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BATAVIA MINING LIMITED

ANNUAL REPORT 30 JUNE 2008

DIRECTORS
Terence N Smith (Chairman)
John W Barr
Neil G Biddle

COMPANY SECRETARIES
John W Barr
Simon Robertson

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Telephone:	(08) 9323 2000
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AUDITORS
Ernst & Young

STOCK EXCHANGE LISTINGS

Australian Stock Exchange Limited	(Code: BTV)
Stock Exchange Germany	(Code: MZI)

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REVIEW OF OPERATIONS AND ACTIVITIES

OVERVIEW

The year has been dominated by corporate activities which resulted in the sale of the Gullewa assets in July 2008.

The sale included the following key terms and conditions:

- A payment of $3,000,000 and 2 million ATW shares; which have both been received.
- A second payment of $3,000,000 payable on or before 31 July 2009.
- A third payment of $3,000,000 payable on or before 31 July 2010.
- On or before 31 July 2011 or the completion of a positive bankable feasibility study a final payment of $4,000,000.
- Provided the share price of the shares in ATW is greater, or equal to CND$1.00, BTV may elect to be paid in shares for each of the payments made subsequent to the First Payment up to 10% of the total issued shares in ATW.

In addition Batavia realised a profit on the disposal of its listed share portfolio and further enhanced its financial position by completing a placement.

Batavia has liquid assets in excess of $16million and is well positioned to deliver shareholders a positive result in 2009.

Project Generation

Batavia continues to proactively seek and assess new projects. The objective is to acquire a high quality "company making" project preferably in the bulk commodity sector where prices and market appetite have remained strong.

This strategy is underpinned by BTV's strong financial position which places the company in a good position to negotiate a suitable acquisition.

Exploration Activities

Gullewa Iron Ore Joint Venture

Batavia has retained the right to farm into 100% of the Rocksteady and Brandy Hill Iron Ore prospects which lie within the Gullewa Project area that was recently sold.

The significant terms of the Farm-in include:

- Batavia has the sole right to explore for Iron Ore on the Rocksteady and Brandy Hill Iron Ore prospects for two years.
- The joint venture partner holds the rights for all other minerals.
- Should Batavia, through its exploration efforts, define an Iron Ore resource within the two years, a separate tenement will be applied for and Batavia's interest in the Iron Ore will be ongoing.
- Should an Iron Ore resource not be established within the two years, Batavia's interest shall expire.

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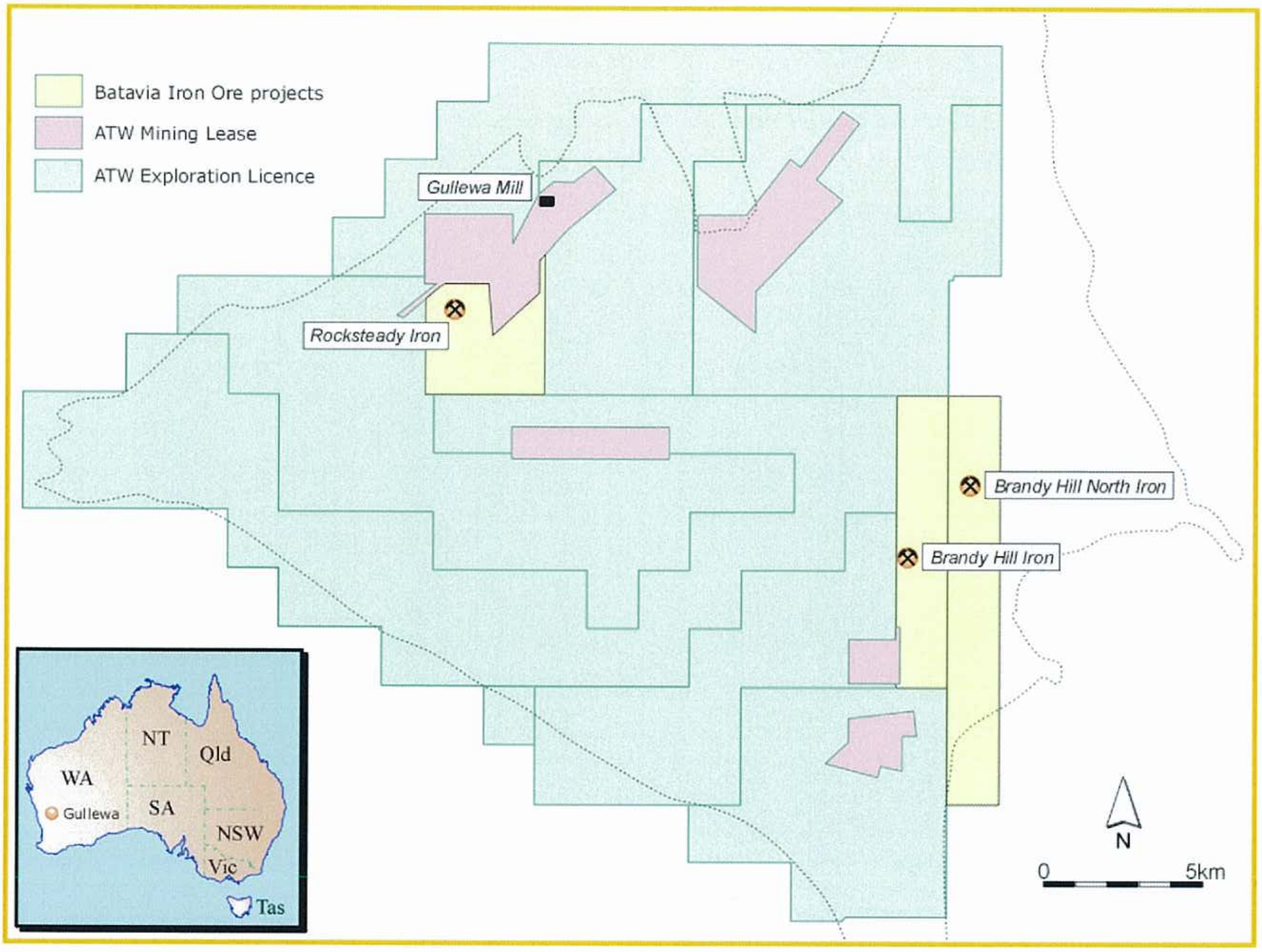

Batavia's iron ore exploration initiative recognises the potential of the Rocksteady and Brandy Hill iron ore Prospects and their geographic advantage in the developing Mid West Iron Ore Province.

Moderate grade haematite was identified at Rocksteady from rock chip sampling and followed up with a preliminary RC drilling program in 2007. A recent gravity survey has identified potential for continuity of the haematite mineralisation over a considerable strike length.

The gravity survey also identified potential for haematite mineralisation at Brandy Hill West. Both the Rocksteady and Brandy Hill West targets will be drill tested during 2008.

Further drill testing of the Brandy Hill magnetite prospect may also be undertaken after some very promising results were recorded from the 2007 drilling.

Other Corporate Activities

Thor Mining PLC

In April 2008 Batavia sold 13 million shares in Thor at 20 cents per share and ceased to be a substantial shareholder. The Company has also now sold a major portion of warrants owned in Thor.

Placement

Batavia completed a Placement of 12 million ordinary shares at 8 cents per share to Sophisticated Investors, to raise $960,000.

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General Meeting

An EGM was held in July 2008 to consider the following motions:

1. Disposal of Gullewa Project
2. Ratification of Placement
3. Appointment of Mr John W Barr as Director
4. Issue of Director Options to Mr John W Barr
5. Execution of Directors Deeds of Indemnity
6. Service Agreement with Kensington Consulting Pty Ltd
7. Service Agreement with Hatched Creek Pty Ltd
8. Section 195 Approval

All matters placed before shareholders were passed.

The 2007 Annual General Meeting was held in November 2007.

Shareholders are urged to participate in the planned 2008 AGM by attending personally or lodging a proxy.

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Corporate Governance Statement

The Board of Directors of Batavia Mining Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be appropriate. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations.

	Recommendation	Comply Yes / No	Reference / Explanation
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	Page 6
2.1	A majority of the Board should be independent directors.	No	Page 7
2.2	The chairperson should be an independent director.	Yes	Page 7
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	Page 7
2.4	The Board should establish a nomination committee.	No	Page 7
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: - the practices necessary to maintain confidence in the Company's integrity; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 8
3.2	Disclose the policy concerning trading in Company securities by directors, officers and employees.	Yes	Page 9
4.1	Require the chief executive officer (or equivalent) and chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with the relevant accounting standards.	Yes	Page 11
4.2	The Board should establish an audit committee.	Yes	Page 7
4.3	Structure the audit committee so that it consists of: - only non-executive directors; - a majority of independent directors; - an independent chairperson, who is not chairperson of the Board; - at least three members.	No	Page 7
4.4	The audit committee should have a formal charter.	Yes	Website
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	Website
6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings.	Yes	Website

	Recommendation	Comply Yes / No	Reference / Explanation
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	Page 11
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Yes	Page 11
7.2	The chief executive officer (or equivalent) and chief financial officer (or equivalent) should state to the Board in writing that: - the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; - the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	Page
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	No	Page 26
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Yes	Page 26
9.2	The Board should establish a remuneration committee.	No	Page 11
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 11
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes	Page 12
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Yes	Page 8

The Company's corporate governance practices were in place throughout the year ended 30 June 2008.

Further information about the Company's corporate governance practices is set out on the Company's website at www.Batavia Mining.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Board of Directors

Role of the Board and Management

The Board's primary role Is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day to day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;

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- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

Composition of the Board and New Appointments

The Company currently has the following Board members:

Mr Terence Smith	Chairman
Mr John W Barr	
Mr Neil Biddle	

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board considers that Mr Terence N Smith is an Independent Director in accordance with Recommendation 2.1. Whilst the remainder of the Board are not independent, the Board believes that all the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company and possess the skills and experience suitable for building the Company. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's history and the size and scale of operations. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

To assist the Board in carrying out its responsibilities, the Board has established the following committees:

- Audit Committee

The Audit Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of

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assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Full Board were members of the Audit Committee.

Qualifications of audit committee members

For details of the qualifications of the audit committee members, the number of Audit Committee meetings held during the year and the attendees at those meetings, refer to the Directors' Report.

Conflicts 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. Where the Board believes that a significant conflict exists the Director concerned is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a director.
- A Director must not take improper advantage of the position of director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.

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- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors, Officers, Employees and Consultants of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

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Interests of Other Stakeholders

The Company's objective is to develop and commercialise its exploration tenements to create wealth for shareholders and add value for other stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Chairman, Managing Director or the Company Secretary, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

(i) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
(ii) The information is confidential; and
(iii) One of the following applies:
  (a) It would breach a law or regulation to disclose the information;
  (b) The information concerns an incomplete proposal or negotiation;
  (c) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  (d) The information is generated for internal management purposes;
  (e) The information is a trade secret;
  (f) It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
  (g) The information is data that the release of which may benefit the Company's potential competitors.

The Chairman and Managing Director are responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

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

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

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Risk Management

Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Key Risk Analysis presented to the Board each year.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Company; and
- reports to the Board by the Chairman of each committee at the next Board meeting following the Committee meeting..

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entity for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Remuneration Arrangements

The Board has not established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company.

All of the Directors receive a separate Directors' fee of $40,000 per annum, plus statutory superannuation.

In addition:

- Kensington Consulting Pty Ltd of which Mr John W Barr is a director, receives a consulting fee for Mr Barr's services under a service agreement approved by shareholders; and
- Hatched Creek Pty Ltd of which Mr Neil G Biddle is a director, receives consulting fees for Mr Biddle's services under a service agreement approved by shareholders.

The service agreement for Kensington Consulting Pty Ltd and Hatched Creek Pty Ltd have been approved by shareholders and contain a termination clause of a maximum of 12 months ($300,000).

There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievements of key performance indicators.

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Remuneration of Directors and key executives is competitively set with the assistance of externally prepared surveys and reports, taking into account the experience and qualifications of each individual.

The aggregate amount payable to the Company's Non-Executive Directors for undertaking their duties as Directors must not exceed the maximum annual amount approved by the Company's shareholders (currently $200,000).

For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Compliance with ASX Corporate Governance Recommendations

During the Company's 2007/2008 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Reference	Recommendation Reference	Notification of Departure	Explanation for Departure
2	2.1	The Board does not comprise a majority of independent Directors	The Board considers that Mr Terenc N Smith is an Independent Director accordance with Recommendation 2.1. Whilst the remainder of the Board are not independent, the Boa believes that all the individuals on t Board can make, and do make, quality and independent judgement in the best interests of the Compan and possess the skills and experien suitable for building the Company. Directors having a conflict of intere in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on th topic.
2	2.4	The Board has not established a separate Nomination Committee.	The full Board carries out the role of a Nomination Committee in accordance with its Charter (which is disclosed on the Company's website). The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.3	The Audit Committee does not comprise a majority of Independent Directors.	The role of the Audit Committee is carried out by the full Board Only one member is an Independent Director. The Board considers that given the financial expertise of the members of the Audit Committee, the Company is well serviced by their expertise.
8	8.1	Non-disclosure of the process of evaluating the Board.	The process for evaluation of the Board, individual Directors and key executives was not disclosed. However, an evaluation of the Board, Directors and key executives does occur on an informal basis by the Chairman at least annually.

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9	9.2	The Board has not established a separate Remuneration Committee.	The full Board carries out the role of a Remuneration Committee in accordance with its Charter (which is disclosed on the Company's website). Due to the relatively small size of the Board, the Board considers that a separate Remuneration Committee would not add efficiency to the process of determining the level of remuneration for the directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which requires that shareholders approve the maximum aggregate remuneration for Non-Executive Directors (after the Board recommends the actual payments to directors) and that Executive remuneration and other terms of employment are reviewed annually by the remuneration committee having regard to performance, relevant comparative information and expert advice.

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Your Directors submit their report together with the financial report of Batavia Mining Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2008. The Company is limited by shares and is incorporated and domiciled in Australia.

DIRECTORS

The Directors of the Company in office during the financial year and until the date of this financial report are as follows. Directors were in office for this entire period unless otherwise stated.

Terence N Smith Dip Bus, Grad Cert Bus
Non Executive Chairman

Mr Smith was the founding partner of the Smith Coffey Group which has provided taxation, accounting and financial advice to clients for 34 years. He has a wide range of business skills in the areas of financial planning and corporate management. Mr Smith holds a number of directorships in a number of unlisted companies in the wine industry.

Mr Smith is a non-executive director of TNG Limited, a company listed on the ASX.

Damian P Delaney CA (SA)
Finance Director & Company Secretary

Mr Delaney resigned as Finance Director and Company secretary on the 11th of April 2008.

Neil G Biddle B.App.Sc(Geology), M.Aus.IMM
Non-Executive Director

Mr Biddle is a geologist and company director with over 16 years professional and management experience in listed companies involved in mining and exploration and was formerly managing director of Border Gold Limited (1991-1995) and Consolidated Victorian Mines NL (1991-1995).

Mr Biddle is the Managing Director of TNG Limited, a company listed on the ASX.

John W Barr CA, FAICD
Non-Executive Director and Company Secretary

Mr John W Barr was appointed as a Non-executive Director and Company Secretary on the 11th of April 2008. He has extensive Australian and international experience with exposure to manufacturing, mining and mineral exploration and development.

Mr Barr has managed his own consultancy business since 1987 which specialises in the management of public companies including advice on capital raisings, mergers and acquisitions, negotiating onshore and offshore acquisitions and joint ventures, negotiating commodity based funding, and compliance with corporate and stock exchange requirements.

During the last four years Mr Barr has served as a director of the following listed companies:

- TNG Limited (1998 to current)
- Thor Mining PLC (2005 to 2008).

DIRECTORS' MEETINGS

Director	Number of meetings held during the time the Director held office	Number of meetings attended
Terence N Smith	11	10
John W Barr (appointed 11 April 2008)	6	6
Neil G Biddle	11	11
Damian P Delaney (resigned 11 April 2008)	4	4

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PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity constituted by Batavia Mining Limited and the entities controlled by it during the year consisted of exploration for gold, copper, iron ore and other minerals within Western Australia.

RESULTS AND REVIEW OF OPERATIONS

The operating loss of the consolidated entity after income tax for the year was $2,980,746 (2007: profit of $5,772,699). A review of the operations during the financial year is set out on pages 2 to 4.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 31 July 2008 Batavia sold its 100% owned Gullewa project to ATW Venture Corporation (ATW). As consideration for the sale, Batavia will receive a total of $13,000,000 and 2,000,000 shares in ATW.

ENVIRONMENTAL REGULATIONS

The consolidated entity holds licenses issued by the relevant environmental protection authority covering its operations. These licenses allow mining and treatment activities to be undertaken, specify limits and regulate the management of discharges associated with mining operations as well as the storage of hazardous materials. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any material breach of those environmental requirements as they apply to the consolidated entity.

REMUNERATION REPORT – (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the group in accordance with the Corporations Act 2001 and its Regulations.. For the purposes of this report Key Management Personnel (KMP) of the group are the directors.

Details of Key Management Personnel

Directors

Executive

Damian P Delaney	Finance Director (resigned 11 April 2008)

Non-Executive

Terence N Smith	Chairman/Non Executive Director
John W Barr	Non-Executive Director/Company secretary (appointed 11 April 2008)
Neil G Biddle	Non-Executive Director

Remuneration Policy

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. There is no separation of remuneration between short term incentives and long term incentives. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and businesses objectives.

The remuneration policy, setting the terms and conditions for the executive directors and other executives has been developed by the Board after seeking professional advice and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Both Executive and Non executive Directors receive a base fee of $40,000 per annum. Shareholders have approved Directors fees of an amount of up to $200,000 in aggregate per annum. Superannuation guarantee contributions of 9% are paid on these fees as required by law.

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Directors and executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9%, or provide their services via a consultancy arrangement. Directors and executives do not receive any retirement benefits. Individuals may, however, choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and executives is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these options is expensed.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments, including options to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No formal option policy is in place. The maximum aggregate amount of fees that can be paid to directors is subject to approval by shareholders at a General Meeting. Directors and executive remuneration is not linked to either long term or short term performance conditions. The board feels that the expiry date and exercise price of options currently on issue to the directors is sufficient to align the goals of the directors and executives with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the directors or the executives of the Company. The board will continue to monitor this to ensure that it is appropriate for the Company in future years.

Service agreements with Hatched Creek Pty Ltd and Kensington Consulting Pty Ltd to provide consultancy services were approved by shareholders at the General meeting held in July 2008.

The service agreement for Kensington Consulting Pty Ltd and Hatched Creek Pty Ltd contain a termination clause of a maximum of 12 months ($300,000)

Options issued to directors are not cancelled upon termination and are exercisable at any point up until their expiry date.

There are no other significant contracts in place in relation to the Key Management Personnel.

There is no policy currently in place for the KMP to limit their exposure to risk in relation to the shares held and share options granted as part of their remuneration.

The following table, Table 1, discloses the remuneration of the Key Management Personnel of the Company and the consolidated entity.

Table 1: Key Management Personnel Remuneration for the year ended 30 June 2008.

		Short Term		Post Employment	Share Based Payment		
		Salary & Fees	**Other[4]**	**Super**	**Options[3]**	**Total**	**% Performance Related**
Terence N Smith *Chairman*	2008	40,000	-	3,600	87,760	131,360	-
Terence N Smith *Chairman*	2007	35,883	-	3,225	-	39,108	-
John W Barr *Non-executive[2]*	2008	27,500	-	-	-	27,500	-
John W Barr *Non-executive[2]*	2007	-	-	-	-	-	-
Neil Biddle *Non-executive*	2008	116,800	34,364	3,600	87,760	242,524	-
Neil Biddle *Non-executive*	2007	43,333	-	3,225	-	46,558	-
Damian P Delaney *Finance Director and Company Secretary[1]*	2008	96,777	-	16,514	87,760	201,051	-

Damian P Delaney *Finance Director and Company Secretary*[1]	2007	80,487	-	7,244	22,000	109,731	-
Gregory Durack *Managing Director*	2008	-	-	-	-	-	-
Gregory Durack *Managing Director*	2007	373,118	-	3,225	-	376,343	-
	2008	281,077	34,364	23,714	263,280	602,435	
	2007	532,821	-	16,919	22,000	571,740	

1 Resigned 11 April 2008
2 Appointed Company Secretary and Non-executive director 11 April 2008
3 Options issued during the year were valued at $0.029 per option using the Black-Scholes calculation.
4 Costs relating to company motor vehicle

Options granted to Directors and Executives

9,000,000 options were granted to Directors as remuneration during the year.

Table 2: Compensation options: granted and vested during the year.

2008 Director	Grant Date & Vesting Date	Number of Options	Fair value of option at grant date[3]	Exercise price of option	Expiry Date
Terence N Smith	06 Dec 2007	3,000,000	$0.029	$0.15	30 June 2009
John W Barr[2]	-	-	-	-	-
Neil G Biddle	06 Dec 2007	3,000,000	$0.029	$0.15	30 June 2009
Damian P Delaney[1]	06 Dec 2007	3,000,000	$0.029	$0.15	30 June 2009
		9,000,000			

1 Resigned 11 April 2008
2 Appointed Company Secretary and Non-executive director 11 April 2008. Shareholders approved 3,000,000 $0.15 options on 2 July 2008.
3 Options issued during the year were valued at $0.029 per option using the Black-Scholes calculation.

2007 Director	Grant Date & Vesting Date	Number of Options	Fair value of option at grant date	Exercise price of option	Expiry Date
Damian P Delaney[1]	30 Nov 2006	400,000	$0.055	$0.25	15 Nov 2007

1 Resigned 11 April 2008

The fair value of the options are calculated at the date of grant using the Black-Scholes model and allocated over the vesting period from the grant date to vesting date.

Table 3: Options granted as part of remuneration

2008 Director	Value of options granted during the year	% remuneration consisting of options for the year	Value of options exercised during year	Value of options lapsed during year	Total value of options granted, exercised & lapsed
Terence N Smith	$87,760	67%	-	-	$87,760
John W Barr[2]	-	-	-	-	-
Neil G Biddle	$87,760	42%	-	-	$87,760
Damian D Delaney[1]	$87,760	44%	-	-	$87,760

1 Resigned 11 April 2008
2 Appointed Company Secretary and Non-executive director 11 April 2008

There were no alterations to the terms and conditions of options granted as remuneration since grant date.

There were no compensation options exercised by key management personnel during 2008.

End of Remuneration Report

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DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over shares issued by the company at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Terence N Smith	3,921,207	3,000,000
John W Barr[2]	4,000,000	3,000,000
Neil G Biddle	3,412,141	3,000,000
Damian P Delaney[1]	517,960	3,000,000

[1] Resigned 11 April 2008
[2] Appointed Company Secretary and Non-executive director 11 April 2008. 3,000,000 $0.15 options were granted on 2 July 2008.

SHARE OPTIONS

A total of 9,000,000 options were issued during the year to directors.

Unissued shares

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

Expiry Date	Exercise price	Number of options
30 June 2009	$0.15	12,000,000
15 November 2010	$0.25	600,000
31 August 2011	$0.15	500,000

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Comments on likely developments and expected results from the consolidated entity's activities are set out in the Review of Operations.

COMPANY PERFORMANCE

Comments on performance are set out in the Review of Operations.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has agreed to indemnify current directors and officers and past directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as directors and officers of the Company and its controlled entities, 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.

Insurance

The directors have not included details of the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2008 Batavia sold its 100% owned Gullewa project to ATW Venture Corporation (ATW). As consideration for the sale, Batavia will receive a total of $13,000,000 and 2,000,000 shares in ATW.

Shareholders approved the issue of 3,000,000 $0.15 director options to Mr John W Barr at a General Meeting held on 2 July 2008.

Consultants were issued 500,000 $0.15 options on 25 August 2008.

NON-AUDIT SERVICES

There were no non-audit services provided to the Company by the auditor during the year.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the company's auditors, Ernst & Young, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2008. This written Auditor's Independence Declaration forms part of this Director's Report and can be found on the following page.

Terence N Smith
Director
Perth 25 September 2008

Signed in accordance with a resolution of directors.

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Auditor's Independence Declaration to the Directors of Batavia Mining Limited

In relation to our audit of the financial report of Batavia Mining Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin A Buckingham

Gavin A Buckingham
Partner
Perth
25 September 2008

Liability limited by a scheme approved under Professional Standards Legislation

GAB:KT:BATAVIA:017

Income Statements
For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Continuing Operations					
Revenues	4(a)	699,376	507,047	699,376	507,047
Other income	4(b)	-	4,219,464	805,000	4,780,981
Increase/(decrease) in fair value of investments held for trading		(789,250)	1,443,000	(789,250)	1,443,000
Employee expenses	4(c)	(351,997)	(361,924)	(351,997)	(361,924)
Depreciation and amortisation expenses	4(d)	(22,555)	(33,959)	(22,555)	(33,959)
Other expenses/losses	4(e)	(1,793,974)	(1,240,752)	(1,786,946)	(1,235,433)
Profit /(loss) before finance costs and tax		(2,258,400)	4,532,876	(1,446,371)	5,099,712
Finance costs	4(f)	(846)	(2,500)	(846)	(2,500)
Profit / (loss) before income tax expense		(2,259,246)	4,530,376	(1,447,217)	5,097,212
Income tax benefit/(expense)	5	(721,500)	1,242,323	(721,500)	1,242,323
Net profit / (loss) attributable to members of Batavia Mining Limited		(2,980,746)	5,772,699	(2,168,717)	6,339,535
Basic and diluted earnings /(loss) per share	7	(0.25)	0.051		

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Balance Sheet
As at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current Assets					
Cash and cash equivalents	9	1,484,018	8,410,455	1,480,687	8,405,294
Trade and other receivables	10	119,715	398,606	119,276	398,606
Financial Assets held for trading	12	115,500	1,739,000	115,500	1,739,000
Other financial assets	14	11,000,000	-	11,000,000	-
Prepayments	11	14,119	9,643	14,119	9,643
		12,733,352	10,557,704	12,729,582	10,552,543
Non-current assets classified as held for sale	6	11,381,187	-	4,151,707	-
Total Current Assets		24,114,539	10,557,704	16,881,289	10,552,543
Non-Current Assets					
Trade and other receivables	10	357,000	357,000	8,420,787	7,471,816
Available-for-sale investments	13	-	5,005,000	-	5,005,000
Plant and equipment	15	11,899	1,006,106	11,899	1,006,106
Exploration and evaluation expenditure	16	100,000	10,479,211	100,000	3,388,064
Total Non-Current Assets		468,899	16,847,317	8,532,686	16,870,986
Total Assets		24,583,438	27,405,021	25,413,975	27,423,529
Current Liabilities					
Trade and other payables	17	129,551	291,881	129,551	291,881
Interest-bearing liabilities	18	24,192	30,187	24,192	30,187
Provisions	19	10,506	15,473	10,506	15,473
		164,249	337,541	164,249	337,541
Liabilities directly associated with the assets classified as held for sale	6	636,000	-	636,000	-
Total Current Liabilities		800,249	337,541	800,249	337,541
Non-Current Liabilities					
Provision for rehabilitation	19	-	600,100	-	600,100
Total Liabilities		800,249	937,641	800,249	937,641
NET ASSETS		23,783,189	26,467,380	24,613,726	26,485,888
Equity					
Issued capital	20	28,329,386	26,612,614	28,329,386	26,612,614
Reserves	21(b)	791,883	2,212,100	791,883	2,212,100
Accumulated losses	21(a)	(5,338,080)	(2,357,334)	(4,507,543)	(2,338,826)
TOTAL EQUITY		23,783,189	26,467,380	24,613,726	26,485,888

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Statements of Cash Flows
For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Cash flows from operating activities					
Payments to suppliers and employees		(1,462,030)	(1,131,171)	(1,454,561)	(1,126,170)
Interest received		699,376	507,047	699,376	507,047
Receipt of R&D tax rebate		313,232	207,591	313,232	207,591
Borrowing costs		(1,184)	(2,500)	(1,184)	(2,500)
Other		-	1,277	-	1,277
Net cash used in operating activities	24	(450,606)	(417,756)	(443,137)	(412,755)
Cash flows from investing activities					
Acquisition of plant and equipment		(1,789)	(16,098)	(1,789)	(16,098)
(Payments) refunds for exploration and evaluation expenditure		6,222	(2,384,543)	144,554	(960,007)
Term Deposits over 90 days		(11,000,000)	-	(11,000,000)	-
Loans to controlled entities		-	-	(143,971)	(1,434,212)
Proceeds from sale of listed investments		2,812,753	1,764,795	2,812,753	1,764,795
Net cash used in investing activities		(8,182,814)	(635,846)	(8,188,453)	(645,522)
Cash flows from financing activities					
Cash proceeds from issue of shares		1,752,601	7,446	1,752,601	7,446
Repayment of share issue cost		(35,829)	-	(35,829)	-
Repayment of borrowings		(9,789)	(9,111)	(9,789)	(9,111)
Net cash (used in)/provided by financing activities		1,706,983	(1,665)	1,706,983	(1,665)
Net increase/ (decrease) in cash held		(6,926,437)	(1,055,267)	(6,924,607)	(1,059,942)
Cash at the beginning of the financial year		8,410,455	9,465,722	8,405,294	9,465,236
Cash at the end of the financial year	9	1,484,018	8,410,455	1,480,687	8,405,294

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Statements of Changes in Equity
For the year ended 30 June 2008

	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Consolidated				
At 1 July 2006	26,605,168	(8,130,033)	437,000	18,912,135
Net gain on available for sale investments net of tax	-	-	1,683,500	1,683,500
Total income/expense for the period recognised directly in equity	-	-	1,683,500	1,683,500
Profit for the period	-	5,772,699	-	5,772,699
Total income/expenditure for the period	-	5,772,699	1,683,500	7,456,199
Options exercised	7,446	-	-	7,446
Cost of share based payments	-	-	91,600	91,600
At 30 June 2007	26,612,614	(2,357,334)	2,212,100	26,467,380
At 1 July 2007	26,612,614	(2,357,334)	2,212,100	26,467,380
Net loss on available for sale investments net of tax	-	-	(1,683,500)	(1,683,500)
Total income/expense for the period recognised directly in equity	-	-	(1,683,500)	(1,683,500)
Loss for the period	-	(2,980,746)	-	(2,980,746)
Total income/expenditure for the period	-	(2,980,746)	(1,683,500)	(4664,246)
Share issues	1,752,601	-	-	1,752,601
Cost of share issue	(35,829)	-	-	(35,829)
Cost of share based payments	-	-	263,283	263,283
At 30 June 2008	28,329,386	(5,338,080)	791,883	23,783,189

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Statements of Changes in Equity
For the year ended 30 June 2008 (continued)

	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Company				
At 1 July 2006	26,605,168	(8,678,361)	437,000	18,363,807
Net gain on available for sale investments net of tax	-	-	1,683,500	1,683,500
Total income/expense for the period recognised directly in equity	-	-	1,683,500	1,683,500
Profit for the period	-	6,339,535	-	6,339,535
Total income/expenditure for the period	-	6,339,535	1,683,500	8,023,035
Options exercised	7,446	-	-	7,446
Cost of share based payments	-	-	91,600	91,600
At 30 June 2007	26,612,614	(2,338,826)	2,212,100	26,485,888
At 1 July 2007	26,612,614	(2,338,826)	2,212,100	26,485,888
Net loss on available for sale investments net of tax	-	-	(1,683,500)	(1,683,500)
Total income/expense for the period recognised directly in equity	-	-	(1,683,500)	(1,683,500)
Loss for the period	-	(2,168,717)	-	(2,168,717)
Total income/expenditure for the period	-	(2,168,717)	(1,683,500)	(3,852,217)
Share issues	1,752,601	-	-	1,752,601
Cost of share issue	(35,829)	-	-	(35,829)
Cost of share based payments	-	-	263,283	263,283
At 30 June 2008	28,329,386	(4,507,543)	791,883	24,613,726

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1 Corporate information

The financial report of Batavia Mining Limited (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 25 September 2008.

Batavia Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The operations of the consolidated entity consists of gold and other mineral exploration, within Australia. The nature of operations and principal activities of the Group are further described in the Directors' Report.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has been prepared on a historical cost basis, except for available-for-sale investments and financial assets held for trading, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies nor affected the amounts reported for the current or prior years.

Adoption of new accounting standard
The Group has adopted AASB 7 Financial Instruments Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit or loss, or the financial position of the entity.

At the date of authorisation of the financial report certain of the Australian Accounting Standards and Interpretations issued or amended but not yet effective have not been adopted by the Group for the financial reporting period ended 30 June 2008. The Directors have assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations as follows:

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AASB Amendment.	Standards Affected	Outline of amendment	Application Date of Standard	Application Date for Company
AASB 2007-3	AASB 5 Non-current assets held for sale and discontinued operations AASB 6 Exploration for a and evaluation of minerals AASB 107 Cash flow statements AASB 127 Consolidated and separate financial statements AASB 134 Interim financial reporting AASB 136 Impairment of assets	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1.1.2009	1.7.2009
AASB 8	AASB 114 Segment Reporting	As above.	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101 requires the presentation of comprehensive income and makes changes to the statement of changes in equity.	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above.	1.1.2009	1.7.2009
AASB 2008-1	AASB 2 Share-based payments	These amendments involve changes to the valuation method adopted with regard to non-vesting conditions and cancellations of options issued under employee share option schemes. It is anticipated that there will be no direct impact on amounts included in the financial report.	1.1.2009	1.7.2009
AASB 2008-3	AASB 2 Share based payments AASB 7 Financial Instruments: Disclosure AASB 101 Presentation of Financial Statements AASB 107 Statement of Cash Flows AASB 112 Income Taxes AASB 114 Segment Reporting AASB 116 Property, Plant and Equipment AASB 121 The effects of Changes in Foreign Exchange Rates AASB 132 Financial Instruments:	Amendments to AASB 3 and AASB 127 have resulted in changes in the accounting for Subsidiaries, requiring the acquisition method of accounting to be used for all business combinations. The Group does not intend to acquire business entities in the future nor outstanding non-controlling interests. Impact to the Group's financial report is expected to be minimal.	1.1.2009	1.7.2009

	Presentation AASB 133 Earnings per Share AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets AASB 137 Provisions, Contingent liabilities and Contingent Assets AASB 139 Financial Instruments: Recognition and measurement			
AASB 3	AASB 3 Business Combinations	As above	1.1.2009	1.7.2009
AASB 127	AASB 127 Consolidated and Separate Financial Statements	As above	1.1.2009	1.7.2009

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company or the Group.

(c) Principles of consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of Batavia Mining Limited and its controlled entities (the Group). The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and the revenue can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when significant risk and rewards of ownership of the goods passes to the customer provided that the amount of revenue and the costs incurred or to be incurred can be measured reliably.

Revenue from services is recognised at the time the service is provided.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest rate method.

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Dividends

Revenue from dividends from controlled entities is recognised by Batavia Mining Limited when they are declared by the controlled entities.

Revenue from dividends from associates and other investments is recognised when the Group's right to receive the dividend is established.

(e) Income tax

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

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

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

(i) Except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(i) When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(ii) When the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

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(f) Other taxes

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

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

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

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

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

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

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:
Plant and equipment – over 3 to 8 years. Depreciation commences when the assets are placed in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts which is usually when a debtor is outstanding for over 90 days. Bad debts are written off when identified.

(i) Investments

Controlled entities
Investments in controlled entities are carried in the Company's financial statements at cost, or recoverable amount if impaired.

(j) Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

Capitalised leased assets are depreciated over the shorter of the useful estimated life of the asset or the lease term.

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Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(k) Non-current Assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. The liabilities directly related to the assets classified as available for sale are presented separately.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

The Directors review the carrying value of each area of interest at balance date and exploration and evaluation expenditure which no longer satisfies the above policy is written off.

(m) Trade and other payables

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

(n) Provisions for decommissioning and rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation of at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognised in the Income Statement on a prospective basis over the remaining life of the operation.

(o) Impairment of assets

At each reporting date, Batavia assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Batavia makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(p) Foreign currency translation

Both the functional and presentation currency of Batavia and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement.

Non monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the original transaction.

(q) Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(r) Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for share or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Batavia Mining Ltd if applicable.

The cost of equity-settled transactions are recognised, together with a corresponding increase in equity, ending on the date on which the relevant employees become fully entitled to the award (the 'vesting date').

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

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

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

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

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

(s) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(t) Available-for-sale investments

Investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by referring to market bid prices at the close of business on the balance sheet date.

(u) Financial assets held for trading

Financial assets held for trading, including listed options over shares in listed entities, are measured at fair value with any resultant gain or loss recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by referring to market bid prices at the close of business on the balance sheet date.

(v) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by; (i) the after tax effect of interest and dividends associated with dilutive potential ordinary shares and (ii) other non discretionary changes in revenues and expenses during the period that would result from dilution of potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(w) Issued capital

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

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(x) Significant accounting estimates and assumptions

The carrying values of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependant on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Provisions of decommissioning and restoration

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of the expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share-based payment transactions

The Group measures the cost of the equity based transactions at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Classification of assets and liabilities held for sale

The Group classifies assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets

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3 Financial risk management objectives and policies

Overview

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

The Company and the Group do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

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 Group's receivables, bank balances and deposits, customers and investment securities.

Trade and other receivables

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

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The management does not expect any counterparty to fail to meet its obligations.

Other Financial assets

The Group limits its exposure to credit risk by using term deposit facilities with counterparties that have a credit rating of at least A1 from Standard & Poor's and A from Moody's

Exposure to credit risk

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

		Consolidated	
		Carrying amount	
	Note	**2008**	**2007**
		$	**$**
Other receivables	10	476,415	755,606
Other Financial Assets – term deposits	14	11,000,000	-
Cash and cash equivalents	9	1,484,018	8,410,455

		Company	
		Carrying amount	
	Note	**2008**	**2007**
		$	**$**
Loans to subsidiaries	10	8,420,787	7,164,816

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Impairment losses

None of the Group's other receivables and the companies loans to subsidiaries are past due (2007: nil).

Guarantees

The Group provides security deposits as security for government bonds on Company tenements.

Liquidity risk

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

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

The decision on how the Company will raise future capital will depend on market conditions existing at that time.

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

Consolidated

30 June 2008

	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	129,551	129,551	129,551	-	-	-
Loan and other borrowings	24,192	25,568	25,568	-	-	-
	153,743	155,119	155,119	-	-	-

30 June 2007

	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	291,881	291,881	291,881	-	-	-
Loan and other borrowings	30,187	40,716	2,902	2,902	37,814	-
	322,068	332,597	294,783	2,902	37,814	-

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Company

30 June 2008

	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	129,551	129,551	129,551	-	-	-
Loan and other borrowings	24,192	25,568	25,568	-	-	-
	153,743	155,119	155,119	-	-	-

30 June 2007

	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	291,881	291,881	291,881	-	-	-
Loan and other borrowings	30,187	40,716	2,902	2,902	37,814	-
	322,068	332,597	294,783	2,902	37,814	-

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 the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group and the Company is not exposed to currency risk and at balance sheet date the Group and the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

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

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high interest bearing accounts.

Profile

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

	Consolidated		Company	
	Carrying amount 2008 $	2007 $	Carrying amount 2008 $	2007 $
Variable rate instruments				
Cash and cash equivalents	1,484,018	8,410,455	1,480,687	8,405,294
Finance Lease	(24,192)	(30,187)	(24,192)	(30,187)
Term Deposit	11,000,000	-	11,000,000	-
Security Deposits	357,000	357,000	307,000	307,000
	12,816,826	8,737,268	12,763,495	8,682,107

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.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The 100 basis points sensitivity is based on reasonably possible movement over a financial year, after observation of historical rate movements during the past 5 year period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

Consolidated	**Profit or loss**		**Equity**	
	100bp increase $	**100bp decrease $**	**100bp increase $**	**100bp decrease $**
30 June 2008				
Cash and cash equivalents	14,840	(14,840)	14,840	(14,840)
Finance Lease	(242)	242	(242)	242
Term Deposit	110,000	(110,000)	110,000	(110,000)
Security Deposits	3,570	(3,570)	3,570	(3,570)
	128,168	(128,168)	128,168	(128,168)
30 June 2007				
Cash and cash equivalents	84,104	(84,104)	84,104	(84,104)
Finance Lease	(301)	301	(301)	301
Security Deposits	3,570	(3,570)	3,570	(3,570)
	87,373	(87,373)	87,373	(87,373

Company	**Profit or loss**		**Equity**	
	100bp increase $	**100bp decrease $**	**100bp increase $**	**100bp decrease $**
30 June 2008				
Cash and cash equivalents	14,806	(14,806)	14,806	(14,806)
Finance Lease	(242)	242	(242)	242
Term Deposit	110,000	(110,000)	110,000	(110,000)
Security Deposits	3,070	(3,070)	3,070	(3,070)
	127,634	(127,634)	127,634	(127,634)
30 June 2007				
Cash and cash equivalents	84,053	(84,053)	84,053	(84,053)
Finance Lease	(302)	302	(302)	302
Security Deposits	3,070	(3,070)	3,070	(3,070)
	86,821	(86,821)	86,821	(86,821)

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

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Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in equity instruments. These instruments are classified as available-for-sale and are carried at fair value with fair value changes recognised directly in equity until derecognised. Instruments classified as FVTPL (fair value through profit & loss) are carried at fair value with any changes recognized in the income statement.

The following table details the breakdown of the investment assets and liabilities held by the Group:

	Note	**30 June 2008** **$**	**30 June 2007** **$**
Financial assets held for trading	*12*	115,500	1,739,000
Available for sale assets	*13*	-	5,005,000
Total equity investments		115,500	6,744,000

Sensitivity analysis

A 20% increase in stock prices at 30 June 2008 would have increased profit by $23,100 (2007: $347,800) and equity by $23,100 (2007: $1,348,800); an equal change in the opposite direction would have decreased profit and equity by an equal but opposite amount. A 20% sensitivity is based on reasonably possible movements over a financial year considering average movements of similar size assets listed on the ASX during the past 2 years.

Retained earnings are included in the definition of equity for above-mentioned sensitivity analysis.

Commodity Price Risk

The Group operates primarily in exploration activities and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no significant external borrowings as at balance date.

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

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

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4 Revenues and expenses	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
(a) Revenues					
Finance income - interest		699,376	507,047	699,376	507,047
Total revenues		699,376	507,047	699,376	507,047
(b) Other income					
Gain on sale of subsidiary (i)		-	3,097,391	-	3,081,579
Gain on sale of listed investments (ii)		-	1,120,796	-	1,120,796
Other		-	1,277	-	1,277
Reversal of impairment of loan to subsidiary		-	-	805,000	577,329
Total other income		-	4,219,464	805,000	4,780,981

(i) On 27 September 2006, Batavia Mining Limited sold its 100% shareholding in Hale Energy Limited to Thor Mining PLC for a consideration of 16,000,000 fully paid shares in Thor Mining PLC and 8,500,000 listed options. At the date of the sale, the Thor Mining PLC share price was $0.20 and the listed warrant price was $0.04, resulting in the consideration received equating to $3,540,000. The net assets of Hale Energy Limited at the date of the sale were $442,609.

(ii) In April 2007, Batavia Mining Limited made an on market disposal of 3,000,000 shares and 1,100,000 options in Thor Mining PLC. The proceeds received were $1,764,795 and the net gain realised was $1,120,796.

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
(c) Employee benefits expense					
Employee benefits		88,714	270,324	88,714	270,324
Share based payment benefits		263,283	91,600	263,283	91,600
		351,997	361,924	351,997	361,924
(d) Depreciation					
Plant and equipment	15	10,260	21,209	10,260	21,209
Plant and equipment – under lease	15	12,295	12,750	12,295	12,750
		22,555	33,959	22,555	33,959
(e) Other expenses/losses					
Administration costs		445,126	448,576	445,126	448,576
Corporate costs		521,702	611,097	514,673	605,778
Remote camp costs		204,507	181,079	204,507	181,079
Loss on sale of investments held for trade		622,639	-	622,639	-
		1,793,974	1,240,752	1,786,946	1,235,433
(f) Finance costs					
Interest – finance lease		846	2,500	846	2,500

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5 Income tax

	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
The major components of income tax expense are:				
Income statement				
Current income tax				
Current income tax benefit	643,202	(1,755,205)	671,534	(310,600)
R&D tax rebate	-	(520,823)	-	(520,823)
Recognition/(reversal) of prior year losses to offset deferred tax gains in equity	721,500	(721,500)	721,500	(721,500)
Deferred income tax				
Relating to origination & reversal of temporary differences	(422,370)	899,208	(705,370)	819,738
Deferred tax assets not brought to account as realisation is not regarded as probable	(220,832)	855,997	(33,836)	(509,138)
Income tax expense/(benefit) reported in the income statement	721,500	(1,242,323)	721,500	(1,242,323)
Amounts charged or credited directly to equity				
Deferred income tax related to items charged or credited directly to equity:				
Gain on available-for-sale investments	(721,500)	721,500	(721,500)	721,500
Income tax expense reported in equity	(721,500)	721,500	(721,500)	721,500
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before income tax	(2,259,245)	4,530,376	(3,057,216)	5,097,212
At the Group's statutory income tax rate of 30% (2006: 30%)	(677,774)	1,359,113	(917,165)	1,529,164
Expenditure not allowable for income tax purposes	601	211	1,245	211
Share based payments	78,985	27,480	78,985	27,480
Impairment of loan from subsidiary	-	-	-	(173,199)
Capital gains on sale of investments	780,000	-	780,000	
Recognition/(reversal) of prior year revenue losses to offset deferred tax on gains recognised directly in equity	721,500	(721,500)	721,500	(721,500)
Utilisation of prior year capital losses	-	(1,265,456)	-	(1,260,713)
Other	39,020	-	90,771	
Refund of R&D tax rebate	-	(520,823)	-	(520,823)
Deferred tax assets brought to account to reduce deferred tax liabilities arising in current year.	-	(121,348)	-	(122,943)
Deferred tax assets not brought to account as realisation is not regarded as probable	(220,832)	-	(33,836)	-
Income tax expense/(benefit) reported in the income statement	721,500	(1,242,323)	721,500	(1,242,323)

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	Balance Sheet 2008	Balance Sheet 2007	Income Statement 2008	Income Statement 2007
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax liabilities				
Capitalised exploration and evaluation expenditure	(30,000)	(3,143,763)	(3,113,763)	468,792
Investments held for trading	11,550	(432,900)	(444,450)	432,900
Available-for-sale investments	-	(721,500)	-	-
Assets classified as held for sale	(3,122,024)	-	3,122,024	-
Recognition of losses to offset future taxable income	3,140,474	4,298,163	436,189	-
	-	-	-	-
Deferred tax assets				
Losses available to offset against future taxable income	4,578,463	5,197,109	(618,646)	-
Recognition of losses to offset future taxable income	(3,140,474)	(4,298,163)	1,157,689	-
Provision for employee entitlements	3,152	4,642	(1,490)	(2,484)
Provision for restoration	190,800	180,030	10,770	-
Deferred tax assets not brought to account as realisation is not regarded as probable	(1,631,941)	(1,083,618)	(548,323)	-
	-	-	-	899,208

	Balance Sheet 2008	Balance Sheet 2007	Income Statement 2008	Income Statement 2007
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
The Company				
Deferred tax liabilities				
Capitalised exploration and evaluation expenditure	(30,000)	(1,016,419)	(986,419)	216,123
Investments held for trading	11,550	(432,900)	(444,450)	432,900
Available-for-sale investments	-	(721,500)	-	-
Assets classified as held for sale	(953,180)	-	953,180	
Recognition of losses to offset future taxable income	971,630	2,170,818	-	-
	-	-	-	-
Deferred tax assets				
Losses available to offset against future taxable income	4,578,463	5,197,109	(618,646)	-
Recognition of losses to offset future taxable income	(971,630)	(2,170,819)	1,199,189	-
Provision for employee entitlements	3,152	4,642	(1,490)	(2,484)
Provision for restoration	190,800	180,030	10,770	-
Provision for non-recovery of loan	641,527	400,027	241,500	173,199
Provision for diminution of investment	750,000	750,000	-	-
Deferred tax assets not brought to account as realisation is not regarded as probable	(5,192,312)	(4,360,990)	(831,322)	-
	-	-	-	819,738

Tax losses

The Group has tax losses arising in Australia of $15,261,543 (2007: $17,323,695). The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

Tax consolidation

Batavia and its 100% owned Australian subsidiaries formed a tax consolidated group with effect from 1 July 2003. Batavia is the head entity of the tax consolidated group. Members of the group have not entered into a tax sharing agreement.

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6 Assets held for sale

On 31 July 2008 Batavia sold its 100% owned Gullewa project to ATW Venture Corporation (ATW). As consideration for the sale, Batavia will receive a total of $13,000,000 and 2,000,000 shares in ATW.

The major classes of assets and liabilities of the Gullewa project at 30 June 2008, measured at the lower of carrying amount and fair value excluding costs to sell were as follows:

Assets	**30 June 2008 Consolidated**	**30 June 2008 Company**
Exploration and evaluation (note 16)	10,406,745	3,177,266
Property, plant and equipment at net carrying value (note 15)	974,442	974,442
Assets classified as held for sale	11,381,187	4,151,707
Liabilities		
Rehabilitation provision (Note 19)	636,000	636,000
Liabilities directly associated with assets classified as held for sale	636,000	636,000

7 Earnings per share

The following reflects the income and share data used in the calculation of basic and diluted earnings per share.

	2008 $	**2007 $**
Net profit / (loss)	(2,980,746)	5,772,699

Weighted average number of ordinary shares

	2008 Number of Shares	**2007 Number of Shares**
Weighted average number of ordinary shares used in calculation of basic and diluted earnings per share	120,533,289	114,056,242

Of the total 9,600,000 (2007: 4,600,000) options outstanding at 30 June 2008, 9,600,000 (2007: 4,600,000) are not considered potential ordinary shares and are therefore not dilutive.

There have been 3,500,000 options issued between the reporting date and the date of completion of these financial statements.

8 Segment reporting

The consolidated entity operates predominantly in one business segment and in one geographical location. The operations of the consolidated entity consists of gold and other mineral exploration, within Australia.

9 Cash and cash equivalents

		Consolidated		**The Company**	
	Note	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Cash at bank and on hand		1,484,018	8,410,455	1,480,687	8,405,294
		1.484,018	8,410,455	1,480,687	8,405,294

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

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10 Trade and other receivables

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current					
Trade debtors	(i)	-	5,591	-	5,591
R&D tax rebate		-	313,232	-	313,232
GST Receivable		63,124	70,884	62,925	70,884
Other		56,352	8,899	56,351	8,899
		119,715	398,606	119,276	398,606

(i) Trade debtors are non-interest bearing and are generally on terms of 30 days or less.

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Non current					
Security deposits		357,000	357,000	307,000	307,000
Loans - controlled entities	27(a)	-	-	8,642,211	8,498,240
Allowance for impairment	27(a)	-	-	(528,424)	(1,333,424)
		357,000	357,000	8,420,787	7,471,816

Impairment provision		
Balance at beginning of the year	(1,333,424)	(1,910,753)
Decrease in impairment provision	805,000	577,329
Balance at end of year	(528,424)	(1,333,424)

(ii) Security deposits are interest bearing and are applied as security for government bonds on Company tenements.

An allowance for impairment loss is recognised when the net assets of the controlled entity (excluding the loan payable to the Company) fall below the carrying value of the loan. An impairment loss is reversed when the recoverable value of the net assets of the controlled entity (excluding the loan payable to the Company) exceed the carrying value of the loan, as a result of the reversal of the condition that originally lead to the impairment being recognised.

11 Other assets

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current					
Prepayments		14,119	9,643	14,119	9,643
		14,119	9,643	14,119	9,643

12 Investments held for trading

Current	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
At fair value				
Listed warrants	115,500	1,739,000	115,500	1,739,000
	115,500	1,739,000	115,500	1,739,000

Investments held for trading consist of listed warrants over shares in company's listed on the Australian Stock Exchange and the Alternative Investment Market of the London Stock Exchange.

At 30 June 2008, the company held 3,850,000 listed warrants, the listed warrant price was $0.03 per option.

13 Available-for-sale investments

Non-Current	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
At fair value				
Listed shares	-	5,005,000	-	5,005,000

Available-for-sale investments consist of shares in company's listed on the Australian Stock Exchange and the Alternative Investment Market of the London Stock Exchange.

14 Other financial assets

Non-Current	**Note**	**Consolidated 2008**	**Consolidated 2007**	**The Company 2008**	**The Company 2007**
		$	$	$	$
Shares in controlled entities – at cost	22	-	-	2,500,000	2,500,000
Provision for impairment on shares in controlled entities		-	-	(2,500,000)	(2,500,000)
		-	-	-	-

Current	**Note**	**2008**	**2007**	**2008**	**2007**
		$	$	$	$
Term deposits over 3 months		11,000,000	-	11,000,000	-

15 Plant & equipment

	Note	**Consolidated 2008**	**Consolidated 2007**	**The Company 2008**	**The Company 2007**
		$	$	$	$
Plant and equipment – at cost		111,294	1,090,686	111,294	1,090,686
Less accumulated depreciation		(99,395)	(96,875)	(99,395)	(96,875)
		11,899	993,811	11,899	993,811
Plant and equipment under lease – at cost		55,121	50,997	55,121	50,997
Less accumulated depreciation		(55,121)	(38,702)	(55,121)	(38,702)
		-	12,295	-	12,295
Total plant and equipment – at cost		166,415	1,141,683	166,415	1,141,683
Accumulated depreciation		(154,516)	(135,577)	(154,516)	(135,577)
Total written down amount		11,899	1,006,106	11,899	1,006,106
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:					
Plant and equipment					
At 1 July net carrying value		993,811	998,920	993,811	998,920
Additions		2,790	16,100	2,790	16,100
Transferred to assets held for sale	6	(974,442)	-	(974,442)	-
Depreciation		(10,260)	(21,209)	(10,260)	(21,209)
At 30 June net of accumulated depreciation		11,899	993,811	11,899	993,811
Plant and equipment – under lease					
At 1 July net carrying value		12,295	25,045	12,295	25,045
Additions		-	-	-	-
Depreciation		(12,295)	(12,750)	(12,295)	(12,750)
At 30 June net of accumulated depreciation		-	12,295	-	12,295

Assets pledged as security

Included in the balance of plant and equipment are assets which are 100% depreciated (2007:$ 25,045) over which security has been granted in connection with lease obligations.

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16 Exploration and evaluation expenditure

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Balance at 1 July		10,479,211	8,916,572	3,388,064	2,667,654
Sale of Hale Energy Ltd		-	(442,608)	-	(442,608)
Transfer to assets held for sale	6	(10,406,745)	-	(3,177,266)	-
Exploration expenditure/(Refunds)		27,534	2,005,247	(110,798)	1,163,018
Balance at 30 June		100,000	10,479,211	100,000	3,388,064
Carrying value:					
At 1 July		10,479,211	8,916,572	3,388,064	2,667,654
At 30 June		100,000	10,479,211	100,000	3,388,064

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

17 Trade and other payables

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current					
Trade payables		49,596	227,102	49,596	227,102
Other payables		79,955	64,779	79,955	64,779
		129,551	291,881	129,551	291,881

Trade and other payables are non-interest bearing and are normally settled on 45 day terms.

18 Interest bearing liabilities

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current					
Lease liability	(a)	24,192	30,187	24,192	30,187

(a) The consolidated entity leases plant and equipment under a finance lease expiring in less than one year.

19 Provisions

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Current					
Provision for employee benefits		10,506	15,473	10,506	15,473
The consolidated entity had 1 employee as at 30 June 2008 (2007:3).					
Non current provision					
Provision for rehabilitation		600,100	-	600,100	-
Change in provision estimates		35,900	600,100	35,900	600,100
Transfer to assets held for sale		(636,000)	-	(636,000)	-
	6	-	600,100	-	600,100

Details regarding the rehabilitation provision are set out in Note 1(m) and 1(w).

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20 Issued capital and reserves

	Note	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Share capital					
(a) Issued and paid up capital					
Ordinary shares fully paid		28,329,386	26,612,614	28,329,386	26,612,614

(b) Movements in shares on issue	2008 Number	2008 $	2007 Number	2007 $
Beginning of the financial year	114,079,121	26,612,614	570,250,319	26,605,168
1 for 5 share consolidation	-	-	(456,222,877)	-
Options exercised	-	-	51,679	7,446
Share purchase plan	7,205,463	792,601	-	-
Share placement	12,000,000	960,000	-	-
Share issue cost	-	(35,829)	-	
Balance at the end of the year	133,284,584	28,329,386	114,079,121	26,612,614

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Movements in options

30 June 2008

Expiry Date	Exercise Price	Number at beginning of year	Issued	Lapsed	Exercised	Number at end of year
15 November 2007	$0.25	3,400,000	-	(3,400,000)	-	-
15 November 2010	$0.25	1,200,000	-	(600,000)	-	600,000
30 June 2009	$0.15	-	9,000,000	-		9,000,000
Total		4,600,000	9,000,000	(4,000,000)	-	9,600,000
WAEP		$0.25	$0.15	$0.25	-	$0.16

30 June 2007

Expiry Date	Exercise Price	Number at beginning of year	Issued	Lapsed	Exercised	Number at end of year
30 September 2006	$1.00	7,454,382	-	(7,454,067)	(315)	-
31 March 2007	$20.00	51,751	-	(51,751)	-	-
15 June 2007	$0.25	36,625,254	-	(36,596,734)	(28,520)	-
15 November 2007	$0.25	3,000,000	400,000	-	-	3,400,000
15 November 2010	$0.25	-	1,200,000	-	-	1,200,000
Total		47,131,387	1,600,000	(44,102,552)	(28,835)	4,600,000
WAEP		$0.39	$0.25	$0.40	$0.26	$0.25

In December 2006 Batavia completed a 1-for-5 consolidation of its share capital. The number of options on issue at this date and the exercise price of these options were adjusted accordingly. The number of options at the beginning of the year and the exercise of options prior to the consolidation have been adjusted in the table above to reflect the impact of the consolidation.

The Group has no formal option plan. Options are issued based on recommendations by the Board of Directors, which in turn has to be approved by the shareholders.

The weighted average share price at the dates options were exercised by directors and consultants during the year was $0.00 (2007: $0.026)

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The weighted average remaining contractual life for the share options outstanding at 30 June 2008 is 1.09 years (2007: 1.16 years).

The weighted average fair value of options granted during the year was $0.029 (2007: $0.058).

On 6 December 2007, 9,000,000 options were granted to directors as part of their remuneration. These options have an exercise price of $0.15 and an expiry date of 30 June 2009. All options had vested and were exercisable at 30 June 2008. Exercise prices and vesting conditions are set based on market practice, independent external advice is sought when required. Options issued are not cancelled upon termination and are exercisable at any point up until their expiry date. Options issued to Directors are approved by shareholders.

The fair value of equity share options granted is estimated at the Balance Sheet dates using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. Expected volatility is estimated by considering historical average share price volatility. The following table lists the inputs to the model used for the years ended 30 June 2008 and 30 June 2007.

	Dec 2007 issue	**May 2007 issue**
Dividend yield	0.0%	0.0%
Share price at date of grant	$0.120	$0.130
Exercise price	$0.150	$0.250
Volatility	75.32%	80.00%
Risk free rate	6.45%	6.11%
Expiration period	1.000 years	3.488 years
Black Scholes valuation	$0.029	$0.058

* prior period comparatives have been restated to reflect the impact of the 1 for 5 share consolidation during the current year.

In accordance with AASB2 'Share-based Payments' the Group has charged the relative costs of share-based payments to the income statement. These costs have been included in employee benefits expense.

21 Accumulated losses and reserves

	Consolidated		**The Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
(a) Accumulated losses				
Balance at the beginning of the year	(2,357,334)	(8,130,033)	(2,338,826)	(8,678,361)
Net profit /(loss) attributable to members of Batavia Mining Ltd	(2,980,746)	5,772,699	(2,168,717)	6,339,535
Balance at end of year	(5,338,080)	(2,357,334)	(4,507,543)	(2,338,826)
(b) Reserves				
Share based payment reserve				
Balance at beginning of the year	528,600	437,000	528,600	437,000
Share based payments during the year	263,283	91,600	263,283	91,600
Balance at end of year	791,883	528,600	791,883	528,600
Net unrealised gains reserve				
Balance at beginning of the year	1,683,500	-	1,683,500	-
Net gain/(loss) on available-for-sale investments	(1,683,500)	1,683,500	(1,683,500)	1,683,500
Balance at end of year	-	1,683,500	-	1,683,500
Total reserves	791,883	2,212,100	791,883	2,212,100

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Net unrealised gains reserve

This reserve is used to record the net unrealised gains and losses on available-for-sale investments.. Refer to note 13 for further details of these investments.

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22 Controlled entities

Particulars in relation to controlled entities -

Name of controlled entity	Place of incorporation	Equity interest of the consolidated entity		Parent entity investment	
		2008	2007	2008	2007
		%	%	$	$
South Murchison Mines Pty Ltd	Australia	100	100	2,500,000	2,500,000
Provision for impairment on shares in controlled entities				(2,500,000)	(2,500,000)
				-	-

23 Commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company and the consolidated Group are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State and Territory governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times.

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Exploration expenditure commitments				
Exploration commitments not provided for in the financial report payable:				
Not later than one year [1]	-	876,565	-	779,643
Finance Lease commitments				
Finance Lease commitments are payable as follows:				
Within one year	25,568	32,008	25,568	32,008
One year or later and no later than five years	-	-	-	
Total minimum lease payments	25,568	32,008	25,568	32,008
Less: Future lease finance charges	(1,376)	(1,821)	(1,376)	(1,821)
Present value of minimum lease payments	24,192	30,187	24,192	30,187
Lease liabilities provided for in the financial statements:				
Current	24,192	30,187	24,192	30,187
Non-current	-	-	-	-
Total lease liability	24,192	30,187	24,192	30,187

[1] Batavia has the sole rights to explore for Iron Ore on the Rocksteady and Brady Hill Iron Ore prospects for 2 years. There is no defined commitment expenditure

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24 Notes to the statements of cash flows

Reconciliation of profit/(loss) after tax to net cash used in operating activities

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Profit/(loss) from ordinary activities after income tax	(2,980,746)	5,772,699	(2,168,717)	6,339,535
Add/(less) non-cash items:				
Depreciation	22,555	33,959	22,555	33,959
Share based payments	263,283	91,600	263,283	91,600
Gain on sale of subsidiary	-	(3,097,391)	-	(3,081,579)
(Gain)/loss on listed investments	1,410,747	(1,120,796)	1,410,747	(1,120,796)
Reversal of impairment of loans to controlled entities	-	-	(805,000)	(577,329)
Gain on held for trading investments	-	(1,443,000)	-	(1,443,000)
Recognition of deferred tax benefit to offset deferred tax liability recognised in equity	721,500	(721,500)	721,500	(721,500)
	(562,661)	(484,429)	(555,632)	(479,110)
Change in assets and liabilities:				
Increase/(decrease) in current payables and provisions	(162,359)	186,731	(162,359)	186,731
(Increase)/decrease in current receivables	278,891	(150,627)	279,330	(150,945)
(Increase)/decrease in prepayments	(4,476)	30,569	(4,476)	30,569
Net cash used in operating activities	(450,605)	(417,756)	(443,137)	(412,755)

25 Auditors' remuneration

	Consolidated		The Company	
	2008	2007	2008	2007
	$	$	$	$
Audit services:				
Auditors of the Company				
Ernst & Young				
- audit or review of the financial reports	51,070	34,500	51,070	34,500
	51,070	34,500	51,070	34,500

26 Director and Executive disclosures

(a) Details of Key Management Personnel

(i) Directors

Executive

Damian P Delaney	Finance Director (resigned 11 April 2008)

Non-Executive

Terence N Smith	Chairman/Non Executive Director
John W Barr	Non-Executive/Company Secretary (appointed 11 April 2008)
Neil G Biddle	Non-Executive Director

(b) Compensation of Key Management Personnel

	Consolidated 2008 $	Consolidated 2007 $	The Company 2008 $	The Company 2007 $
Key Management Personnel				
Short term	315,441	532,771	315,441	532,771
Post Employment	23,714	16,919	23,714	16,919
Share Based	263,282	22,000	263,282	22,000
	602,437	571,690	602,437	571,690

(c) Option holdings of Key Management Personnel

The movement during the reporting period in the number of options over ordinary shares in Batavia held, directly, indirectly or beneficially, by key management personnel, including their personally-related entities, is as follows:

2008 Key Management Personnel	Held at 1 July 2007	Granted as remuneration	Other Changes[3]	Exercised	Held at 30 June 2008	Vested and exercisable at 30 June 2008
Directors						
Executive						
Damian P Delaney[1]	400,000	3,000,000	(400,000)	-	3,000,000	3,000,000
Non-Executive						
Terence N Smith	1,000,000	3,000,000	(1,000,000)	-	3,000,000	3,000,000
John W Barr[2]	-	-	-	-	-	-
Neil G Biddle	400,000	3,000,000	(400,000)	-	3,000,000	3,000,000

[1] Resigned as Company secretary and Finance director on 11 April 2008
[2] Appointed as Director on 11 April 2008
[3] Expiry of $0.25 options exercisable on or before 15 November 2007

2007 Key Management Personnel	Held at 1 July 2006	Granted as remuneration	Other Changes[3]	Exercised	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Directors						
Executive						
Damian P Delaney[1]	128,720	400,000	(128,720)	-	400,000	400,000
Gregory M Durack[2]	1,689,360	-	(89,360)	-	1,600,000	1,600,000
Non-Executive						
Terence N Smith	2,000,000	-	(1,000,000)	-	1,000,000	1,000,000
Neil G Biddle	400,000	-	-	-	400,000	400,000

[1] Appointed Company Secretary 2 November 2005. Appointed Finance Director on 29 November 2006.
[2] Resigned 27 June 2007
[3] Other changes include the expiry of 15 June 2007 options

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26 Director and executive disclosures (continued)

(d) Equity holdings and transactions of Key Management Personnel

The movement during the reporting period in the number of ordinary shares of Batavia Mining Limited held, directly, indirectly or beneficially, by key management personnel, including their personally-related entities is as follows:

2008 Key Management Personnel	Held at 1 July 2007	Purchases	Exercise of Options	Other[3]	Sales	Held at 30 June 2008
Directors						
Executive						
Damian P Delaney[1]	308,720	90,908	-	118,332	-	517,960
Non-Executive						
Terence N Smith	1,800,000	1,681,816	-	439,391	(100,000)	3,821,207
John W Barr[2]	-	3,162,000	-	638,000	-	3,800,000
Neil G Biddle	1,101,170	863,383	-	1,657,575	(333)	3,621,795

1 Resigned as Company secretary and Finance director on 11 April 2008
2 Appointed as Director on 11 April 2008
3 Distribution in specie from TNG Ltd to shareholders of Batavia Mining Ltd

2007 Key Management Personnel	Held at 1 July 2006	Purchases	Exercise of Options	Sales	Held at 30 June 2007
Directors					
Executive					
Damian P Delaney[1]	308,720	-	-	-	308,720
Gregory M Durack[2]	464,360	70,000	-	-	534,360
Non-Executive					
Terence N Smith	1,300,000	500,000	-	-	1,800,000
Neil G Biddle	-	1,101,170	-	-	1,101,170

1 Appointed Company Secretary 2 November 2005. Appointed Finance Director on 29 November 2006
2 Resigned 27 June 2007

All shares are fully paid by directors' or executives at 30 June 2008 and 30 June 2007.

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26 Director and executive disclosures (continued)

(e) Other transactions and balances with key management personnel

A number of key management personnel, 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 Company or its controlled entities 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 by the consolidated entity during the year relating to key management personnel and their personally-related entities included total expenses of $129,108 (2007: $344,785) (in the primary benefits component of compensation of key management personnel). Details of the transactions are as follows:

	Transaction	Note	2008	2007
Specified Directors			**$**	**$**
Gregory M Durack	Consulting Fees	(i)	-	337,285
Neil G Biddle	Consulting Fees	(ii)	76,800	7,500
Neil G Biddle	Motor Vehicle	(iii)	34,364	-
John W Barr	Consulting Fees	(iv)	17,944	-
			129,108	344,785

(i) In the prior year, the Company used the consulting services of Martineau Resources Pty Ltd, a company of which Mr Gregory M Durack is a director.

(ii) The Company used the geological and consulting services of Hatched Creek Pty Ltd, a company of which Mr Neil G Biddle is a director.

(iii) The company provides Mr Biddle with a motor vehicle

(iv) The Company used the consulting services of Kensington Consulting Pty Ltd, a company of which Mr John W Barr is a director.

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

27 Related party disclosures

(a) Wholly owned group transactions

Details of interests in wholly owned controlled entities are set out in note 22. Details of transactions and balances with these entities are set out below.

Loans
Loans between entities in the wholly owned group are non-interest bearing, unsecured and are repayable upon demand.

	The Company	
	2008	**2007**
	$	**$**
Balances with entities in the wholly-owned group		
Receivables-non current	8,642,211	8,498,240
Allowance for impairment	(528,424)	(1,333,424)
	8,113,787	7,164,816

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27 Related party disclosures (continued)

(b) Other related transactions

The Company paid TNG Limited $388,755 (2007: $331,642) for the reimbursement of office and administration costs. Mr Biddle, Mr Smith and Mr Barr are all directors of TNG Limited.

TNG Ltd pays Batavia for computer usage.

There are no other related amounts outstanding to/from related parties at the balance sheet date.

(c) Ultimate parent

The ultimate parent entity is Batavia Mining Limited.

28 Subsequent events

On 31 July 2008 Batavia sold its 100% owned Gullewa project to ATW Venture Corporation (ATW). As consideration for the sale, Batavia will receive a total of A$13,000,000 and 2,000,000 shares in ATW.

Shareholders approved the issue of 3,000,000 $0.15 director options to Mr John W Barr at the General meeting held on 2 July 2008.

Consultants were issued 500,000 $0.15 options on 25 August 2008.

29 Contingent Liabilities

There are no reportable contingent liabilities.

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In accordance with a resolution of the directors of Company Batavia Mining Limited 009 075 861 ("Company"), I state that:

1) In the opinion of the directors:

   (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards and the Corporations Regulations 2001; and

      (ii) giving a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and the Consolidated Entity;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

On behalf of the board of directors.

Terence N Smith
Director

Dated at Perth, 25 September 2008

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Independent auditor's report to the members of Batavia Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Batavia Mining Limited, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Liability limited by a scheme approved
under Professional Standards Legislation

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Auditor's Opinion

In our opinion:

1. the financial report of Batavia Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Batavia Mining Limited and the consolidated entity at 30 June 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*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A Buckingham
Partner
Perth
25 September 2008

GAB:KT:BATAVIA:018

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Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 23 September 2008)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

	Number	Percentage
ANZ Nominees Limited	8,302,141	6.23
HSBC Custody Nominees (Australia) Limited	7,322,414	5.49

Class of shares and voting rights

(a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities

Category	Ordinary Shares
1 - 1,000	160
1,001 - 5,000	247
5,001 - 10,000	374
10,001 - 100,000	842
100,000 and over	181
	1804

The number of shareholders holding less than a marketable parcel is 430

Twenty largest shareholders as at 23 September 2008

Name	Number of shares held	Percentage of shares held
ANZ Nominees Ltd	8,302,141	6.23
HSBC Custody Nominees	7,322,414	5.49
Alfriston Group Ltd	4,000,000	3.00
Ilam Pty Ltd	4,000,000	3.00
Kensington Consulting Pty Ltd	3,944,546	2.96
Biddle Partners Pty Ltd	3,267,492	2.45
Clodene Pty Ltd	3,037,422	2.28
Mr De Min Zhang	2,378,000	1.78
Paradise Developments Pty Ltd	2,300,000	1.73
Dr Li Hui	2,000,000	1.50
Minturn Pty Ltd	1,500,000	1.13
Mr Paul Donohue and Mrs Suzanne Donohue	1,430,000	1.07
Bonsmith Pty Ltd	1,420,074	1.07
Teas Nominee Pty Ltd	1,300,000	0.98
Cornerstone Advisors Pty Ltd	1,250,000	0.94
Lowden Investments Pty Ltd	1,230,000	0.92
Leet Investments Pty Ltd	1,200,000	0.90
TNG Limited	1,165,018	0.87
Blamnco Trading Pty Ltd	1,152,414	0.86
Kesli Chemicals Pty Ltd	1,100,000	0.83
	53,299,541	39.99%

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The consolidated entity holds an interest in the following tenements at the date of this report:

Prospect	Tenements	Equity
Gullewa Project	E59/0877, E59/0960, E59/0982, E59/0988, E59/1124, E59/1134, E59/1240APP, E59/1241APP, E59/1242APP, E59/1274APP, L59/0035, L59/0049, L59/0050, L59/0064APP, M59/0049, M59/0068, M59/0132, M59/0133, M59/0224, M59/0294, M59/0335, M59/0336, M59/0356, M59/0391, M59/0392, M59/0442, M59/0507, M59/0522, M59/0530, M59/0531, M59/0601APP, M59/602APP, M59/603APP, M59/604APP, M59/605APP, M59/606APP, M59/0620APP, M59/0621APP, M59/0622APP, M59/0623APP, M59/0624APP, M59/0625APP, M59/0671APP, M59/0672APP, M59/0674APP, M59/0675APP, M59/0676APP, M59/0679APP, M59/0680APP, M59/0681APP, M59/0682APP, M59/0683APP, M59/0684APP, M59/0685APP, M59/0686APP, M59/0687APP, M59/0688APP, M59/0689APP, M59/0690APP, M59/0691APP, M59/0692APP, M59/0693APP, M59/0694APP, M59/0695APP, M59/0696APP, M59/0697APP, M59/0698APP, M59/0699APP, M59/0700APP, M59/0701APP, M59/0702APP, M59/0703APP, M59/0704APP, M59/0705APP, M59/0706APP, M59/0707APP, P59/1640, P59/1641, P59/1671, P59/1672, P59/1673, P59/1674, P59/1692, P59/1733APP, P59/1734APP, P59/1735APP, P59/1736APP, P59/1737APP	100%
Paynes Find	M59/0244, P59/1638APP, P59/1639APP	100%
Yalgoo	M59/0394	100%

As disclosed in the Annual report, the Gullewa tenements were sold on the 31 July 2008.

Unlisted Options

The Company has on issue the following unlisted options as at the date of this report:

	Options exercisable on or before 30 June 2009	**Options exercisable on or before 31 Aug 2011**
Number of options	12,000,000	500,000
Number of holders	4	1
Exercise Price per option	$0.15	$0.15
Names of Holders with 20% or more		
Mr J W Barr	3,000,000	
Mr N Biddle	3,000,000	
Mr D Delaney	3,000,000	
Mr T Smith	3,000,000	
SLR Consulting Pty Ltd		500,000