

NATASA MINING LTD

('the Company')

Final Results for the year ended 31 December 2008

Natasa Mining Ltd (the 'Company') announces its final audited results for the period ended 31 December 2008.

The annual report will be posted to shareholders and will be available on the Company's website at www.natasamining.com.

All references in this announcement to '\$' refer to Australian dollars.

Enquires to:

Chrisilios Kyriakou, Chief Executive Officer

Natasa Mining Limited

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WH Ireland Limited

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NATASA MINING LTD

DIRECTORS' REPORT

The Directors present their report together with the financial report of Natasa Mining Ltd (formerly Investika Ltd) ("Company") and of the consolidated entity, being the Company and its subsidiaries ("Group"), for the year ended 31 December 2008 and the auditors' report thereon.

1. DIRECTORS AND COMPANY SECRETARY

The Directors of the Company at any time during or since the end of the financial year are:

Mr. John A. Landels, AC, (Chairman), Non-executive Director

Mr. Landels was Chairman and Chief Executive Officer of the Caltex Group of companies prior to his retirement from that organisation in 1992.

He was appointed a Director and Chairman of the Board on 9 July 1996.

Mr. Chrisilios Kyriakou, LLB, Executive Director

Mr. Kyriakou has extensive business interests including commercial properties, share investments and rural property.

He was appointed to the Board on 29 June 1979 and is Chief Executive Officer of the Company.

Mr. Mark R. Arnesen, CA(SA), Non-executive Director

Mr Arnesen has extensive experience in the structuring and negotiation of finance for major resource projects. He was employed with the Billiton/Gencor group of companies between 1988 and 1998 and in 2000 he joined Ashanti Goldfields Company Limited as part of the then restructuring of the company. Mr Arnesen is a director of Moto Goldmines Ltd.

He was appointed to the Board on 2 November 2006.

Sir Sydney J.P. Borg, OSJ KC, KGCM, FAICD, Non-executive Director

Mr. Borg is the Principal of PCS Australia Pty Ltd, a systems integration company facilitating networks in the corporate and government areas; Grand Prior Australasia of the Order of St John Knights of Malta; President of the Australian Maltese Chamber of Commerce; Patron of the MRLA; Council member Catholic Education Office of Parramatta and CEO of Mobile Entertainment Systems, a distribution company specialising in in-car entertainment systems. Mr Borg was Chairman of Zylotech Ltd until his resignation from that board on 5 September 2006.

He was appointed to the Board on 1 July 1999.

Mr. Robert A. Cleary, Non-executive Director

Mr. Cleary was employed for 18 years by the North Ltd/Energy Resources Australia Ltd group prior to his retirement. His last position with that organisation was Managing Director of Energy Resources of Australia Ltd from which he resigned on 29 January 2004. Mr Cleary is Chairman of Crossland Uranium Mines Ltd.

He was appointed to the Board on 16 March 2005.

Mr. Jonathan R. Reynolds, B.Com (Hons), CA, F Fin, MAICD, Executive Director

Mr Reynolds has been the Company's Chief Financial Officer since 2001. Prior to that he held the position of chief financial officer with a number of other listed entities and before that was a senior manager with an international firm of chartered accountants. He is a member of the Institute of Chartered Accountants in Australia, a fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce (Honours) degree.

He was appointed to the Board on 7 June 2006.

Company Secretary

Mr John B. Maguire, Company Secretary, has held this position and been involved with the Company for the past 18 years.

2. DIRECTORS' MEETINGS

The number of Directors' meetings and the number of meetings in which each Director participated during the financial year are:

Name	Meetings of Board		Audit Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
J.A. Landels	8	8	2	2	1	1	-	-
C. Kyriakou	8	5	-	-	-	-	-	-
M.R. Arnesen	8	8	2	2	1	1	-	-
S. Borg	8	5	2	2	1	-	-	-
R.A. Cleary	8	8	2	2	1	1	-	-
J.R. Reynolds	8	8	-	-	-	-	-	-

A - Number held whilst a Director B - Number participated in

3. PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the Group during the course of the financial year consisted of investments in mineral exploration and development projects and companies.

4. DIVIDENDS

The Directors recommend that no dividend be paid. No dividends have been declared or paid during the period.

5. REVIEW OF OPERATIONS AND STATE OF AFFAIRS

Berong Nickel Project, Philippines: During the year, the Company disposed of its interest in the Berong nickel project (direct and indirect interest 25%) for gross proceeds of \$40,695,954 (US\$39,005,832), generating a profit to the Group of \$20,239,149. US\$2.4 million of the sale proceeds remains to be received in due course under the sale and purchase agreement, once required Philippine tax clearance certificates are received, but the directors have taken a prudent view and provided for this amount. The disposal entailed the sale of the Group's interest in : 3,391,019 Toledo Mining Corporation plc shares, its 18.7% equity and debt investment in Berong Nickel Corporation; and its equity interest in China Nickel Corporation. During the period prior to disposal, total shipments from the project amounted to 284,556 wet metric tons at an average grade of 1.52% Ni (approximately 2,919 tonnes contained nickel on a dry basis). The Group's share of the profit generated over the period by the project amounted to \$211,896. The Group advanced \$1,492,618 to the project to fund working capital which amount was recovered as part of the disposal proceeds.

Upon receipt of the sale proceeds, the Group recognised a foreign exchange gain of \$10,870,399.

Puquios Copper Project, Chile : Puquios is an open-cut, heap leach SX EW project located in Chile. The project was planned to produce 15,000tpa of copper cathode and a bankable feasibility study was commenced in late 2007. Substantial progress was made with the bankable feasibility study throughout the 2008 financial year. In particular:

- On completion of the 50m x 50m drilling pattern the geological model was revised and a new resource estimation finalised. The new JORC compliant resource statement at a 0.2% copper cut-off grade is summarized below:

	Tonnes (Mt)	Grade (%)
Measured	8.8	0.76
Indicated	9.5	0.64
Inferred	3.5	0.52
Total	21.8	0.67

This compared to the total resource of 29.9Mt at a copper grade of 0.57% that was included in the 2007 pre-feasibility study. This represented a decline of 27% in tonnes, an increase of 18% in copper grade and a 14% decline in contained copper. The major reason for the decline in tonnage was that the infill drilling carried out during the year, highlighted substantially more irregularity in the base of the ore zone than was previously interpreted.

- Metallurgical recovery parameters were incorporated in the new block model. On analysis it was indicated that the proportion of insoluble copper minerals in the ore zone was higher than originally understood. This resulted in a decline in the average copper recovery of approximately 4%.
- Pit optimisation and preliminary mine planning was carried out. This indicated that there was only sufficient ore tonnage available for 4.5 years production at the 15,000 tpa copper cathode rate.
- Capital cost estimates were obtained based on the engineering work undertaken during the study. The project capital cost estimate was US\$109 million excluding working capital and VAT. Supplier quotations accounted for 86% of this estimate.

Economic analysis undertaken indicated that the project resource was not of a sufficient size to warrant the capital investment. This outlook was further supported by the declining copper price experienced over the second half of 2008.

Over the year the Group expended \$4,216,147 on project related activities.

Negotiations with the mining title holder to alter the exercise terms of the option, to take into account the substantial slump in copper prices, were entered into but proved unsuccessful. Accordingly, in November 2008, the Group withdrew from the project. The carrying value of the project has been fully impaired in the financial statements for the year ending 31 December 2008, giving rise to an impairment loss of \$20,315,062.

The Group retains ownership of a large area of exploration titles surrounding the Puquios project area.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Roger Shakesby, who is a Member of the Australasian Institute of Mining and Metallurgy and the Geological Society of Australia. He has a B.Sc from the University of Durham in Geology and Geography and has 45 years experience in the mining industry. His knowledge gained in PNG, the Philippines, the USA and Chile is relevant to the style of mineralisation and deposit formation in Chile. Mr. Shakesby is a consulting economic geologist in sole practice.

Roger Shakesby has sufficient experience which is relevant to the style of mineralisation and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Shakesby consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Belitung Zinc/Lead Project, Indonesia : Following a re-assessment of the geological model the Group withdrew from the project, giving rise to an impairment loss of \$424,758.

Morondava Uranium Project, Madagascar (indirect interest 16.5%): The processing and analysis of the Medusa airborne radiometric data for both the Folakara and Makay tenements began in late 2007 and continued in 2008. The base line data was reprocessed to produce colour images of the uranium channel and stacked profiles of the uranium and uranium / thorium ratio. From this data, a total of 29 anomalies at Folakara and 21 anomalies in the Makay tenements were identified as being of interest for field investigation. Two periods of helicopter supported field work were undertaken. This programme involved conducting initial ground radiometrics and spot surface sampling on the identified anomalies at Folakara and Makay that were identified from the airborne data. The programme at Folakara was successful in locating 28 (of the 29) identified targets. Ground traversing with a spectrometer was undertaken in the vicinity of the anomaly, indicative assays taken with the spectrometer and in several cases grab surface samples collected. Outcomes of this work include: several additional sites of potential mineralisation have been located warranting further testing; the mineralisation is more widespread than previously understood; the assays (spectrometer and laboratory) of the areas of interest highlight a strong correlation with vanadium and low levels of thorium which is characteristic of uranium deposits; the work supports the earlier thesis of mineralisation (deposits) at a grade of several hundred ppm U₃O₈. The programme at Makay was successful in locating 16 (of the 21) identified targets, as a mechanical failure with the helicopter required the premature cessation of the programme. The same process as undertaken at Folakara was carried out at Makay. Outcomes of this work include: a large area of potential mineralisation is indicated by 5 sites in the

north-east of the tenements over an area measuring approximately 50km x 10km, each of which has the potential to host small/medium sized uranium deposits; mineralisation is of the right type with low thorium and high vanadium; the occurrences are outcropping oxidised sandstones that lie above the water table; the current assay results supports likely grades in the range of several hundred ppm U₃O₈.

The Group advanced \$1,998,311 to UMC Energy plc (which holds an 80% interest in the project) under loan facility agreements, to assist that company to meet its working capital requirements. The loan bears a 3% drawdown fee, interest at 15% per annum on funds drawn, is secured by a negative pledge over UMC Energy's equity interest in the Morondava uranium project and is repayable within 60 days following a demand by the Group.

As there is currently no clear expectation that the cost of the investment incurred to date will be recouped through the sale or successful development of the project, the directors have taken a prudent view and impaired this asset, giving rise to a total expense of \$5,408,057.

During the 2008 financial year the Company:

- Following approval by shareholders at the January 2008 General Meeting, the Company issued a Convertible Note to raise \$9 million to Capma Pty Ltd, a company in which a Director, Mr. Kyriakou, has an interest. The Note expires on 16 January 2012 and at that time, or if exercised earlier (but not before 16 January 2010) under the terms of the Note, must be exercised into fully paid Ordinary Shares in the Company at the lower of \$5.50 or 80% of the weighted average market price at the conversion date. During the year, the Group recognised interest charges of \$722,434 on the Note. As at 31 December 2008, the Group had drawn down \$4,900,000 of the Note, leaving a facility available of \$4,100,000.
- Placed 3,000,000 ordinary shares at \$4.30 each to raise \$12,254,965 net of placement fees.
- Acquired 200,000 shares in Toledo Mining Corporation plc at a cost of \$728,291. These shares were disposed as part of the disposal of the Group's interest in the Berong nickel project as detailed above.
- Increased its interest in Tarquin Resources plc through issuing 21,834 ordinary shares with a fair value of \$57,860 and through acquiring shares on- and off-market at a cost of \$175,020. The Company capitalised its loan account to Tarquin Resources plc into new ordinary shares in that company, prior to disposing of its holding for a nominal consideration.
- Sold its interest in AIM listed Irvine Energy plc for proceeds of \$11,315, giving rise to a loss on disposal of \$136,936.
- Granted to a director (subject to ratification by shareholders) and an employee 400,000 options over ordinary shares. The options have an exercise price of \$3.80 per share and expire on 31 December 2012. An expense of \$671,368 being the fair value of the options granted was recognised.
- Following ratification by shareholders at the January 2008 General Meeting, granted to its financial adviser 500,000 options over ordinary shares. The options have an exercise price of \$5.50 per share and expire on 9 January 2013. An expense of \$1,221,000 being the fair value of the options granted was recognised.

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review that are not otherwise disclosed in this report or the consolidated financial statements.

6. TRADING RESULTS

The loss after income tax of the Group for the year ended 31 December 2008 attributable to equity holders of the Company was \$4,741,596 (2007 : loss \$4,707,643).

7. SUBSEQUENT EVENTS

Between 1 January 2009 and the date of this report the following material transactions have occurred. The Company has advanced \$38,821 by way of loan to UMC Energy plc.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the

opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

8. LIKELY DEVELOPMENTS

A number of mineral operations investment opportunities are being investigated.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. OPTIONS

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in Natasa Mining Ltd, under a Participants' Option Incentive Scheme, to the following director and to the following of the five most highly remunerated officers of the Company as part of their remuneration.

	Number of options Granted	Exercise price	Vesting Date	Expiry Date	% vested to 31/12/08	Total estimated value for future years \$
Directors						
<i>Executive:</i>						
J.R. Reynolds *	150,000	\$3.80	27/05/2008	31/12/2012	100	-

Officers

Company:

K.P. Heywood	250,000	\$3.80	27/05/2008	31/12/2012	100	-
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* subject to ratification by shareholders.

No options were exercised during the year.

No options were forfeited due to service criteria not being met during the year.

Since the end of the financial year, no shares were issued as a result of the exercise of options.

During the 2007 financial year, the Company granted options for no consideration over unissued ordinary shares in Natasa Mining Ltd, under a Participants' Option Incentive Scheme, to the following directors and to the following of the five most highly remunerated officers of the Company as part of their remuneration.

	Number of options Granted	Exercise price	Vesting Date	Expiry Date	% vested to 31/12/07	Total estimated value for future years \$
Directors						
<i>Executive:</i>						
C Kyriakou	70,000	\$3.80	30/01/2007	31/12/2012	100	-
J.R. Reynolds	70,000	\$3.80	30/01/2007	31/12/2012	100	-
<i>Non-Executive:</i>						
J.A. Landels	25,000	\$3.80	30/01/2007	31/12/2012	100	-
M.R. Arnesen	50,000	\$3.80	30/01/2007	31/12/2012	100	-
S. Borg	35,000	\$3.80	30/01/2007	31/12/2012	100	-
R.A. Cleary	70,000	\$3.80	30/01/2007	31/12/2012	100	-
Officers						
<i>Company:</i>						
J.B. Maguire	20,000	\$3.80	30/01/2007	31/12/2012	100	-

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise price	Number of shares
21/8/2009	\$3.15	136,547
30/06/2010	\$2.50	535,000
31/12/2012	\$3.80	765,000
9/1/2013	\$5.50	500,000

In addition, under the terms of the \$9 million Convertible Note issued to Capma Pty Ltd, the Note must be converted into fully paid Ordinary Shares in the Company on expiry on 16 January 2012, and may be converted earlier (but not before 16 January 2010). The Note converts into fully paid Ordinary Shares in the Company at the lower of \$5.50 or 80% of the weighted average market price at the conversion date.

10. CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the Australian Securities Exchange Corporate Governance Council recommendations, unless otherwise stated.

10.1 BOARD OF DIRECTORS

The Board of Directors is responsible for the corporate governance of the Group. It oversees the business and affairs of the Group, establishes the strategic and financial objectives to be implemented by management and monitors standards of performance.

The Board has established a framework for the management of the Group including internal controls, a business risk management process and the establishment of appropriate ethical standards.

The names of the Directors of the Company in office at the date of this Statement, together with details of their experience and qualifications, are set out in the Directors' Report.

The Board of Directors currently consists of two Executive Directors and four Non-Executive Directors. The majority of the Non-Executive Directors are independent thus ensuring independence and objectivity. Responsibility for the operation and administration of the Company is delegated by the Board to the Executive Directors who are accountable to the Board. Each of the Executive Directors has a formal letter of appointment.

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nomination Committee, a Remuneration Committee and an Audit Committee. These committees have written mandates which are reviewed on a regular basis.

After consultation with the Chairman, each Director has the right to seek independent professional advice at the Group's expense.

The Constitution of the Company specifies the number of Directors shall be not less than three nor more than ten. The Board may at any time appoint a director to fill a casual vacancy and at each annual general meeting, one-third of directors together with any director appointed since the last annual general meeting retire from office and may stand for re-election.

The composition of the Board is reviewed regularly to ensure that the range of expertise and experience of Board members is appropriate for the activities and operations of the Group.

The Constitution specifies that the aggregate remuneration of Directors, other than salaries paid to Executive Directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those Directors as they agree.

10.2 NOMINATION COMMITTEE

The Nomination Committee oversees the appointment of directors and the selection, appointment and succession planning of the Company's Chief Executive Officer. The committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. Where, through whatever cause, it is considered that the Board would benefit from the services of a new director with particular skills, the Board would then appoint the most suitable candidate who must stand for re-election at a general meeting of shareholders.

The committee comprised the following members, all of whom were non-executive directors:

- Mr R.A. Cleary (appointed 21 July 2006) (Chairman) Non-Executive
- Mr M.R. Arnesen (appointed 2 November 2006) Independent Non-Executive
- Mr S.J.P. Borg (appointed 21 July 2006) Independent Non-Executive
- Mr J.A. Landels (appointed 21 July 2006) Independent Non-Executive

10.3 REMUNERATION COMMITTEE

Remuneration of senior management personnel is determined by a Remuneration Committee comprised of the Non-Executive Directors, taking into account information obtained via reputable industry remuneration surveys and / or independent consultant reports. This also includes responsibility for share option schemes, incentive performance packages, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The committee comprised the following members, all of whom were non-executive directors:

- Mr J.A. Landels (appointed 21 July 2006) (Chairman) Independent Non-Executive
- Mr M.R. Arnesen (appointed 2 November 2006) Independent Non-Executive
- Mr S.J.P. Borg (appointed 21 July 2006) Independent Non-Executive
- Mr R.A. Cleary (appointed 21 July 2006) Non-Executive

10.4 AUDIT COMMITTEE

The Board has established an Audit Committee comprised of the Non-Executive Directors to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information; review the effectiveness of the Company's internal financial control; ensure an independent audit process; recommend the appointment of the external auditor; assess the performance of the external auditor; and oversee the Company's compliance with acts and regulations in relation to financial reporting.

The committee comprised the following members, all of whom were non-executive directors:

- Mr S.J.P. Borg (appointed 21 July 2006) (Chairman) Independent Non-Executive
- Mr M.R. Arnesen (appointed 2 November 2006) Independent Non-Executive
- Mr R.A. Cleary (appointed 21 July 2006) Non-Executive
- Mr J.A. Landels (appointed 21 July 2006) Independent Non-Executive

10.5 DIRECTOR DEALINGS IN COMPANY SHARES

Directors and senior management may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options whilst in the possession of price sensitive information that has not been made public. The Company has established a written code on share dealing.

10.6 EXTERNAL AUDITORS

The Board monitors the performance of the external auditors. The current external auditors were appointed in 1990. The external audit engagement partner was last rotated in 2008.

The external auditors are provided with the opportunity, at their request, to meet with the Board of Directors without management being present.

10.7 CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Details of director related entity transactions with the Company and the Group are set out in note 21.

10.8 ETHICAL STANDARDS AND PERFORMANCE

The Group is not of sufficient size to warrant the preparation of a formal code of ethical business standards. The Board does, however, require of itself and its employees the highest ethical standards when carrying out their duties and when acting on behalf of the Group. In particular, any transactions with Directors are formally approved by the Board. The Director concerned does not participate in discussion or approval of the transaction.

10.9 INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon policies and guidelines and the careful selection and training of qualified personnel. The Board believes the current control framework to be suitable for the Company's current operations. There is no internal audit function as the cost would significantly outweigh the benefits given the size of the current operations.

10.10 THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure the shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders who have requested a hard copy and is displayed on the Company's website. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in its state of affairs and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. Half-year financial statements prepared in accordance with the requirements of Accounting Standards in Australia and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange Ltd. The financial statements are sent to any shareholder who requests them.
- The external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted by the Group and the independence of the auditor in relation to the conduct of the audit.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

11. ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to it.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has:

- (a) entered into an agreement indemnifying the Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Officers of the Company and its subsidiaries, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses;
- (b) paid insurance premiums totalling \$17,934 in respect of Directors' and Officers' Liability insurance contracts covering all the Company's Directors.

13. REMUNERATION REPORT – AUDITED

Remuneration of senior management personnel is determined by the remuneration committee comprised of the non-executive directors. The Board as a whole is responsible for making recommendations on remuneration policies and packages applicable to the Board members of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Constitution specifies that the aggregate remuneration of Directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those Directors as the Board agrees, taking into account information obtained via reputable industry remuneration surveys and / or independent consultant reports.

The Company currently has no performance-based remuneration arrangements in place apart from options which may be granted to Directors and executives in accordance with terms of Participants' Option Incentive Schemes approved by shareholders at the Company's Annual General Meeting held on 25 May 2005 and the General Meeting held on 30 January 2007. The Company's service contracts do not contain terms dealing with duration, notice periods or termination payments.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and the officers of the Group receiving the highest emoluments are:

2008	Salary and Fees \$	Non-cash Benefits \$	Super- annuation Benefits \$	Options Granted (i) \$	Total \$	Value of Options as a Proportion of Remuneration %
Directors						
<i>Executive:</i>						
C. Kyriakou (CEO)	340,492	37,562	-	-	378,054	-
J.R. Reynolds (CFO)	118,295	676	23,487	251,763*	394,221	63.86
<i>Non-Executive:</i>						
J.A. Landels (Chairman)	50,000	-	-	-	50,000	-
M.R. Arnesen	22,936	-	2,064	-	25,000	-
S. Borg	22,936	-	2,064	-	25,000	-
R.A. Cleary	56,000	-	-	-	56,000	-
Officers						
<i>Company:</i>						
J.B. Maguire (Co Secretary)	144,000	-	-	-	144,000	-
K.P. Heywood (COO) (to 30/9/08)	288,563	-	-	419,605	708,168	59.25
Total	1,043,222	38,238	27,615	671,368	1,780,443	37.71

* subject to ratification by shareholders.

(i) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Expiry date	Fair value per option \$	Exercise price \$	Estimated Price of shares on grant date \$	Estimated volatility %	Risk free Interest rate %	Dividend Yield %
27/5/08	31/12/2012	1.67842	3.80	2.30	109	6.60	0

Estimated volatility is based on the price of the Company's ordinary shares over the period 18 December 2006 to 27 May 2008, as traded on the Australian Securities Exchange. Each option entitles the holder to purchase one ordinary share in the Company. These options expire on the earlier of their expiry date and a date 90 days after the date the director or employee ceases to be employed by the Company. The options were granted and vested on 27 May 2008.

2007	Salary and Fees \$	Non-cash Benefits \$	Super- annuation Benefits \$	Options Granted (i) \$	Total \$	Value of Options as a Proportion of Remuneration %
Directors						
<i>Executive:</i>						
C. Kyriakou (CEO)	230,974	40,926	-	211,085	482,985	43.70
J.R. Reynolds (CFO)	67,206	-	15,770	211,085	294,061	71.78
<i>Non-Executive:</i>						
J.A. Landels (Chairman)	50,000	-	-	75,388	125,388	60.12
M.R. Arnesen	22,936	-	2,064	150,775	175,775	85.78
S. Borg	22,936	-	2,064	105,543	130,543	80.85
R.A. Cleary	112,480	-	-	211,085	323,565	65.24
Officers						
<i>Company:</i>						
J.B. Maguire (Co Secretary)	144,000	-	-	60,310	204,310	29.52
K.P. Heywood (COO) (from 1/10/07)	45,187	-	-	-	45,187	-
Total	695,719	40,926	19,898	1,025,271	1,781,814	57.54

(i) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Expiry date	Fair value per option \$	Exercise price \$	Estimated Price of shares on grant date \$	Estimated volatility %	Risk free Interest rate %	Dividend Yield %
30/1/07	31/12/2012	3.0155	3.80	3.30	136	5.63	0

Estimated volatility is based on the price of the Company's ordinary shares over the period 14 October 2005 to 12 December 2006, as traded on the Australian Securities Exchange. Each option entitles the holder to purchase one ordinary share in the Company. These options expire on the earlier of their expiry date and a date 90 days after the date the director or employee ceases to be employed by the Company. The options were granted and vested on 30 January 2007.

Options and rights over equity instruments granted as compensation

The following options were granted on 27 May 2008:

Directors	Number of options granted May 2008	Grant Date	Fair Value per Option at Grant date \$	Exercise price per Option \$	Expiry Date	Number of options vested during 2008
J.R. Reynolds	150,000*	27/5/08	1.67842	3.80	31/12/12	150,000*
Executives						
K.P. Heywood	250,000	27/5/08	1.67842	3.80	31/12/12	250,000

* subject to ratification by shareholders.

The options were provided at no cost to the recipients. The options expire on the earlier of their expiry date and a date 90 days after the date the director or employee ceases to be employed by the Company.

The following options were granted following the General Meeting held on 30 January 2007:

	Number of options granted January 2007	Grant Date	Fair Value per Option at Grant date \$	Exercise price per Option \$	Expiry Date	Number of options vested during 2007
Directors						
J.A. Landels	25,000	30/1/07	3.0155	3.80	31/12/12	25,000
C Kyriakou	70,000	30/1/07	3.0155	3.80	31/12/12	70,000
M.R. Arnesen	50,000	30/1/07	3.0155	3.80	31/12/12	50,000
S. Borg	35,000	30/1/07	3.0155	3.80	31/12/12	35,000
R.A. Cleary	70,000	30/1/07	3.0155	3.80	31/12/12	70,000
J.R. Reynolds	70,000	30/1/07	3.0155	3.80	31/12/12	70,000
Executives						
J.B. Maguire	20,000	30/1/07	3.0155	3.80	31/12/12	20,000

The options were provided at no cost to the recipients. The options expire on the earlier of their expiry date and a date 90 days after the date the director or employee ceases to be employed by the Company.

Analysis of movements in options

Name of Director	Options held 1 Jan 2008	Options granted	Value of Options Granted \$	Options held 31 Dec 2008
J.A. Landels	75,000	-	-	75,000
C. Kyriakou	220,000	-	-	220,000
M.R. Arnesen	50,000	-	-	50,000
S. Borg	50,000	-	-	50,000
R.A. Cleary	190,000	-	-	190,000
J.R. Reynolds	100,000	150,000	251,763	250,000
Name of Executive				
J.B. Maguire	100,000	-	-	100,000
K.P. Heywood	-	250,000	419,605	250,000

No terms of equity-settled share-based payment transactions have been altered or modified by the issuing entity during the reporting period or the prior period. The value of options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes model.

14. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with the Corporations Act 2001, at the date of this report is as follows:

Name of Director	Interest in Shares	Interest in Options
J.A. Landels	100,000	75,000
C. Kyriakou	4,718,637	220,000
M.R. Arnesen	-	50,000
S. Borg	57,935	50,000
R.A. Cleary	-	190,000
J.R. Reynolds	7,000	250,000

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year.

16. PAYMENTS TO AUDITOR FOR NON-AUDIT SERVICES

During the year ended 31 December 2008, the following payments were made to the Company's auditor, KPMG Australia, as remuneration for services other than audit services:

Taxation services	\$57,530
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The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act.

Dated at Sydney this 23rd day of February 2009.

Signed in accordance with a resolution of the Directors:

S.J.P. Borg
Director

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To : The Directors of Natasa Mining Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2008, there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Shane O'Connor
Partner

Sydney
23 February 2009

NATASA MINING LTD
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		The Company	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$
Total revenue from services		14,444	-	-	-
Net gain on sale of shares		20,102,212	388,089	23,851,600	388,089
Financial income	2	12,125,983	577,908	11,477,505	180,387
Personnel costs	3	(1,828,956)	(2,580,666)	(1,684,248)	(2,560,793)
Audit fees		(87,240)	(70,000)	(85,600)	(70,000)
Costs associated with placement, rights issue and AIM admission		-	(34,411)	-	(34,411)
Depreciation and amortisation		(38,242)	(12,819)	(8,637)	(12,819)
Exploration expenditure		(294,423)	(12,164)	-	(12,164)
Finance expenses	2	(728,089)	(77,899)	(722,435)	(39,405)
Financial advisory fees		(1,525,518)	(31,113)	(1,525,518)	(31,113)
Impairment losses on intangibles		(20,739,820)	(4,985,868)	-	-
Impairment losses on investments in equity accounted associates		(3,409,111)	-	-	-
Impairment losses on investments		-	-	(20,247,818)	(2,414,431)
Impairment losses on receivables		(6,670,218)	-	(11,765,115)	-
Investor relations fees		(110,725)	-	(110,725)	-
Legal fees		(265,584)	(36,967)	(141,857)	(36,967)
Travel expenses		(382,116)	(159,650)	(357,514)	(159,650)
Other administrative expenses		(875,089)	(284,704)	(471,012)	(268,986)
Result from operating activities	3	(4,712,492)	(7,320,264)	(1,791,374)	(5,072,263)
Share of net result of associates	9	108,425	2,632,834	-	-
Loss before tax	3	(4,604,067)	(4,687,430)	(1,791,374)	(5,072,263)
Income tax expense	5	-	-	-	-
Loss for the year		(4,604,067)	(4,687,430)	(1,791,374)	(5,072,263)
Attributable to :					
Equity holders of the Company		(4,741,596)	(4,707,643)	(1,791,374)	(5,072,263)
Minority interest		137,529	20,213	-	-
Loss for the year		(4,604,067)	(4,687,430)	(1,791,374)	(5,072,263)
Basic (loss) per share (cents)	6	(24.6)	(33.1)		
Diluted (loss) per share (cents)	6	(24.6)	(33.1)		

The accompanying notes on pages 20 to 47 form part of these consolidated financial statements.

NATASA MINING LTD
STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated 2008 \$	2007 \$	The Company 2008 \$	2007 \$
Change in fair value of equity securities available for sale net of tax	16	(7,677,666)	6,983,531	(3,583,393)	2,319,147
Revaluation arising on disposal of subsidiary	16	(827,608)	-	-	-
Foreign currency translation differences for foreign operations	16	679,670	(679,670)	-	-
Net (expense) / income recognised directly in equity		(7,825,604)	6,303,861	(3,583,393)	2,319,147
Loss for the year	17	(4,604,067)	(4,687,430)	(1,791,368)	(5,072,263)
Total recognised income and expense for the year	18	(12,429,671)	1,616,431	(5,374,761)	(2,753,116)
Attributable to :					
Equity holders of the Company		(12,567,200)	1,596,218	(5,374,761)	(2,753,116)
Minority interest		137,529	20,213	-	-
Total recognised income and expense for the year		(12,429,671)	1,616,431	(5,374,761)	(2,753,116)

The accompanying notes on pages 20 to 47 form part of these consolidated financial statements.

NATASA MINING LTD
BALANCE SHEETS
AS AT 31 DECEMBER 2008

		Consolidated		The Company	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	23	47,465,968	3,281,342	47,465,968	328,576
Trade and other receivables	7	4,379,338	82,935	4,379,338	16,460
Total Current Assets		51,845,306	3,364,277	51,845,306	345,036
Non-Current Assets					
Trade and other receivables	7	-	693,751	-	6,964,074
Exploration and evaluation expenditure – intangible	8	-	17,351,281	-	-
Investments in equity accounted investees	9	-	9,684,102	-	-
Other financial assets	10	-	19,364,776	-	34,454,932
Plant and equipment	11	5,188	124,201	5,188	9,071
Total Non-Current Assets		5,188	47,218,111	5,188	41,428,077
Total Assets		51,850,494	50,582,388	51,850,494	41,773,113
LIABILITIES					
Current Liabilities					
Trade and other payables	12	417,221	1,568,767	417,221	516,274
Loans and borrowings	13	-	3,200,000	-	4,400,000
Provisions	14	2,235	2,235	2,235	2,235
Total Current Liabilities		419,456	4,771,002	419,456	4,918,509
Non-Current Liabilities					
Loans and borrowings	13	9,000,000	-	9,000,000	-
Deferred tax liabilities	5	-	3,320,450	-	3,253,990
Total Non-Current Liabilities		9,000,000	3,320,450	9,000,000	3,253,990
Total Liabilities		9,419,456	8,091,452	9,419,456	8,172,499
NET ASSETS		42,431,038	42,490,936	42,431,038	33,600,614
EQUITY					
Share capital	15	44,275,558	31,962,733	44,275,558	31,962,733
Reserves	16	4,542,340	10,475,577	4,542,340	6,233,367
Accumulated loss	17	(6,386,860)	(1,782,793)	(6,386,860)	(4,595,486)
Total equity attributable to equity holders of the Company		42,431,038	40,655,517	42,431,038	33,600,614
Minority interest		-	1,835,419	-	-
TOTAL EQUITY	18	42,431,038	42,490,936	42,431,038	33,600,614

The accompanying notes on pages 20 to 47 form part of these consolidated financial statements.

NATASA MINING LTD
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		The Company	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		930,556	577,908	663,975	411,300
Cash paid to suppliers and employees		(5,831,759)	(1,482,716)	(3,068,307)	(1,414,863)
Net cash from / (used in) operating activities	23(ii)	(4,901,203)	(904,808)	(2,404,332)	(1,003,563)
Cash flows from investing activities					
Proceeds from sale of equity investments		31,319,626	914,164	32,768,440	914,164
Purchase of:					
– equity investments		(728,291)	-	(728,291)	-
– interest in associates		-	(1,018,020)	-	(1,018,020)
– interest in subsidiaries, net of cash acquired		(175,020)	4,750,427	(175,020)	(268,148)
Payments for:					
– exploration and evaluation expenditure		(4,216,147)	(1,018,173)	-	-
– purchases of plant and equipment		(4,754)	(4,128)	(4,754)	(4,128)
Loans and advances:					
– to associates		(3,491,565)	(7,039,901)	(3,491,565)	(7,039,901)
– to subsidiaries		-	-	(5,688,471)	(188,102)
– repaid by associates		1,492,618	2,459,676	1,492,618	2,459,676
– repaid by other entities		-	22,500	-	22,500
Net cash from / (used in) investing activities		24,196,467	(933,455)	24,172,957	(5,121,959)
Cash flows from financing activities					
Net proceeds from the issue of share capital		12,254,965	-	12,254,965	-
Loans received					
– related parties		1,700,000	3,200,000	1,700,000	3,200,000
– from subsidiaries		-	-	1,100,436	1,200,000
Net cash from financing activities		13,954,965	3,200,000	15,055,401	4,400,000
Net increase / (decrease) in cash and cash equivalents		33,250,229	1,361,737	36,824,026	(1,725,522)
Cash and cash equivalents at 1 January		3,281,342	2,054,098	328,576	2,054,098
Effect of exchange rate fluctuations on cash held		10,934,397	(134,493)	10,313,366	-
Cash and cash equivalents at 31 December	23(i)	47,465,968	3,281,342	47,465,968	328,576

The accompanying notes on pages 20 to 47 form part of these consolidated financial statements.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Natasa Mining Ltd (formerly Investika Ltd) (the “Company”) is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The financial report was authorised for issue by the directors on 23 February 2009.

a. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

b. Basis of preparation

The financial report is presented in Australian dollars which is the Company’s functional currency.

The financial report is prepared on the historical cost basis except that financial instruments classified as available-for-sale are stated at their fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

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

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 8.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report by the Group.

c. Basis of consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

d. Goodwill

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a subsidiary or an associate, is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy s). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

e. Investments

Subsidiaries

Investments in subsidiaries are carried in the Company's financial statements at the cost of acquisition less impairment losses.

Associates

An associate is an entity, other than a partnership, over which the Group exercises significant influence, but not control, over financial and operating policies.

In the Company's financial statements, investments in associates are carried at fair value, with resulting revaluation gains and losses recognised in equity. The fair value of investments in listed shares of associates is their quoted bid price at the balance sheet date.

The consolidated financial statements includes the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investment in associates" and "Share of associates net profit / (loss)" accounts.

When an associate makes a new issue of capital, changing the Group's percentage ownership, changes in the share of retained profits are reflected in the net profit or loss and changes in the share of reserves are reflected as direct adjustments to the specific equity accounts.

Equity securities

Other investments held by the Group are classified as being available-for-sale and are measured at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of listed financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments. Securities held to maturity are recognised / derecognised on the day they are transferred to / by the Group.

Gains / (losses) on derecognition

Gains and (losses) from the sale of investments represents the proceeds from the sale of equity investments less the original cost or fair value to the Group, adjusted for any impairment losses previously recognised in relation to the investments.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

f. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

h. Plant and equipment

Acquisition of assets

Items of plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs attributable to the acquisition. Subsequently, they are measured at cost less accumulated depreciation / amortisation and impairment losses.

Depreciation and amortisation

Items of plant and equipment are depreciated / amortised using the straight-line method over their estimated useful lives.

The depreciation / amortisation rates and methods are reviewed annually for appropriateness and the rates used for each class of asset in both the current and prior years are as follows:

– Leasehold improvements	27% (or the life of the lease if shorter)
– Office furniture and computer equipment	27%

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Gains / (losses) on derecognition

Sales of current assets and non-current assets are included as revenue at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying value of the asset at the time of disposal and the net proceeds on disposal.

i. Leased plant and equipment

Leases of plant and equipment under which the Group does not assume substantially all the risks and benefits of ownership are classified as operating leases. Lease payments are accounted for as described in accounting policy j.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

j. Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

k. Exploration, evaluation and development expenditure

Exploration and evaluation

Pre-licence costs are recognised in the income statement as incurred.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the income statement immediately.

Tangible / intangible exploration and evaluation assets that are available for use are depreciated / amortised on a units of production basis over the life of the economically recoverable reserve.

Expenditure deemed to be unsuccessful is recognised in the income statement immediately.

Development

Development costs are capitalised upon the Group demonstrating: (i) the technical feasibility of completing the development so that it will be available for use; and (ii) how the development costs will generate probable future economic benefits.

Exploration, evaluation and development assets are depreciated on a straight line basis over the life of the area of interest according to the rate of depletion of the economically recoverable reserves.

l. Trade and other receivables

Trade and other receivables are carried at amortised cost less impairment losses.

m. Trade and other payables

Trade and other payables are stated at amortised cost.

n. Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

o. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

p. Employee benefits

Salaries, annual leave and sick leave

The provisions for employee benefits to salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date that are expected to be settled within twelve months are calculated at undiscounted amounts based on salary rates that the Group expects to pay as at the balance date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Share based payment transactions

The Company's Participants' Option Incentive Scheme Number 1, approved at the 2005 Annual General Meeting allows directors, employees and consultants to acquire shares in the Company. The principal terms of the options are that they have an exercise price of \$2.50 each and are exercisable at any time on or before the earlier of 30 June 2010 and 90 days after the date the participant ceases to be employed by the Company. During the year ended 31 December 2008 nil (2007 : nil) options were granted under the Scheme.

The Company's Participants' Option Incentive Scheme Number 2, approved at a 2007 General Meeting allows directors, employees and consultants to acquire shares in the Company. The principal terms of the options are that they have an exercise price of \$3.80 each and are exercisable at any time on or before the earlier of 31 December 2012 and 90 days after the date the participant ceases to be employed by the Company. During the year ended 31 December 2008 400,000 (2007 : 575,000) options were granted under the Scheme.

The fair value of services received in return for share options granted to employees and others is measured by reference to the fair value of the share options granted. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the participants become unconditionally entitled to the options. The fair value is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where the forfeiture is only due to the share price not achieving the threshold for vesting.

Superannuation plan

The Group contributes to several defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

q. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

r. Revenue recognition

Revenue from services comprises management fees that are charged to related parties and investees and are recognised as the service is rendered.

s. Impairment

The carrying amount of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

t. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

u. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

v. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and gains on disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit and loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

NATASA MINING LTD
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w. New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 31 December 2008 but have not been applied in preparing the financial report:

- Revised AASB 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
 - Transactions costs, other than share and debt issue costs, will be expensed as incurred;
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss;
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction by transaction basis.

Revised AASB 3, which becomes mandatory for the Group's 31 December 2010 financial statements, will be applied prospectively and therefore there will be no impact on the prior periods in the Group's 2010 consolidated financial statements.

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which will become mandatory for the Group's 31 December 2010 financial statements are not expected to have a significant impact on the consolidated financial statements.
- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 31 December 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 20). The Group has not yet determined the potential effect of the revised standard on the Group's disclosure.

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
2. FINANCE INCOME AND EXPENSE				
Interest income on bank deposits and loans	1,191,586	164,204	1,164,139	180,387
Net foreign exchange gain	10,934,397	413,704	10,313,366	-
Finance income	<u>12,125,983</u>	<u>577,908</u>	<u>11,477,505</u>	<u>180,387</u>
Interest expense on financial liabilities measured at amortised cost	(728,089)	(77,899)	(722,435)	(39,405)
Finance expense	<u>(728,089)</u>	<u>(77,899)</u>	<u>(722,435)</u>	<u>(39,405)</u>
Net finance income and expense	<u>11,397,894</u>	<u>888,098</u>	<u>10,755,070</u>	<u>529,071</u>
3. LOSS BEFORE INCOME TAX EXPENSE				
Operating loss before tax has been arrived at after charging / (crediting) the following items:				
Personnel costs				
- wages and salaries	1,075,441	781,775	930,733	761,902
- contributions to defined contribution funds	26,605	13,038	26,605	13,038
- equity-settled share-based payment transactions	671,368	1,733,914	671,368	1,733,914
- other	55,542	51,939	55,542	51,939
	<u>1,828,956</u>	<u>2,580,666</u>	<u>1,684,248</u>	<u>2,560,793</u>
Operating lease rentals	102,259	64,961	67,342	63,250
(Reversal of) / impairment losses on:				
- trade and other receivables	-	(28,723)	-	(28,723)
(Reversal of) / impairment losses on trade and other receivables relates to an advance made during 2005 which was provided for in that year as impaired and which was then recovered in 2006 and 2007.				
4. AUDITORS' REMUNERATION				
Amounts received or due and receivable for audit services by:				
KPMG Australia				
Audit and review of financial reports	85,600	70,000	85,600	70,000
Firms other than KPMG	1,640	-	-	-
Amounts received or due and receivable for other services by:				
KPMG Australia				
Taxation services	57,530	21,220	57,530	21,220
Overseas KPMG Offices				
Taxation services	-	-	-	-

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
5. TAXATION				
(a) Income Tax expense				
Current year benefit	(1,260,190)	(1,698,067)	(615,310)	(1,001,505)
Current year deferred tax assets not recognised	1,260,190	1,698,067	615,310	1,001,505
Income tax expense / (benefit) in income statement	-	-	-	-
Numerical reconciliation between income tax expense and pre tax net loss				
Loss before tax	(4,604,066)	(4,687,430)	(1,791,368)	(5,072,263)
Income tax benefit using the domestic corporation tax rate of 30% (2007 : 30%). Prima facie income tax benefit on pre-tax accounting profit:				
- at Australian tax rate of 30%	(1,381,220)	(1,406,229)	(537,410)	(1,521,679)
- adjustment for difference between Australian and overseas tax rates	-	(22,162)	-	-
<i>Increase in income tax due to:</i>				
Share based payments expense	567,710	520,174	567,710	520,174
<i>Decrease in income tax due to:</i>				
Share of net profits of associate	32,527	(789,850)	-	-
Tax-free gain on sale of investments	(479,207)	-	(645,610)	-
Deferred tax asset not recognised	1,260,190	1,698,067	615,310	1,001,505
Income tax expense on pre-tax net result	-	-	-	-
(b) Deferred tax liabilities recognised in equity				
Deferred tax assets and (liabilities) are attributable to the following:				
Equity securities available-for-sale	-	(3,320,450)	-	(3,253,990)
Unused tax losses	-	-	-	-
Net tax liability	-	(3,320,450)	-	(3,253,990)
Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits.				
(c) Deferred tax assets not recognised				
Deferred tax assets not recognised because it is not probable that the benefits will be utilised against future taxable profits comprise:				
Unused tax losses	12,964,112	11,703,922	12,964,112	12,348,802
(d) Franking credits				
The Company has no franking credits available.				
6. LOSS PER SHARE				
Basic (loss) per share	(24.6¢)	(33.1¢)		
Diluted (loss) per share	(24.6¢)	(33.1¢)		
Loss attributable to ordinary shareholders	(4,741,596)	(4,707,643)		
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	19,272,435	14,209,675		

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
7. TRADE AND OTHER RECEIVABLES				
Current				
Advances to other entities	67,500	67,500	67,500	67,500
Less : Impairment	(67,500)	(67,500)	(67,500)	(67,500)
Interest receivable	275,474	-	275,474	-
Convertible note receivable	4,100,000	-	4,100,000	-
Other debtors	3,864	82,935	3,864	16,460
	<hr/>		<hr/>	
	4,379,338	82,935	4,379,338	16,460
Non-current				
Advances to associates	1,998,947	-	1,998,947	-
Less : Impairment	(1,998,947)	-	(1,998,947)	-
Value added tax recoverable	-	693,751	-	-
Loans to subsidiaries	-	-	5,937,918	6,964,074
Less : Impairment	-	-	(5,937,918)	-
	<hr/>		<hr/>	
	-	693,751	-	6,964,074
	<hr/>		<hr/>	

Refer to Note 13 for details in relation to the convertible note.

8. EXPLORATION AND EVALUATION
EXPENDITURE – INTANGIBLE

Opening balance – 1 January	17,351,281	-	-	-
Acquired through business combination	-	21,318,976	-	-
Acquisitions – internally developed	4,216,147	1,018,173	-	-
Revaluation reserve	(827,608)	-	-	-
Impairment loss	(20,739,820)	(4,985,868)	-	-
	<hr/>		<hr/>	
Closing balance – 31 December	-	17,351,281	-	-
	<hr/>		<hr/>	

In 2008, following a decision not to proceed with the Puquios copper project in Chile this project carrying value was fully impaired, giving rise to an expense of \$20,315,062. A further impairment loss of \$424,758 was recognised in respect of the Belitung zinc/lead project.

In 2007, following a decision to place the Belitung zinc/lead project up for sale this project carrying value was fully impaired, giving rise to an expense of \$4,985,868.

Critical accounting judgements in applying the Group's accounting policies – 2007

Exploration and evaluation expenditure has been incurred in respect of projects which have yet to reach a stage of development where a determination of the technical feasibility and commercial viability of the project can be assessed on a comprehensive basis. In these circumstances, the directors have used their experience to determine whether there is any indication that the asset has been impaired and have concluded that there are currently no such indications.

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9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(a) The Group has the following investments in equity accounted investees

	Principal Activities	Country	Reporting Date	Ownership 2008	Ownership 2007
Berong Nickel Corporation – unlisted	Mining exploration and evaluation on the Berong nickel project in the Philippines	Philippines	31 Dec	*	24.8%
China Nickel Corporation – unlisted	Marketing support for the Berong nickel project in the Philippines	BVI	31 March	*	24.8%
UMC Energy plc	Mining exploration and evaluation on the Morondava uranium project in Madagascar	UK	31 Dec	20.6%	20.4%
Metak Ltd – unlisted	Mining exploration and evaluation	UK	30 June	*	50.0%

* During the 2008 financial year, the Group disposed of its interest in Berong Nickel Corporation, China Nickel Corporation and Metak Ltd.

	Revenues (100%)	Profit / (loss) (100%)	Share of associates net profit / (loss) recognised	Total assets (100%)	Total liabilities (100%)	Net assets as reported by associates (100%)	Share of associates net assets equity accounted
2008							
Berong Nickel Corporation	11,507,499	935,542	174,946	*	*	*	*
China Nickel Corporation	1,209,781	197,590	36,949	*	*	*	*
UMC Energy plc	19,618	(507,209)	(103,470)	8,602,756	2,413,429	6,189,324	1,275,001
Metak Ltd	-	-	-	*	*	*	*
	<u>12,736,898</u>	<u>625,923</u>	<u>108,425</u>	<u>8,602,756</u>	<u>2,413,429</u>	<u>6,189,324</u>	<u>1,275,001</u>

* In 2008, the Group's interest in Berong Nickel Corporation, China Nickel Corporation and Metak Ltd were disposed.

2007							
Berong Nickel Corporation	42,106,152	17,678,759	3,305,928	26,520,745	4,655,545	21,865,200	4,088,792
China Nickel Corporation	1,832,154	1,238,307	231,563	1,364,611	17,827	1,346,784	251,849
Belitung Zinc Corporation plc *	246,143	(668,815)	-	*	*	*	*
Tarquin Resources plc *	121,856	(1,205,328)	(441,183)	*	*	*	*
Tommy SA *	-	(261,658)	-	*	*	*	*
UMC Energy plc	182,543	(2,271,931)	(463,474)	10,496,298	412,959	10,083,339	2,057,001
Metak Ltd	-	-	-	-	-	-	-
	<u>44,488,848</u>	<u>14,509,334</u>	<u>2,632,834</u>	<u>38,381,654</u>	<u>5,086,331</u>	<u>33,295,323</u>	<u>6,397,642</u>

* As at 31 December 2007, Belitung Zinc Corporation plc, Tarquin Resources plc and Tommy SA were accounted for as controlled entities

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)				
(b) Equity accounting for investments in associates				
<i>Movements in carrying amount of investments</i>				
Opening balance – 1 January	9,684,102	6,298,654	-	-
Investments in associates made during year, net of amounts transferred to investment in subsidiaries	-	752,614	-	-
Carrying value of associates disposed	(6,383,417)	-	-	-
Impairment adjustment	(3,409,110)	-	-	-
Share of net profit / (loss) of associates	108,425	2,632,834	-	-
Closing balance – 31 December	-	9,684,102	-	-
<i>Share of associates' capital commitments contracted but not provided for or payable:</i>				
Within one year	-	-	-	-
One year or later and no later than five years	-	-	-	-
<i>Summary financial position of associates</i>				
The Group's share of aggregate assets and liabilities of associates is as follows:				
Current assets	11,945	1,861,243	-	-
Non-current assets	1,760,222	5,494,563	-	-
Total assets	1,772,167	7,355,806	-	-
Current liabilities	497,166	857,420	-	-
Non-current liabilities	-	100,744	-	-
Total liabilities	497,166	958,164	-	-
Net assets – as reported by associate	1,275,001	6,397,642	-	-
Adjustments arising from equity accounting				
Goodwill	2,134,109	3,286,460	-	-
Impairment loss	(3,409,110)	-	-	-
Net assets – equity adjusted	-	9,684,102	-	-
10. OTHER FINANCIAL ASSETS				
Non-current				
Shares in subsidiaries at cost	-	-	5,274,208	10,735,976
Less: Impairment loss	-	-	(5,274,208)	-
	-	-	-	10,735,976
Equity securities available for sale:				
Investment in equity accounted investees:				
– listed shares	-	-	1,720,151	1,720,151
Less : Impairment loss	-	-	(1,720,151)	-
– unlisted shares	-	-	-	2,634,029
Other shares:				
– listed	-	19,364,776	-	19,364,776
– unlisted	-	-	-	-
Total other financial assets	-	19,364,776	-	34,454,932

As there is currently no clear expectation that the cost of the investment in UMC Energy plc will be recouped through the sale or successful development of the Morondava uranium project, the carrying value was fully impaired, giving rise to an expense of \$1,720,151.

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
11. PLANT AND EQUIPMENT				
Office furniture and computer equipment				
At cost	43,881	123,251	43,881	39,127
Accumulated depreciation	(38,693)	(30,056)	(38,693)	(30,056)
	5,188	93,195	5,188	9,071
Plant and equipment				
At cost	-	31,006	-	-
Accumulated depreciation	-	-	-	-
	-	31,006	-	-
Leasehold improvements				
At cost	61,419	61,419	61,419	61,419
Accumulated amortisation	(61,419)	(61,419)	(61,419)	(61,419)
	-	-	-	-
Total plant and equipment net book value	5,188	124,201	5,188	9,071
Reconciliations				
Reconciliations of the carrying amount for each class of plant and equipment are set out below:				
Office furniture and computer equipment				
<i>Cost</i>				
Opening balance – 1 January	123,251	34,999	39,127	34,999
Additions	4,754	4,128	4,754	4,128
Acquired through business combination	-	84,124	-	-
Disposals	(84,124)	-	-	-
Closing balance – 31 December	43,881	123,251	43,881	39,127
<i>Accumulated depreciation</i>				
Opening balance – 1 January	(30,056)	(17,237)	(30,056)	(17,237)
Disposals	-	-	-	-
Depreciation	(8,637)	(12,819)	(8,637)	(12,819)
Closing balance – 31 December	(38,693)	(30,056)	(38,693)	(30,056)
Plant and equipment				
<i>Cost</i>				
Opening balance – 1 January	31,006	-	-	-
Additions	-	-	-	-
Acquired through business combination	-	31,006	-	-
Disposals	(31,006)	-	-	-
Closing balance – 31 December	-	31,006	-	-
<i>Accumulated depreciation</i>				
Opening balance – 1 January	-	-	-	-
Disposals	29,605	-	-	-
Depreciation	(29,605)	-	-	-
Closing balance – 31 December	-	-	-	-

There have been no movements in leasehold improvements in the current or prior year in the Group.

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
12. TRADE AND OTHER PAYABLES				
Non-trade payables and accruals	417,221	1,568,767	417,221	291,584
Deferred revenue	-	-	-	224,690
	<u>417,221</u>	<u>1,568,767</u>	<u>417,221</u>	<u>516,274</u>
13. LOANS AND BORROWINGS				
Current				
Loan from related entity	-	3,200,000	-	3,200,000
Loan from subsidiary	-	-	-	1,200,000
	<u>-</u>	<u>3,200,000</u>	<u>-</u>	<u>4,400,000</u>
Non-current				
Convertible Note from related entity	9,000,000	-	9,000,000	-
	<u>9,000,000</u>	<u>-</u>	<u>9,000,000</u>	<u>-</u>

Following approval by shareholders at the January 2008 General Meeting, the Company issued a Convertible Note, bearing a 9.5% coupon, to raise \$9 million to Capma Pty Ltd, a company in which a Director, Mr. Kyriakou, has an interest. The Note expires on 16 January 2012 and at that time, or if exercised earlier (but not before 16 January 2010) under the terms of the Note, must be exercised into fully paid Ordinary Shares in the Company at the lower of \$5.50 or 80% of the weighted average market price at the conversion date. As at 31 December 2008, the Group had drawn down \$4,900,000 of the Note, leaving a facility available of \$4,100,000 (refer note 7).

14. EMPLOYEE BENEFITS

Employee leave entitlements				
Opening balance – 1 January	2,235	2,235	2,235	2,235
Provision used during the year	-	-	-	-
Closing balance – 31 December	<u>2,235</u>	<u>2,235</u>	<u>2,235</u>	<u>2,235</u>

15. CAPITAL

Issued and paid-up capital				
19,373,530 (2007 : 16,351,696) ordinary shares, fully paid	44,275,558	31,962,733	44,275,558	31,962,733

	Consolidated and The Company			
	2008	2007	2008	2007
	Number	Number	\$	\$
Ordinary share capital				
Opening balance – 1 January	16,351,696	13,534,709	31,962,733	19,767,990
Shares issued:				
Issued for cash	3,000,000	-	12,254,965	-
To increase interest in Tarquin Resources plc, Belitung Zinc Corporation plc and UMC Energy plc	21,834	2,816,987	57,860	12,194,743
Closing balance – 31 December	<u>19,373,530</u>	<u>16,351,696</u>	<u>44,275,558</u>	<u>31,962,733</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

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15. CAPITAL (continued)

<i>Options</i>	Consolidated and The Company			
	2008 Number	2007 Number	2008 \$	2007 \$
Option holders are not entitled to participate in any share issue of the Company or to receive dividends.				
30 June 2010 \$2.50 options over ordinary shares				
Opening balance – 1 January	620,000	620,000		
Granted during the year	-	-		
Expired	(85,000)	-		
Closing balance – 31 December	535,000	620,000		
21 August 2009 \$3.15 options over ordinary shares				
Opening balance – 1 January	136,547	136,547		
Granted during the year	-	-		
Closing balance – 31 December	136,547	136,547		
31 December 2012 \$3.80 options over ordinary shares				
Opening balance – 1 January	575,000	-		
Granted during the year	400,000	575,000		
Expired	(210,000)	-		
Closing balance – 31 December	765,000	575,000		
9 January 2013 \$5.50 options over ordinary shares				
Opening balance – 1 January	-	-		
Granted during the year	500,000	-		
Closing balance – 31 December	500,000	-		

These options are not considered to be dilutive at 31 December 2008 due to the loss incurred during the period.

In addition to the options listed above, under the terms of the \$9 million Convertible Note issued to Capma Pty Ltd, the Note must be converted into fully paid Ordinary Shares in the Company on expiry on 16 January 2012, and may be converted earlier (but not before 16 January 2010). The Note converts into fully paid Ordinary Shares in the Company at the lower of \$5.50 or 80% of the weighted average market price at the conversion date.

	Consolidated		The Company	
	2008 \$	2007 \$	2008 \$	2007 \$
16. RESERVES				
<i>Fair value reserve</i>				
Opening balance – 1 January	7,677,666	694,135	3,583,394	1,264,247
Change in fair value of equity securities available for sale net of tax	(7,677,666)	6,983,531	(3,583,394)	2,319,147
Closing balance – 31 December	-	7,677,666	-	3,583,394
<i>Equity compensation reserve</i>				
Opening balance – 1 January	2,649,973	916,059	2,649,973	916,059
Equity settled transactions	1,892,367	1,733,914	1,892,367	1,733,914
Closing balance – 31 December	4,542,340	2,649,973	4,542,340	2,649,973

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	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
16. RESERVES (continued)				
Revaluation reserve				
Opening balance – 1 January	827,608	-	-	-
Revaluation arising on acquisition of subsidiary	-	827,608	-	-
Revaluation arising on disposal of subsidiary	(827,608)	-	-	-
Closing balance – 31 December	-	827,608	-	-
Foreign currency translation reserve				
Opening balance – 1 January	(679,670)	-	-	-
Foreign currency translation adjustments	-	(679,670)	-	-
Change arising on disposal of subsidiary	679,670	-	-	-
Closing balance – 31 December	-	(679,670)	-	-
Total reserves – 31 December	4,542,340	10,475,577	4,542,340	6,233,367
Fair value reserve				
The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments net of tax until the investment is derecognised.				
Equity compensation reserve				
The equity compensation reserve includes the fair value of options granted under the Company's Participants' Option Incentive Schemes.				
Revaluation reserve				
The revaluation reserve comprises the valuation adjustment resulting from the step-acquisition of subsidiaries.				
Foreign currency translation reserve				
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.				
17. ACCUMULATED LOSS				
Opening balance – 1 January	(1,782,793)	2,924,850	(4,595,486)	476,777
Loss for the period	(4,604,067)	(4,707,643)	(1,791,374)	(5,072,263)
Closing balance – 31 December	(6,386,860)	(1,782,793)	(6,386,860)	(4,595,486)
18. TOTAL EQUITY RECONCILIATION				
Total equity at beginning of year	40,493,942	24,303,034	33,600,614	22,425,073
Equity settled transactions (net of tax)	1,892,367	1,733,914	1,892,367	1,733,914
Total recognised (expense) / income for the year	(12,268,096)	1,616,431	(5,374,768)	(2,753,116)
Contributions of equity	12,312,825	12,194,743	12,312,825	12,194,743
Minority interest arising on acquisition of subsidiary	-	645,820	-	-
Total equity at end of year	42,431,038	40,493,942	42,431,038	33,600,614

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			Consolidated and the Company	
			Interest 2008	Interest 2007
19. CONTROLLED ENTITIES		Note	Place of incorporation	%
Parent entity – Natasa Mining Ltd				
Subsidiaries				
Natasa Chile SA (formerly Tommy SA)		(i)	Chile	100
Natasa Mining Chile SA (formerly Colorado SA)			Chile	100
Belitung Zinc Corporation plc		(ii)	UK	-
Tarquin Resources plc		(iii)	UK	-

(i) In November 2008, the Company acquired from Tarquin Resources plc those shares in Natasa Chile SA which it did not already own for nominal consideration. Natasa Chile SA was a subsidiary of Tarquin Resources plc and accordingly became a subsidiary of the Company on 22 November 2007 (refer note iii).

(ii) Belitung Zinc Corporation plc ceased being a controlled entity on 17 December 2008 when the Company resolved to place that company into Members Voluntary Liquidation. Belitung Zinc Corporation plc became a subsidiary on 22 November 2007 following the Company increasing its holding in that company to 100% following making an off-market scrip for scrip offer to the shareholders in that company.

(iii) Tarquin Resources plc ceased being a controlled entity on 3 December 2008, following the disposal of the Company's interest in that company's equity for nominal consideration. Tarquin Resources plc became a subsidiary on 22 November 2007 following the Company increasing its holding in that company to 83.86% following making an off-market scrip for scrip offer to the larger shareholders in that company.

NATASA MINING LTD
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20. SEGMENT INFORMATION

	Investment Services		Mining		Total
	\$		\$		\$
Primary segments					
Business Segments					
2008					
Revenue from services	-		14,444		14,444
Financial income	1,191,586		10,934,397		12,125,983
Total revenue and financial income	1,191,586		10,948,841		12,140,427
Segment result	(5,093,096)		(1,028,442)		(6,121,538)
Share of net result of associates	-		108,425		108,425
Interest income	1,191,586		-		1,191,586
Net foreign exchange gain	10,934,397		-		10,934,397
Net gain on sale of shares	20,102,212		-		20,102,212
Impairment losses	(3,533,826)		(27,285,323)		(30,819,149)
(Loss) for the period	23,601,273		(28,205,340)		(4,604,067)
Depreciation and amortisation	(8,637)		(29,605)		(38,242)
Segment assets	55,384,320		-		55,384,320
Segment liabilities	9,419,456		-		9,419,456
Capital expenditure	4,754		5,064,481		5,069,235
2007					
Revenue from services	-		-		-
Financial income	965,997		-		965,997
Total revenue and financial income	965,997		-		965,997
Segment result	(2,515,159)		(12,164)		(2,527,323)
Share of net (loss) / profit of associates	(904,657)		3,537,491		2,632,834
Interest income	164,204		-		164,204
Reversal of impairment losses	28,723		-		28,723
Impairment losses	-		(4,985,868)		(4,985,868)
(Loss) for the period	(3,226,889)		(1,460,541)		(4,687,430)
Depreciation and amortisation	(12,819)		-		(12,819)
Segment assets	27,963,744		22,618,644		50,582,388
Segment liabilities	6,996,187		1,095,265		8,091,452
Capital expenditure	4,128		1,018,173		1,022,301
Secondary segments					
	Australia	Asia	South America	United Kingdom	Total
	\$	\$	\$	\$	\$
Geographic Segments					
2008					
Total revenue and financial income	31,944,476	-	-	298,163	32,242,639
Segment Assets	55,384,320	-	-	-	55,384,320
Capital expenditure	4,754	-	4,216,147	-	4,220,901
2007					
Total revenue and financial income	70,176	-	-	482,117	552,293
Segment Assets	354,106	2,634,029	17,018,041	30,576,212	50,582,388
Capital expenditure	4,128	-	1,018,173	-	1,022,301

Investment services represent the Group's activities in investing in, and contributing to the management of, other companies, and cash held on deposit. Mining represents the Group's interest in prospective mining ventures.

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21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration of Directors and Specified Executives

Remuneration of senior management personnel is determined by a Remuneration Committee comprised of the non-executive directors. The Board as a whole is responsible for making recommendations on remuneration policies and packages applicable to the Board members of the Group. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality; taking into account information obtained via reputable industry remuneration surveys and / or independent consultant reports. This also includes responsibility for share option schemes, incentive performance packages, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies. For the current year all packages comprised fixed remuneration elements and equity based remuneration only; no bonuses were paid.

Equity holdings and transactions : Ordinary shares

2008	Held at 1.1.2008	Acquired on market	Disposed on market	Held at 31.12.2008
Directors				
J.A. Landels	100,000	-	-	100,000
C. Kyriakou	4,601,097	117,540	-	4,718,637
M.R. Arnesen	-	-	-	-
S. Borg	57,935	-	-	57,935
R.A. Cleary	-	-	-	-
J.R. Reynolds	6,000	1,000	-	7,000
Executives				
J.B. Maguire	144,000	-	-	144,000
K.P. Heywood	-	-	-	-

2007	Held at 1.1.2007	Acquired as share based payment	Acquired on market	Disposed on market	Held at 31.12.2007
Directors					
J.A. Landels	100,000	-	-	-	100,000
C. Kyriakou	4,574,298	13,799	13,000	-	4,601,097
M.R. Arnesen	-	-	-	-	-
S. Borg	56,259	-	1,676	-	57,935
R.A. Cleary	-	-	-	-	-
J.R. Reynolds	6,000	-	-	-	6,000
Executives					
J.B. Maguire	144,000	-	-	-	144,000
K.P. Heywood	-	-	-	-	-

Equity holdings and transactions : Options over ordinary shares

2008	Held and Vested at 1.1.2008	Granted	Held and Vested at 31.12.2008
Specified directors			
J.A. Landels	75,000	-	75,000
C. Kyriakou	220,000	-	220,000
M.R. Arnesen	50,000	-	50,000
S. Borg	50,000	-	50,000
R.A. Cleary	190,000	-	190,000
J.R. Reynolds	100,000	150,000	250,000
Specified executives			
J.B. Maguire	100,000	-	100,000
K.P. Heywood	-	250,000	250,000

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21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2007	Held and Vested at 1.1.2007	Granted	Held and Vested at 31.12.2007
Specified directors			
J.A. Landels	50,000	25,000	75,000
C. Kyriakou	150,000	70,000	220,000
M.R. Arnesen	-	50,000	50,000
S. Borg	15,000	35,000	50,000
R.A. Cleary	120,000	70,000	190,000
J.R. Reynolds	30,000	70,000	100,000
Specified executives			
J.B. Maguire	80,000	20,000	100,000
K.P. Heywood	-	-	-

All options vested on date of grant.

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other transactions with the Group

A number of specified directors and specified executives, or their personally related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties, were total revenue of \$59,029 and total expense of \$822,538. Details of the transactions are as follows:

Key management personnel	Transaction	Note	2008	2007
			\$	\$
C. Kyriakou	Facility and drawdown fees	(viii), (x)	59,029	334,900
R.A. Cleary	Facility and drawdown fees	(viii), (x)	59,029	334,900
J.R. Reynolds	Facility and drawdown fees	(x)	59,029	-
C. Kyriakou	Consultancy fees and rent	(i), (ii)	294,224	294,224
R.A. Cleary	Consultancy	(iii)	56,000	112,480
J.R. Reynolds	Consultancy	(iv)	-	20,744
J.B. Maguire	Consultancy	(v)	144,000	144,000
K.P. Heywood	Consultancy	(vi)	288,563	45,187
S. Borg	IT support and equipment	(vii)	3,643	4,488
C. Kyriakou	Office facilities and administration services	(ix)	36,108	13,336
R.A. Cleary	Office facilities and administration services	(ix)	36,108	13,336

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21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(i) Management consultancy fees of \$230,974 (2007: \$230,974) were paid by the Company to a company in which a Director, Mr Kyriakou, has an interest. These services were charged at commercial rates. The amount of management consulting fees is included in the remuneration disclosure set out in this note 21.

(ii) Rent of \$63,250 (2007: \$63,250) was paid by the Company to a company in which a Director, Mr. Kyriakou, has an interest. This rent was charged at commercial rates.

(iii) Consultancy fees of \$56,000 (2007: \$112,480) were paid by the Company to a company in which a Director, Mr Cleary, has an interest. These services were charged at commercial rates. The amount of consulting fees is included in the remuneration disclosure set out in this note 21.

(iv) Consultancy fees of \$nil (2007: \$20,744) were paid by the Company to a business in which a Director, Mr Reynolds, has an interest. These services were charged at commercial rates. The amount of consulting fees is included in the remuneration disclosure set out in this note 21.

(v) Consultancy fees of \$144,000 (2007: \$144,000) were paid by the Company to a company in which the Company Secretary, Mr Maguire, has an interest. These services were charged at commercial rates. The amount of consulting fees is included in the remuneration disclosure set out in this note 21.

(vi) Consultancy fees of \$288,563 (2007: \$45,187) were paid by the Company to a company in which the Chief Operating Officer, Mr Heywood, has an interest. These services were charged at commercial rates. The amount of consulting fees is included in the remuneration disclosure set out in this note 21.

(vii) IT equipment amounting to \$nil (2007: \$2,179) was purchased by the Company from, and IT services of \$3,643 (2007: \$2,309) were supplied to the Company by, a company in which a Director, Mr. Borg, has an interest.

(viii) Facility fees of \$nil (2007: \$334,900) were charged by the Company to Tarquin Resources plc of which Mr Kyriakou is and Mr Cleary was a director. These services were charged at commercial rates. By the balance date, the total amount had been capitalised into new ordinary shares in that company.

(ix) Office facilities and administration services amounting to \$36,108 (2007: \$13,336) were charged to the Group by Toledo Mining Corporation plc of which Mr Kyriakou and Mr Cleary were directors. These services were charged at commercial rates.

(x) Draw down and facility fees of \$59,029 (2007: \$nil) were charged by the Company to UMC Energy plc of which Mr Kyriakou and Mr Reynolds are directors and of which Mr Cleary was a director. These were charged at commercial rates. At the balance date, the total amount is included in the balance recoverable.

(xi) The Company acquired shares in Tarquin Resources plc in off-market offers made to the public on commercial terms. The Company made a cash payment of \$2,444 to Mr Landels and a cash payment of \$1,577 to a company in which Mr Landels has an interest in relation to these offers. In 2007, the Company made a share based payment with a fair value of \$60,716 to Mr Kyriakou and a cash payment of \$1,403 to Mr Reynolds in relation to these offers.

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21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

	2008	2007
	\$	\$
Assets and liabilities arising from the above transactions		
Non-current assets		
Trade and other receivables (xii)	4,100,000	-
Current liabilities		
Loans and borrowings	-	(4,400,000)
Non-current liabilities		
Loans and borrowings (xii)	(9,000,000)	-
	<u>(4,900,000)</u>	<u>(4,400,000)</u>

(xii) The Company issued a convertible note of \$9,000,000 (2007: \$nil) to a company in which a Director, Mr. Kyriakou, has an interest. The convertible note is unsecured, bears interest at 9.5% per annum and is convertible into ordinary shares in the Company. At the balance date, \$4,900,000 of the note had been drawn. Refer Notes 7 and 13.

(xiii) A short term loan of \$60,000 (2007: \$3,200,000) was received by the Company from a company in which a Director, Mr Kyriakou, has an interest. The loan was unsecured and bore interest at 9.5% per annum. The loan was capitalized into the January 2008 convertible note.

(xiv) A loan of \$1,200,000 (2007: \$1,200,000) was received by the Company from Belitung Zinc Corporation plc of which Mr Kyriakou and Mr Reynolds are directors. The loan is unsecured, interest-free and has no fixed terms of repayment. The loan was extinguished at the time that company was placed into members' voluntary liquidation.

Subsidiaries

Details of interests in subsidiaries are set out in note 19. Details of dealings with these entities are set out below. These transactions are in the normal course of business and on normal terms and conditions.

Funds have been advanced by way of shareholders loan to Natasa Chile SA to enable that company to meet its working capital requirements especially in relation to the Puquios copper project. The loan to Natasa Chile SA amounting to \$5,937,918 has no specified term and does not bear interest. Funds have been advanced to Tarquin Resources plc to enable that company to meet its working capital requirements especially in relation to the Puquios copper project. The loan to Tarquin Resources plc amounting to \$5,906,357 was capitalised into new ordinary shares during 2008. The loan from Belitung Zinc Corporation plc was extinguished at the time that company was placed into members' voluntary liquidation. The total value of the loans receivable at 31 December 2008 is \$5,937,918 (2007: \$6,964,074). These amounts have been provided for to the extent of \$5,937,918 (2007: \$nil). The total value of the loans payable at 31 December 2008 is \$nil (2007: \$1,200,000).

22. FINANCIAL INSTRUMENTS

Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and the Group, to set appropriate limits and controls, to monitor risks and adherence to limits.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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22. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's and the Group's receivables from customers, government agencies and investment securities. For the Company it arises, in addition, for receivables due from subsidiaries.

Trade and other receivables

The Company's and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company and the Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. This allowance represents specific losses that relate to individually significant exposures.

Investments

The Company and the Group limits its exposure to credit risk by only dealing with brokers who are members of a recognised stock exchange and management does not expect any counterparty to fail to meet its obligations.

Financial risk factors

The carrying amounts of financial assets recognised in the balance sheet (including cash at bank), and disclosed in more detail in note 7 best represent the Company's and the Group's maximum exposure to credit risk at the reporting date. In respect of those financial assets and the credit risk embodied within them, the Company and the Group holds no significant collateral as security and there are no other significant credit enhancements in respect of these assets. The credit quality of all financial assets that are neither past due nor impaired is appropriate and is consistently monitored in order to identify any potential adverse changes in credit quality. There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

The Company and the Group is also exposed to a \$4,100,000 receivable under its convertible note facility.

Liquidity risk

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

Typically the Company and the Group ensures they have sufficient cash on demand to meet expected operational expenses for a period of more than 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Consolidated Contractual Cash flows	6 mths or less
	\$	\$	\$
31 December 2008			
Non-derivative financial liabilities			
Trade and other payables	417,221	417,221	417,221
Loans and borrowings	9,000,000	11,565,000	427,500
	<u>9,417,221</u>	<u>11,982,221</u>	<u>844,721</u>
31 December 2007			
Non-derivative financial liabilities			
Trade and other payables	1,568,767	1,568,767	1,568,767
Loans and borrowings	3,200,000	3,200,000	3,200,000
	<u>4,768,767</u>	<u>4,768,767</u>	<u>4,768,767</u>

NATASA MINING LTD
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22. FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$	Company Contract -ual Cash flows \$	6 mths or less \$	No Fixed term \$
31 December 2008				
Non-derivative financial liabilities				
Trade and other payables	417,221	417,221	417,221	-
Loans and borrowings	9,000,000	11,565,000	427,500	-
	9,417,221	11,982,221	844,721	-
31 December 2007				
Non-derivative financial liabilities				
Trade and other payables	516,274	516,274	516,274	-
Loans and borrowings	4,400,000	4,400,000	3,200,000	1,200,000
	4,916,274	4,916,274	3,716,274	1,200,000

Market risk

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

Currency risk

The Company and the Group is exposed to currency risk on cash holdings and receivables that are denominated in a currency other than the functional currencies of the Company, the Australian dollar (AUD).

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

The Group's exposure to foreign currency risk at balance date was as follows:

In AUD	Consolidated			
	AUD \$	GBP \$	USD \$	CLP \$
31 December 2008				
Cash and cash equivalents	46,496,931	-	969,037	-
Trade and other receivables	4,379,338	-	-	-
Trade and other payables	(297,221)	-	(120,000)	-
Loans and borrowings	(9,000,000)	-	-	-
Gross and net exposure	41,579,048	-	849,037	-
31 December 2007				
Cash and cash equivalents	154,674	1,915,775	1,393,653	(182,760)
Trade and other receivables	16,460	38,958	-	721,268
Other investments	-	19,364,776	-	-
Trade and other payables	(291,588)	(392,166)	(840,217)	(44,796)
Loans and borrowings	(3,200,000)	-	-	-
Gross and net exposure	(3,320,454)	20,927,343	553,436	493,712

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22. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk (continued)

The Company's exposure to foreign currency risk at balance date was as follows:

In AUD	AUD	Company		CLP
	\$	GBP	USD	\$
31 December 2008				
Cash and cash equivalents	46,496,931	-	969,037	-
Trade and other receivables	4,379,338	-	-	-
Trade and other payables	(297,221)	-	(120,000)	-
Loans and borrowings	(9,000,000)	-	-	-
Gross and net exposure	41,579,048	-	849,037	-
31 December 2007				
Cash and cash equivalents	154,674	-	173,902	-
Trade and other receivables	16,460	3,597,145	3,366,929	-
Other investments	-	31,820,903	2,634,029	-
Trade and other payables	(516,282)	-	-	-
Loans and borrowings	(4,400,000)	-	-	-
Gross and net exposure	(4,745,140)	35,418,048	6,174,860	-

The following significant exchange rates applied during the year:

AUD	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
GBP 1	0.45000	0.42684	0.44165	0.43845
USD 1	0.90254	0.82184	0.69070	0.87573
CLP 1	0.00230	0.00230	0.00230	0.00230

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

Effect in AUD	Consolidated		Company	
	Equity	Profit or loss	Equity	Profit or loss
31 December 2008				
USD	-	(96,904)	-	(96,904)
31 December 2007				
GBP	(1,634,133)	-	(2,318,919)	(359,715)
USD	(85,301)	(17,390)	-	(354,083)
CLP	(1,322,246)	-	-	-

A 10 percent weakening of the Australian dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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22. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate risk

The Company and the Group limits their exposure to interest rate risk by entering into fixed rate agreements as far as possible, other than in respect of cash holdings where the Company and the Group's interest earnings are subject to interest rate risk.

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated		Company	
	Carrying amount		Carrying amount	
	2008	2007	2008	2007
Fixed rate instruments				
Financial assets	-	-	-	3,597,145
Financial liabilities	(9,000,000)	(3,200,000)	(9,000,000)	(4,400,000)
	<u>(9,000,000)</u>	<u>(3,200,000)</u>	<u>(9,000,000)</u>	<u>(802,855)</u>
Variable rate instruments				
Financial assets	47,465,968	3,281,342	47,465,968	328,576
Financial liabilities	-	-	-	-
	<u>47,465,968</u>	<u>3,281,342</u>	<u>47,465,968</u>	<u>328,576</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by \$nil (2007 : \$nil) and the Company's equity by \$nil (2007 : \$nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's equity and profit and loss by \$88,042 (2007 : \$7,017) and the Company's equity and profit and loss by \$88,042 (2007 : \$7,017). The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

Commodity price risk

The Group was exposed to commodity price risk on sales of nickel ore generated by its associates. The Group does not enter into commodity price hedging arrangements.

Other market price risk

Equity price risk arises from available-for-sale equity securities held for investment purposes. The Board monitors the equity securities in the Company and the Group's investment portfolio on an individual basis and all buy and sell decisions are made by management within limits approved by the Board.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes to the Group's approach to capital management during the year.

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

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

22. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated			
	Carrying amount 2008 \$	Net fair value 2008 \$	Carrying amount 2007 \$	Net fair Value 2007 \$
Cash and cash equivalents	47,465,968	47,465,968	3,281,342	3,281,342
Trade and other receivables	4,379,338	4,379,338	776,686	776,686
Equity securities available for sale	-	-	19,364,767	19,364,767
Trade and other payables	(417,221)	(417,221)	(1,568,771)	(1,568,771)
Loans and borrowings	(9,000,000)	(9,000,000)	(3,200,000)	(3,200,000)
	<u>42,428,085</u>	<u>42,428,085</u>	<u>18,654,037</u>	<u>18,654,037</u>
	Company			
	Carrying Amount 2008 \$	Net fair Value 2008 \$	Carrying Amount 2007 \$	Net fair Value 2007 \$
Cash and cash equivalents	47,465,968	47,465,968	328,576	328,576
Trade and other receivables	4,379,338	4,379,338	6,980,534	6,980,534
Equity securities available for sale	-	-	19,364,776	19,364,776
Trade and other payables	(417,221)	(417,221)	(516,274)	(516,274)
Loans and borrowings	(9,000,000)	(9,000,000)	(4,400,000)	(4,400,000)
	<u>42,428,085</u>	<u>42,428,085</u>	<u>21,757,612</u>	<u>21,757,612</u>

NATASA MINING LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$

23. NOTES TO THE STATEMENTS OF CASH FLOWS

(i) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the balance sheet as follows:

Classified as cash	47,465,968	3,281,342	47,465,968	328,576
	<u>47,465,968</u>	<u>3,281,342</u>	<u>47,465,968</u>	<u>328,576</u>

(ii) Reconciliation of cash flows from operating activities

(Loss) / profit for the period	(4,604,067)	(4,687,430)	(1,791,374)	(5,072,263)
Adjustments for:				
Depreciation	38,242	12,819	8,637	12,819
Gain on sale of shares	(20,102,212)	(388,089)	(23,851,600)	(388,089)
Exchange rate fluctuations on cash held	(10,934,397)	-	(10,313,366)	-
Impairment losses	30,819,149	4,985,868	32,012,933	2,414,431
(Reversal of) impairment losses	-	(28,723)	-	(28,723)
Share of net result of associates	(108,425)	(2,632,834)	-	-
Equity-settled share-based payment expenses	1,892,368	1,733,914	1,892,368	1,733,914
Operating cash flow before changes in working capital and provisions	(2,999,342)	(1,004,475)	(2,042,402)	(1,327,911)
(Increase) / decrease in trade and other receivables	(750,304)	19,740	(262,871)	19,740
Increase / (decrease) in deferred income	-	-	(224,690)	224,690
Increase in trade and other payables	(1,151,557)	79,927	125,631	79,918
Net cash used in operating activities	<u>(4,901,203)</u>	<u>(904,808)</u>	<u>(2,404,332)</u>	<u>(1,003,563)</u>

(iii) Non-cash financing and investing activities

During the year, the Company issued 21,834 shares with a fair value of \$57,860 to increase its interest in Tarquin Resources plc.

In 2007, the Company issued 2,816,987 shares with a fair value of \$12,194,743 to increase its interests in Tarquin Resources plc to 86.8%; in Belitung Zinc Corporation plc to 100% and in UMC Energy plc to 20.4%.

24. COMMITMENTS AND CONTINGENT LIABILITIES

The Company and the Group have no commitments for capital or revenue purchases other than those entered into in the ordinary course of business.

The Company and the Group have no commitments under non-cancellable leases.

The Company and the Group have no contingent liabilities.

25. SUBSEQUENT EVENTS

Between 1 January 2009 and the date of this report the following material transactions have occurred. The Company has advanced \$38,821 by way of loan to UMC Energy plc.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 31 December 2008.

NATASA MINING LTD
DIRECTORS' DECLARATION

1) In the opinion of the directors of Natasa Mining Ltd ("the Company"):

- (a) the financial statements and notes set out on pages 16 to 47 and the remuneration disclosures that are contained in the Remuneration Report, being section 13 of the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company and Group's financial position as at 31 December 2008 and of their performance for the financial 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(a);
- (c) the remuneration disclosures that are contained in the Remuneration Report, being section 13 of the Directors' Report, comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2008.

Dated at Sydney this 23rd day of February 2009.

Signed in accordance with a resolution of the directors:

S.J.P. Borg
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NATASA MINING LTD

Independent auditor's report to the members of Natasa Mining Ltd

Report on the financial report

We have audited the accompanying financial report of Natasa Mining Ltd (the Company), which comprises the balance sheets as at 31 December 2008, and the income statements, statements of changes in recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 25 and the directors' declaration set out on page 48 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' 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 Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with the Australian Accounting Standard AASB 124.

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

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NATASA MINING LTD**

Auditor's opinion

In our opinion:

- (a) The financial report of Natasa Mining Ltd is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group 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 section 13 of the directors' report for the year ended 31 December 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Natasa Mining Ltd for the year ended 31 December 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Shane O'Connor
Partner

Sydney

23 February 2009

SHAREHOLDER INFORMATION AS AT 2 FEBRUARY 2009

A. STATEMENT OF ISSUED SHARES

- (i) The total number of shareholders is 587 on the Australian register and 65 on the UK register. Each shareholder is entitled to one vote per share held.
- (ii) There are 19,373,530 ordinary fully paid shares quoted on the Australian Securities Exchange Ltd and the London Stock Exchange's AIM market.
- (iii) The twenty largest shareholders hold 91.8% of the Company's issued capital.

B. DISTRIBUTION OF SECURITIES ON THE AUSTRALIAN REGISTER

	Number of Shareholders	Number of Optionholders
1 - 2,000	441	-
2,001 - 5,000	98	-
5,001 - 10,000	18	-
10,001 - 100,000	21	7
100,001 and over	9	5
	<hr/> 587	<hr/> 12

C. ON-MARKET BUYBACK

There is no current on-market buyback.

D. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders is as follows: Chrisilios Kyriakou 4,718,637 shares

E. VOTING RIGHTS

Ordinary shares – refer note 15

Options over ordinary shares – there are no voting rights attached to the options over ordinary shares.

F. UNQUOTED SECURITIES

The Company has on issue 1,936,547 options over ordinary shares.

These options are held by 12 holders. One holder has 500,000 options which is 26% of the class of securities.

G. TOP 20 SHAREHOLDERS APPEARING ON THE REGISTERS:

Shareholder's Name	No. of Shares held	% of Capital held
Baron Investments Ltd	4,559,597	23.9
Lynchwood Nominees Ltd	3,413,684	17.6
ANZ Nominees Ltd	3,280,012	16.9
T. Hoare Nominees Ltd	2,033,500	10.5
HSBC Custody Nominees	1,012,164	5.2
BBHISL Nominees Ltd	791,400	4.1
Fitel Nominees Ltd	611,553	3.1
Kewdale International Corp	400,000	2.1
Mustoni Ltd	262,000	1.3
Bell Potter Nominees Ltd	206,000	1.1
Pershing Nominees Ltd	201,145	1.0
Goldman Sachs Securities (Nominees) Ltd	147,500	0.8
JP Morgan Nominees Australia Ltd	140,049	0.7
TD Waterhouse Nominees (Europe)	131,981	0.6
Barclayshare Nominees Ltd	125,735	0.6
Good Hope Finance & Investment Pty Ltd	114,040	0.6
Rockor Holdings Pty Ltd	100,000	0.5
Blamco Trading Pty Ltd	90,000	0.4
HSBC Global Custody Nominee (UK) Ltd	89,277	0.4
LR Nominees Ltd	85,461	0.4
Top 20 Total	<hr/> 17,795,098	<hr/> 91.8%