ARGOSY MINERALS INC.

2007 ANNUAL REPORT

Report from the Chairman

The early part of 2007 was very successful for Argosy. It secured the prospective Copper Cliff project in Sudbury, Canada, raised approximately A$3 million in a private share placement and attended meetings in Burundi with a view to recommencing activity on the Burundi Nickel project at Musongati.

These activities provided early optimism that 2007 would be a good year for shareholders. That early optimism did not carry through however, when in June, following significant effort on the part of Argosy's management to recommence activity on the Burundi Nickel project, it was learned that the Burundi government had determined to cancel the Mining Convention Agreement under which Argosy, through its subsidiary, Andover Resources NL, held the rights to the project. Consequently, in June, the Corporation initiated arbitral proceedings at the International Chamber of Commerce in Paris to enforce its rights under the agreement. Although the arbitral proceedings are ongoing at this time, every effort is being made to reach an out-of-court settlement with the Burundian government in order to progress this world-class project.

During the year Argosy engaged the firm of consulting geologists to evaluate the exploration potential of Lac Panache, Fish Creek and Copper Cliff and recommend exploration programs to advance the projects. Their report indicated only limited potential for significant discoveries on the properties and consequently, Argosy terminated its option agreements over the Sudbury projects.

Argosy has also been pursuing two projects in Zambia which, if brought to fruition, have the potential to create early cash flow.

In August, Argosy was pleased to announce the appointment of Mr. Philip Thick to the Board of Directors. Mr. Thick resides in Perth, Western Australia and is a qualified engineer. He brings considerable experience to the Board having held positions as a senior commercial and business manager and as a former director of Shell Australia Limited. Mr. Thick's experience at a global, national and regional level will be of significant benefit to Argosy.

On behalf of the Board and management, we thank shareholders for their patience and support and believe that with continued perseverance 2008 will be a very rewarding year.

On behalf of the Board,

John Maloney, O.A.M.
Chairman

Management's Discussion & Analysis
Of Operating Results

March 28, 2008

Description of Business

Since incorporation, Argosy Minerals Inc. ("the Corporation") has been exclusively a natural resource Corporation engaged in exploration for precious metals, base metals and diamonds. At this stage of its development the Corporation has no producing properties and, consequently, has no current operating income or cash flow. The Corporation is a reporting issuer in British Columbia, Alberta and Ontario and trades on the Australian Stock Exchange under the symbol AGY. In May 2005, the Corporation was continued from the Yukon Territory under the Yukon Corporation's Act to British Columbia, under the British Columbia Business Corporations Act and amalgamated with its wholly owned Canadian subsidiaries.

The Corporation's strategy is to build shareholder value through the acquisition of base and precious metal assets, which have the potential for future development. With this in mind, the Corporation is constantly looking for and evaluating natural resource opportunities, in Africa, North America and Asia.

In 2007, the Corporation had two projects: The Burundi Nickel Project, which, covering an area of 171 km^2, is located in Burundi, central Africa, and the Lac Panache, Fish Creek and Copper Cliff projects in Sudbury, Ontario.

The Burundi Nickel Project, acquired in 1999 pursuant to a Mining Convention between the Corporation's wholly subsidiary Andover Resources NL ("Andover") and the government of Burundi, has been subject to force majeure due to political instability in Burundi. In May 2005, the Corporation lifted force majeure and initiated discussions with the Ministry of Mines to secure a continuation of the Mining Convention.

After extensive, but futile, attempts by Andover to negotiate with the Government of Burundi to continue its work under the Mining Convention, and to obtain the necessary research permit from the Minister of Mines, in June 2007, Andover instructed its legal counsel to commence arbitral proceedings against the Government of Burundi at the International Chamber of Commerce in Paris.

In November of 2007, following a review of a report prepared by consulting geologists, the Corporation decided that the exploration potential of the Lac Panache, Fish Creek and Copper Cliff projects did not meet its criteria for further exploration and terminated its option agreements with respect to the Sudbury projects.

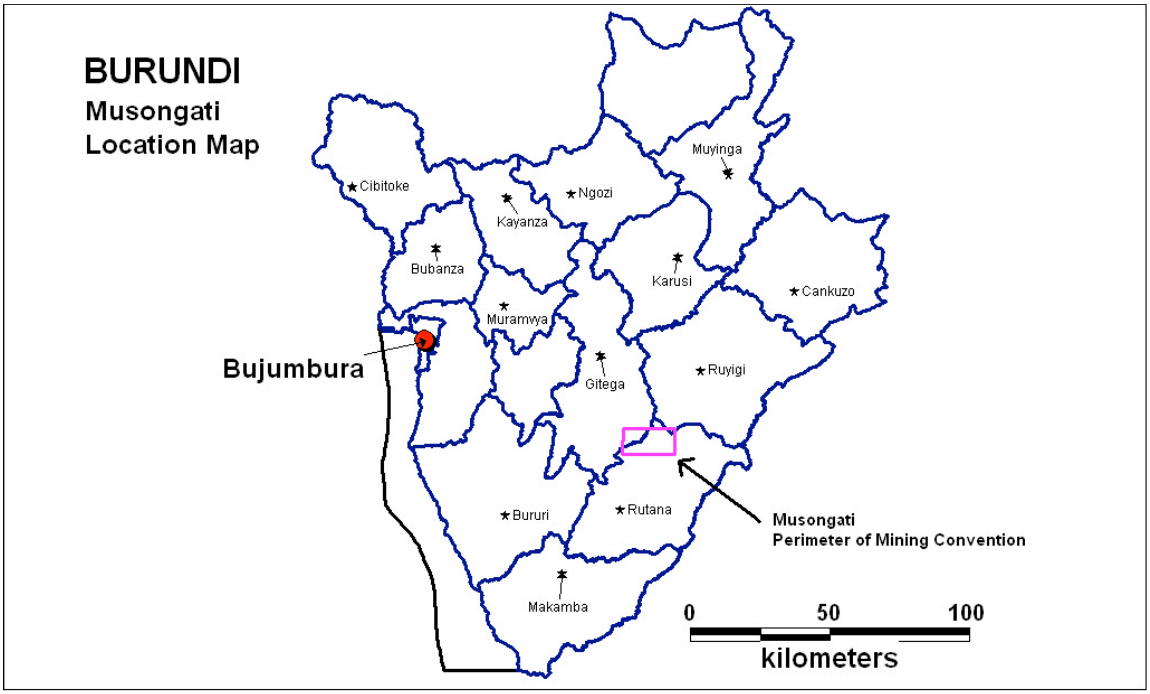
At the present time, none of the Corporation's properties contain defined reserves of recoverable minerals. Should the Corporation successfully delineate commercially mineable reserves through its exploration efforts on any of its properties; it may seek to develop the property by bringing the property into commercial production itself or alternatively develop it through a contract mining arrangement or by way of joint venture or it may sell the property.

Projects

BURUNDI NICKEL PROJECT ("MUSONGATI") – Nickel, Cobalt, Platinum Group Metals, Burundi

Andover acquired the Burundi Nickel Project in 1999 pursuant to a Mining Convention with the government of Burundi whereby Andover could earn an 85% interest in the project by completing a feasibility study for the development of a nickel/cobalt processing facility and by reimbursing the Burundi government for certain expenditures incurred on the project.

The Musongati lateritic deposit was explored in the 1970's and 1980's. Studies carried out by these explorers resulted in the identification of a resource of 185 million tonnes of 1.31% nickel and 0.08% cobalt (non-JORC and NI 43-101 compliant). Anomalous grades of platinum and palladium had been recorded from the laterite as well as from the underlying basement rocks.



The nickel - cobalt laterites at Musongati are developed within the weathering profile above a layered igneous complex and are derived mainly from the weathering of a serpentinised dunite which has a primary nickel content of about 0.3%. Two types of ore are present in approximately equal proportions: limonite and saprolite. Nickel in the limonite ore type is tied to goethite whereas in the saprolite ore type it is related to serpentine group minerals and clay minerals.

The resource at Musongati is situated on three adjacent plateaux as a result of erosion of a single layer of laterite. The plateaux are referred to from west to east as the Geyuka, Rubara and Buhinda zones, of which Buhinda is the most significant and best defined.

The Musongati lateritic deposit was explored in the 1970's and 1980's, mostly under the auspices of the United Nations Development Program. A total of 237 diamond drill holes were completed at Musongati for 12,255 metres, with an average depth of 52 metres. During the 1970's to 1980's drilling was conducted in three phases. The first phase of drilling investigated all three zones, with the focus on Rubara and Buhinda. The second phase was devoted to Rubara and Buhinda only, while the third phase focused exclusively on Buhinda. Several metallurgical studies were also completed as well as logistical, transportation and energy studies.

Due to political instability in Burundi, the project had been subject to force majeure until May 2005 when force majeure was lifted due to improving security. In 2005, the Corporation initiated discussions with the Government of Burundi to continue the Mining Convention and to recommence work at Musongati.

In June 2007, Andover instructed its legal counsel to commence arbitral proceedings under the Rules of the International Court of Arbitration of the ICC in Paris against the Government of Burundi to enforce its rights pursuant to the Mining Convention.

This decision was taken after extensive, but futile, attempts by Andover to negotiate with the Government of Burundi to continue its work under the Mining Convention, and to obtain the necessary research permit from the Minister of Mines for that purpose.

Andover's efforts to resume work under the Mining Convention followed periods of violence in Burundi which delayed the feasibility study on the Musongati deposits. These interruptions constituted periods of Force Majeure which, under the Convention, entitled Andover to extensions to its exploration permits allowing it to proceed with exploration and feasibility study work. Andover's continued rights under the Mining Convention were confirmed in December 2005 by an Inter-Ministerial Commission which was established by the Burundian Government to study the continued validity of the Mining Convention.
The Government's Inter-ministerial Commission comprised members from the offices of the Second Vice President of the Republic, Ministry of Foreign Affairs and Co-Operation, Ministry of Justice, Ministry of Energy and Mines and Ministry of Finance. The conclusions reached by the Commission were unequivocal and fully supported Andover's position, as confirmed by the following excerpts from the Commission's report:

1. "The current state of affairs is that the Convention is in full force and both parties must accept and fulfill their obligations. There is no point in the Administration of the Ministry of Energy and Mines to keep boycotting the Convention and turning its back on Andover. Instead it is time to restore calm and revive the relationship with Andover and relaunch the work programme with renewed vigor. There is no other choice."

2. "It would be ill advised for the State to break the Convention as a result of force majeure invocations which appear valid. Any termination of the Convention must, to the extent possible, strictly follow the Convention's provisions in terms of justification and procedure. The alternative could expose the State to the risk of paying damages in immense sums that could exceed the value of the mine itself."

In the face of the clear recommendations of the Inter-Ministerial Commission, the Minister of Mines first delayed taking any appropriate steps under the Mining Convention to enable Andover to resume work. It has now been revealed that, without notice to Andover, the Government recently proceeded with a second, internal study that issued recommendations diametrically opposed to those reached by the Inter-Ministerial Commission.

At a meeting of the Council of Ministers held on June 14, 2007, the Minister of Mines presented the findings of the internal study, and recommended termination of the Mining Convention. The minutes of the meeting of the Council of Ministers make no reference to the December 2005 report of the Inter-Ministerial Commission or to the fact that the conclusions of the more recent, internal study flatly contradict the Commission's earlier recommendations. In this context, with partial information, it appears that the Council of Ministers was persuaded to accept the recommendations of the Minister of Mines.

Andover notes there is no proper basis for the purported termination of the Mining Convention and that the Minister's recent conduct simply constitutes a further breach of the Mining Convention.

Andover intends to prosecute its claims in arbitration vigorously. It shall seek declaratory relief confirming its rights under the Mining Convention and pursue claims for damages as anticipated by the Government itself in the Inter-ministerial Commission report.

LAC PANACHE, FISH CREEK AND COPPER CLIFF – Nickel, Copper, Cobalt, Gold, Platinum Group Metals, Canada

Lac Panache

The Lac Panache Project is located some 40 kms southwest of Sudbury, in the Sudbury Mining Division, Ontario, Canada. The project area initially comprised 43 claims containing a total of 162 claim units distributed across 4 separate blocks: Lake Panache, Brazil Lake, Little Panache and Norwest. Subsequently, the total land area of the project was increased by a further 39 claim units in 5 claims bringing the total claim holding to 48 (consisting of 201 400m by 400m claim units) in an area of 32.2 km^2.

The Corporation could earn 100% of the project through staged cash payments totaling $300,000 and completing staged work commitments over three years of $455,000. On production the vendor would retain a 3% net smelter return ("NSR"). This NSR was subject to buy-back provisions.

Fish Creek

In April 2006 the Corporation entered into an agreement to acquire 100% of the Fish Creek property located in Nairn Township, Sudbury Mining Division, Ontario, Canada.

Situated approximately 50 km southwest of Sudbury, the property is positioned over a possible southwest extension of the "Mystery Offset Dike" exposed some 10 km to the northeast. The Mystery Offset Dike has been described by other explorers as being an extension of the Worthington Offset Dike on which CVRD's (originally Inco's) Totten Deposit is located. Offsets are dike-like quartz diorite bodies that have been interpreted as infilling major fracture zones. These dikes are known to occur, both radiating from, and concentric to the Sudbury Igneous Complex ("SIC"). The 1.85 billion year old SIC, together with surrounding dike-hosted deposits, is described as the largest known concentration of nickel-copper sulphides in the world.
Covering an area of 2.88 sq km in area, the property consists of 2 claims containing a total of 18 claim units each 400m by 400m in area. The Corporation could earn 100% of the project through staged cash payments totalling C$100,000 and completing staged work commitments over three years of $21,600. On production the vendor would retain a 3% net smelter return, which was subject to buy-back provisions.

Copper Cliff

On May 24, 2007, the Corporation entered into an agreement whereby it had an option to acquire a 100% interest in 16 mineral claims, covering 29.44 sq km in Eden Township, Sudbury, Ontario in Canada. The Copper Cliff property is believed to cover a portion of the southern extension of the Copper Cliff Offset dike.

The terms of the agreement were that the Corporation would have incurred staged expenditures totalling $494,600 over three years with a minimum expenditure of $78,200 in the first year. In addition, the Corporation would have made staged cash payments totalling $313,200 and issued 1 million fully paid shares over the three years. On execution of the agreement, the Corporation paid cash in the amount of $33,200 and issued 250,000 fully paid shares to the vendor. The Copper Cliff property was also subject to a 3% Net Smelter Royalty which was subject to buy back provisions.

Recent work

In 2006, the Corporation contracted Aeroquest Limited to carry out a 323 line kilometer combined electromagnetic ("EM") and magnetic helicopter-borne survey (AeroTEM II) across the Fish Creek project area and portions of the Lac Panache project area. Areas flown include the Sawmill Bay prospect area on the eastern side of the main Panache block of claims, the Little Panache claims, the Brazil Lake area and the Fish Creek project area. The primary application of the AeroTEM II system is the detection of near-surface massive sulphides.

The Corporation contracted Southern Geoscience Consultants ("SGC") of Perth, Western Australia, to act as its geophysics consultant for the processing and interpretation of survey results. SGC identified 15 EM conductors (anomalies) at Sawmill Bay, 1 conductor anomaly at Little Panache with a further 6 at Brazil Lake – Fish Creek.

Of interest to the Corporation was a cluster of 6 EM conductors spread out along a 1.5 km area between Sawmill Bay and the southwest corner of the AeroTEM II survey area. All but one of the conductors is sourced within the Nipissing Gabbro. Two of the anomalies have strike lengths in excess of 200m with one of these still being open to the west. The remaining conductors are more discrete. All of the conductors have strong on time as well as off time responses indicating relatively high conductivity. The position and overall strength of these conductors are consistent with a massive sulphide source.

During 2007 the Corporation contracted a geological consulting firm based in Ontario, Canada to conduct a detailed review of all exploration data compiled to that time, including the results of the aero-magnetic survey conducted in 2006, covering the Lac Panache and Fish Creek Projects. The results of that review determined that the anomalies identified in the aero-magnetic survey did not warrant further work. Consequently, the Corporation terminated its options over the Lac Panache, Fish Creek and Copper Cliff projects.

Outlook

Existing Projects
The Corporation intends to pursue its claims against the Government of Burundi and if successful, expects to recommence activities on the Burundi Nickel Project.

New Projects
The Corporation continues to seek additional projects through which shareholder value may be enhanced and has focused on precious and base metals. The Corporation is investigating suitable projects on a global basis and has been active in examining precious and base metal opportunities in North America, Africa and the Pacific region.

Forward Looking Statements
Certain statements in this document constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Some, but not all, forward-looking statements can be identified by the use of words such as "anticipate," "believe," "plan," "estimate," "expect," and "intend," statements that an action or event "may," "might," "could," "should," or "will" be taken or occur, or other similar expressions. Forward-looking statements in this MD&A include, but are not limited to, the extent of the nickel deposits related to the Burundi Nickel Project, the potential for a future project at Musongati, the projected life of any mining project related to such deposits and the ability of the Corporation to fund its operations for the next 12 months. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Corporation believes that the expectations reflected in its forward-looking statements are reasonable, it cannot guarantee future results, performance and achievements or other future events. The Corporation does not undertake to update any of its forward-looking statements after the date of this report. *See Risk Factors below*.

Risk Factors
The exploration and development of mineral deposits involves significant financial risks. The success of the Corporation will be influenced by a number of factors including financing, exploration and extraction risks, political uncertainty and regulatory issues, environmental and other regulations. In particular, the Corporation is engaged in arbitral proceedings against the government of Burundi, which if not successful will result in the loss of the Burundi Nickel Project.

In addition, the Corporation will periodically have to raise additional funds to continue operations from the sale of equity or the sale of some or all of its projects and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Additional risk factors relating to the Corporation's activities are discussed in detail in its annual information filings which can be viewed on SEDAR at www.sedar.com or in its 20F filings with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov/edgar.shtml.

Results of Operations

Overall Performance

December 31, 2007 and December 31, 2006
The Corporation incurred a loss of $2,819,889 for the year ended December 31, 2007 compared to a loss of $1,635,182 for the year ended December 31, 2006. This increase of $1,184,707 is mostly attributable to the increased stock based compensation expense of $416,913 arising on the grant of 2,750,000 stock options to directors, which was approved by shareholders at the last Annual General Meeting; increased project assessment expenditures of $760,468 due to the Corporation acquiring additional properties in Sudbury, Ontario, pursuing significant new opportunities in Africa and expenditures related to meetings in Burundi; the arbitration expense of $202,668 as a result of the arbitral proceedings commenced in June against the government of Burundi, offset by decreases in management and consulting fees and salaries due to the consolidation of the Corporation's activities in Australia.

Interest income of $141,220 for the year ended December 31, 2007, increased from $107,563 for the year ended December 31, 2006 as a result of increased interest income in the last two quarters earned on increased cash balances following the capital raising completed in May 2007.

During the year ended December 31, 2007 cash required for operating activities amounted to $1,693,745 compared to $1,271,415 for the year ended December 31, 2006. The increase in cash required for operating activities of approximately $400,000 resulted mainly from changes in non cash working capital items, increased project assessment expenditures and the cost associated with the arbitration proceedings.

During 2007 administrative expenses were $1,846,591compared to $1,514,475 for the year ended December 31, 2006, an increase of approximately $332,000. The increase was mainly due to an increased stock based compensation expense recognized on the granting of stock options to directors during 2007 and the cost associated with the arbitral proceedings, offset by the decrease in management, consulting fees and salaries.

Selected Annual Information

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles and values are in Canadian dollars, except where stated otherwise. The selected annual financial information is taken from the Corporation's annual financial statements and should be read in conjunction with those statements.

Year ended December 31,	***2007***	***2006***	***2005***
		$ (000's)	
Interest Income	$ 141	$ 108	$ 96
Foreign Exchange Gains / (Losses)	$ (125)	$ -	$ (1)
Loss	$ (2,820)	$ (1,635)	$ (1,199)
Basic and Diluted Loss per Common Share	$ 0.03	$ 0.02	$ 0.01

As at December 31,	***2007***	***2006***
	$ (000's)	
Working Capital	$ 3,175	$ 2,262
Total Assets	$ 3,362	$ 2,379
Total Liabilities	$ 173	$ 112
Share Capital	$ 46,992	$ 44,075
Deficit	$ (45,067)	$ (42,247)

Summary of Quarterly Results

Year	***2007***				***2006***			
3 months ended	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
				$ (000's)				
Interest Income	43	53	27	18	21	30	30	27
Foreign Exchange Gain / (Loss)	(53)	(55)	(18)	1	9	(1)	(7)	(1)
Total Income	(10)	(2)	9	19	30	29	23	26
Administration Expenditures	(201)	(300)	(1,167)	(179)	(236)	(230)	(776)	(272)
Project Assessment, net of Recoveries	(155)	(260)	(540)	(34)	(48)	(108)	(51)	(22)
Loss	(366)	(562)	(1,698)	(194)	(254)	(309)	(804)	(268)
Basic and Diluted Loss per Common Share of Dollars/Share	(.004)	(.006)	(.02)	(.002)	(.003)	(.003)	(.008)	(.003)
Weighted Average Number of Common Shares (000's)	99,919	99,419	← 95,969 →					

Quarterly Results

Fourth Quarter 2007 to Third Quarter 2007

The Corporation incurred a loss of $366,000 for the quarter ended December 31, 2007 compared to a loss of $562,000 for the quarter ended September 30, 2007. The reduced loss in the quarter ended December 31, 2007 is mainly due to lower project assessment expenditures and legal fees related to the arbitral proceedings being incurred in the quarter.

Fourth Quarter 2007 to Fourth Quarter 2006

Except for the foreign exchange loss, due to the declining value of the Australian dollar in late 2007 and the Corporation holding substantial cash balances in Australian dollars and the increased project assessment expenditures in 2007 due to the Corporation's increased effort to secure projects in Africa, the results of operations in 2007 and 2006 are similar.

Other Quarterly Results

Project assessment expenditures reflect activities on the Corporation's projects with 2007 expenditures being significantly higher than in 2006 due to the Corporation increasing activity on the projects previously held in Sudbury, Canada and the pursuit of opportunities in Africa.

The fluctuation in income over the past eight quarters is mainly due to the recent foreign exchange losses as a result of the declining rate of exchange between the Australian and Canadian dollar and the Corporation holding a substantial portion of its cash balances in Australian dollars offset by increased interest income in the most recent quarters earned on increased cash balances following the capital raising completed in May 2007.

Project assessment expenditures increased in the quarters ended December, September and June 2007, compared to the same period in 2006, mainly due to the payment of option fees and exploration conducted on the La Panache, Fish Creek and Copper Cliff projects in the June quarter and increased activity in assessing projects in Africa in the September and December quarters.

Administrative expenses increased by approximately $988,000 in the quarter ended June 30, 2007 and by $503,000 in the quarter ended June 30, 2006 compared to the immediately preceding quarters, mainly due to the inclusion of stock based compensation expense of approximately $856,000 and $439,000 respectively, incurred on the granting of incentive stock options to directors and employees.

Liquidity and Capital Resources

The Corporation's cash deposits at December 31, 2007 totalled $3,341,050 compared to $2,356,331 at December 31, 2006, an increase of $1 million, mainly due to the capital raising completed in May 2007. The Corporation continues to utilize its cash resources to fund project assessment activities and administrative requirements. Aside from such cash the Corporation has no material unused sources of liquid assets. As the Corporation does not have a source of income, cash balances will continue to decline as the Corporation utilizes these funds to conduct its operations.

The Corporation does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

With cash balances of approximately $3.3 million and current planned expenditures of approximately $2.2 million, the Corporation has sufficient cash resources for planned activities over the next 12 months. Should the Corporation acquire new projects, increase its expenditure on existing projects or exercise its options to acquire projects currently under option it will be required to raise additional financing.

Commitments and Property Option Payments

The Corporation has no current property option or expenditure commitments.

Related Party Transactions

During the year ended December 31, 2007, $381,879 (2006: $457,305, 2005: $233,633) was paid to four directors and a former director of the Corporation, or to companies controlled by them, for director's fees, management consulting services and project management and assessment services. Fees paid for management and consulting services are mostly paid pursuant to management contracts entered into between the Corporation and the related party.

Fees paid to each non-executive director do not exceed Australian $30,000 per annum except for fees paid to the Chairman which are set at Australian $40,000 per year.

In addition $98,265 (2006: $193,134, 2005: $111,292) was paid to two companies, $91,067 to an Australian company and $7,198 to a Canadian company, each controlled by a director of the Corporation for the provision of office facilities and personnel in Australia and Canada respectively. These services are reimbursed at cost, which approximate fair value.

At December 31, 2007, management and consulting fees and directors' fees payable amounted to $73,045 (2006: $48,024).

The decrease in management and consulting fees reported for the year was due to the consolidation of the Corporation's administrative functions in Australia. The transactions with the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Proposed Transactions

The Corporation is currently evaluating new opportunities. Should it enter into agreements over any of these opportunities it may be required to make cash payments and complete work expenditure commitments.

Critical Accounting Estimates

The detailed accounting policies are discussed in the Corporation's annual financial statements however, the following accounting policies require the application of management's judgment:

(a) *Mineral property valuations* – Management uses its best estimate for recording any mineral property value based on the results of any exploration conducted, prevailing market conditions, similar transactions and factors such as stability of the country in which the asset may be located.
(b) *Contingent Liabilities* – Management evaluates any claims against the Corporation and provides for those claims, where necessary, based on information available to it, including in some instances, legal advice.
(c) *Income Tax* – Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the consolidated balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets arising from loss carry-forwards to amounts expected to be realized.

Changes in Accounting Policies

Effective January 1, 2007, the Corporation adopted the guidelines provided by the Canadian Institute of Chartered Accountants (“CICA”) relating to the accounting treatment of financial instruments.

(i) Financial Instruments – Recognition and Measurement, Section 3855
This standard prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based measures are used. It also specifies how financial instrument gains and losses are to be presented. Section 3855 requires that all financial assets, except those qualified as held to maturity, and derivative financial instruments, must be measured at fair value. Financial liabilities qualified as held for trading must also be measured at fair value, while all other financial liabilities may be measured at cost.

Effective January 1, 2007, cash and cash equivalents, receivables and other financial assets that are non-speculative in nature have been classified as held-for-trading, and related recognized gains and losses are recorded directly in earnings. Transaction costs related to the acquisition of financial instruments are charged to earnings as incurred. The adoption of Section 3855 has not resulted in any significant impact on the Corporation’s financial statements.

All derivatives recorded on the balance sheet are reflected at fair value. Mark-to-market adjustments on these instruments are reflected in net income, because the Corporation does not follow Hedge accounting.

All other financial instruments are recorded at cost or amortized cost, subject to impairment reviews.

(ii) Hedges, Section 3865
This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline AcG-13 “Hedging Relationships”, and Section 1650 “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Corporation does not apply hedge accounting and accordingly is not impacted by this standard.

(iii) Comprehensive Income, Section 1530
This standard introduces new rules for the reporting and display of comprehensive income. Comprehensive income is the change in shareholders’ equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments and gains and losses on certain derivative instruments. The Corporation holds no marketable securities, does not have any self sustaining foreign subsidiaries and does not apply hedge accounting. Accordingly, the consolidated statement of comprehensive income and the balance sheet do not contain any other comprehensive income items.

(iv) Accounting Changes, Section 1506
In July 2006, the CICA reissued Handbook Section 1506 “Accounting Changes” which is effective for fiscal years beginning on or after January 1, 2007. Under this standard, voluntary changes in accounting policy are only made when they result in the financial statements providing more reliable and more relevant information. Changes in accounting policy are applied retrospectively unless doing so is impracticable or the change in accounting policy is made on initial application of a primary source of GAAP. A change in accounting estimate is generally recognized prospectively and material prior period errors are amended through restatements. New disclosures are required in respect of such accounting changes. The impact that the adoption of Section 1506 has had on the Corporation’s results of operations and financial condition has been noted above in the description of the change in accounting policy.

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Corporation for the year ended December 31, 2010. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments and Other Instruments
The Corporation holds certain cash balances in Australian dollars which are subject to exchange rate fluctuations and could give rise to exchange losses.

Other
Capitalization
The Corporation has 99,919,105 shares outstanding at March 28, 2008.

In addition, at March 15, 2008, the Corporation had 5,100,000 director and employee stock options outstanding and exercisable at Australian $0.10 per share and 2,750,000 director stock options outstanding and exercisable at Australian $0.50 per share.

Properties, Location and Description

Burundi Nickel Project
The Burundi Nickel Project, located in Burundi, Central Africa, covers an area of 171 km^2 and is situated primarily within the Province of Rutana some 90 kilometers southeast of Bujumbura. The nickel laterite deposit occupies a plateau at an elevation of 1,700 m in an area of savannah grassland and is sparsely populated.

Management's Responsibility and Oversight

The disclosures and information contained in this MD&A have been prepared by the management of the Corporation. Management has implemented and maintained a system of controls and procedures to ensure the timeliness and accuracy of information disclosed in the MD&A.

The Corporation's audit committee and Board of Directors review the disclosures made in the MD&A to ensure the integrity thereof.

Disclosure Controls and Procedures
Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as is appropriate to permit timely decisions regarding public disclosure.

Evaluation
Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of December 31, 2007. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), were effective at that time to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Due to the small staff, however, the Corporation will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Corporation's disclosure controls and procedures. It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable assurance as to the effectiveness, and there can be no assurance that any design will succeed in achieving its stated objectives. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such lapses occur the Corporation will take reasonable steps necessary to minimize the consequences thereof.

Internal Controls and Procedures over Financial Reporting
Management is also responsible for the design of the Corporation's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. It should be noted that a control system is based in part upon certain assumptions and no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

There has been no change to the system of internal controls during the year ended December 31, 2007.

List of Directors and Officers at Signature and Filing Date

*Peter H. Lloyd	President and CEO
Cecil R. Bond	Director
*John Maloney	Non-executive Director and Chairman
*Philip Thick	Non-executive Director

*Denotes member of audit committee.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and the information contained in the annual report have been prepared by the management of the Corporation. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates based on currently available information. A system of internal accounting control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Corporation's registered independent accountants, Horwath Orenstein LLP, who have been appointed by the directors, conduct an audit in accordance with generally accepted auditing standards in Canada and the Public Company Accounting Oversight Board (United States) to allow them to express an opinion on the financial statements.

The Audit Committee of the Board of Directors meets periodically with management to review the financial statements and related reporting matters prior to submission to the Board, and meets with the registered independent accountants to review the scope and result of the annual audit.

Chief Executive Officer
Argosy Minerals Inc.
March 28, 2008

REPORT OF INDEPENDENT ACCOUNTING FIRM

To The Shareholders of Argosy Minerals Inc

We have audited the consolidated balance sheet of Argosy Minerals Inc as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian and Public Company Accounting Oversight Board (United States) generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and 2006, the results of its operations and changes in its cash flow for each of the three years in the period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

Horwath Orenstein LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 28, 2008

Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED BALANCE SHEETS
As at December 31, 2007 and 2006
(expressed in Canadian dollars)

	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,341,050	$ 2,356,331
Accounts receivable	6,916	17,262
	3,347,966	2,373,593
Office equipment and furniture	13,723	5,305
	$ 3,361,689	$ 2,378,898
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 172,622	$ 111,540
SHAREHOLDERS' EQUITY		
Capital Stock		
Issued	46,991,751	44,075,384
Contributed Surplus	1,264,482	439,251
Deficit	(45,067,166)	(42,247,277)
	3,189,067	2,267,358
	$ 3,361,689	$ 2,378,898

APPROVED ON BEHALF OF THE BOARD

John Maloney, Chairman
March 28, 2008

Peter Lloyd, President & Director
March 28, 2008

The accompanying notes are an integral part of these consolidated financial statements.

Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
For the Years Ended December 31, 2007, 2006 and 2005
(expressed in Canadian dollars)

		2007	2006	2005
Income				
Interest		$ 141,220	$ 107,563	$ 96,310
Foreign exchange gain / (loss)		(125,404)	376	(1,141)
		15,816	107,939	95,169
Expenses				
Accounting and audit		$ 46,805	$ 53,683	$ 81,201
Arbitration	*Note 3(a)*	202,668	-	-
Bank charges		1,996	1,837	3,673
Amortization		6,429	12,515	12,227
Directors' fees		48,566	45,833	75,000
Insurance		2,032	4,673	22,289
Legal		70,351	95,745	51,981
Management and consulting fees		279,865	405,986	163,303
Office		15,911	15,189	19,533
Project assessment expenditures	*Note 4*	989,114	228,646	241,327
Rent		34,765	52,036	59,155
Salaries and benefits		129,436	191,581	350,319
Stock based compensation		856,164	439,251	-
Shareholder communications		13,111	25,722	40,863
Telecommunications		7,825	14,960	18,527
Transfer agent and stock exchange		107,617	43,623	52,042
Travel		23,050	111,841	102,366
		2,835,705	1,743,121	1,293,806
Net Loss for the Year		(2,819,889)	(1,635,182)	(1,198,637)
Deficit - Beginning of Year		(42,247,277)	(40,612,095)	(39,413,458)
Deficit - End of Year		$ (45,067,166)	$ (42,247,277)	$ (40,612,095)
Basic & Fully Diluted Loss per Common Share		$ (0.03)	$ (0.02)	$ (0.01)
Weighted Average Number of Common Shares Outstanding, Basic and Fully Diluted		98,023,272	95,969,105	95,969,105

The accompanying notes are an integral part of these consolidated financial statements.

Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2007, 2006 and 2005
(expressed in Canadian dollars)

	2007	2006	2005
Cash Provided from (Used for)			
Operating Activities			
Net loss for the year	$ (2,819,889)	$ (1,635,182)	$ (1,198,637)
Items not affecting cash:			
Amortization	6,428	12,515	12,227
Foreign exchange (gain) / loss	97,235	(794)	297
Project assessment expenditures - shares issued	94,889	-	-
Stock based compensation	856,164	439,251	-
	(1,765,173)	(1,184,210)	(1,186,113)
Changes in Non-cash Working Capital			
(Increase) Decrease in accounts receivable and prepaids	10,346	9,127	140,571
Increase/(Decrease) in accounts payable and accrued liabilities	61,082	(96,332)	56,871
Cash Flows from Operating Activities	(1,693,745)	(1,271,415)	(988,671)
Investing Activities			
(Purchase)/disposal of office equipment and furniture	(14,846)	837	(1,324)
Cash Flows from Investing Activities	(14,846)	837	(1,324)
Financing Activities			
Issue of Shares	2,790,545	-	-
Cash Flow from Financing Activity	2,790,545	-	-
Foreign Exchange Gain / (loss) on cash held in Foreign Currency	(97,235)	794	(297)
Increase (Decrease) in Cash and Cash Equivalents	984,719	(1,269,784)	(990,292)
Cash and Cash Equivalents - Beginning of Year	2,356,331	3,626,115	4,616,407
Cash and Cash Equivalents - End of Year	$ 3,341,050	$ 2,356,331	$ 3,626,115

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

On May 26, 2005, the Corporation continued its jurisdiction of incorporation from the Yukon Territory under the Yukon Corporations Act to British Columbia, under the Business Corporations Act, British Columbia, and amalgamated with its wholly owned Canadian subsidiaries.

The Corporation and its subsidiaries are engaged in the exploration of mineral properties and is considered to be an exploration stage company. The Corporation is in the process of investigating possible property acquisitions, principally in Africa. The Corporation was previously involved in studies for the development of a nickel/cobalt processing facility at Musongati in the Republic of Burundi. In August 2002 the Corporation's subsidiary, Andover Resources N.L., declared force majeure and curtailed its activities in Burundi as a result of the deterioration of the security situation, however in 2005 following elections and the formation of a new government in Burundi, the Corporation lifted force majeure and entered into discussions with the Ministry for Mines regarding recommencing activities in Burundi. Following the purported termination of the Mining Convention by the government of Burundi in June 2007, the Corporation commenced arbitral proceedings at the International Court of Arbitration of the International Chamber of Commerce in Paris to enforce its rights. See Note 3(a).

During 2007 the Corporation continued to evaluate the Lac Panache, Fish and the Copper Cliff properties in Sudbury, Ontario acquired under option agreements entered into in 2005 and 2007. As results from exploration activities on these projects did not merit further work, the Corporation terminated the option agreements. See Note 3(b), (c) and (d).

During 2005, the Corporation terminated its option to acquire the Albetros Diamond Project in South Africa as a new exploration permit was not issued. See Note 3(e).

The Corporation is in the process of exploring mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The continuing operations of the Corporation is dependent upon, obtaining necessary financing to meet its commitments as they come due and to finance exploration and development of the properties, the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitability, production or proceeds from disposition of the mineral properties.

2. Significant Accounting Policies and Recent Accounting Pronouncements

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries after elimination of inter-company accounts and transactions:

Company Name	Country
Argosy Mining Corporation Pty. Ltd.	South Africa
Andover Resources N.L. ("Andover")	Australia
Argosy Energy Zambia Limited	Zambia

Financial Statement Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The material measurement differences between Canadian and United States GAAP are explained in Note 9, along with their effect on the Corporation's consolidated statements of operations and deficit.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the period. Significant areas where management's judgement is applied are mineral property valuations, valuation of future income tax benefits and contingent liabilities. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term deposits maturing within 90 days of the original date of acquisition. In order to limit its exposure to losses, the Corporation deposits its funds with major Canadian and Australian banks. A significant portion of the cash balances are held in Australian dollars, accordingly, the Corporation has exposure to fluctuations in currency exchange rates.

Office Equipment and Furniture

Amortization is provided on office equipment and furniture using the straight line method over the estimated useful lives of the assets.

Project Assessment Expenditures

Project assessment costs consist of expenditures to evaluate new projects. These expenditures are charged to income when incurred. Once the Corporation decides to acquire the property, costs associated with its acquisition and exploration or development will be accounted for as described under Mineral Properties below. Included in project assessment expenditures are option payments for mineral properties. These payments are charged to income when incurred.

Mineral Properties

a) Mineral property acquisition costs

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of, either through sale or abandonment or becomes impaired. If a property is put into production, the cost of acquisition will be written off over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition costs will be written off to operations.

Recorded costs of mineral properties are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and, based on existing knowledge, it is reasonably possible that changes in future conditions could require a material change in the recognized amount.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior undetected agreements or transfers and title may by affected by such defects.

b) Mineral property exploration expenditures

When proven and probable reserves are determined for a property, subsequent development costs of the property are capitalized and amortized over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a property are credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the exploration costs will be written off to operations.

Recorded costs of mineral property exploration expenditures are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and, based on existing knowledge, it is reasonably possible that changes in future conditions could require a material change in the recognized amount.

c) Impairment of mineral property acquisition costs and exploration expenditures

Carrying values of mineral properties and, the property, plant and equipment associated with those mineral properties, are reviewed for impairment when events or changes in circumstances occur that suggest possible impairment. If the property is assessed to be impaired, it is written down to its estimated fair value.

Stock Based Compensation

The Corporation grants stock options to employees and consultants as determined by the Corporation's Board of Directors. Stock options granted to the directors of the Corporation are granted subject to approval of the Corporation's shareholders. The Company does not repurchase stock options from optionees.

Compensation costs attributable to all stock options granted are measured at fair value at the grant date, using the Black-Scholes Model, and are expensed over the vesting period with a corresponding increase to contributed surplus. The Black-Scholes Model requires the input of highly subjective assumptions including expected stock price volatility. Differences in input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of any stock options granted. Upon the exercise of the option, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

Loss per Common Share

Loss per common share is calculated using the weighted average number of common shares issued and outstanding during each year. Basic and fully diluted loss per share, are the same, as the effect of potential issues of shares under stock option arrangements would be anti-dilutive.

Foreign Currency Translation

The Corporation's foreign subsidiaries are integrated foreign operations. Currency translations into Canadian dollars are made as follows:

(i) monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date;

(ii) non-monetary items at rates prevailing when they are acquired;

(iii) exploration costs and administration costs at average rates for the period.

Gains and losses arising on currency translation are included in the statement of operations.

Changes in Accounting Policy and Recent Accounting Pronouncements

Effective January 1, 2007, the Corporation adopted the guidelines provided by the Canadian Institute of Chartered Accountants ("CICA") relating to the accounting treatment of financial instruments.

(a) Financial Instruments – Recognition and Measurement, Section 3855

This standard prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based measures are used. It also specifies how financial instrument gains and losses are to be presented. Section 3855 requires that all financial assets, except those qualified as held to maturity, and derivative financial instruments, must be measured at fair value. Financial liabilities qualified as held for trading must also be measured at fair value, while all other financial liabilities may be measured at cost.

Effective January 1, 2007, cash and cash equivalents, receivables and other financial assets that are non-speculative in nature have been classified as held-for-trading, and related recognized gains and losses are recorded directly in earnings. Transaction costs related to the acquisition of financial instruments are charged to earnings as incurred. The adoption of Section 3855 has not resulted in any significant impact on the Corporation's financial statements.

All derivatives recorded on the balance sheet are reflected at fair value. Mark-to-market adjustments on these instruments are reflected in net income, because the Corporation does not follow Hedge accounting.

All other financial instruments are recorded at cost or amortized cost, subject to impairment reviews.

(b) Hedges, Section 3865

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline AcG-13 "Hedging Relationships", and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Corporation does not apply hedge accounting and accordingly is not impacted by this standard.

(c) Comprehensive Income, Section 1530

This standard introduces new rules for the reporting and display of comprehensive income. Comprehensive income is the change in shareholders' equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments and gains and losses on certain derivative instruments. The Corporation holds no marketable securities, does not have any self sustaining foreign subsidiaries and does not apply hedge accounting. Accordingly, the consolidated statement of comprehensive income and the balance sheet do not contain any other comprehensive income items.

(d) Accounting Changes, Section 1506

In July 2006, the CICA reissued Handbook Section 1506 "Accounting Changes" which is effective for fiscal years beginning on or after January 1, 2007. Under this standard, voluntary changes in accounting policy are only made when they result in the financial statements providing more reliable and more relevant information. Changes in accounting policy are applied retrospectively unless doing so is impracticable or the change in accounting policy is made on initial application of a primary source of GAAP. A change in accounting estimate is generally recognized prospectively and material prior period errors are amended through restatements. New disclosures are required in respect of such accounting changes. The impact that the adoption of Section 1506 has had on the Corporation's results of operations and financial condition has been noted above in the description of the change in accounting policy.

Canadian accounting pronouncements effective for 2008

(a) Capital Disclosures, Section 1535

On December 1, 2006, the CICA issued this new accounting standard which will be effective January 1, 2008. Section 1535 specifies the disclosure of information that enables users of an entity's financial statements to evaluate its objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether it has complied with any capital requirements and, if it has not complied, the consequences of non-compliance.

(b) Goodwill and intangible assets, Section 3064

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Management is currently assessing the impact of this new accounting standard on its consolidated financial statements.

(c) Financial Instruments Disclosures, Section 3862 / Financial Instruments Presentation, Section 3863

These sections will replace Section 3861, Financial Instruments Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new sections will place increased emphasis on disclosure about the nature and extent of risk arising from financial instruments and how the entity manages those risks. The mandatory effective date is for annual and interim periods in fiscal years beginning on or after October 1, 2007. The Corporation will begin application of these sections effective January 1, 2008. It is not anticipated that the adoption of this new accounting standard will impact the amounts reported in the Corporation's consolidated financial statements as they relate primarily to disclosure.

(d) International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Corporation for the year ended December 31, 2010. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Corporation has determined that there are no other recent pronouncements that impact its consolidated financial statements.

Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Corporation are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Corporation's instruments are comprised of cash and cash equivalents; accounts receivable, value added tax recoverable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of cash and cash equivalents, accounts receivable, value added tax recoverable, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity or capacity of prompt liquidation. The Corporation is however exposed to currency risk from foreign currency fluctuations as it holds substantial amounts of its cash in Australian dollars and conducts a significant amount of its business in Australia and in other countries. The Corporation does not engage in any hedging activities but manages the risk from foreign exchange fluctuations by settling expenditures in Australia from its Australian cash balances and limits its exposure to other currency fluctuations by limiting the time to settlement where possible.

Certain financial instruments of the Corporation include amounts translated from foreign currencies into Canadian dollars. Listed below are the relevant instruments and the amounts of foreign currency included in their balances:

	2007	2006
	Australian Dollars	Australian Dollars
Cash and cash equivalents	2,641,879	347,488
Other receivables and prepaid expenses	1,911	12,355
Accounts payable and accrued liabilities	102,916	72,183
Rate to convert to $1.00 CDN	0.8670	0.9187

Income Taxes

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the consolidated balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets arising from loss carry-forwards to amounts expected to be realized.

3. Mineral Properties

a) Burundi Nickel Project

During 1998, Andover entered into a Protocol agreement with the Republic of Burundi acquiring the exclusive rights to the Musongati nickel project. On February 11, 1999, a Mining Convention setting out Andover's rights and obligations for the completion of a feasibility study on the Musongati nickel project was ratified by the Burundian Parliament. The Mining Convention requires that

Andover complete a feasibility study for the development of a nickel/cobalt processing facility by the end of 2001 or such later date as may be determined by extensions granted by the Minister of Mines. On April 19, 2000, Andover declared force majeure and curtailed its activities in Burundi as a result of the deterioration in security in the region. Pursuant to the terms of the Mining Convention the declaration of force majeure may be in place for up to two years during which time Andover's obligations are interrupted and the completion of the feasibility study delayed by the period of force majeure. Pursuant to the terms of the Mining Convention, Andover was required to post a performance bond of US$100,000.

On March 28, 2002, the Corporation announced the withdrawal of the declaration of force majeure and planned to resume its exploration activities, however security deteriorated ahead of the implementation of an agreed cease-fire between various political parties and the Corporation re-imposed the declaration of force majeure in August 2002. Following improved security conditions, the Corporation lifted force majeure in July 2004 and commenced planning of a drilling program at Musongati. However, following a massacre outside Bujumbura, the Corporation re-imposed force majeure in August, 2004. In 2005 a new government was elected, resulting in improving stability in Burundi. Consequently, Andover lifted the declaration of force majeure in May 2005 and commenced discussions with the Ministry of Mines regarding a continuation to the term of the Mining Convention and the re-commencement of activities at Musongati.

On June 21, 2007, Andover instructed its legal counsel to commence arbitral proceedings under the Rules of the International Court of Arbitration of the ICC in Paris against the Government of Burundi to enforce its rights pursuant to the Mining Convention.

This decision was taken after extensive, but futile, attempts by Andover to negotiate with the Government of Burundi to continue its work under the Mining Convention, and to obtain the necessary research permit from the Minister of Mines for that purpose.

Andover's efforts to resume work under the Mining Convention followed periods of violence in Burundi which delayed the feasibility study work on the Musongati deposits. These interruptions constituted periods of Force Majeure which, under the Convention, entitle Andover to extensions and a further opportunity to proceed with exploration and feasibility study work. This was confirmed in December 2005 by an Inter-Ministerial Commission which was established by the Burundian Government to study the continued validity of the Mining Convention.

The Government's Inter-ministerial Commission comprised members from the offices of the Second Vice President of the Republic, Ministry of Foreign Affairs and Co-Operation, Ministry of Justice, Ministry of Energy and Mines and Ministry of Finance. The conclusions reached by the Commission were unequivocal and fully supported Andover's position, as confirmed by the following excerpts from the Commission's report:

i) "The current state of affairs is that the Convention is in full force and both parties must accept and fulfill their obligations. There is no point in the Administration of the Ministry of Energy and Mines to keep boycotting the Convention and turning its back on Andover. Instead it is time to restore calm and revive the relationship with Andover and relaunch the work programme with renewed vigor. There is no other choice."

ii) "It would be ill advised for the State to break the Convention as a result of force majeure invocations which appear valid. Any termination of the Convention must, to the extent possible, strictly follow the Convention's provisions in terms of justification and procedure. The alternative could expose the State to the risk of paying damages in immense sums that could exceed the value of the mine itself."

In the face of the clear recommendations of the Inter-Ministerial Commission, the Minister of Mines delayed taking any appropriate steps under the Mining Convention to enable Andover to resume work. It has now been revealed that, without notice to Andover, the Government recently proceeded with a second internal study that has issued recommendations diametrically opposed to those reached by the Inter-Ministerial Commission.

At a meeting of the Council of Ministers held on June 14, 2007, the Minister of Mines presented the findings of the internal study, and recommended termination of the Mining Convention. The minutes of the meeting of the Council of Ministers make no reference to the December 2005 report of the Inter-Ministerial Commission or to the fact that the conclusions of the more recent internal study flatly contradict the Commission's earlier recommendations. In this context, with partial information, it appears that the Council of Ministers was persuaded to accept the recommendations of the Minister of Mines.

Andover notes that there is no proper basis for the purported termination of the Mining Convention and that the Minister's recent conduct simply constitutes a further breach of the Mining Convention. Andover intends to prosecute its claims in arbitration vigorously. It shall seek declaratory relief confirming its rights under the Mining Convention and pursue claims for damages as anticipated by the Government itself in the Inter-ministerial Commission report.

As at December 31, 2007, the Corporation was continuing the arbitration proceedings to enforce its rights pursuant to the Mining Convention.

b) Lac Panache – Sudbury

In April 2005, the Corporation entered into an agreement whereby it could earn 100% of the Lac Panache Project through staged cash payments totalling $300,000 and incurring expenditures over three years totalling $455,000. On production the vendor would retain a 3% net smelter return ("NSR"). The Corporation's annual cash payment and work expenditure commitments were as follows:

Cash Payments:	2005	$ 40,000	Work Expenditures:	by April 8, 2006	$ 65,000
	2006	80,000		8, 2007	130,000
	2007	120,000		8, 2008	260,000
	2008	60,000			-
		$ 300,000			$ 455,000

On making cash payments of $300,000 and incurring $455,000 in exploration expenditures the Corporation would have exercised its option to acquire the Lac Panache properties, subject to the 3% NSR. The Corporation had the right to purchase 2% of the NSR for $3 million and had a right of first refusal to purchase the remaining 1%.

In 2007, following exploration results that did not meet expectations, the Corporation decided not to exercise its option over the Lac Panache Project and terminated the Agreement.

c) Fish Creek – Sudbury

In early April, 2006 the Corporation entered into an agreement to acquire the Fish Creek property in Nairn Township, 50km southwest of Sudbury. Covering an area of 2.88 sq. km, the property consists of 2 claims containing a total of 18 claims units each 400m by 400m in area. The Corporation could earn 100% of the project through staged cash payments totalling $100,000 and completing staged work commitments over three years of $21,600. On production the vendor would retain a 3% NSR.

Cash Payments:		Work Expenditure Commitments:	
2006	$ 20,000	by April 2006	$ 7,200
2007	25,000	2007	7,200
2008	35,000	2008	7,200
2009	20,000		
	$ 100,000		$ 21,600

In 2007, following exploration results that did not meet expectations, the Corporation decided not to exercise its option over the Fish Creek Project and terminated the Agreement.

d) Copper Cliff – Sudbury

On May 24, 2007, the Corporation entered into an agreement whereby it had an option to acquire a 100% interest, subject to a 3% NSR, in 16 mineral claims, covering 29.44 sq. km in Eden Township, Sudbury, Ontario in Canada. The Copper Cliff property is believed to cover a portion of the southern extension of the Copper Cliff Offset dike.

The terms of the agreement were that the Corporation would incur staged expenditures totalling $494,600 over three years with a minimum expenditure of $78,200 in the first year. In addition, the Corporation would make staged cash payments totalling $313,200 and issue 1 million fully paid shares over the three years. On execution of the agreement, the Corporation paid cash in the amount of $33,200 and issued 250,000 fully paid shares to the vendor.

In November 2007, following exploration results that did not meet expectations, the Corporation decided not to exercise its option over the Copper Cliff Project and terminated the Agreement.

e) Albetros Diamond Project

The Albetros Project is an alluvial diamond project situated on the west coast of South Africa near Kleinsee. The Corporation held its interest in the Albetros Project through an option agreement to purchase up to 85% of the shares of Albetros Inland Diamond Exploration Pty Ltd ("Albetros") the owner of the Project.

The Option Agreement provided for:

i) an option exercise date of August 31, 2004. *

ii) monthly option fees totalling R4,050,000 ($799,000) payable as follows:
   - 2003 – R2,400,000 ($469,000) – paid.
   - 2004 – R1,650,000 ($344,000) – of which R550,000 has been paid, and

iii) a purchase price of R17,000,000 ($3,609,000) less all option fees paid at the date of exercise of the option. Should the Corporation exercise its option to acquire Albetros the purchase price of R17,000,000 less option fees totalling R4,050,000 (R2,950,000 has been paid to date) will be paid in two payments as follows:
   - R7,000,000 ($1,486,000) on August 31, 2004. *
   - R5,950,000 ($1,263,000) on December 1, 2004. *

An application for a new prospecting permit ("Permit") was submitted in January 2004 as the expiry date of the Permit was March 15, 2004. However with the new Minerals and Energy Act in South Africa coming into force in May 2004, processing of the application was delayed.

*Pursuant to the Agreement with the shareholders of Albetros, the Corporation had until August 31, 2004 (the option exercise date) to fully evaluate the Project. As a new Permit had not yet been issued, the Corporation ceased its obligation to make option payments subsequent to March 2003 and advised the shareholders of Albetros that all payment obligations would be extended by the number of days that Albetros did not hold a valid Permit.

In March 2005, the Corporation terminated its option to acquire Albetros as a new Permit still had not been issued and in December 2006 the Corporation received $79,535, less rehabilitation costs, from the shareholders of Albetros for the purchase of the Corporation's 14% equity interest in Albetros. The Corporation has no further interest in Albetros.

4. *Project Assessment Expenditures*

Details of Project Assessment Expenditures during the years ended December 31, 2007, 2006 and 2005 are as follows:

		2007		**2006**		**2005**
Lac Panache, Fish Creek and Copper Cliff Projects						
Consulting	$	51,761	$	4,755	$	9,130
Travel and Accommodation		-		-		1,705
Geophysics & Assays		-		54,343		-
Option and Claim Fees		193,026		100,000		43,900
Contractor, Equipment and Labor		-		-		111,026
		244,787		159,098		165,761
Other Projects *						
Consulting and Assessment		450,709		140,151		48,511
Option Fees		-		-		61,513
Travel, Accommodation and other		293,618		8,932		15,737
Expenses Recovered		-		(79,535)		(61,513)
		744,327		69,548		64,248
Total	$	989,114	$	228,646	$	241,327

* Includes expenditures on projects that are currently the subject of negotiation for possible acquisition, travel related to attempts to advance the Burundi Nickel project and expenditures on a number of projects that were reviewed but which did not meet the Corporation's criteria for ongoing exploration.

5. *Capital Stock*

a) Authorised Capital Stock

The Corporation is authorised to issue an unlimited number of common shares without par value.

b) Issued

	Number of Shares		Amount
Total Issued – December 31, 2006	95,969,105	$	44,075,384
Issued during the 2007 year:			
Private Placement	3,200,000		2,747,248
For Mineral Property	250,000		94,889
Exercise of Stock Options	500,000		43,297
Contributed Surplus Allocated			30,953
Total Issued – December 31, 2007	99,919,105	$	46,991,771

c) Contributed Surplus

		2007		2006
Balance, beginning of year	$	439,251	$	-
Stock based compensation		856,164		439,251
Contributed Surplus allocated		(30,933)		-
Balance, end of year	$	1,264,482	$	439,251

Stock Options

The Corporation grants stock options to employees as determined by the Corporation's Board of Directors. Stock options granted to the directors of the Corporation are granted subject to approval of the Corporation's shareholders. All stock options vested on the date of approval.

Compensation expense of $856,164 recognised in 2007 (2006 – $439,251) on stock options granted was calculated using the Black Scholes model utilizing the following assumptions:

Risk free interest rate	4.1%
Expected life of stock options	5 years
Expected volatility	1.50 - 1.55
Expected dividend	Nil

Any consideration paid on the exercise of stock options is credited to capital stock.

The status of stock options granted to employees and directors as at December 31, 2007 and 2006 and the changes during the periods ended on those dates is presented below:

	December 31, 2007		December 31, 2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding and exercisable				
- Beginning of Year	7,100,000	$0.09	2,125,000	$0.34
Cancelled/Expired	(1,500,000)	$0.09	(2,125,000)	$0.34
Exercised	(500,000)	$0.09		
Granted	2,750,000	$0.43	7,100,000	$0.09
Options outstanding and exercisable				
- End of Year	7,850,000	$0.21	7,100,000	$0.54

Details of Options Outstanding	Exercise Price	Remaining Life
5,100,000	$ 0.09	3.4 years
2,750,000	$ 0.09	4.4 years

6. Related Party Transactions

During the year ended December 31, 2007, $381,879 (2006: $457,305, 2005: $233,633) was paid to four directors and a former director of the Corporation, or to companies controlled by them, for director's fees, management consulting services and project management and assessment services. Generally management fees are paid pursuant to agreements entered into between the Corporation and the related party.

In addition $98,265 (2006: $193,134, 2005: $111,292) was paid to two companies; $91,067 to an Australian company and $7,198 to a Canadian company, each controlled by a director of the Corporation for the provision of office facilities and personnel in Australia and Canada respectively. These services are reimbursed at cost, which approximate fair value. At December 31, 2007, management and consulting fees and directors' fees payable amounted to $73,045 (2006: $48,024, 2005: $91,750) and are included in accounts payable and accrued liabilities.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Income Taxes

A potential future income tax asset of approximately $3,408,000 arises from the following loss carry forwards (for Canadian Tax purposes):

a) Non capital loss carry forwards	$ 8,626,000
b) Other deductible tax amounts	1,362,000
	$ 9,988,000

The non-capital loss carry forwards can be offset against income for Canadian purposes in future years and expire as follows:

	2008	-
	2009	1,506,000
	2010	1,505,000
	2011	2,088,000
	2015	1,067,000
	2026	1,011,000
	2027	1,449,000
Total		$ 8,626,000

The Corporation has reduced the value of the potential future income tax asset to $Nil through the application of a valuation allowance of $3,408,000 as the Corporation does not have any current source of income to which the tax losses can be applied.

The Corporation's statutory tax rate of 34.12% (2006: 34.12%) has been reduced to an effective rate of nil% due to losses for which no tax benefit has been recognized.

8. Segmented Information

	2007		
	Canada	Australia	Total
Current Assets	$ 1,055,800	$ 2,292,166	$ 3,347,966
Office equipment and furniture	-	13,724	13,724
	$ 1,055,800	$ 2,305,890	$ 3,361,690

	2006		
	Canada	Australia	Total
Current Assets	$ 2,033,818	$ 339,775	$ 2,373,593
Office equipment and furniture	-	5,305	5,305
	$ 2,033,818	$ 345,080	$ 2,378,898

The Corporation's sole operating segment is the exploration for mineral resources.

9. Differences between Canadian and US Generally Accepted Accounting Principles ("GAAP")

The Corporation's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. There are no material measurement differences between these Canadian GAAP consolidated financial statements and those prepared using US GAAP.

In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Tax Positions, an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 addresses the recognition and measurement of all tax positions. The recognition process involves determining whether it is more likely than not that a tax position would be sustained on audit based solely on its technical merits. The amount of benefit recognized in the financial statements is the maximum amount which is more likely than not to be realized based on a cumulative probability approach. FIN 48 is effective for the Corporation on December 1, 2007. The Corporation does not believe that FIN 48 has any material impact on its consolidated financial statements.

Recent Pronouncements

a) In March 2006, the FASB published SFAS 155, "Accounting for Certain Hybrid Financial Instruments–an amendment of SFAS 133 and 140". This standard amends SFAS 133 on derivative and hedging and SFAS 140 on transfers and servicing of financial assets and extinguishments of liabilities, and resolves issued addressed in SFAS 133, DIG Issue D1 on the application of SFAS 133 to beneficial interests in securitized financial assets. SFAS 155 provides a fair value measurement option for certain hybrid financial instruments containing an embedded derivative that would otherwise require bifurcation. This new standard is effective for all instruments acquired, issued or subject to a re-measurement event occurring in fiscal years beginning after September 15, 2006. The adoption of this Interpretation did not have significant effect on the Corporation's results of operations or financial position.

b) In March 2006, the FASB published SFAS 156 "Accounting for Servicing of Financial Assets– an amendment of SFAS 140". This new standard amends SFAS 140 with respect to accounting for separately recognized servicing assets and servicing liabilities. This new standard was effective for fiscal years beginning after September 15, 2006. The adoption of this Interpretation did not have significant effect on the Corporation's results of operations or financial position.

c) In September 2006, the FASB issued FASB Staff Position AUG AIR-1, "Accounting for Planned Major Maintenance Activities." This Staff Position prohibits the use of the previously acceptable accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial reporting periods. The three accounting methods permitted under the Staff Position are: 1) direct expensing method, 2) built-in overhaul method and 3) deferral method. The adoption of this Interpretation did not have significant effect on the Corporation's results of operations or financial position.

Impact of recently issued accounting standards

a) In September 2006, the FASB issued FAS Statement No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 provides guidance on how to use fair values to measure assets and liabilities and applies whenever other standards require or permit assets or liabilities to be measured at fair value. Expanded disclosures about the use of fair value to measure assets and liabilities are also required. FAS 157 is effective for the Corporation on December 1, 2007 and is applied on a prospective basis. The Corporation is currently assessing the impact of FAS 157 on its consolidated financial statements.

b) In February 2007, the FASB issued FAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" which permits entities to choose to measure many financial instruments and certain other items at fair value. The Corporation does not expect that the adoption of this Interpretation will have a significant effect on its results of operations or financial position.

c) In December 2007, the FASB issued SFAS 160 a standard on accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The standard is converged with standards issued by the AcSB and IASB on this subject. This statement specifies that non-controlling interests are to be treated as a separate component of equity, not as a liability or other item outside of equity. Because non-controlling interests are an element of equity, increases and decreases in the parent's ownership interest that leave control intact are accounted for as capital transactions rather than as a step acquisition or dilution gains or losses. The carrying amount of the non-controlling interests is adjusted to reflect the change in ownership interests, and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the controlling interest.

d) This standard requires net income and comprehensive income to be displayed for both the controlling and the non-controlling interests. Additional required disclosures and reconciliations include a separate schedule that shows the effects of any transactions with the non-controlling interests on the equity attributable to the controlling interest. The statement is effective for periods beginning on or after December 15, 2008. SFAS 160 will be applied prospectively to all non-controlling interests, including any that arose before the effective date. The Corporation has not determined the effect of the adoption of this Interpretation to its results of operations or financial position.

e) In December 2007, the FASB issued a revised standard on accounting for business combinations, SFAS 141R. The major changes to accounting for business combinations are summarized as follows:

- all business acquisitions would be measured at fair value.
- the existing definition of a business would be expanded.
- pre-acquisition contingencies would be measured at fair value.
- most acquisition-related costs would be recognized as expense as incurred.
- obligations for contingent consideration would be measured and recognized at fair value at acquisition date (would no longer need to wait until contingency is settled).
- liabilities associated with restructuring or exit activities be recognized only if they meet the recognition criteria of SFAS 146, Accounting for Costs Associated with Exit or Disposal Activities, as of the acquisition date.
- non-controlling interests would be measured at fair value at the date of acquisition.
- goodwill, if any, arising on a business combination reflects the excess of the fair value of the acquiree, as a whole, over the net amount of the recognized identifiable assets acquired and liabilities assumed. Goodwill is allocated to the acquirer and the non-controlling interest.
- in accounting for business combinations achieved in stages, commonly called step acquisitions, the acquirer is to re-measure its pre-existing non-controlling equity investment in the acquiree at fair value as of the acquisition date and recognize any unrealized gain or loss in income.

The statement is effective for periods beginning on or after December 15, 2008.

The Corporation does not expect the adoption of this Interpretation to have a significant effect on its results of operations or financial position.

Shareholder Information

As at February 28, 2008 the Corporation had 2,249 shareholders each of whom on a poll, has one vote for each share held. Of these shareholders 1,551 are holders of CHESS Units in Foreign Securities (CUFS). While CUFS holders have the right to vote on a poll (whereupon proxies can be counted), they are not able to personally vote on a show of hands.

Distribution of Shareholdings

Shareholdings were distributed in the following categories as at February 28, 2008:

Substantial Shareholders

As at February 28, 2008 the interest of Peter H. Lloyd, a director of the Corporation, was 6.5% of the total issued and outstanding shares of the Corporation as follows:

Indirect Interest

Sunbreaker Holdings Pty Ltd	5,135,381
Java Black Mining Pty Ltd	1,093,659
Wedgefield Holdings Pty Ltd	58,499

Category of Holding	Number of Shareholdings	%	Shares Held	%
Ordinary Common Shares				
1-1,000	300	13.34	101,216	0.10
1,001-5,000	264	11.74	523,915	0.52
5,001-10,000	74	3.29	550,690	0.55
10,001-100,000	50	2.22	982,294	0.98
100,001 & over	10	0.44	11,357,259	11.37
Sub-Total, Common	698	31.04	13,515,374	13.53
CUFS				
1-1,000	106	4.71	72,387	0.07
1,001-5,000	494	21.97	1,593,678	1.59
5,001-10,000	296	13.16	2,487,062	2.49
10,001-100,000	517	22.99	17,455,853	17.47
100,001 & over	138	6.14	64,794,751	64.85
Sub-Total, CUFS	1,551	68.96	86,403,731	86.47
Total	2,249	100.00	99,919,105	100.00
Less than Marketable Parcel				
Ordinary Common Shares	330		334,757	
CUFs Common Shares	210		147,530	

The twenty largest shareholders of ordinary common shares were:

	Number of Shares	% of Total
Cede & Co	3,425,102	3.43
Sunbreaker Holdings Pty Ltd	4,135,381	4.14
Java Black Mining Pty Ltd	1,093,659	1.09
Glencore Finance (Bermuda) Ltd	710,568	0.71
CDS & Co	669,844	0.67
Bedel & Sowa Corp Pty Ltd	500,000	0.50
Kaleen Holdings Pty Ltd	358,075	0.36
Second Diviyar Pty Ltd	190,630	0.19
Michael S Vitton	144,000	0.14
Yamuni Investments Pty Ltd	127,000	0.13
Wedgefield Holdings Pty Ltd	58,499	0.06
F&F Finance Pty Ltd	50,000	0.05
Gaje Pty Ltd	50,000	0.05
Mr. Kevin John Wright	50,000	0.05
Beachcraft Pty Ltd	40,000	0.04
Mr. Terence William Fulton-Kennedy	40,000	0.04
Mr. Rodney Howe	35,000	0.04
Centennial Holdings Pty Ltd	30,000	0.03
Claremont Superannuation	30,000	0.03
Plato Holdings Pty Ltd	28,000	0.03
Total	**11,765,758**	**11.78**

The twenty largest CUFS holders were:

	Number of Shares	CUFS % of Total
National Nominees Limited	13,042,043	15.09
Citicorp Nominees Pty Limited	3,258,414	3.77
HSBC Custody Nominees (Australia) Limited	3,214,600	3.72
Dawesville Nominees Pty Ltd	2,750,000	3.18
International Finance Trust Company Limited	2,010,000	2.33
Mr. Graham Geoffrey Walker & Mrs. Thelma Jean Walker	1,800,000	2.08
Mr. Steve Panomarenko	1,498,304	1.73
ANZ Nominees Limited	1,073,702	1.24
Merrill Lynch (Australia) Nominees Pty Limited	1,031,851	1.19
Mr. Peter John Fisher & Mrs. Loris Joyce Fisher	1,013,000	1.17
Mr. Peter James Avery	1,000,000	1.16
Sunbreaker Holdings Pty Ltd	1,000,000	1.16
Pacific International Securities Inc.	899,562	1.04
HSBC Custody Nominees (Australia) Limited	830,445	0.96
Gaje Pty Ltd	700,000	0.81
Mr. Troy Harris	700,000	0.81
Kefford Holdings Pty Ltd.	700,000	0.81
KC Dawson Investments	647,200	0.75
Erinella Pty Ltd	615,500	0.71
SJB Management Pty Ltd.	602,000	0.70
Total	**38,386,621**	**44.43**

Restricted Securities

As at March 31, 2008 there were no common shares subject to escrow.

Unquoted Securities

As at March 31, 2008 there were 7,100,000 incentive stock options held by 5 option holders. Option holders holding more than 20% of the Unquoted Securities are as follows:

Peter H. Lloyd 5,000,000

Summary of Mineral Licences

Licence	Location	Ownership
Musongati Exploration Licence	Musongati, Burundi	85%

*Note – The Corporation has commenced arbitration proceedings against the Government of Burundi to enforce its rights pursuant to the Mining Convention. *See note 3(a) in the Financial Statements.*

The shares in the Corporation are not subject to Chapter 6 of the Corporations Act dealing with the acquisition of shares.

Restrictions Affecting the Corporation's Shares

By virtue of its status as a public company, the purchase and sale of shares of the Corporation in the market is regulated by the securities legislation of the provinces of British Columbia, Alberta and Ontario. These provisions are complex and any holder or prospective holder of common shares of the Corporation should consult professional advisors as to whether and how these provisions might apply. This discussion does not address all potentially relevant legal matters and it does not consider the potential effects of any future legislation with regard to such matters. The following is for general information only and is not intended to be, nor should it be construed to be, legal advice to any holder or prospective holder of common shares of the Corporation and no opinion or representation with respect to the consequences to holders or prospective holders of common shares of the Corporation of such laws, regulations and policies is made. Accordingly, holders and prospective holders of common shares of the Corporation should consult their own legal advisors about the consequences of purchasing, owning and disposing of common shares of the Corporation.

Except as provided in the Investment Canada Act, there are no limitations under the laws of Canada, the Province of British Columbia or in the charter or any other documents of the Corporation on the right of foreigners to hold or vote the common shares of the Corporation.

By virtue of its status as a public company, the purchase and sale of shares of the Corporation in the market is regulated by the securities legislation of British Columbia, Alberta and Ontario, and the policies of the security regulatory authorities of such Provinces. In general, purchasers of shares of the Company may be subject to (i) insider trading rules which prohibit trading on the basis of undisclosed material facts or material changes in the affairs of the Corporation; (ii) insider reporting requirements for persons holding more than 10% of the Corporation's shares; (iii) restrictions on sales by persons holding more than 20% of the Corporation's shares; and (iv) "early warning" and reporting requirements on the acquisition of 10% or more of the Corporation's shares and takeover bid restrictions on the acquisition of 20% or more of the Corporation's shares.

The Investment Canada Act requires a non-Canadian making an investment to acquire control, directly or indirectly, of a Canadian business, the gross assets of which exceed certain defined threshold levels, to file an application for review with Investment Canada, the federal agency created by the Investment Canada Act. For the purposes of the Investment Canada Act, direct acquisition of control means a purchase of the voting interests of a corporation, partnership, joint venture or trust carrying on a Canadian business, or any purchase of all or substantially all of the assets used in carrying on a Canadian business. An indirect acquisition of control means a purchase of the voting interest of a corporation, partnership, joint venture or trust, whether a Canadian or foreign entity, which controls a corporation, partnership, joint venture or trust company carrying on a Canadian business in Canada.

Audit Committee

The Audit Committee of the Corporation at March 31, 2008 is comprised of:

Mr. Peter H. Lloyd	- Director and President
Mr. John Maloney	- Director
Mr. Philip Thick	- Director

Corporate Governance

The board of directors of the Corporation is ultimately responsible for corporate governance and operates within the following broad principles:

General

The Corporation has adopted a written Audit Committee Charter, a Code of Conduct and Ethics for directors and officers and qualifications for directors. While the Corporation strives to implement the recommendation of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, small companies such as Argosy have limited resources and necessarily are not always able to implement all recommendations.

Discussion of Best Practice Recommendations

1. Role of the Board and Management

The Corporation has not adopted a formal statement of matters reserved for the board as frequent board meetings allow for board participation in all significant matters.

2. Independence of Directors

The Corporation's charter requires the majority of directors be independent. The board reviews the independence of its members based on various criteria, such as the relationship of the directors to the Corporation, any shareholding held by that director, any remuneration paid to the director, as well as other matters that may be considered to impact on their independence. The Corporation is in the process of looking for an independent board member such that the majority of the directors are independent.

The board has established that the following directors are independent:

Mr. John Maloney
Mr. Philip Thick

Mr. John Maloney serves as Chairman of the Corporation.

Board Composition

The board currently has 4 directors, which includes one executive director, Mr. Peter Lloyd, President and CEO and three non-executive directors, Mr. Cecil Bond, Mr. John Maloney and Mr. Philip Thick. The compensation of the board is reviewed by the full board periodically, including the total number of directors and requirements for non and executive directors as well as selection criteria for additional members. The board has the right to appoint directors to fill vacancies on the board and to increase the number of members subject to the Corporation's by-laws. Shareholder approval is required on an annual basis for the composition of the board.

Independent Professional Assistance

The directors have the right to seek independent professional advice, at the Corporation's expense, in connection with their duties and responsibilities as directors. The boards' prior approval for such expenditures is required, which will not unreasonably be withheld.

Nomination of Directors

The Corporation does not have a nomination committee however the board reviews the requirements for new directors when necessary and nominates candidates who meet these requirements.

3. Promotion of Ethical and Responsible Decision Making

The Corporation has adopted a code of conduct and ethics for directors and officers.

4. Safeguard Integrity of Financial Reporting

The board has appointed an audit committee, two of whom are independent directors. The audit committee consist of:

Mr. Peter Lloyd – Mr. Lloyd is the Chief Executive Officer of the Corporation. Mr. Lloyd has also served as a director of various public companies.

Mr. John Maloney – Mr. Maloney has served in various senior capacities in a number of associations for more than 20 years and is a director of various private companies.

Mr. Philip Thick – Mr. Thick was appointed as a director in August 2007. He currently serves as a director of various public companies and has served on the Board for Shell Australia Limited.

The Chief Executive Officer and Chief Financial Officer certify certain of the Corporation's financial reports which are filed with regulatory authorities.

The audit committee meets with the Corporation's independent accountants and management periodically to review the scope and results of the annual audit and to review the Corporation's financial statements and related reporting matters prior to the submission of the financial statements to the board.

5. Timely and Balanced Disclosure

The Corporation prepares a Management Discussion and Analysis on a quarterly and annual basis as well as releases information in news releases to its shareholders. It strives to provide information in an open, clear and balanced manner while maintaining the integrity of confidential information where required.

6. Rights of Shareholders

The Corporation endeavours to keep shareholders informed of all its activities by updating information on its website, which can be accessed at www.argosyminerals.com.au. by filing all materials required in Canada, which can be reviewed at www.sedar.com and by releasing information to the ASX, which shareholders can access at www.asx.com.au.

7. Management of Risk

The Corporation does not have a separate risk committee however the board reviews the Corporation's activities from time to time to ensure that the Corporation is not exposed to unacceptable risk. It should be noted that the business of mining exploration is a high risk business and that the Corporation's activities necessarily expose it to significant risks. For more information on risk, please review the Management Discussion and Analysis in this Annual Report.

As part of its ongoing functions the board regularly reviews alternate business strategies for developing the Corporation and implements those strategies where necessary to manage significant business risk. In addition the board reviews where necessary, in conjunction with the Corporation's external professional consultants, its procedures in respect of compliance with and maintenance of its statutory legal and other obligations.

8. Enhanced Performance

The board reviews the performance of itself and of management from time to time and determines the need for changes to board or management based on that review. In addition, information relating to industry and corporate governance matters is regularly provided to board members and management is encouraged to attend meetings and seminars to improve performance.

9. Remuneration

The Corporation does not have a separate remuneration committee. The full board reviews the terms and conditions of employment and remuneration levels for employees. Remuneration paid to directors and officers of the Corporation during the year ended December 31, 2007 is as follows:

	Directors Fees	Other Services
Mr. Peter Lloyd	Nil	$224,375
Mr. Cecil Bond	Nil	$59,008
Mr. John Maloney	$30,000	Nil
Mr. Philip Thick	$7,500	Nil

Stock options, approved by shareholders, issued to directors or officers during the year are disclosed in Note 5 of the consolidated financial statements.

Fees paid to non-executive directors have been approved by the shareholders and are set at a maximum of A$30,000 per director per annum, except for the Chairman who receives A$40,000 per annum.

Any stock options granted to directors are granted subject to shareholder approval.

10. Recognition of Legitimate Interests of Shareholders

The Corporation has adopted a written code of conduct.

Corporate Information

Directors

Peter H. Lloyd
Cecil R. Bond
John S. Maloney
Philip Thick

Secretary

Peter H. Lloyd

Registered Offices

Canada

1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
Canada. V6C 3L2

Australia

Level 2, Suite 10,
Peninsula Place
57 Labouchere Road
South Perth, W. Australia 6151
Australia

Telephone:	+ 618 9 474 4178
Facsimile:	+ 618 9 474 4236
Email:	info@argosyminerals.com
Website:	www.argosyminerals.com.au.

ARBN

073 391 189

Company Reports

Argosy Minerals Inc.'s Annual Report to Shareholders will be mailed each year to all shareholders and CUFS holders on the Corporation's Australian register. Any Australian shareholder that does not wish to receive this report is requested to notify the Corporation in writing.

Key Dates

Annual General Meeting
May 23, 2008

Share Registries

Computershare Investor Services Pty Ltd

Level 2, 45 St. Georges Terrace
Reserve Bank Building
Perth, WA 6000
Australia

Telephone:	+ 618 9 323 2000
Facsimile:	+ 618 9 323 2033

Computershare Investor Services Inc.

510 Burrard Street
Vancouver, British Columbia
V6C 3B9
Canada

Telephone:	+ 1 604 661 9400
Facsimile:	+ 1 604 683 3694

Auditors

Horwath Orenstein LLP
Chartered Accountants

Annual General Meeting

The Annual General Meeting of Argosy Minerals Inc. will be held on May 23, 2008 at 11:00 am in the Board Room, 1600 Cathedral Place, 925 West Georgia Street, Vancouver, BC. V6C 3L2.

Shareholder Enquiries

Computershare Investor Services Inc. is the Corporation's Canadian share transfer agent. Computershare Investor Services Pty Ltd maintains the Australian share registry for the Corporation. Enquiries regarding shareholdings should be addressed to the appropriate company at the addresses listed above.

Stock Exchange Listing

Argosy Mineral Inc.'s shares are listed on the Australian Stock Exchange and traded under the ASX code "AGY" under the Mining industry grouping.

Financial Year End
December 31, 2008

ARGOSY

MINERALS INC.

ARBN 073 391 189