Norseman Gold plc) convertible notes and shares, plus the assumption of performance bonds totaling approximately A\$5M. Completion of the sale of the Norseman operations occurred on 30 April 2007.

At the same time as the Davos companies lodged their initial expression of interest to acquire the Norseman operations, Ascent Capital Holdings Pty Ltd, a party associated with Davos director David Steinepreis, also lodged a proposal for the recapitalisation of the Company.

The recapitalisation proposal was detailed in a recapitalisation deed which was executed on 3 January 2007 by the Company, Deed Administrators and Ascent Capital. This Recapitalisation Deed was varied on 24 May 2007, 20 July 2007, 24 September and 19 November 2007.

At the third meeting of creditors held on 28 February 2007, the Administrators recommended to the creditors of the Company that, in the opinion of the Administrators, it was in the interests of creditors to approve the execution of a varied deed of company arrangement to facilitate the Recapitalisation Proposal. The varied deed of company arrangement was executed on 3 March 2007.

The Varied Deed of Company Arrangement and Recapitalisation Deed, subject to certain conditions including shareholder approval, required that an amount of \$800,000 and certain assets and rights of the Company be made available for the satisfaction of the claims of creditors (both secured and unsecured) and to meet the costs of the Administrators and Deed Administrators. Ascent Capital provided the funding to meet the costs associated with the Notice of Meeting and arranged \$800,000 in additional loan funds, via a conditional loan agreement, to enable the Company to meet the terms of the Varied Deed of Company Arrangement and Recapitalisation Deed.

Nominees of Ascent Capital being Mr David Steinepreis, Mr Gary Steinepreis and Mr Patrick Burke were appointed Directors of the Company on 12 July 2007. Mr Stephen Lowe was also appointed a Director of the Company on 12 July 2007.

The Recapitalisation Proposal for the Meeting contemplated the following:

- (a) Resolution 1 - the consolidation of the existing capital of the Company on a 1 for 15 basis;

**7 Profit / (Loss) from discontinuing operations (continued)**

**Discontinuing Operations and Comparative financial information (continued)**

- (b) Resolutions 2, 3 and 10:
- (i) the issue and allotment of 140,000,000 Shares at an issue price of 0.25 cents per Share (post consolidation) to raise \$350,000 for working capital. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees, non-related parties and Mark Creasy or his nominees;
  - (ii) the issue and allotment of 285,000,000 Shares at an issue price of 1 cent per Share (post consolidation) to raise \$2,850,000 for working capital. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees, non-related parties and Mark Creasy or his nominees; and
  - (iii) the issue and allotment of 50,000,000 unlisted Options (post consolidation) for a total subscription sum of \$1000 with each Option to acquire one Share in the Company exercisable at 1 cent each on or before 31 December 2009. The determination of the allottees is at the sole discretion of Ascent Capital and will comprise related parties of the Company or their nominees and Mark Creasy or his nominees;
- (c) Resolution 4 – the ratification of the disposal of assets by the Administrator and Deed Administrator and the transfer of such of the assets of the Company as are capable of being assigned to the Trustee pursuant to ASX Listing Rule 11.2 and the terms of the Varied Deed of Company Arrangement;
- (d) Resolutions 5, 6, 7 & 8 - the re-election of the nominees of Ascent Capital as Directors of the Company; and
- (e) Resolution 9 – Section 195 approval.

The Resolutions were considered collectively as well as individually as certain Resolutions were interdependent on others.

The Resolutions were passed and the consolidation of capital completed.

The deed of company arrangement was wholly effectuated on 17 April 2008.

The Company completed the recapitalisation and had its securities reinstated to trading on ASX on 9 May 2008.

<b>8 Income Tax Expense</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
	<hr/>	<hr/>
	-	-
Income tax expense is attributable to:		
Profit / (loss) from continuing operations	(451,472)	-
Tax losses not recognised	451,472	-
Aggregate income tax expense	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	-
	<hr/>	<hr/>
	-	-

The Company is currently assessing the impact of the recapitalisation and effect of the external administration on the carry-forward tax loss position.

<b>9 Current Assets – Cash and Cash Equivalents</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand. These are interest bearing with a floating interest rate of 6.85% per annum	1,834,906	673,346
	<hr/>	<hr/>
	1,834,906	673,346
<b>10 Trade and Other Receivables</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Goods and services tax refund due	43,100	-
	<hr/>	<hr/>
	43,100	-
<b>11 Investments in other entities</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Market value of shares in other listed corporations	-	3,531,707
	<hr/>	<hr/>
	-	3,531,707
<b>12 Other financial assets</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Unlisted convertible securities in other listed corporations at acquisition cost	-	20,000,000
Provision for write-down	-	(5,380,405)
	<hr/>	<hr/>
	-	<b>14,619,595</b>

Note: The convertible securities were sold in August 2007 for the written down value.

<b>13 Current Liabilities – Trade and Other Payables</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	42,303	792,090
	<hr/>	<hr/>
	42,303	792,090

These amounts generally arise from the usual operating activities of the Company. Collateral is not normally obtained.

<b>14</b>	<b>Provisions</b>	<b>2008</b>	<b>2007</b>
		\$	\$
	Employee benefits	-	526,948
	Restoration costs	-	5,190,600
		-	<b>5,717,548</b>

<b>15</b>	<b>Interest bearing liabilities</b>	<b>2008</b>	<b>2007</b>
		\$	\$
	Hedge-book - unsecured (a), (b)	-	12,490,576
	Hedge-book - secured (b)	-	16,069,317
		-	<b>28,559,893</b>

a) On 29 June 2005 Croesus issued a \$15 million Convertible Note to Macquarie Bank with the following terms:

Face Value	\$15,000,000
Coupon Rate	8.5%
Maturity Date	30 June 2008
Conversion	36,057,690 Options exercisable at 41.6 cents on or before 30 June 2008 (now reconstructed to 2,403,846 Options exercisable at \$6.24)
Interest	Paid semi-annually in arrears

The facility was fully repaid during the financial year

b) Liability secured over all of the assets of the company.

## **16 Issued Capital**

<b>(a)</b>	<b>Share Capital</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
		Shares	\$	Shares	\$
	Ordinary shares fully paid	<b>449,150,615</b>	<b>107,922,714</b>	362,330,744	104,836,539

## **(b) Other Equity Securities**

### **Employee Shares**

As at 30 June 2005, 203,565 19 cent employee shares were issued pursuant to the Croesus Mining NL employee share scheme which has now been discontinued. Of these, 13,000 remain unconverted to ordinary shares at 30 June 2008. These were reconstructed as part of the recapitalisation to 866 \$2.85 employee shares.

### **Employee Share Options**

The Croesus Mining NL Share Option Plan was approved in February 2001. The issue to each individual Employee, Key Employee or Director is controlled by virtue of the provisions of both the Share Plan and the Australian Stock Exchange Limited Listing Rules.

**16 Issued Capital** (continued)

**Employee Share Options** (continued)

Under the Share Scheme the number of shares an eligible person will be entitled to receive each year will be determined by the Board of Directors in their sole discretion. Employees, key employees and directors are entitled to take up ordinary shares at a cost determined by the Board with regard to the market value of the shares when the Board resolves to offer the Option.

There are currently no outstanding options on issue as all employees were terminated as part of the external administration and deed of company arrangement.

2,403,846 options granted on 29 June 2005 with an exercise price of \$6.24 expired on 30 June 2008.

**Other Options**

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number</b>
30 April 2008	31 December 2009	\$0.01	50,000,000

No shares were issued during or since the end of the financial year on the exercise of options. No amounts are unpaid on any of the shares. No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

**Consolidation of Capital**

During the financial year, the capital was consolidated on a 1 for 15 basis. The capital structure is now as follows:

Ordinary shares fully paid	24,150,615
Employee shares – payable at \$2.85	866
Options	2,403,846 exercisable at \$6.24

**(c) Movement in Ordinary Share Capital**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>Amount \$</b>
1 July 2007	Opening balance	362,330,744		104,836,539
17 April 2008	Consolidation of capital	(338,180,129)		-
		<u>24,150,615</u>		<u>104,836,539</u>
30 April 2008	Placement	140,000,000	.0025	350,000
30 April 2008	Placement	279,500,000	.0100	2,795,000
2 June 2008	Placement	5,500,000	.0100	55,000
	Transaction costs	-		(113,825)
<b>30 June 2008</b>	<b>Balance</b>	<b><u>449,150,615</u></b>		<b><u>107,922,714</u></b>

**16 Contributed Equity** (continued)

**(c) Movement in Ordinary Share Capital** (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(d) Movement in Options**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>Amount \$</b>
1 July 2007	Opening balance	36,057,690		-
17 April 2008	Consolidation of capital	<u>(33,653,844)</u>		<u>-</u>
		2,403,846		-
30 April 2008	Placement	50,000,000	.00002	1,000
30 June 2008	Expired	<u>(2,403,846)</u>		<u>-</u>
<b>30 June 2008</b>	<b>Balance</b>	<b><u>50,000,000</u></b>		<b><u>1,000</u></b>

**17 Nature and Purpose of Reserves**

Option reserve was used to record the funds received on the issue of options.

**18 Dividends**

There were no dividends recommended or paid during the financial year.

**19 Key Management Personnel Disclosures**

**(a) Directors**

The following persons were directors of Croesus Mining NL during the financial year:

David Steinepreis  
Gary Steinepreis  
Pat Burke  
Stephen Lowe  
Michael Kiernan  
David Macoboy  
Allan Quadrio  
Raymond Carey

The Company has taken advantage of the relief provided by Corporations Regulations and has transferred the detailed remuneration disclosures to the directors' report. There were no other key management personnel.

**19 Key Management Personnel Disclosures (continued)**

**(b) Equity Instrument Disclosures Relating to Key Management Personnel**

**(i) Option holdings**

<b>2008 Director</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Disposed of during the year</b>	<b>Balance at the end of the year</b>
David Steinepreis	-	12,500,000	(1,000,000)	<b>11,500,000</b>
Gary Steinepreis	-	12,500,000	(1,000,000)	<b>11,500,000</b>
Pat Burke	-	2,000,000	-	<b>2,000,000</b>
Stephen Lowe	-	-	-	-
Michael Kiernan	-	-	-	-
David Macoboy	-	-	-	-
Allan Quadrio	-	-	-	-
Raymond Carey	-	-	-	-
	<b>-</b>	<b>27,000,000</b>	<b>(2,000,000)</b>	<b>25,000,000</b>

All options are vested and exercisable at the end of the year. There were no options granted during the reporting period as compensation.

<b>2007 Director</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Disposed of during the year</b>	<b>Balance at the end of the year</b>
Michael Kiernan	-	-	-	-
David Macoboy	-	-	-	-
Allan Quadrio	-	-	-	-
Raymond Carey	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(ii) Share holdings**

The numbers of shares in the Company held during the financial year by each director of Croesus Mining NL, including their personally related parties, are set out below:

<b>2008 Directors</b>	<b>Balance at the start of the year</b>	<b>Change due to exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
David Steinepreis	-	-	43,000,000	<b>43,000,000</b>
Gary Steinepreis	-	-	64,000,000	<b>64,000,000</b>
Pat Burke	-	-	8,000,000	<b>8,000,000</b>
Stephen Lowe	-	-	3,872,760	<b>3,872,760</b>
Michael Kiernan	1,100,000	-	(1,100,000)	-
David Macoboy	-	-	-	-
Allan Quadrio	-	-	-	-
Raymond Carey	-	-	-	-
	<b>1,100,000</b>	<b>-</b>	<b>117,772,760</b>	<b>118,872,760</b>

**19 Key Management Personnel Disclosures** (continued)

**(b) Equity Instrument Disclosures Relating to Key Management Personnel**  
(continued)

**(ii) Share holdings** (continued)

Michael Kiernan ceased to be a director of the Company on 12 July 2007 and is not required to disclose his holdings in the Company beyond that date.

2007	Balance at the start of the year	Change due to exercise of options	Other changes during the year	Balance at the end of the year
<b>Directors</b>				
Michael Kiernan	1,100,000	-	-	1,100,000
David Macoboy	-	-	-	-
Allan Quadrio	-	-	-	-
Raymond Carey	-	-	-	-
	<b>1,100,000</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>

There were no shares granted during the reporting period as remuneration.

**(c) Other Transactions with Key Management Personnel**

There were no other transactions during the financial year.

20	Company 2008 \$	Company 2007 \$
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During the year the following fees were paid or payable for services provided by the auditor of the Company:

**Assurance Services**

*Audit services - WHK Horwath*

Audit and review of financial reports under the Corporations Act 2001

	24,500	25,000
<b>Total remuneration for audit services</b>	<b>24,500</b>	<b>25,000</b>

It is the Company's policy to employ WHK Horwath on assignments additional to their statutory audit duties where WHK Horwath's expertise and experience with the Company are important.

These assignments are principally tax advice and due diligence reporting on acquisitions, or where WHK Horwath are awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects.

The board of directors are satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors' imposed by the *Corporations Act 2001*.

## **21 Commitments**

### *Mineral Tenement Commitments*

The Company has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Company, through its joint venture partners, maintains the tenements in good standing and therefore the Company's commitment is \$nil. These obligations are expected to be fulfilled in the normal course of operations.

## **22 Related Party Transactions**

Disclosures relating to key management personnel are set out in note 19 and in the Directors' Report.

### **(a) Transaction with Related Parties**

Ord Street Services an entity associated with David Steinepreis was paid \$3,500 (exclusive of GST) for the provision of office rental accommodation for the Company.

Ascent Capital Holdings Pty Ltd a company owned 50% by David Steinepreis and 50% by Gary Steinepreis was paid fees in the amount of \$125,000 for undertaking the reconstruction and recapitalisation of the Company. For the purpose of the remuneration report \$62,500 has been allocated to both David and Gary Steinepreis.

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of \$10,000 for providing corporate management services to the Company.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of \$10,000 for providing corporate management services to the Company.

Pat Burke was paid fees in the amount of \$25,000 for the provision of professional legal services with regard to the reconstruction and recapitalisation of the Company. He was also paid \$10,000 for the provision of corporate management services in the running of the reconstructed entity.

MKT Taxation Advisors an entity associated with Stephen Lowe was paid fees for professional services in the amount of \$732. They were also paid fees in the amount of \$10,000 for the provision of the services of Stephen Lowe in undertaking corporate management responsibilities of the Company.

### **(b) Outstanding Balances Arising from Sales / Purchases of Goods and Services**

There were no outstanding balances at the reporting date in relation to transactions with related parties.

**23 Events Occurring After the Balance Sheet Date**

There has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

<b>24 Reconciliation of Loss After Income Tax to Net Cash used in Operating Activities</b>	<b>Company 2008</b>	<b>Company 2007</b>
	<b>\$</b>	<b>\$</b>
Profit / (loss) for the year	14,993,411	(11,117,294)
Provision for diminution of investment	437,500	31,250
Write-back of rehabilitation provision	-	(1,000,000)
Non-cash adjustments of borrowings	-	96,247
Non-cash effect of deed of company arrangement	(10,628,077)	-
<b>Changes in operating assets and liabilities:</b>		
Increase / (decrease) in trade and other payables	(749,787)	201,601
Non-cash adjustment to cost of capital payable	(2,864)	-
Increase / (decrease) in provisions	(5,717,548)	439,622
Increase in receivables	(43,100)	-
<b>Net cash outflow from operating activities</b>	<b>(1,710,465)</b>	<b>(11,348,574)</b>

**25 Non-Cash Investing and Financing Activities**

During the financial year there we no non-cash investing or financing activities.

<b>26 Loss Per Share</b>	<b>Company</b>	<b>Company</b>
<b>(a) Reconciliation of Loss used in Calculating Loss Per Share</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders	(451,472)	-
Profit / (loss) from discontinued operations	15,444,883	(11,117,294)
Profit / (loss) attributable to the ordinary equity holders used in calculating basic and diluted loss per share	<b>14,993,411</b>	<b>(11,117,294)</b>
<b>(b) Weighted Average Number of Shares Used as the Denominator</b>	<b>Company 2008</b>	<b>Company 2007</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares used as the denominator in calculating basic loss per share	95,079,382	362,330,744
Ordinary shares used as the denominator in calculating diluted loss per share	105,839,393	362,330,744
<b>(c) Information Concerning the Classification of Securities</b>		

Options are considered to be potential ordinary shares.

**27 Contingent Liabilities**

There are no contingent liabilities as at the date of this report

## 28 Statement of Compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board.

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

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Company
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral		
	AASB 102	Inventories		
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 127	Consolidated and Separate Financial Statements		
	AASB 134	Interim Financial Reporting		
	AASB 136	Impairment of Assets		
AASB 8 Operating Segments	AASB 114	Segment Reporting	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements		
	AASB 107	Cash Flow Statements		
	AASB 116	Property, Plant and Equipment		
	AASB 138	Intangible Assets		

**28 Statement of Compliance (continued)**

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Company	
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

**29 Joint Ventures**

The company has interests in the following joint ventures:

Tenement Area	Activities	Equity Interest		Carrying Value	
		2007	2008	2007	2008
Polar Bear	Gold/Nickel/PGM	24% reducing	20% reducing	-	-

The Polar Bear Tenements cover an area of just over 100 square kilometres located 20 kilometres northeast of the Norseman township. They are prospective for gold, nickel and platinum group metals. Croesus has approximately a 20% interest in the Polar Bear Tenements, with the majority share held by Plutonic Operations Limited, a wholly owned subsidiary of Barrick Australia Pacific Limited. The area has been the subject of gold and nickel exploration by Plutonic and Croesus pursuant to an existing joint venture. In addition, in 2006, Croesus and Plutonic entered into a joint venture with Platina Resources Limited pursuant to which Platina has the right to explore the Polar Bear Tenements for platinum group metals. Under the terms of the joint venture, Platina must spend \$1.3M over 3 years to earn a 70% interest in all platinum group metals located on the Polar Bear Tenements, with Croesus' interest reducing proportionately.

The directors' of the Company declare that:

- 1 the financial statements and notes as set out on pages 16 to 42 are in accordance with the *Corporations Act 2001*, and
  - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the financial position of the Company as at 30 June 2008 and of its performance for the year ended on that date.
- 2 the directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have declared that:
  - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (ii) the financial statements and notes for the financial year comply with the accounting standards; and
  - (iii) the financial statements and notes for the financial year give a true and fair view.
- 3 in the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the board of directors.



Gary Steinepreis  
Director  
West Perth  
22 August 2008

## **Corporate Governance Statement**

Croesus Mining NL (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. A review of the Company's corporate governance framework was completed in April 2008 in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003 and revised in December 2007 and the reconstruction of the Company that was undertaken after the financial year ended 30 June 2007. In April 2008 the directors adopted a board charter setting out the guidelines and structures required for the operation of the Company. A copy of the board charter is available on the Company's website at [www.croesus.com.au](http://www.croesus.com.au).

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

## **Corporate Governance Compliance**

During the financial period Croesus Mining NL has adopted and complied with the ASX Corporate Governance Principles and the corresponding Best Practice Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

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.

### **Principle 1 – Lay solid foundations for management and oversight**

**1.1** There is no delineation of functions between the board and senior executives.

All functions, roles and responsibilities are undertaken by the board as there are no executives other than directors as at the date of this report.

### **Principle 2 – Structure the board to add value**

The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.

**2.1** The Company does not have a majority of independent directors.

Consistent with the size of the Company and its activities, the board is comprised of four (4) directors, 2 of whom are considered executive directors.

The board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the board does not currently conform to its policy due to the reconstruction of the Company undertaken during the financial year. It is the board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

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**Corporate Governance Compliance** (continued)

**Principle 2 – Structure the board to add value** (continued)

**2.2** The chairman is not an independent director.

The chairman is one of the non-executive directors currently on the board and given the size and nature of operations of the Company this current status is considered appropriate. The board's policy is that the chairman shall be independent and non-executive at a time when the size of the Company and its activities warrants such a position.

**2.4** A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Principle 4 – Safeguard integrity in financial reporting**

**4.1** The Company does not have an audit committee.

**4.2** Given 4.1 the structure of the audit committee does not comply with the structure set out in the board charter adopted by the Company

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board. The board's charter calls for the establishment of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The current size of the Company and the scale of its activities allows all directors to participate fully in all decision making.

**Principle 7 – Recognise and manage risk**

All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the board as a whole as there are no executives other than directors as at the date of this report.

The role of the Risk Management Committee has been assumed by the full Board operating under the Risk Management Committee Charter adopted by the Board.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

**Principle 8 – Remunerate fairly and responsibly**

**8.1** The Company does not have a Remuneration Committee.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board. The current size of the Company and the scale of its activities allows all directors to participate fully in all decision making and the Directors consider this to be appropriate given the size and nature of operations of the Company.

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CROESUS MINING NL**

We have audited the accompanying financial report of Croesus Mining NL (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the remuneration disclosures in the directors' report.

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

### **Independence**

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

### **Auditor's Opinion**

In our opinion, the financial report of Croesus Mining NL is in accordance with the Corporations Act 2001 including:

- a)
  - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

In our opinion the Remuneration Report of Croesus Mining NL for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL  
Principal

Perth, WA  
Dated this 22<sup>nd</sup> day of August 2008

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**Croesus Mining NL**  
**Shareholder Information**  
30 June 2008

The shareholder information set out below was applicable as at the dates specified.

**1 Distribution of Equity Securities** (Current as at 18 August 2008)

Analysis of numbers of ordinary shareholders by size of holding:

				<b>Number of Shareholders</b>
1	-	1,000		7,963
1,001	-	5,000		2,855
5,001	-	10,000		348
10,001	-	100,000		402
100,001	and over			166
				<b>11,734</b>

There were 11,362 holders of less than a marketable parcel of ordinary shares

**2 Unquoted Equity Securities – Options** (Current as at 18 August 2008)

	<b>Number on issue</b>	<b>Number of holders</b>
Options expiring 31 December 2009 at an exercise price of \$0.01 per option	50,000,000	5
<b>Option-holders, holding 20% or more:</b>		
Yandal Investments Pty Ltd	25,000,000	50%
David Steinepreis	11,500,000	23%

**Employee Shares**

As at 30 June 2005, 203,565 19 cent employee shares were issued pursuant to the Croesus Mining NL employee share scheme which has now been discontinued. Of these, 13,000 remain unconverted to ordinary shares at 30 June 2008. These were reconstructed as part of the recapitalisation to 866 \$2.85 employee shares.

**3 Substantial Holders** (Current as at 18 August 2008)

Substantial holders of equity securities in the Company are set out below:

<b>Ordinary Shares</b>		<b>Percentage of issued shares</b>
<b>Name</b>	<b>Number held</b>	
Yandal Investments Pty Ltd	203,913,191	45.40%
LeisureWest Consulting Pty Ltd, Oakhurst Enterprises Pty Ltd, Gary Christian Steinepreis and Jacqueline Mary Steinepreis	64,500,000	14.54%
David Christian Steinepreis	43,500,000	9.80%

**4 Equity Security Holders** (Current as at 18 August 2008)

The names of the twenty largest holders of quoted equity securities (ordinary shares) are listed below:

1	Yandal Investments Pty Ltd	203,913,191	45.40
2	Mr David Steinepreis	42,000,000	9.35
3	Leisurewest Consulting Pty Ltd <Leisurewest A/C>	30,000,000	6.68
4	Oakhurst Enterprises Pty Ltd	24,000,000	5.34
5	Rowan Hall Pty Ltd <Rowan Hall Trading A/C>	8,000,000	1.78
6	Citicorp Nominees Pty Limited	5,865,958	1.31
7	Ardulussa Pty Ltd < V & V Pental Super Fund A/C>	5,000,000	1.11
8	Mr Paul Robert Hearne < The PRH A/C>	5,000,000	1.11
9	Infinity Resources Pty Ltd	5,000,000	1.11
10	SDG Nominees Pty Ltd < T J Strapp Fund A/C>	5,000,000	1.11
11	Mr Gary Christian Steinepreis	5,000,000	1.11
12	Ms Jacqueline Mary Steinepreis	5,000,000	1.11
13	ANZ Nominees Limited <Cash Income A/C>	3,970,149	0.88
14	Mr Stephen John Lowe + Ms Suzanne Lee Lowe <Tahlia Family A/C>	3,872,760	0.86
15	Starfin Pty Ltd <Michael Salmon Family A/C>	3,500,000	0.78
16	Mr Robert Warren Addison	3,300,000	0.73
17	Mr Dermot Michael Ryan + Ms Vivien Eleanor Ryan < R F Super Fund A/C>	2,637,875	0.59
18	Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	2,500,000	0.56
19	Ms Susan Buchanan	2,000,000	0.45
20	Mr Matthew Richard Sheldrick <Matthew Sheldrick Fam A/C>	2,000,000	0.45
		<b>367,559,933</b>	<b>81.82</b>

**5 Voting Rights**

The voting rights attaching to each class of equity securities are set out below:

- (a) *Ordinary Shares:* On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) *Options:* These securities have no voting rights.

**6 On-Market Buy-Back:** There is no current on-market buy-back.

**7 Tenement Schedule**

The company has interests in the following joint ventures:

		Equity Interest	
Polar Bear	Gold/Nickel/PGM	20.62%	20.62%

Polar Bear – Norseman Tenements

E63/355	M15/1179 (Application)	M63/303 (Application)	M63/404 (Application)	P63/744
M15/651	M15/1390 (Application)	M63/364 (Application)	M63/405 (Application)	P63/745
M15/710	M15/1486 (Application)	M63/398 (Application)	P15/4044	P63/746
M15/1110 (Application)	M15/1487 (Application)	M63/399 (Application)	P15/4045	P63/747
M15/1111 (Application)	M63/230	M63/400 (Application)	P63/683	P63/868
M15/1148 (Application)	M63/255	M63/401 (Application)	P63/684	
M15/1177 (Application)	M63/269	M63/402 (Application)	P63/685	
M15/1178 (Application)	M63/279	M63/403 (Application)	P63/743	