



**AUGUR**  
Resources Ltd

## **PROSPECTUS** FOR INITIAL PUBLIC OFFERING

**An Offer To Raise \$5 Million By The Issue Of 25 Million Shares At An Issue Price Of \$0.20**

Augur Resources Ltd ACN 106 879 690

This is an important document. Please consult your professional advisor if you have any questions.



# Investment Highlights

- Highly experienced board, management and geological team with track records of major resource discovery
- Portfolio of highly-prospective tenements with defined drill targets
- Acquisition of existing Mining Lease
- Existing copper, gold and nickel-cobalt resources
- Significant opportunity for re-rating of existing ore bodies' size and grade
- Potential fast-tracking of resource feasibility study

ITEM	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Offer Price per Share	\$0.20	\$0.20
Shares on issue	26,500,000	26,500,000
Shares to be issued pursuant to this Offer	20,000,000	25,000,000
Total Shares on issue at the Listing Date	46,500,000	51,500,000
Executive Options on issue at the Listing Date	1,900,000	1,900,000
Market Capitalisation at the Offer Price	9,300,000	10,300,000



# Table of Contents

1	CORPORATE REGISTER	4
2	CHAIRMAN'S LETTER	5
3	INVESTMENT OVERVIEW	6
4	DETAILS OF THIS INITIAL PUBLIC OFFER	12
5	COMPANY & PROJECT OVERVIEW	14
6	DISCOVERY POTENTIAL OF AUGUR'S TENEMENTS	16
7	TENEMENT OVERVIEW	18
8	DEVELOPMENT & EXPLORATION STRATEGY	20
9	DIRECTORS & GEOLOGICAL TEAM	40
10	INDEPENDENT GEOLOGIST'S REPORT	44
11	INDEPENDENT EXPLORATION TITLES REPORT	76
12	FINANCIAL INFORMATION	84
13	INVESTIGATING ACCOUNTANT'S REPORT	98
14	RISKS & RISK MANAGEMENT	104
15	CORPORATE GOVERNANCE	108
16	MATERIAL CONTRACTS	118
17	ADDITIONAL INFORMATION	124
18	DIRECTORS' CONSENT	133
19	GLOSSARY	134
20	APPLICATION FORM	136

[Section 1]

# Corporate Register

## **BOARD OF DIRECTORS**

Peter Bradfield  
Joshua Rogers  
Roger Jackson  
Tully Richards  
Kimikazu Yoshioka

## **GEOLOGICAL TEAM**

Jacob Rebek  
Max Rangott  
John Shelley  
Sue Border  
Greg Curnow  
Greg McRae  
Nick Marshall  
John Slade  
Encom Technology

## **COMPANY SECRETARY**

Nicholas Geddes  
Australian Company Secretaries Pty Ltd  
Level 5, 255 George Street  
Sydney NSW 2000

## **REGISTERED & PRINCIPAL OFFICE**

Augur Resources Ltd  
Level 45  
2 Park Street  
Sydney NSW 2000

## **LEGAL ADVISORS**

Home Wilkinson Lowry  
Level 13  
175 Eagle Street  
Brisbane QLD 4000

## **INVESTIGATING ACCOUNTANTS**

PKF Corporate Advisory Services (NSW) Pty Ltd  
Level 10  
1 Margaret Street  
Sydney NSW 2000

## **CORPORATE ADVISORS**

Mitchell Morgan Pty Ltd  
Level 45  
2 Park Street  
Sydney NSW 2000

## **AUDITORS**

Gould Ralph & Company  
Level 42  
259 George Street  
Sydney NSW 2000

## **SPONSORING BROKER**

Carmichael Capital Markets Pty Ltd  
Level 5  
406 Collins Street  
Melbourne VIC 3000

## **SHARE REGISTRY**

ComputerShare Investor Services Pty Ltd  
Level 3  
60 Carrington Street  
Sydney NSW 2000

## [Section 2]

# Chairman's Letter

### DEAR INVESTOR,

On behalf of the Board of Directors, I have much pleasure in inviting you to become a Shareholder in Augur Resources Ltd (Augur or the Company). Augur is a NSW based company and is carrying out exploration of five projects in the Lachlan Fold Belt in the central west of NSW. It is the Company's intention to become a substantial copper-gold and nickel producer in this region. The Lachlan Fold Belt is a long-standing, proven mineralised region and several large mines operate within the area, including the Northparkes and Cadia operations. Augur's five Exploration Licences are wholly-owned and include the Yeoval Resource, the Collierina Resource, and three other tenements at Weelah, Wallaby Rocks and Tullamore.

In the past two years the Company has taken advantage of significant technical database improvements for all explorers in NSW, initiated by the State government. These technical advances, together with substantial work carried out by leading independent geologists, indicate that Augur has favourable prospects for the delineation of economically-viable resources.

Augur has expended significant funds in exploring Yeoval and its other tenements in preparing the Company for this initial public offering. Pursuant to this Offer, Augur is seeking to raise \$5 million with a minimum subscription of \$4 million.

The Company believes two of the major keys to its ongoing success is its highly experienced board of Directors and management, and its competent and highly regarded geological and exploration team. The Company has benefited from Jacob Rebek leading the exploration team; Jacob was previously managing director of exploration for Conzinc Rio Tinto Exploration (CRAE), Australia and Conzinc Rio Tinto Exploration South America. Jacob has 40 years of experience exploring for porphyry copper-gold deposits world-wide and in NSW and is internationally renowned as an expert in the field. The most up-to-date and relevant exploration techniques including sub-audio-magnetic survey work have been used and the best new technologies available will continue to enhance the development and exploration program of the Company. Directors consider that the risk for investors has been reduced by the exploration and research program to date.

Two of the primary purposes of this Offer are to raise funds for a series of drilling programs to better define the Yeoval Resource and other potential porphyry copper-gold targets within the Yeoval tenement and to further determine the extent of the high grade nickel intersections drilled by the Company at Collierina.

This Prospectus contains detailed information about the Offer, the Company, its mineral projects and the risks associated with an investment in a speculative minerals exploration company. I encourage you to study this document in order to make an informed decision before deciding to invest in Augur.

Augur offers investors the opportunity to take part in a diversified and highly focused exploration program in a long established and successfully developed mining region. We look forward to welcoming you as a Shareholder taking part in the Company's growth and development.

Yours faithfully



Peter Bradfield  
Chairman



## [Section 3]

# Investment Overview

THIS SECTION IS INTENDED ONLY AS A SUMMARY OF CERTAIN MATTERS.  
PROSPECTIVE INVESTORS SHOULD READ THE PROSPECTUS IN ITS ENTIRETY.

### 3.1 COMPANY OVERVIEW

Augur is an active explorer in the Lachlan Fold Belt region of NSW and between May 2006 and March 2007 has expended \$1.44 million on the development of the Company and its tenements in defining new mineral deposits. The Company is now seeking to raise funds pursuant to this Prospectus to further define its existing resources and test for new ore bodies with the aim of becoming an emerging producer. The Company has undertaken an extensive exploration program across its tenements with significant and positive results. All of the Company's Exploration Licences have been recently renewed by the NSW Government.

Funds raised via this Offer will be employed by Augur to focus on implementing a drilling program to further define its Yeoval copper-gold resource to JORC compliance standard, prior to implementing a feasibility study. Further, Augur intends to implement a close-spaced drilling program at its Yeoval tenement across ten well-defined targets, including the Yeoval Resource. The Company believes that the geology of the Yeoval tenement was misunderstood by previous explorers and offers the opportunity to uncover significant pipe-like porphyry copper-gold deposits similar to those of Cadia and Northparkes. The Company will also implement a further drilling program at its Collierina tenement where it anticipates extending its existing nickel resource to JORC compliance standard.

Augur's geological team has employed leading edge technology to define targets for a drilling program at its Tullamore tenement and the Company has allocated further funds for exploration at its highly prospective Weelah and Wallaby Rocks tenements.

Members of the Board and geological team are internationally recognised for discovering, developing

and mining large-scale mineral resources. The geological team's fresh look, specifically at Yeoval and developed through a re-interpretation of new and historical exploration data, has resulted in the identification of new targets which the Company believes may lead to the discovery of economically viable resources suitable for operational mining.

### 3.2 YEOVAL RESOURCE

The Yeoval Resource is a typical porphyry copper resource. The opportunity at the Yeoval Resource exists for open pit and/or underground mining operations. Currently it comprises an inferred resource of 37 million tonnes at 0.3% copper. Further drill intersections could indicate the existence of a higher grade copper resource and the potential for strong gold and molybdenum associations as detailed in Section 8.

Funds raised from this Offer will be used to implement a drilling program to define the Yeoval Resource to JORC compliance. The Company believes the drilling program to JORC compliance will result in a significant re-rating of both resource size and grades. If new drilling results are as expected, a feasibility study will be undertaken immediately as a pre-cursor to a Mining Lease application.

Importantly, the Yeoval Resource is close to existing infrastructure resulting in significantly reduced capital and operating costs for any future mine. Electrical power, water supply and roads are easily accessible and the site is approximately 50 kilometres north of Orange, which has a significant mining community and is a neighbouring source for an experienced workforce and technical services. In addition, the close proximity of a range of operating mines with similar ore bodies provide potential flexibility as to how ore is eventually processed – either within the Company's own processing plant or contractually with other mines.



Open pit at Goodrich Mine showing copper mineralisation.

### 3.3 GOODRICH MINE – ML 811

Augur has entered into a Deed of Acquisition to acquire Mining Lease 811 that contains the Goodrich Mine from the existing owner. The Goodrich Mine is located within the Company's Yeoval tenement. The details of this acquisition, including certain conditions precedent to the completion of the acquisition, are set out in Section 16. Mineralised surface exposures at Goodrich have been exploited for copper-gold from shallow workings since the mid-nineteenth century. Mining exploited a cone shaped structure comprising quartz-magnetite chalcopyrite lodes up to four metres width with strong similarities to the mineralisation at the Ridgeway mine. Previous drilling programs have been based on searching for lateral extensions to the deposit. In the event that the acquisition proceeds and the conditions precedent are satisfied, the Company intends to implement an exploratory drilling program at Goodrich seeking extensions directly below the existing mine workings, testing potential for vertical, pipe-like copper-gold deposits.

There are nine other similar targets, including the Yeoval Resource, on the Yeoval tenement which also warrant drill testing, including clusters of old workings and magnetic anomalies in areas of no outcrop.

### 3.4 COLLERINA DEPOSIT

The Collerina tenement is located northwest of the Syerston deposit of 80 million tonnes at 0.7% nickel. Previous drilling at Yathella, within the Company's Collerina tenement, has outlined a pre-JORC inferred resource of 795,000 tonnes at 0.7% nickel (Collerina Resource). Funds raised from this Offer will be used to implement a drilling program to further extend this resource.

Drilling at a new target by the Company gave nickel and cobalt intersections as follows:

- **Hole no. 5: 8-36m:**  
1.05% nickel, 0.07% cobalt, 33% iron
- **Hole no. 7: 24-32m:**  
2.00% nickel, 0.20% cobalt, 25% iron
- **Hole no. 8: 28-36m:**  
0.84% nickel, 0.02% cobalt, 13% iron

This nickel-cobalt mineralisation is hosted within a belt of serpentinite which extends for approximately 20km and all of which is contained within the Company's Collerina tenement. Drilling to date has focused on lateritic nickel potential in weathered zones but potential for sulphide nickel at depth is also a key focus of the Company's Collerina drilling program.

In the southeast part of the tenement, at the historic Collerina Copper Mine, CRA Exploration made the following drill intersections:

- **PD1: 54-58m:** 2.36% copper
- **PD2: 32-66m:** 0.52% copper
- **DDH 1: 65-69m:** 1.10% copper

Follow-up drilling is planned at the Collerina Mine and at two other historic copper mines to test potential for high-grade copper lodes similar to those at Girilambone and Tritton Copper Mines that are located on the same zone 80km to the northwest.

### 3.5 FURTHER EXPLORATION

Augur's three other tenements are at Weelah, Wallaby Rocks and Tullamore. At Tullamore, as at Yeoval, the Company has recognised potential for the discovery of porphyry copper-gold type mineralisation in addition to potential platinum-tin-gold in the southwest sector and zinc in the southeast sector of the tenement. Based on magnetics, radiometrics and surface geochemical sampling, targets for drill testing have been defined. Weelah and Wallaby Rocks, areas with historic gold

mines, are being investigated by systematic surface geochemical sampling. Augur's exploration work across all of its tenements identified a significant number of prospective targets for drill testing. The Company has allocated funds raised from this Offer to carry out further exploration work on all of its tenements.

### 3.6 PURPOSE OF THE OFFER

The purpose of the Offer is to raise funds to:

- a) undertake a drilling program to define the Company's existing Yeoval Resource to JORC standard
- b) acquire 100% of the Mining Lease ML 811 at the Goodrich Mine in the Company's Yeoval tenement
- c) undertake a drilling program across ten (including the Yeoval Resource and Goodrich Mine) potential copper-gold targets within the Yeoval tenement to test for vertical, pipe-like copper-gold deposits
- d) undertake a drilling program in the Collierina

tenement to extend the existing pre-JORC nickel resource and to drill test potential for nickel sulphide at depth

- e] undertake a drilling program at the historic Collierina Copper Mine to test potential for extensions to the existing high grade copper lodes
- f] further define platinum, gold, copper and zinc targets at Tullamore
- g] undertake exploration across the Company's tenements
- h] meet the ongoing administration costs of the Company.
- i] repay any potential short term borrowing commitments up to \$350,000. At the date of this Prospectus the Company has not drawn upon any of these funds.

Pursuant to the Offer, Augur is seeking to raise \$5 million with a minimum subscription of \$4 million. Funds raised from the Offer will be used as follows:

### APPLICATION OF FUNDS MINIMUM SUBSCRIPTION – \$4,000,000

ITEM	YEAR 1 2007(\$)	YEAR 2 2008 (\$)
Costs of the Offer	590,910	
Yeoval Drilling Program	649,000	888,000
Collierina Drilling Program	225,500	213,000
Exploration at Augur's Other Tenements	40,000	220,000
Directors	260,000	260,000
Management	206,000	206,000
Administration and Office Costs	120,050	121,540
<b>SUB-TOTAL</b>	<b>2,091,460</b>	<b>1,908,540</b>
<b>TOTAL</b>		<b>4,000,000</b>

### APPLICATION OF FUNDS MAXIMUM SUBSCRIPTION – \$5,000,000

ITEM	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Costs of the Offer	642,160	
Yeoval Drilling Program	721,600	1,058,400
Collerina Drilling Program	507,500	266,500
Exploration at Augur's Other Tenements	374,850	250,000
Directors	260,000	260,000
Management	206,500	208,000
Administration, Office Costs	120,050	124,440
<b>SUB-TOTAL</b>	<b>2,832,660</b>	<b>2,167,340</b>
<b>TOTAL</b>		<b>5,000,000</b>

### 3.7 MAXIMUM SUBSCRIPTION APPLICATION OF FUNDS – \$5,000,000

Should the Offer not be fully subscribed but the Minimum Subscription is met, dependant on the total funds raised, the Company may still elect to undertake the feasibility study; however, a component of the exploration budget will be reduced accordingly. Funds will be allocated to each project to ensure the minimum requirements of that project are met.

### 3.8 CAPITAL ADEQUACY

The Directors are satisfied that, subject to completion of at least the Minimum Subscription (as detailed above), the Company will have sufficient working capital to meet its stated objectives, including implementation of its exploration program, in full or scaled-back form as described in this Prospectus.

The Company has budgeted on the basis of its exploration programs operating over two years. The Company expects that in the future there will be a requirement for further funding in order to further develop its programs.

### 3.9 UNDERWRITING

The Offer is not underwritten. The Company has appointed Carmichael Capital Markets Pty Ltd to act as Sponsoring Broker to the Offer. The terms of the Sponsoring Broker role are set out in Section 17.

### 3.10 CAPITAL STRUCTURE

The capital structure of the Company at completion of the Offer will be as follows:

CATEGORY	MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
	Number	Holding (%)	Number	% Holding
Existing Shares	26,500,000 <sup>1</sup>	54.2%	26,500,000 <sup>1</sup>	49.1%
Shares issued pursuant to this Prospectus	20,000,000	40.9%	25,000,000	46.4%
Options Directors	1,900,000	3.9%	1,900,000	3.5%
Options Sponsoring Broker	490,000	1.0%	540,000	1.0%
<b>TOTAL</b>	<b>48,890,000</b>	<b>100%</b>	<b>53,940,000</b>	<b>100%</b>

1. Approximately 40% of these Shares will be subject to ASX escrow conditions for a period of two years from the date of quotation of the Shares on the ASX.

### 3.11 RISK FACTORS

Augur is a mineral exploration company at an early stage of development and any investment in its Shares is speculative. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Augur and the value of its Shares. A summary of some of the risks is set out below. Further details in respect of these risk factors are set out in Section 14.

#### a] General Risks - Securities, Investments and Share Market Conditions

There are risks associated with any securities investment. The market price of the Shares could fluctuate in response to a large number of factors.

#### b] Risks Specific to Mineral Exploration Companies

Exploration and mining risks - the exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are

ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to development metallurgical processes and to construct mining and processing facilities at a particular site. There is no certainty that the expenditures made by Augur towards the search for and evaluation of mineral deposits will result in discoveries that are commercially viable.

#### c] Economic and Price Risks

The demand for, and price of, copper, gold and other minerals is dependent upon a variety of factors which are beyond Augur's control. Fluctuations in mineral prices may have a material adverse effect on exploration and mining companies, businesses, financial conditions and results of operations.

#### d] Title Risk

All of the Exploration Licences in which Augur has an interest will be subject to applications for renewal, the success of which cannot be guaranteed. If a Licence is not granted or renewed, Augur may suffer significant damage through loss of the opportunity to discover

and develop any mineral resources on that Licence. In 2005 the Company fell behind in its expenditure and reporting obligations to the DPI-MR. However, to date all the tenements held by the Company are up to date in terms of their reporting and minimum expenditure requirements and all of the Company's tenements were renewed by the DPI-MR between 9 March and 10 April 2007 following their initial 2 year anniversary.

OTHER RISKS APPLY. Further details of these risk factors are set out in Section 14.

### **3.12 RESTRICTED SECURITIES – MANDATORY ESCROW**

The Company expects that the ASX will classify certain Existing Shares as being subject to the restricted securities provisions of the ASX Listing Rules. Those Shares will be required to be held in escrow and will not be quoted on the ASX and cannot be traded until two years from the date of quotation of the Shares on the ASX.

### **3.13 FUTURE ENTITLEMENT ISSUE OF OPTIONS**

The Company proposes to undertake a rights based entitlement issue of options within three months of the date of its admission to the Official List of the ASX. Shareholders will be entitled to one option for every four Shares held at the date for determining entitlements set by the Directors (Record Date).

No options are being offered by this Prospectus. All Shareholders registered on the Share register of the Company at the Record Date will be entitled to participate in a non-renounceable entitlement to options on the basis of one option for every four Shares held.

The Directors propose to issue options at one cent each with an exercise price of 20 cents each and an expiry date of 30 June 2010. A disclosure document for the entitlements issue of the options will be issued by the Company within eight weeks of the date of its admission to the Official List. Shareholders who

are registered at the Record Date and who wish to subscribe for options will need to complete the application form that will accompany and form part of the disclosure document at that time.

## [Section 4]

# Details of this Initial Public Offer

### 4.0 THE OFFER

The Company is offering Shares for a subscription price of 20 cents per Share. The Minimum Subscription of \$4 million is represented by the issue of 20,000,000 Shares and the Maximum Subscription of \$5 million is represented by the issue of 25,000,000 Shares.

### 4.1 SHARES

The Shares will be issued on payment of 20 cents, payable in full on Application.

The Shares offered by this Prospectus will be issued as fully paid Shares and when issued, will rank equally in all respects with the Existing Shares.

### 4.2 KEY DATES:

EVENT	DATE
Prospectus Lodged with ASIC	24 July 2007
Exposure Period (unless extended by ASIC)	31 July 2007
Offer Opens	1 August 2007
Anticipated Closing Date of Offer	24 August 2007
Expected Dispatch of Holding Statements	3 September 2007
Expected Date of Quotation of Shares on ASX	7 September 2007

The Company reserves the right to vary these dates without notice.

### 4.3 MINIMUM SUBSCRIPTION

The Minimum Subscription to the Issue is \$4 million. If the Minimum Subscription is not reached within four months after the date of this Prospectus, the Directors

will not allot any Shares and the Company will within seven days thereafter repay all Application Monies received without interest.

Subject to the Minimum Subscription being reached, the issue of Shares will proceed as soon as possible after the Closing Date and after ASX permission for Official Quotation of the Shares is received.

### 4.4 APPLICATION FOR SHARES

An Application must be made on the Application Form attached to this Prospectus in accordance with instructions on the back of that form. The amount payable on Application is 20 cents per Share. An Application must be for a minimum of 10,000 Shares and thereafter in multiples of 5,000 Shares and accompanied by payment of 20 cents per Share. The Application and accompanying forms should be sent to:

**Augur Resources Ltd**  
**C/- ComputerShare Investor Services Pty Ltd**  
**Level 3**  
**60 Carrington Street**  
**Sydney NSW 2000**

The Directors will determine the allocation of Shares to Applicants under this Offer. Shares will rank equally in all respects with Existing Shares on issue.

### 4.5 PURPOSE OF OFFER

The Offer will raise up to \$5,000,000 before the expenses of the Offer. The funds will be used by the Company to complete the drilling and exploration programs outlined in this Prospectus.

The Directors reserve the right to reject any Application or allot to any Applicant a lesser number of Shares than those to which an Application has been made, provided that the minimum allocation to each successful Applicant will be 10,000 Shares. Application



Drilling samples and drill rig at the Company's Collierina tenement.

monies under this Prospectus will be held in trust and will not be released until the Minimum Subscription is achieved and the ASX listing requirements are satisfied.

If any of these conditions do not occur within four months of the date of issue of this Prospectus, then the Company will refund all Application monies, without interest. If the conditions are met, it is anticipated that Application monies would be released to the Company on or after quotation.

#### **4.6 WHEN TO APPLY**

Applications must be lodged at any time after the issue of this Prospectus. However, as set out in the Prospectus, Applications received during the Exposure Period will not be processed until after the expiry of that period. The Offer will remain open until five pm (Eastern Standard Time) on 24 August 2007, subject to the right of the Company to close the Offer earlier or extend the Offer, in each case without prior notice. Early lodgement of your Application is recommended as the Offer may be closed early.

#### **4.7 STOCK EXCHANGE LISTING**

Within seven days from the date of this Prospectus, the Company will apply to the ASX to be admitted to the Official List and for Official Quotation of:

- (a) the Shares issued under this Prospectus; and
- (b) all Existing Shares.

As referred to elsewhere in the Prospectus, some of the Existing Shares will be subject to the ASX escrow provisions.

The ASX takes no responsibility for the contents of the Prospectus. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication by the ASX of the merits of the Company or the Shares offered under this Prospectus.

If permission is not granted for the Company to be admitted to the Official List before the end of four months after the date of the issue of the Prospectus, then all Application monies received pursuant to this Prospectus will be refunded to applicants in full, without interest.

#### **4.8 CHES**

The Company will be admitted to participate in the Clearing House Electronic Sub-register System (CHES) in accordance with the Listing Rules and the SCH Business Rules. On admission to CHES, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers will make up the Company's principal register of securities.

The Company will not issue Share certificates to investors. Instead, investors who elect to hold their Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), by the Company which sets out the number of Shares allotted to each investor under this Prospectus. For investors who elect to hold their Shares on the CHES sub-register, the Company will, on allotment, issue an advice to investors that sets out the number of Shares allotted to the investor under this Prospectus and at the end of the month following the allotment, CHES (acting on behalf of the Company) will provide investors with a holding statement that confirms the number of Shares allotted.

A holding statement (whether issued by CHES or the Company) will also provide details of an investor's Holder Identification Number (in the case of a holding on the CHES sub-register) or a Shareholder Reference Number (in the case of a holding on the issuer sponsored sub-register). Following distribution of these initial holding statements to all investors, a holding statement will only routinely be provided to an investor at the end of any subsequent month during which the investor's holding of Shares changes.

## [Section 5]

# Company & Project Overview

### 5.1 CORPORATE OVERVIEW

Augur is a mineral exploration and development company with a focus on copper, gold, nickel, cobalt and other base metals in the Lachlan Fold Belt of NSW, a region ranked as one of the most prospective in the world by the Fraser Institute for mineral exploration and mining.

Between May 2006 and March 2007, the Company spent \$1.44 million on its corporate development and exploration program in order to:

- position itself for an ASX listing to enable it to successfully raise funds to define to JORC standard its existing resources
- position it to undertake project feasibility studies based on results from drilling programs funded from its ASX listing
- develop future drilling and exploration programs which it believes have high probabilities of success.

One of the key properties of the Company is the Yeoval tenement which contains the Yeoval copper-gold Resource. Also contained within this tenement is the Goodrich Mine. The Company has entered into a Deed of Acquisition to acquire this Mining Lease for a total consideration of \$35,000 subject to several conditions, including the Company being admitted to the Official List of the ASX and any necessary approvals being obtained. For further details of this Deed, refer to Section 16.

During the 1970s, the Yeoval district was explored by several companies but prevailing metal prices were too low to justify further development work. Intersections of 43m @ 0.93% copper, 31m @ 0.89% copper, 8m @ 1.3% copper and 4m @ 2.2% copper were made in the Yeoval copper-gold Resource. Gold assaying was incomplete and based on composite assays, a characteristic of gold exploration at the time. Closer spaced drilling is planned to better define zones with higher copper-gold content, followed by drilling to test potential for extensions at depth. Modern metallurgical techniques for copper and gold recovery such as those developed at Cadia-Ridgeway will enhance the project's viability. In addition to the Yeoval Resource

and the Goodrich Mine, eight further targets have been identified for drill testing in other areas with old copper-gold workings and coincident magnetic anomalies.

Another key property is the Collerina tenement where previous exploration provided drill intersections of 12.8m @ 1.06% nickel, 0.05% cobalt. The Augur geological team has made drill intersections of 8m @ 2.0% nickel, 0.2% cobalt and 28m @ 1.05% nickel, 0.06% cobalt. There is also high grade lode copper discovery potential at the Collerina Copper Mine where a previous exploration company made drill intersections of 4m @ 2.36% copper, 4.6m @ 1.1% copper and 34m @ 0.52% copper. Drill testing of both nickel and copper targets is planned.

### 5.2 TENEMENT HISTORY

Prior to the purchase in May 2006 of approximately 80% of the Company by the Company's major Shareholder Ichiya, from the then Shareholders, the Company was behind with its expenditure and reporting obligations for its Exploration Licences.

The sale of 80% of the Company coincided with the appointment of a new management team to the Company. At the same time, the major Shareholder, Ichiya injected approximately AUD\$3.3 million into the Company by way of a series of convertible notes. These Notes were fully converted into Shares by Ichiya in February and June 2007. For further information on the convertible notes refer to Section 17.3.

The combination of a new Board and management team and the injection of funds through the issue of Convertible Notes enabled the Company to bring its expenditure and reporting commitments up to date on each of its Exploration Licences.

During this period, the Board and the management team of the Company worked closely with the DPI-MR to ensure that its expenditure and reporting obligations were met and to demonstrate that its exploration expenditure pertained to actual exploration on the ground over each of the Company's Exploration Licences. Between 9 March and 10 April

2007 each of the Exploration Licences were renewed by the DPI-MR.

Since the renewal of the licences, expenditure on all of the Exploration Licences has been in excess of commitment.

### 5.3 THE LACHLAN FOLD BELT

The quality of information provided by the NSW Government initiative and discoveries of large copper-gold deposits such as Cadia, Northparkes and Cowl have led to a significant increase in exploration interest in NSW.

The NSW Government has spent \$60 million on acquiring aeromagnetic and gravity data to identify extensions to known mineralisation belts and for greenfield areas with no outcrop. The result is an acquisition rush with many companies now having tenement positions in the State. The targets are porphyry copper-gold deposits, epithermal gold deposits, shear hosted high-grade gold, copper and zinc lode deposits, volcanogenic massive sulphide

lodes and lateritic nickel. Exploration spending is forecast to exceed \$150 million in the 2007 financial year. In the 2005/06 year 29 tonnes of gold and 204,000 tonnes of copper were produced from NSW mines. Forecast gold production in the 2007 financial year is expected to be approximately 40 tonnes (NSW Department of Primary Industries, 2007).

New companies have been attracted to the Lachlan Fold Belt due to the advantages of a skilled workforce, key infrastructure and experienced contractors living in towns near operating mines. Increasing numbers of experienced mine staff who previously worked on a fly-in fly-out basis on mines in remote locations have prioritised their working locality and have settled in Orange and Cobar and other towns and cities in NSW where operating mines are effectively next door. This, with the addition of the quality of information provided by the NSW Government initiative and discoveries of large gold-copper deposits such as Cadia, Northparkes and Cowl, has led to a significant increase in exploration interest in NSW.

### 5.4 KEY GOLD AND COPPER DEPOSITS IN THE LACHLAN FOLD BELT RELEVANT TO AUGUR TENEMENTS

DEPOSIT NAME	MINERALISATION STYLE	SIZE Mt	Cu %	Au g/t	Cu '000 TONNES	Au TONNES	Au OUNCES	NOTE
Cadia Hill	Porphyry	270	0.16	0.71	432	191.7	6,163,000	1
Cadia Far East	Porphyry	130	0.41	1.3	533	169	5,433,000	1
Cadia East	Porphyry	300	0.37	0.46	1110	138	4,437,000	1
Ridgeway	Porphyry	48	0.77	2.5	370	120	4,091,000	1
Northparkes	Porphyry	131.7	1.1	0.5	1448	65.9	2,117,000	2
Mineral Hill	Epithermal	3.5	1.22	4.02	43	12.7	408,000	3
Gidginbung	Epithermal	4.5	n/a	2.5	n/a	11.3	362,000	4
Cowl	Disseminated	101	n/a	1.13	n/a	127.2	4,437,000	4

Notes: Comparisons of Augur tenements.

1. Yeoval district is located 60km north of Cadia-Ridgeway district

2. Yeoval district is located 50km to the northeast of Northparkes district and Tullamore district 60km to northwest

3. Tullamore is located 40km to the east of Mineral Hill

4. Weelah is located 20km to northwest of Cowl and 90km to northwest of Gidginbung

[Section 6]

# Discovery Potential of Augur's Tenements

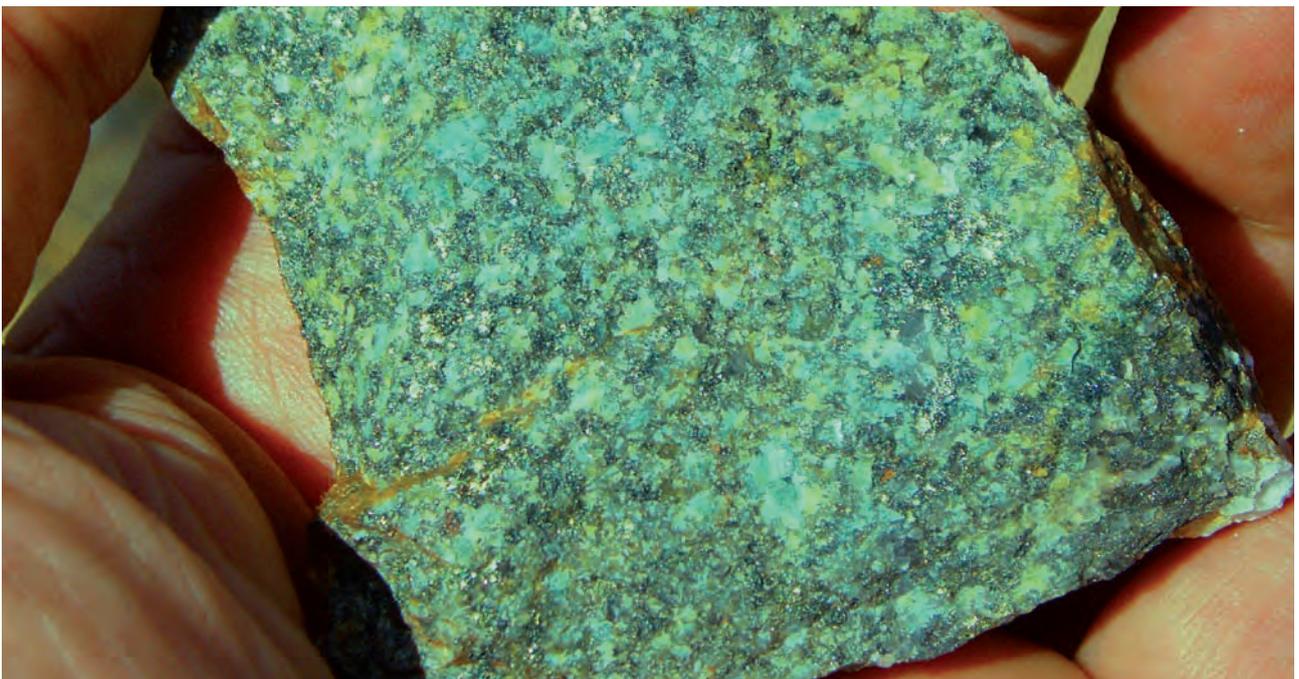
## 6.1 YEOVAL GEOLOGY

Within the Yeoval tenement area there are about 75 known mineral occurrences in the Geological Survey NSW database; in most cases they are historic mines and prospecting pits. The most common type of known mineralisation is copper sulphide (chalcopyrite, bornite) associated with magnetite. Gold is commonly reported with copper and in most cases gold is contained in copper sulphide which means that low cost gold extraction methods such as those used at Cadia-Ridgeway and Northparkes are likely to be effective.

Study of the magnetic data led to the conclusion that a number of circular intrusions exist (in other words the magnetic signature of the Yeoval district is similar

to that of other porphyry copper-gold districts).

The Yeoval mineralised area has mottled patterns in magnetics and gravity with circular features with diameters of 0.5 - 15km (some positive, some negative) which confirm that the Yeoval district is similar to other porphyry copper-gold districts in NSW like Northparkes and Cadia-Ridgeway, as well as porphyry copper-gold districts in Papua New Guinea, the South West USA and Escondida in Chile. The pattern is due to a large number of small vertical pipe-like stocks of porphyry with disseminated magnetite, including some stocks with potassic alteration assemblage with chalcopyrite-magnetite veins. The pattern is fragmented due to overprinting by late-stage fluids. There are a number of smaller but stronger circular magnetic anomalies which warrant drill testing to intersect the best development of mineralisation which is characterised by the copper sulphide-magnetite association.



Mineralisation in rocks from Yeoval.

Exploration drilling to date has tested the potential for lateral extensions. However, based on comparisons with Northparkes and Ridgeway deposits, the main potential is for extensions at depth or, in other words, for vertical pipe-like mineralised bodies. Augur believes the drill holes previously completed were too widely spaced to accurately test Yeoval's geology. In the next stage, closely-spaced drill holes at ten defined targets are planned to define zones with higher grades.

A vertical pipe-like body with a diameter of 75m, extending to a depth of 500m with grades of 1% copper and 1 g/t gold would amount to 6.2 Mt of mineralisation – a significant size for a copper-gold resource with high copper and gold grades in a very favourable location near existing infrastructure and services.

At current prevailing metal prices mineralisation with 1.0% copper and 1g/t gold is equivalent to mineralisation with 5g/t gold and the cost of copper and gold recovery by flotation (the method used at Northparkes and Cadia-Ridgeway) is lower than by cyanide leaching. By gold mining industry standards, a 6 Mt x 5g/t gold equivalent resource would be a major success. Methodology developed by the gold mining industry which includes close-spacing between drill holes and selective mining will be applied in testing the Yeoval Resource, the Goodrich Mine target and eight other similar targets defined by Augur in the Yeoval tenement.

## 6.2 COLLERINA GEOLOGY

In the Collierina tenement there are two major shear zones, similar to other shear zones in the western Lachlan Fold Belt, which host high-grade lode deposits. In the main shear zone, there are three known copper occurrences coincident with historic lode mines (from southeast to northwest over a strike extent of 20km) and include:

- Collierina
- Tindalls
- Widgelands.

Girilambone and Tritton Copper Mines, located in the same shear zone system about 80km to the northwest, are also hosted in Girilambone Group sediments. Both shear zones contain elongated ultramafic bodies with nickel potential. Previous drilling at Yathella, within the Company's Collierina tenement, has outlined the Collierina Resource 795,000 tonnes at 0.7% nickel. At the Gwinear prospect previous exploration gave a drill intersection of 12.8m @ 1.06% nickel and 0.05% cobalt. Drilling by Augur gave the following intersections:

- **Hole no. 5: 8-36m:**  
1.05% nickel, 0.07% cobalt, 33% iron
- **Hole no. 7: 24-32m:**  
2.00% nickel, 0.20% cobalt, 25% iron
- **Hole no. 8: 28-36m:**  
0.84% nickel, 0.02% cobalt, 13% iron

Drilling to date focussed on lateritic nickel potential in weathered zones but at Gwinear potential for sulphide nickel at depth also warrants drill testing.

The Avesbury nickel sulphide discovery and subsequent mine by Allegiance Mining NL in Tasmania demonstrates the nickel sulphide potential in Palaeozoic age ultramafics in eastern Australia. Given this, drill testing of unweathered ultramafics at depth is warranted. By analogy with nickel sulphide exploration in Western Australia, strong elongated magnetic anomalies due to ultramafics are found at Collierina and warrant drill testing.

## [Section 7]

# Tenement Overview

All of the Company's tenements occur within the Lachlan Fold Belt of NSW.

### 7.1 TENEMENT SUMMARY

NAME	TENEMENT	STATUS	SIZE	LOCATION
Yeoval	EL 6311	Renewed on 10 April 2007	49 units 147 sq km	Centred within the Lachlan Fold Belt, 50km north of Orange and south of Dubbo
Collerina	EL 6336	Renewed on 9 March 2007	100 units 300 sq km	Located close to the Mitchell Highway, 40km south of Nyngan
Tullamore	EL 6312	Renewed on 10 April 2007	46 units 138 sq km	Centered on the township of Tullamore, approximately 80kms east of Dubbo
Weelah	EL 6309	Renewed on 10 April 2007	50 units 150 sq km	Located on the Gilmore Suture, 20km north from the Cowal (Endeavour 42) gold deposit
Wallaby Rocks	EL 6310	Renewed on 10 April 2007	34 units 102 sq km	Located on the eastern section of the Lachlan Fold Belt, southeast of Mudgee

#### YEOVAL EL 6311

The Yeoval tenement of 147 sq km is located on the historic Orange and Dubbo road in the central part of the Lachlan Fold Belt. The Yeoval tenement with about 75 known copper-gold mineral occurrences and old mines is well known to contain porphyry-type mineralisation. Ten targets have been identified for drill testing, including the Yeoval Resource and the Goodrich Mine (subject to completion pursuant to the Deed of Acquisition). Copper sulphide mineralisation (with gold contained in copper sulphides) is associated with magnetite. Consequently, many of the targets have been defined by magnetic and geochemical anomalies. The objective is to define medium to high-grade copper-gold deposits for selective open pit and underground mining.

#### COLLERINA EL 6336

The Collerina tenement of 300 sq km is reached from Sydney via the Mitchell Highway and is located about 40km south of Nyngan. The tenement is located within the Fifield Platinum Province, northwest of the lateritic nickel-cobalt-platinum deposit at Syerston which contains a reserve of 80Mt at 0.7% nickel and

0.13% cobalt with high platinum credits. In Collerina, previous drilling has already defined the lateritic Collerina Resource of 795,000 tonnes of nickel at 0.7%. However, within the tenement there are two zones of ultramafics with potential for further nickel deposits. Intersections of up to 2.0% nickel have been made by Augur in scout drill holes. Systematic drilling of the ultramafics is planned to test for further lateritic nickel and for sulphide nickel at depth. In the tenement there are also three old copper mines with potential for high-grade lode copper deposits similar to those at Tritton and Girilambone, 80km to the northwest.

#### TULLAMORE EL 6312

The Tullamore tenement of 138 sq km is centered on the small township of Tullamore and can be reached from Sydney via the Mitchell Highway to Dubbo and Parkes. The tenement is 20km north of the largest historical platinum-producing region in Australia at Fifield and it embraces two areas of mainly gold mineralisation within the Girilambone Group metasediments; the Tullamore goldfield and the Burra gold-tin-platinum field, both probably associated with buried, near-surface intrusions.



### WEELAH EL 6309

The Weelah tenement covers an area of 150 sq km. It can be reached from Sydney via the Mid-Western Highway to West Wyalong. The tenement is 20 km from the Cowl (Endeavour 42) gold deposit of 101Mt at 1.13 g/t gold, (4.1 million ounces hosted in the Ordovician age Lake Cowl Volcanic Complex with gold present in quartz, carbonate and sulphide veins). It is located on a splay of the Gilmore Suture, a major structure and influence on mineralisation systems to the south at Cowl, West Wyalong, Gidginbung, Temora and other mineral-bearing deposits. The main exploration targets are epithermal gold in andesitic complexes and Peak or Cobar-style deposits within sedimentary sequences.

### WALLABY ROCKS EL 6310

The Wallaby Rocks tenement of 102 sq km is reached from Sydney via the Great Western Highway to Lithgow and the road to Mudgee. The tenement is within the Lue-Apple Tree Flat area of similar age and rock type to gold producing regions at Sofala and Cadia. The Bowden's silver deposit (125 million ounces) is to the northeast of the tenement and is located in early Permian age volcanics. Of particular interest are the Late Silurian-age Dungeree and Windermere (acid) Volcanics, which contain the Roberts, Princes, Coopers and Mount Margaret high-grade gold deposits containing up to 37 g/t gold.

## [Section 8]

# Development & Exploration Strategy

The tenements held by Augur are the culmination of years of experience, exploration work and assessment. These tenements are highly prospective yet to date are either under or superficially explored.

The Company intends to continue its exploration of existing resources to JORC-compliance and further develop other advanced targets. In addition, the Company will undertake exploratory work on identified delineated anomalous zones. The program will include:

- implementing a drilling program at Yeoval to further define the Yeoval Resource to define a JORC compliant resource. This will include twining previous existing drill intersections, tightening-up spacing and drilling below previous mineralised intersections. If results are as anticipated, then the Company will immediately implement a feasibility study for the Yeoval Resource (refer to 8.2 for more detail)
- additional drilling along strike of the Yeoval Resource to test for extensions of the resource below cover. This cover has obscured effective exploration to test underlying prospective bedrock
- a targeted soil geochemistry and close spaced drilling program to test for vertical pipe-like mineralised deposits across the Yeoval tenement. These targets include, in addition to the Yeoval Resource, the Goodrich Mine and at least eight other defined targets
- further drilling at Yathella and other targeted locations within the laterite hosting serpentinite belt at Collierina to prove-up the existing nickel resource to JORC-compliant standard (refer to 8.4 for more detail)
- a geochemical and drilling program at Collierina, testing for nickel sulphide at depth at the Gwinear Prospect. In addition, the Company will drill-test for extensions of previously delineated copper intersections
- a soil geochemical sampling and drilling program of prioritised targets at Tullamore to further define anomalous copper-zinc values (refer to 8.6)

- soil and rock geochemistry at Weelah to define drill targets for gold deposits which may be leached remnants of a larger gold-carbonate system at depth (as at Cowal) (refer to 8.8)
- 5 targets at Wallaby Rocks defined by drainage and rock chip geochemistry, will be drill-tested for a hard rock lode gold mineralisation source by the Company (refer to 8.10)

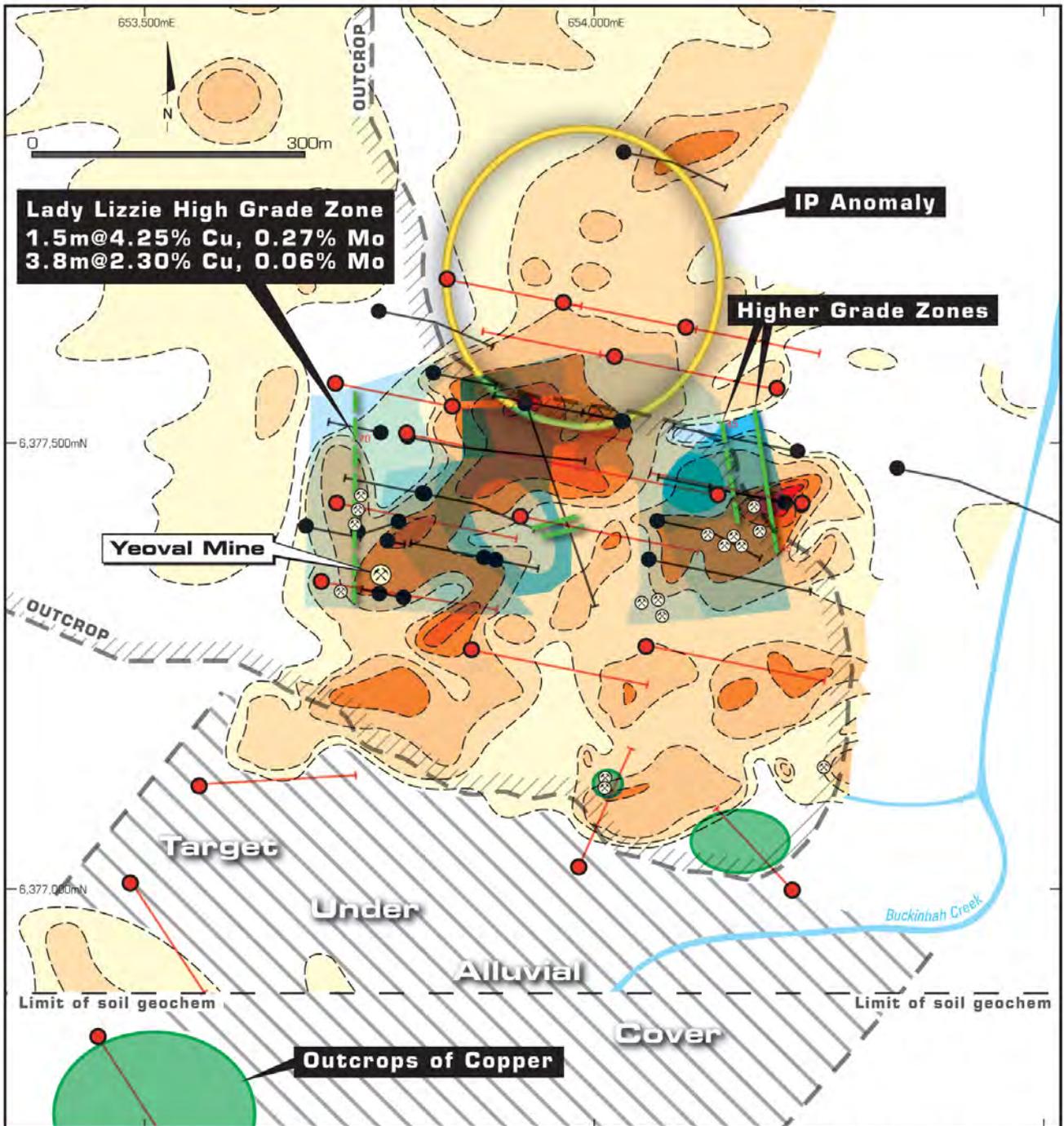
### 8.1 EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

TENEMENT	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Yeoval	721,600	1,058,400
Collierina	507,500	266,500
Tullamore	171,850	76,000
Weelah	150,000	97,000
Wallaby Rocks	53,000	77,000
SUB-TOTAL	1,603,950	1,574,900
<b>TOTAL</b>		<b>3,178,850</b>

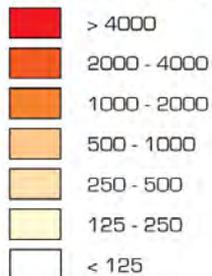
Details for each tenement and their associated exploration budgets can be found in this Section.

### 8.2 YEOVAL

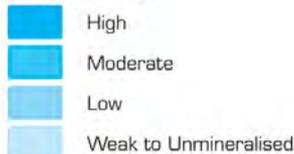
Situated north of Orange and north of Cadia, Cadia East, the Ridgeway Mine (Newcrest), northeast of the Northparkes Mine and west of Copper Hill, Yeoval is located in a renowned porphyry copper-gold province. It is a significant mineral field extending approximately 18km in strike from the northeast to the southwest. It contains approximately 75 previously worked copper-gold and molybdenum mines and between the 1860s and 1939 many small deposits were worked for gold, copper and silver. It wasn't until the 1970s, however, that the porphyry potential of the area was recognised by the Hastings Exploration NL and North Broken Hill Ltd exploration teams. Yeoval and Copper Hill were documented as the first porphyry copper-gold districts in NSW.



Soil Geochemistry (cu ppm)



Mineralisation



Surface Mineralisation



- Pit or Working
- Outcrop
- IP Anomaly
- High Grade Structure
- Drillhole - Historical
- Drillhole - Proposed

**AUGUR RESOURCES LTD**

EL6311 YEOVAL

## Geochemistry and Interpretation



At Yeoval there is a correlation of the 75 old mines with magnetic highs up to 250m across which are due to potassic alteration and magnetite-copper sulphide mineralisation. There is also a strong correlation between circular topography and magnetic highs such as at Hastings, Cyclops and Jakes Prospect. This type of topography with circular magnetic features with diameters of 0.5 - 15km is consistent with porphyry copper-gold districts such as Northparkes, Cadia-Ridgeway, Papua New Guinea, the South West USA and Escondida in Chile. The patterning occurs due to the large number of small vertical pipe-like stocks of porphyry with disseminated magnetite, including some stocks with potassic alteration assemblage with chalcopyrite-magnetite veins. The pattern is fragmented due to overprinting by late-stage fluids. The characteristics of the smaller but stronger circular magnetic anomalies indicate a copper sulphide-magnetite association consistent with higher-grading mineralisation.

The Goodrich Mine located within the tenement, and over which Augur has an option to purchase the existing Mining Lease, was mined between the late 19th and early 20th centuries. Sulphide ore recently taken from the mine gave 5.2% copper, 19.0 g/t gold. Drill intersections reported from Goodrich include:

- 50m @ 0.3 g/t gold, 0.4% copper from 153m
- 8m @ 0.7% copper, 0.7 g/t gold,
- 10m @ 0.9% copper, 0.5 g/t gold,
- 12.5m @ 0.8% copper, 0.22 g/t gold
- 2m @ 1.51% copper, 2.66 g/t gold.

To the north of Goodrich at the KB Prospect, assays of rock samples gave:

- 17.0% copper, 24.2 g/t gold
- 11.5% copper, 14.1 g/t gold
- 12.2% copper, 16.6 g/t gold
- 5.1% copper, 20.4 g/t gold.

Further, a drill intersection from the Cyclops Mine of 15m @ 1.01% copper from 45m was obtained.

At Yeoval, the target is for Northparkes-style porphyry copper-gold deposits. Several targets are delineated for more detailed geochemistry followed by drilling. Augur intends to progress several projects on the Yeoval tenement through to pre-feasibility.

In the early 1970s, multi-element soil geochemistry was completed over select areas around Yeoval. Although several anomalous zones were identified, sampling doesn't appear to have gone deep enough, to adequately test the underlying 'B' or upper 'C' horizon, where bedrock has been covered with transported material or alluvium.

In addition, Induced Polarisation (IP) geophysical surveying was carried out across the Yeoval prospect in the early 1970s. A program of drill-holes followed up anomalies generated by the IP and soil geochemistry work. Drilling intersected structural higher-grade zones as well as zones of disseminated copper-molybdenum mineralisation (primary porphyry mineralisation). A significant IP anomaly was identified

to the north of the outcrop in which the Yeoval Resource and associated Lady Lizzie Mine are located (refer to the map on page 19). Drilling completed here (Y22) was terminated as expected mineralisation to explain the anomaly was not present. The conclusion drawn was that the IP anomaly was an artifact of surface cultural features such as fences and sheds. However, the last 30m of Y22 displayed a consistent increase in copper and molybdenum mineralisation within rocks consistent with those found in porphyry copper-gold ore bodies. The Augur geological team believes that this IP anomaly has been misinterpreted and that Y22 has not been drilled deep enough to establish the existence of a potential significant mineralised body.

Previous drilling in the 1970s was widely-spaced exploring for large laterally hosted disseminated ore bodies suitable for open-cut mining and not suitable to test the potential for vertical pipe-like mineralised bodies with relatively modest diameters. Importantly, intersections drilled at Yeoval including 42.7m @ 0.93% copper at a depth of approximately 40 - 45m were never followed-up, presumably because the overwhelming view at the time was that economic viability was dependent upon high-grade open-pit mining operations such as those developed in South America. The Ridgeway Mine, to the south of Yeoval, where underground mining at average grades between 1 - 2% copper has been successfully operated since 1997, has effectively extinguished this viewpoint. A vertical pipe-like body with a diameter of 75m, extending to a depth of 500m with grades of 1% copper and 1 g/t gold would amount to 6.2 Mt of mineralisation – a significant size for a copper-gold resource, in a very favourable location near existing infrastructure and services.

Drill-testing completed between 1971 and 1974 defined a resource of 37Mt @ 0.3% copper – the Yeoval Resource – and in the 1980s at the Goodrich Mine area drilling was designed to test for potential for lateral extensions i.e. for a bulk low-grade open-cut deposit. A number of prospective drill intersections have been made. At the Yeoval Resource these include:

- 42.7m @ 0.93% copper
- 30.5m @ 0.89% copper
- 16.8m @ 0.57% copper
- 14.0m @ 0.78% copper
- 12.2m @ 0.65% copper
- 7.3m @ 1.28% copper
- 4.6m @ 1.39% copper
- 3.8m @ 2.2% copper
- 1.5m @ 2.52% copper
- 1.5m @ 2.2% copper.

and in the area around the Goodrich Mine include:

- 8m @ 0.7% copper, 0.7 g/t gold
- 10m @ 0.9% copper, 0.5 g/t gold
- 12.5m @ 0.8% copper, 0.22 g/t gold
- 2m @ 1.51% copper, 2.66 g/t gold.

Historic records are incomplete so that gold content of the Yeoval Resource intersections is not known, but here gold is mainly contained in copper sulphides so that there is a positive correlation between copper and gold assays. Gold is likely to be recovered in copper sulphide concentrate so that it is expected to be a significant by-product of copper mining.

In the early 1970's when drilling at Yeoval was undertaken, gold prices were very low and gold assaying services were very difficult and expensive to obtain, so that assaying for gold was done on composites of drill core samples and was incomplete. Given this, the Company regards the 1970's gold assays as only an approximate indication of gold content. The best gold drill intersections at the Yeoval Resource were reported as follows:

- 18.3m @ 0.77 g/t gold
- 30.5m @ 0.46 g/t gold
- 7.3m @ 0.46 g/t gold.

Given the lack of reliability of using old drill holes for resource estimation of gold, Augur will complete a new set of drill holes to be assayed by modern methods.

In close proximity to, and in some instances overprinting, the lower grade Yeoval Resource are higher grade copper-gold-silver mineralised structures. An example of this is the Lady Lizzie mine (refer to the map on page 19) from which a total of 3.04 tonnes of ore was mined yielding 3.50% copper. Drilling results, within 61m of the surface, encountered:

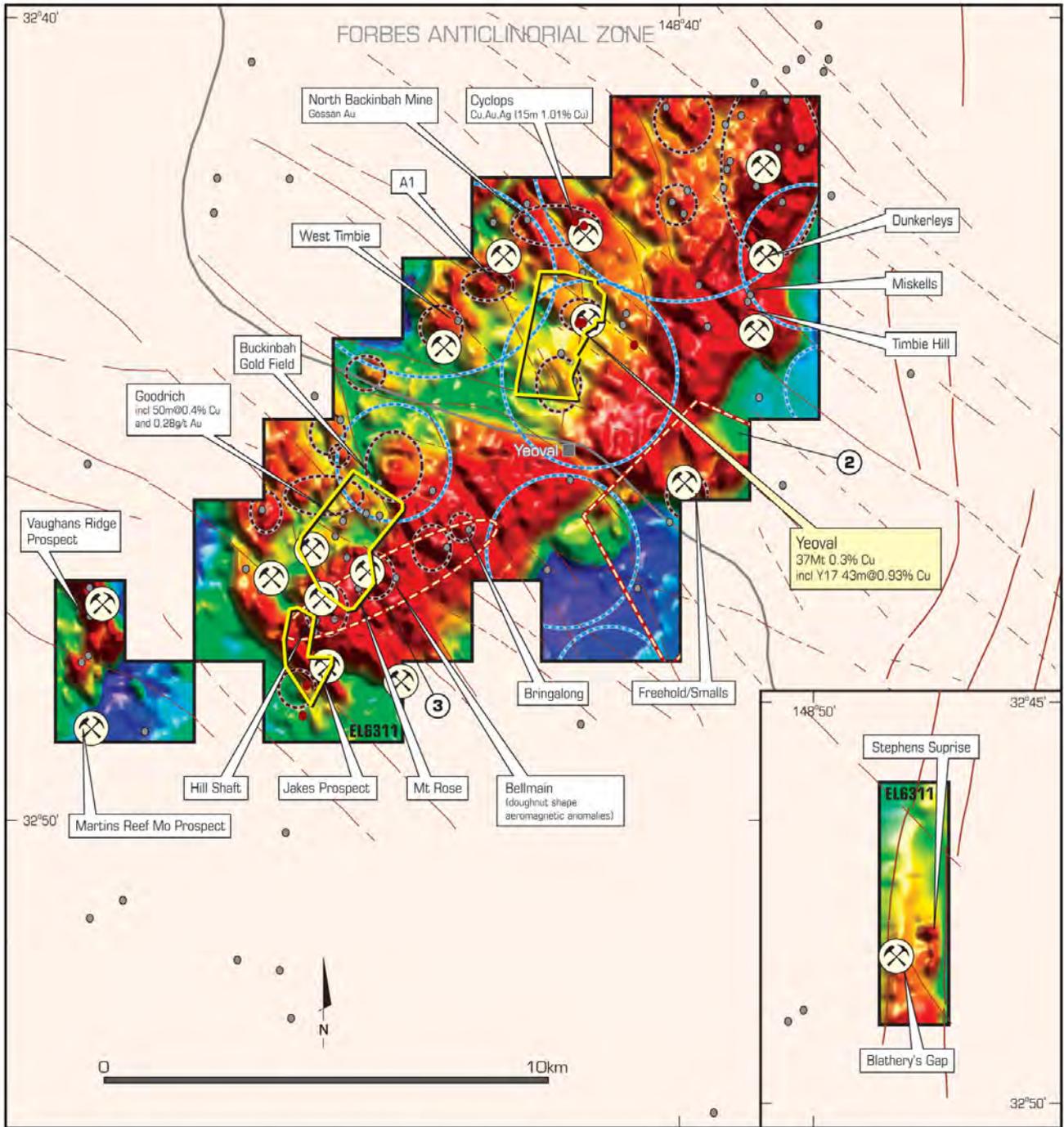
- 1.5m @ 4.25% copper, and 0.27% molybdenum
- 3.8m @ 2.30% copper and 0.06% molybdenum.

Although mined at the turn of the 20th century, the higher-grade potential of Lady Lizzie has never been tested along strike or at depth. Additionally, pre-existing drill holes in the area have been poorly orientated to test high grade mineralised structures like Lady Lizzie or others, for example, to the east of the Yeoval Resource – the combination of which may result in a significant re-rating of overall grades.

### 8.3 YEOVAL EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

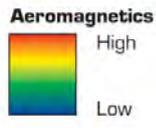
PROJECTS	EXPLORATION TARGET	PROPOSED WORK
Yeoval	Porphyry copper-gold related structural and disseminated targets	Complete deep penetration 3D IP and diamond drill to JORC compliant standard and pre-feasibility
Goodrich	High grade Porphyry copper-gold	Complete deep penetration-3D IP, including coverage of "old" IP anomaly and drill test
Other 'Goodrich' Targets	High grade Porphyry copper-gold	Map, complete geochemistry, and drill favourable Goodrich style anomalies as identified by the SAM survey
Cyclops	High grade Porphyry copper-gold	Complete deep penetration-3D IP and drill test adjacent known mineralisation
Balmoral	High grade Porphyry copper-gold	RC drill potential Goodrich look-a-like
Bellmain	Porphyry copper-gold related structural and disseminated targets	RC drill previously identified doughnut shaped anomaly
Thunderbolt	Porphyry copper-gold related structural and disseminated targets	Follow up recently completed soil sampling west of the Thunderbolt prospect, and drill the previously identified Bull Pen prospect
Porphyry King Area	Porphyry copper-gold related disseminated targets	Cover with 150m by 150m spaced soils program to identify targets and improve understanding of controls
KB Prospect	High grade Porphyry copper-gold	Cover with 150m by 150m spaced soils program as part of the Porphyry King Area, and drill test anomaly at KB Prospect
Vaughans Ridge	Porphyry copper-gold related structural and disseminated targets	Drill proposed hole designed by Corbett in 1999
Mt Rose	High grade Porphyry copper-gold	Drill test anomalism at KB Prospect and to the north of KB Prospect
Jakes Prospect	High grade Porphyry copper-gold Skarn	Soil geochemistry survey and drilling
<b>TOTAL</b>		

	<b>GEOLOGY</b>	<b>GEOCHEM &amp; GEOPHYSICS</b>	<b>DRILLING</b>	<b>YEAR 1 PROGRAM (2007)</b>	<b>YEAR 2 PROGRAM (2008)</b>	<b>TOTAL</b>
	113,000	50,000	981,000	425,600	718,400	1,144,000
		25,000	75,000	25,000	75,000	100,000
	20,000	20,000	60,000	40,000	60,000	100,000
		25,000	75,000	25,000	75,000	100,000
			50,000	50,000		50,000
			45,000	45,000		45,000
			50,000	25,000	25,000	50,000
		50,000	40,000	50,000	40,000	90,000
			25,000	25,000		25,000
			25,000		25,000	25,000
		6,000	20,000	6,000	20,000	26,000
		5,000	20,000	5,000	20,000	25,000
	<b>133,000</b>	<b>181,000</b>	<b>1,466,000</b>	<b>721,600</b>	<b>1,058,400</b>	<b>1,780,000</b>

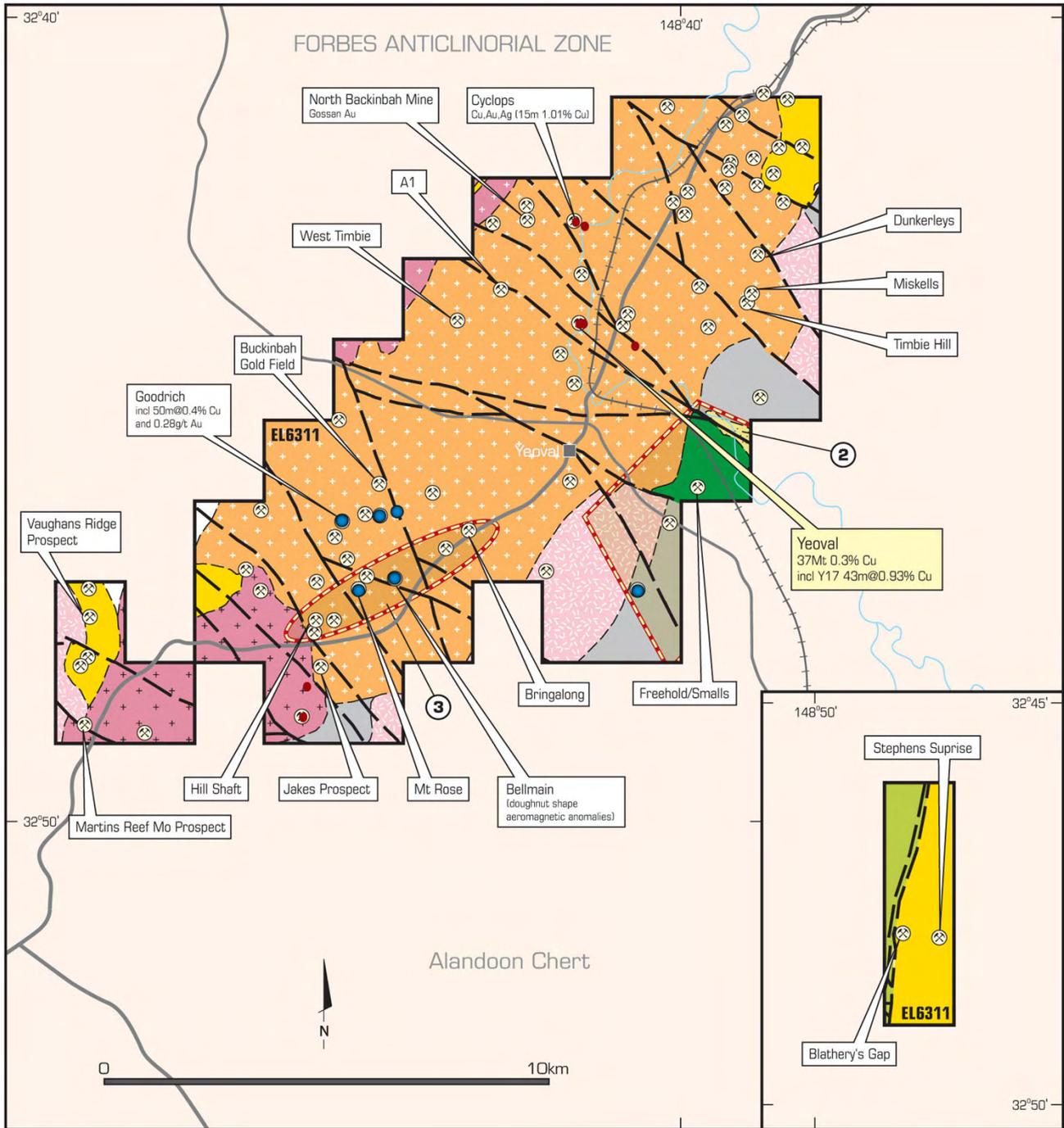


- Old Mines and Prospects
- Significant Structures
- Target Areas (2 to 3 - refer to text)
- SAM Outlines
- Mineral Occurrence
- Rock Chip Sample

- Geomorphologic Targets**
- Priority 1
  - Priority 2



**AUGUR RESOURCES LTD**  
**EL6311 YEOVAL**  
**Magnetic Data Interpretation**



- ⊗ Prospects and Mines
- Faults
- Rock Chip Sample
- ⊕ Target Areas (2 to 3 - refer to text)
- Geochemical Target Areas

**AUGUR RESOURCES LTD**  
**EL6311 YEOVAL**

## Geology, Target Areas, Mines and Prospects

- |                       |  |  |
|-----------------------|--|--|
|                       |  | Cainzoic Units   |
| <b>Catombal Group</b> |  | Canangle/Black Rock Sub-Group: Siltstone, sandstone, conglomerate, shale |
|                       |  | Kynuna Granite   |
| <b>Yeoval Complex</b> |  | Naringla Granodiorite  |
|                       |  | Early Devonian Granodiorite  |
|                       |  | Early Devonian Microgranite  |
| <b>Gregra Group</b>   |  | Cuga Burga Volcanics   |
|                       |  | Berkley Formation: Volcaniclastics                                       |

- |                      |  |   |
|----------------------|--|---|
| <b>Cudal Group</b>   |  | Hanover Formation   |
|                      |  | Cary Beds: Shale, chert                                   |
| <b>Cabonne Group</b> |  | Canowindra Porphyry: Garnetiferous qtz-biotite porphyry   |
|                      |  | Kabadah Formation: Mafic Volcaniclastics, Minor Limestone |

## 8.4 COLLERINA

The tenement is located within the Fifield platinum province northwest of the laterite nickel-cobalt-platinum deposit at Syerston (80 Mt 0.7% nickel, 0.13% cobalt plus platinum) and close to Tritton and Budgery (copper-gold) and Tottenham (copper) Mines.

In the northeast sector of the tenement, intrusive ultrabasics are located in the Honeybugle Complex. High-grade assays have been reported outside the Collerina tenement but in the same rock of 2m @ 17.7 g/t platinum. The Honeybugle Complex is mostly undercover and has been subjected to minimal testing for platinum and nickel but is being currently explored by Augur.

To the south of the Honeybugle Complex is a belt of intrusives trending northwest along a strong fault zone which has supported several workings for copper and hosts lateritic nickel-cobalt and elevated platinum values. It extends over a distance of 20km within the tenement. Previous drilling has intersected anomalous gold and some broad intersections of copper up to 48m at 0.56%. Near the Collerina Mine anomalous platinum has been found in pyroxenite.

Principal workings at Collerina are:

### 8.4.1 Swanson's Trouble

Swanson's Trouble (gold) where 40m deep workings have accessed epigenetic gold and base-metal mineralisation in acid volcanics. Stratiform iron-rich quartz veining in a ferruginous zone extends for 375m. The gold zone, restricted to the upper-part of the volcanics, consists of multiple quartz veining and silicification with associated copper, lead and arsenic. Old sampling records show grades that ranged to a maximum of 19.8 g/t gold.

There were a number of principal explorers in the general area of the mine. Company work defined a body of mineralisation of 78,000t @ 4.3 g/t gold. Costean sampling and drilling adjacent to the old workings located a further 41,400t @ 3 g/t gold. Drilling of volcanics was recommended to identify other areas of quartz gold veining.

### 8.4.2 Collerina Copper Mine

The Collerina Mine was worked from 1914 to 1921. The best drilling results were PD1: 4m @ 2.36% copper from 54-58m; PD2: 12m @ 0.26% copper from 6-18m and 34m @ 0.52% copper from 32-66m. Later drilling gave 4.6m @ 1.1% copper from 65m and 1m @ 3.4% copper from 67m in a malachite bearing and brecciated ultrabasic rock.

### 8.4.3 Gwinear Nickel-Cobalt Prospect

In 1981, a mafic outcrop was located with 1.3% nickel, 0.7% cobalt and trace copper over a 30m strike and several anomalous areas, only two of which were drill tested. Other samples of a manganiferous silcrete

assayed 0.89% nickel, 1.15% cobalt and 0.18% copper. Drilling produced a best result of 12.8m @ 1.06% nickel, 0.05% cobalt.

Other workings include the Prospect Mine (gold-copper-lead-chromium), Tindalls Mine (copper), Widgelands Mine (copper), Yathella Prospect (nickel), and Skinners Mine (gold).

### 8.4.4 Yathella Nickel-Cobalt Laterite

A total of 181 holes (1198 m) were drilled previously at Yathella, then a further 15 percussion holes (301m). The work outlined the 795,000 tonnes Collerina Resource of nickel laterite mineralisation. Included in this was a pre-JORC probable reserve of 345,000 tonnes, the Collerina Reserve, grading 0.7% nickel and 0.16% cobalt. The Yathella nickel-cobalt resource has nickel and cobalt grades which should be profitable for heap leaching when further tonnages are defined here. The 20km long serpentinite belt conceptually could contain 10 Mt plus of nickel-cobalt-chromium.

Augur completed a program of aircore drilling to test the geochemistry of four areas.

Samples from COAC 005 and 007 gave high chromium and nickel in ultra-basics associated with the TT2 aeromagnetic trend.

		Co %	Cr %	Fe %	Ni %
Coac 005	8 - 36 m	0.066	1.4	32.8	1.05
Coac 007	24 - 32 m	0.2	1.3	24.7	2.0
Coac 008	28 - 36 m	0.020	0.52	12.5	0.84

The drilling of TT1 and the Collerina Mine trend intersected Girilambone Group rock and serpentinite. Anomalous arsenic-copper-zinc-lead (1520 ppm Pb) was intersected at 20 - 24 m in hole COAC 015. Anomalous gold, lead, zinc, cobalt (to 1440 ppm), copper, nickel (to 1835 ppm) occur in other holes. The drilling of the C1 aeromagnetic anomaly proved difficult because of sticky clays with two of five holes planned being completed. Both holes gave anomalous cobalt, nickel, scandium and platinum values.

Maximum values obtained usually at about 44m below surface in weathered ultra-basics, are:

Cobalt	0.15%
Chromium	0.86%
Copper	356 ppm
Iron	37.30%
Manganese	1.75%
Nickel	0.79%
Zinc	944 ppm
Platinum	0.373 g/t

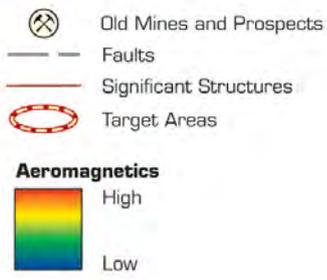
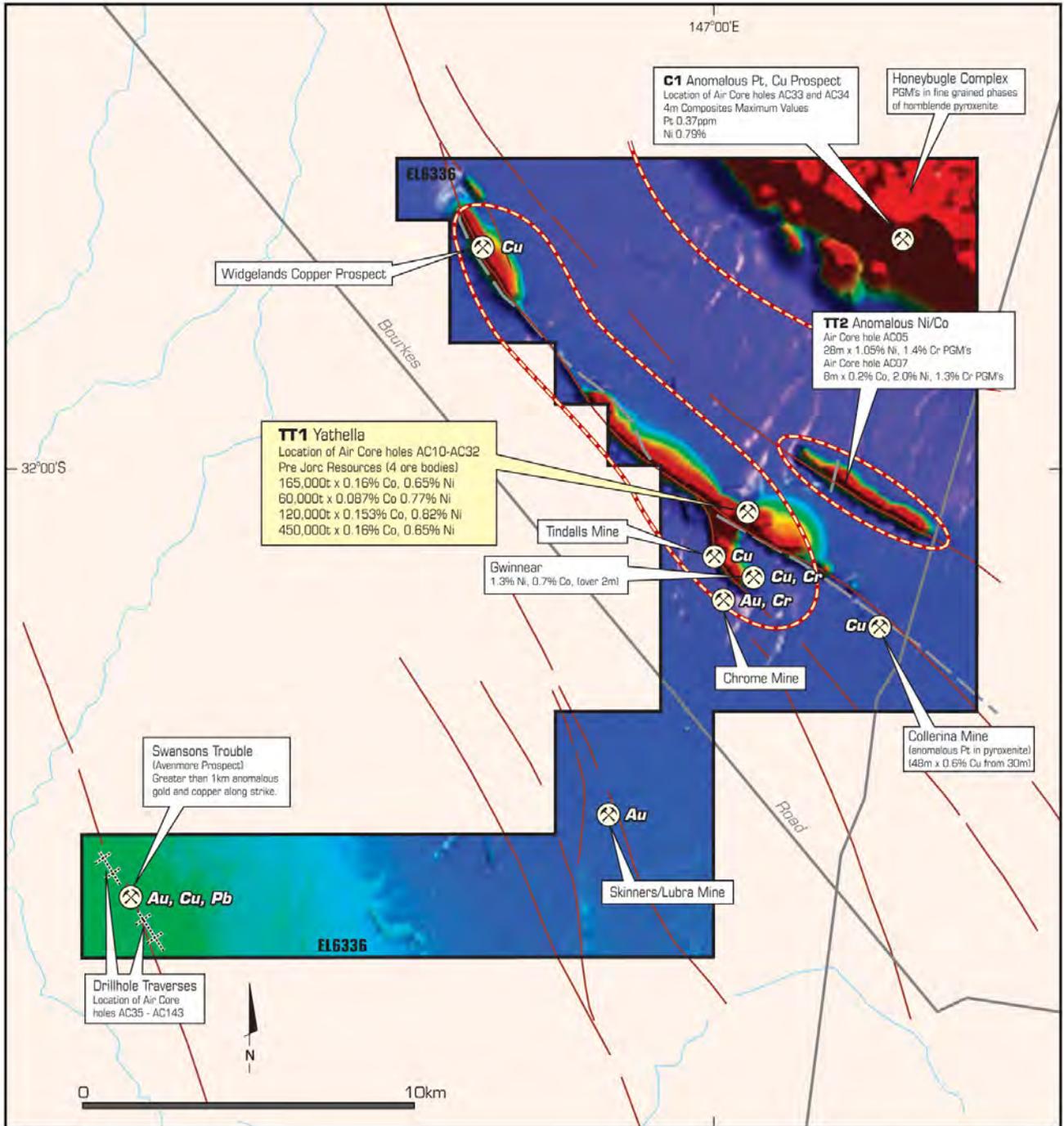
Anomalous copper (652 ppm) and zinc (463 ppm) values were obtained from drilling at Swansons Trouble. Anomalous copper values extend along strike to 600m plus northeast of the old workings. Further drilling by Augur is required to test these areas. The potential for deposits of types associated with ultra-basics such as nickel, platinum and chromium are unassessed as modern exploration techniques have not been used here.

### 8.5 COLLERINA EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

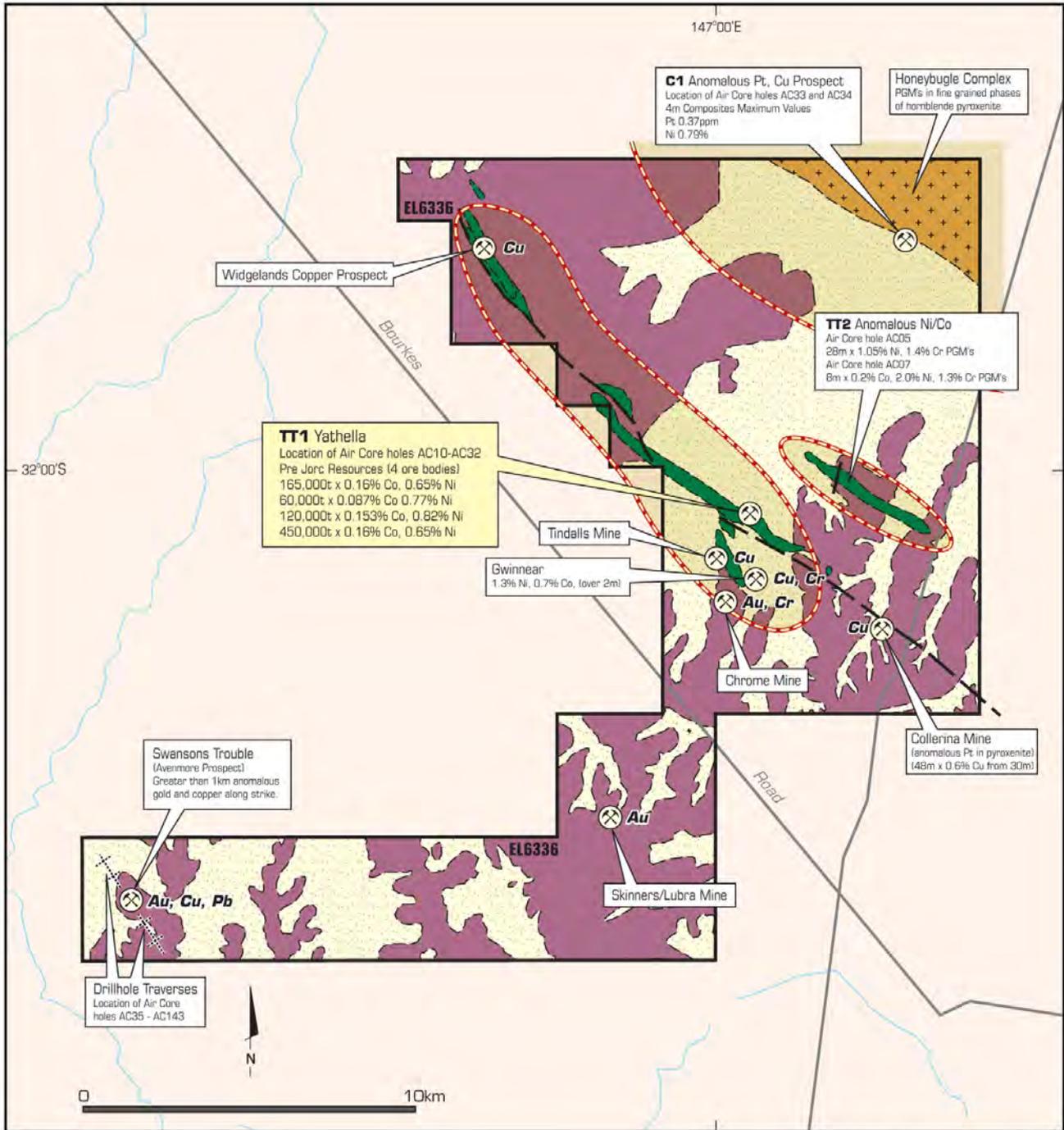
ITEM	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Prioritise targets	2,500	2,500
Geology (geological mapping)	5,000	5,000
Geochemistry	25,000	
Geophysics	60,000	
Evaluation	5,000	5,000
Drilling (RC & diamond)	410,000	254,000
SUB-TOTAL	507,500	266,500
<b>TOTAL</b>		<b>774,000</b>



Drilling at the company's Collerina tenement



**AUGUR RESOURCES LTD**  
**EL6336 COLLERINA**  
**Magnetic Data Interpretation**



- Old Mines and Prospects
- Faults
- Target Areas
- Alluvium/Colluvium
- Girilambone Group
- Serpentinite
- Honeybugle Complex

**AUGUR RESOURCES LTD**  
**EL6336 COLLERINA**  
**Geology, Mines and Prospects**



## 8.6 TULLAMORE

The tenement is 20km north of the largest historical platinum-producing region in Australia at Fifield and embraces two areas of gold mineralisation within mainly meta-sediments. These are the Tullamore Goldfields and the gold-tin-platinum Burra Field, both associated with buried, near-surface intrusions. The copper-lead-zinc Gun Club Prospect is being tested by Augur where mineralisation is associated with gossanous ironstone over 1200m.

The Burra Group of deposits comprises a variable association of gold-silver-tin-bismuth mineralisation in quartz veins. Some hard rock production is recorded with gold-tin-platinum being won from adjoining alluvium. The area has similar characteristics to Fifield where the platinum-gold is found in alluvial leads associated with gold-copper-tin-cobalt workings.

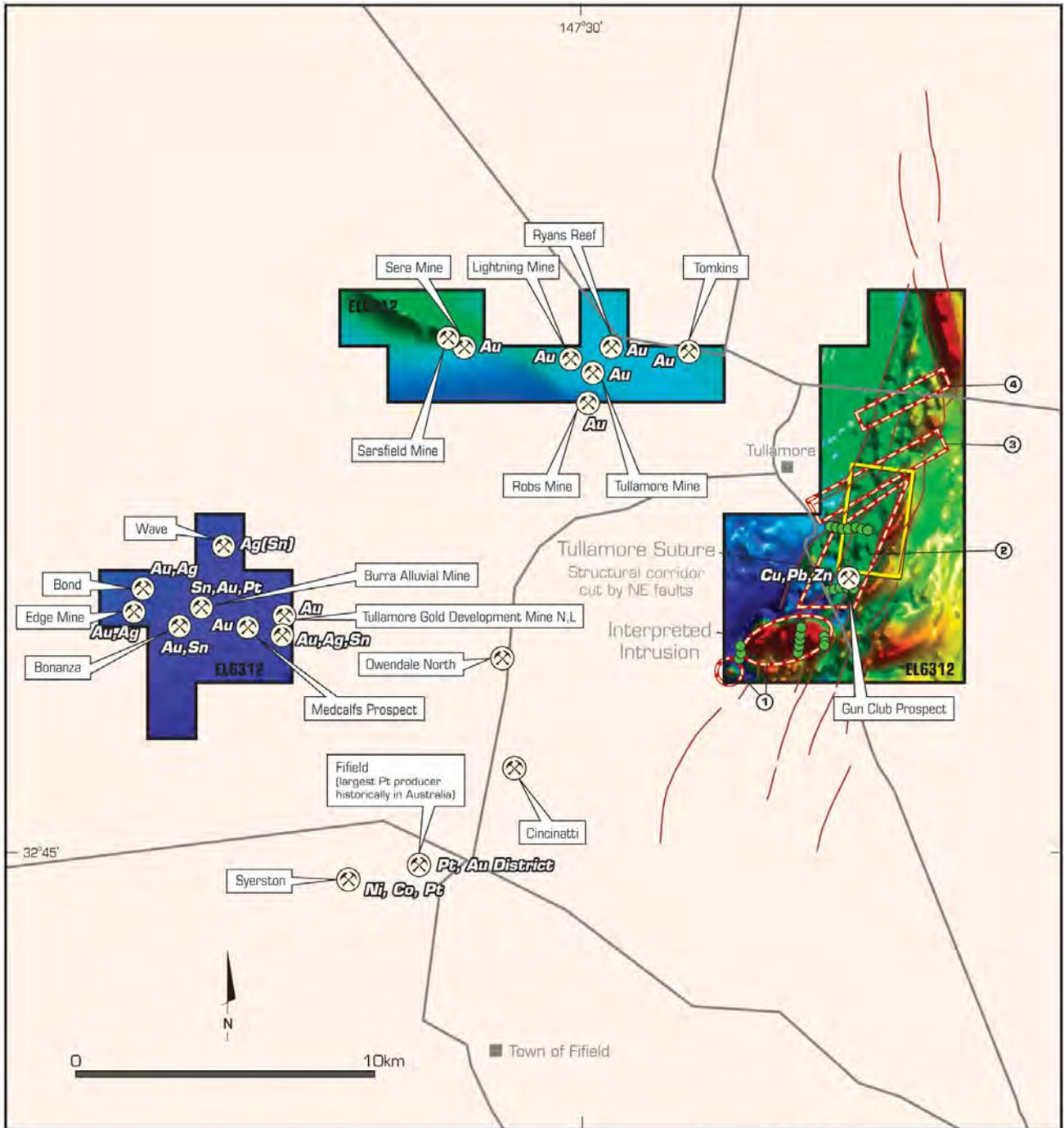
The Tresyvla Intrusion underlies the Burra Field as outlined by a circular area of potassic anomalism and a gravity low (similar to the gravity low that underlies the Northparkes copper-gold district). A sub-audio magnetic (SAM) survey has been completed where the aeromagnetics and reverse air blast (RAB) drilling suggested further magnetics should be carried out and anomalies are being prioritised in the southeast sector of the tenement. Here an intrusion at depth is outlined by a magnetic/radiometric anomaly. Magmatic fluids may have migrated away from the intrusion and along intersecting structures such as at the Gun Club Prospect. There is potential here for porphyry copper-gold mineralisation similar to that in the Northparkes copper-gold district located 50km to the southeast. There is also a coincident broad gravity low in the southeast sector of Tullamore similar to that at Northparkes.

These will be tested by soil geochemistry and drilling. Airborne magnetics have been interpreted and a

number of structural targets are now being tested by Augur: for example, an intrusion emplaced at a structural intersection which may provide a pathway for ascent of deep source fluids into a higher level position. RAB drilling by Augur tested several of these targets with elevated copper and zinc values recorded on the Gun Club structure. The last hole, centred over a north-northwest trending magnetic low, gave 1160 ppm copper, 1140 ppm zinc.

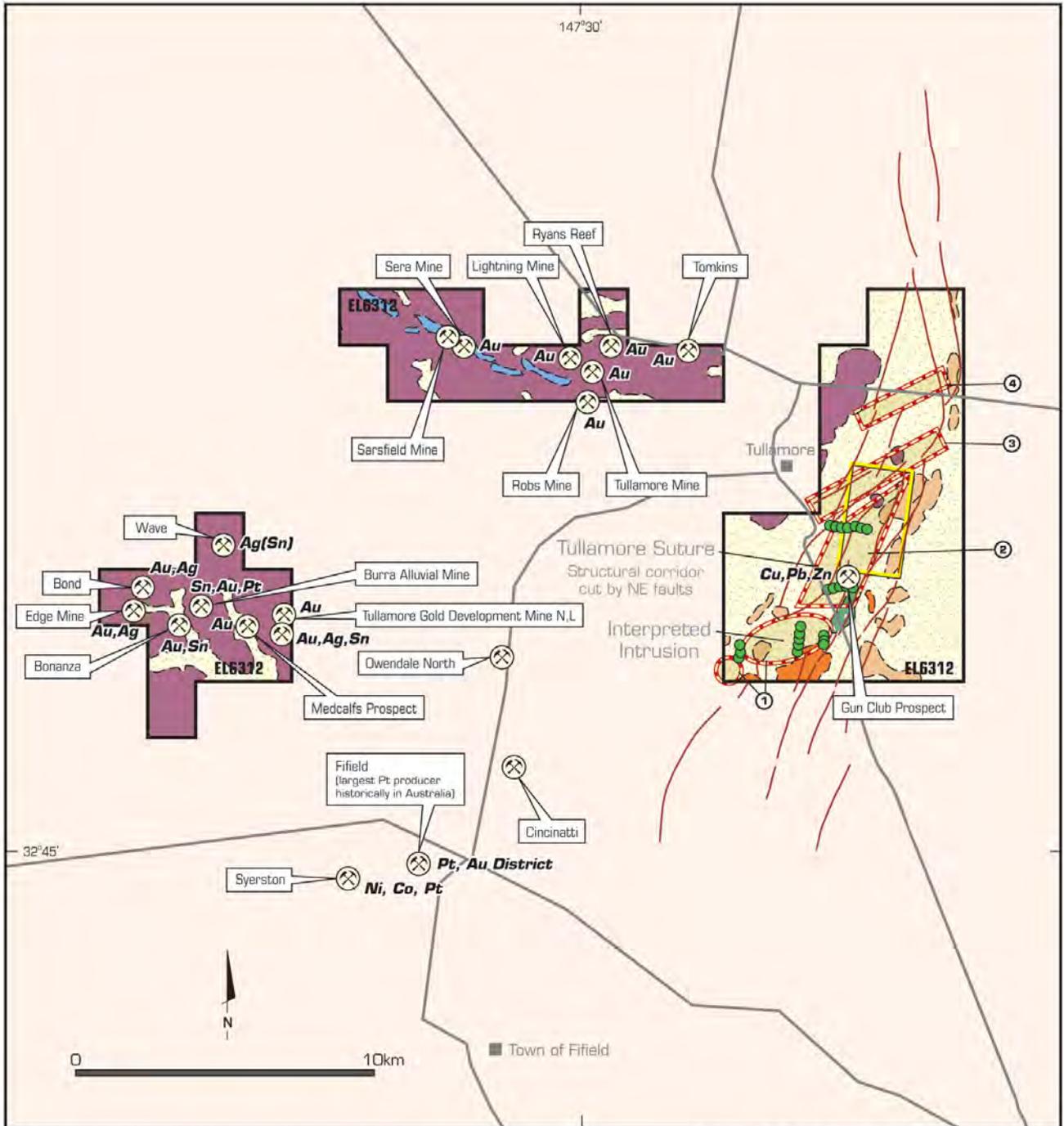
## 8.7 TULLAMORE EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

ITEM	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Drilling (RC x 15 holes)	102,000	
Drilling (aircore x 20 holes)	65,000	
Target prioritisation	4,850	5,000
Geochemistry		10,000
Geophysics		15,000
Further drilling		46,000
SUB-TOTAL	171,850	76,000
<b>TOTAL</b>		<b>247,850</b>



- Old Mines and Prospects
  - Significant Structures
  - Target Areas (1 to 4 - refer to text)
  - Sub Audio Magnetics Location
  - RAB Drillholes
- Aeromagnetics**
- High
  - Low

**AUGUR RESOURCES LTD**  
**EL6312 TULLAMORE**  
**Magnetic Data Interpretation**



- Old Mines and Prospects
- Significant Structures
- Target Areas (1 to 4 - refer to text)
- Sub Audio Magnetics Location
- RAB Drillholes

- Girilambone Group**
- Alluvium
  - Diorite intruded by granite
  - Quartzite and phyllite
  - Thinly bedded chert
  - Andesitic lavas
  - Derriwong Group: conglomerate, shale, silst, sandstone

**AUGUR RESOURCES LTD**  
**EL6312 TULLAMORE**

**Geology, Target Areas and Prospects**



### 8.8 WEELAH

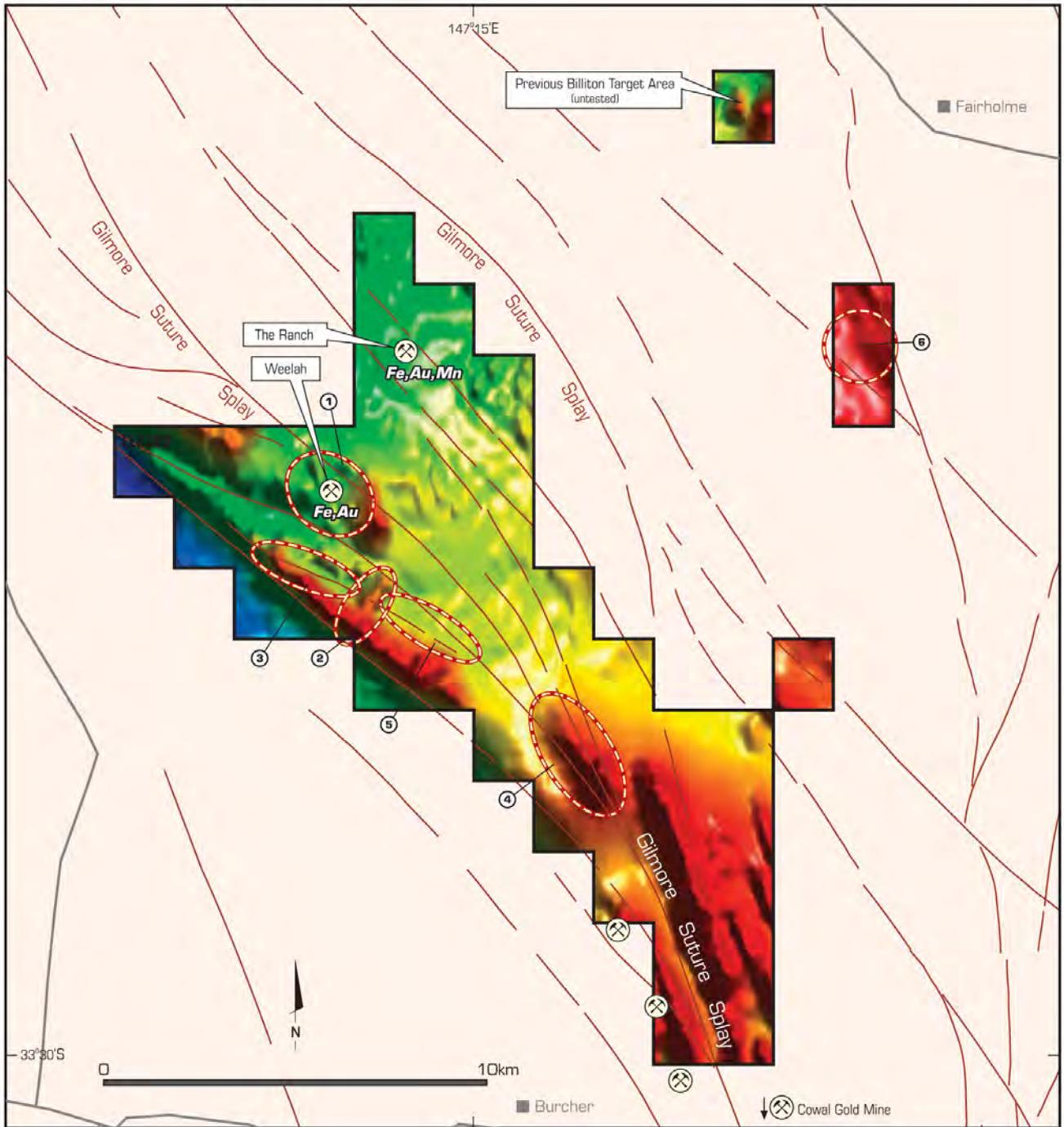
The Weelah tenement is situated on the Cowal Volcanics and a splay of the Gilmore Suture, a focus for gold projects in the Lachlan Fold Belt. The Cowal Gold Mine, producing 240,000 ounces of gold per annum and owned by Barrick-Placer Dome (the world's largest gold mining company), Shares its perimeter to the south with Augur's Weelah tenement. The targets at Weelah are gold in quartz, carbonate, sulphide veins as at Cowal, and Peak/Cobar type deposits within sedimentary sequences. The Cowal Gold Mine, a four million ounce deposit with a carbonate association, is also located on the Gilmore Suture.

A linear northwest trending magnetic anomaly comprising three discrete zones is located inside the southwest boundary of the tenement. A northwest splay fault and several high intensity magnetic anomalies indicate andesite. A magnetic low implies epithermal style high sulphidation gold. Four structural and magnetic target areas are defined and being tested by drilling and geochemistry. Anomalous copper and zinc are recorded by Augur, following drilling of magnetic anomalies.

Anomalous copper and gold from an area of manganese-gold occurrences warrants follow-up to check for Cowal-type manganese-carbonate-gold-base metal associations. Manganiferous carbonate veins at the Porgera and Misima Projects in Papua New Guinea contain gold-lead-zinc and manganese indicating values obtained in Augurs sampling warrant geochemical survey follow up. The gold-manganese prospects at Weelah may be leached remnants of a larger gold-carbonate system at depth. Six structural targets are being explored where pathways for evolving magmatic fluids are concentrated.

### 8.9 WEELAH EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

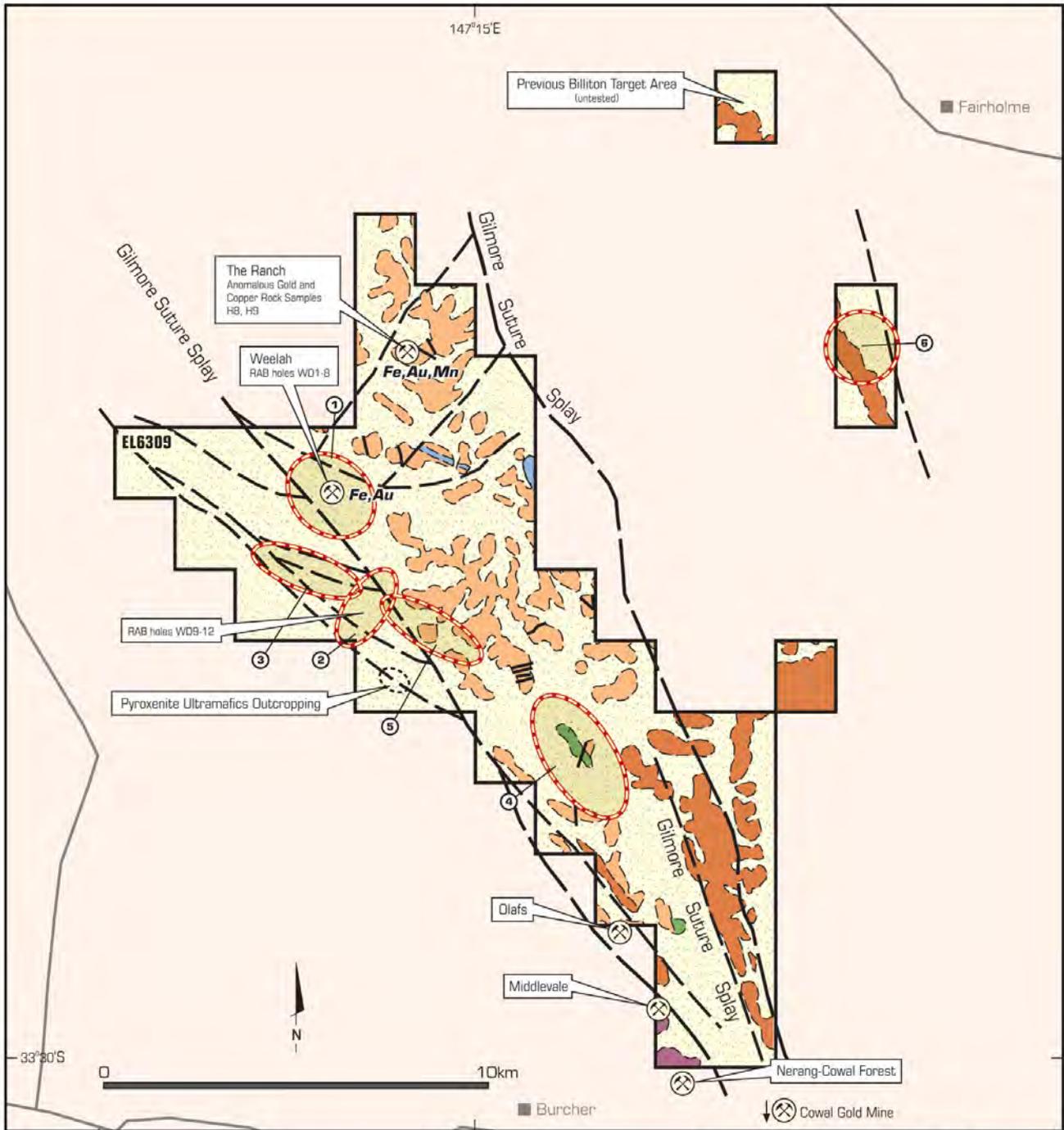
ITEM	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Drilling (RC and diamond)	55,000	
Geochemistry	10,000	
Further drilling and assays	85,000	97,000
SUB -TOTAL	150,000	97,000
<b>TOTAL</b>		<b>247,000</b>



- Faults
  - Significant Structures
  - Target Areas (1 to 6 - refer to text)
- Aeromagnetics**
- High
  - Low

**AUGUR RESOURCES LTD**  
**EL6309 WEELAH**

**Magnetic Data Interpretation**



- Old Mines and Prospects
- Faults
- Target Areas (1 to 6 - refer to text)
- Alluvium
- Girilambone group
- Ina Volcanics
- Mulguthrie Formation
- Manna Conglomerate
- Yamel Volcanics

**AUGUR RESOURCES LTD**  
**EL6309 WEELAH**  
**Geology, Target Areas**  
**and Prospects**

### 8.10 WALLABY ROCKS

This tenement covers a similar age and rock type to gold-producing regions at Sofala and Cadia. The Bowdens silver deposit (125 million ounces) is adjacent to the northeast. Of particular interest on this tenement are the acid volcanics which contain a number of previously worked gold mines. For example, the Mt Margaret Mine ore dump sample gave 37.2 g/t gold, Princes Mines 39.7 g/t gold and Crown Mine (previous production gave 4.6 g/t gold).

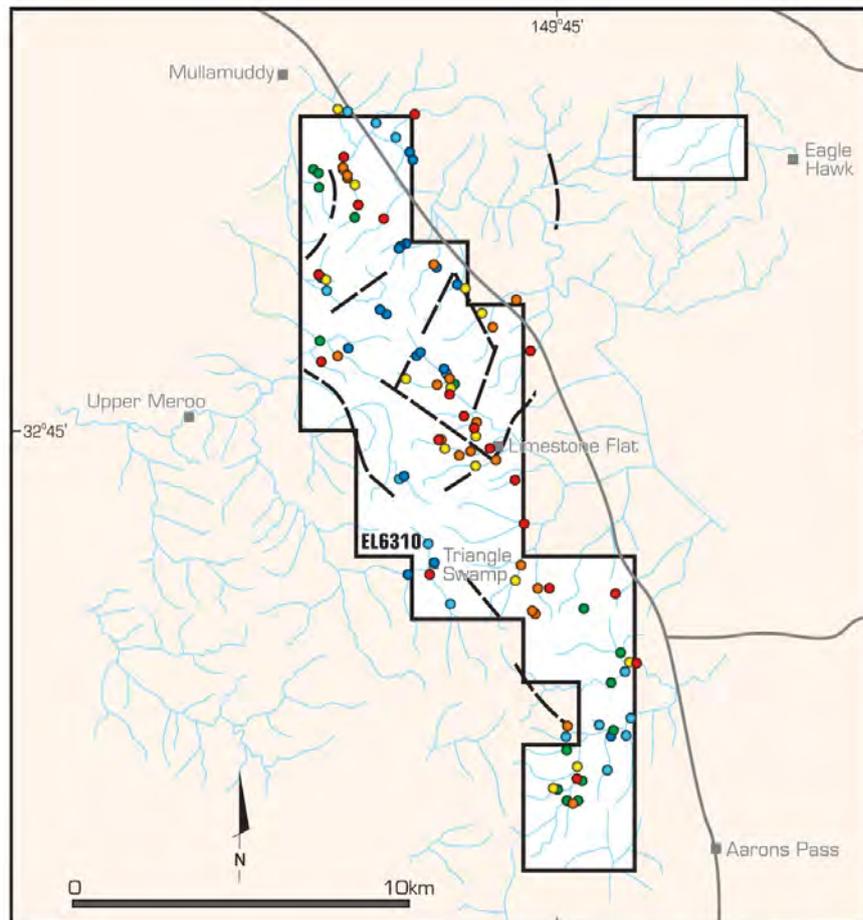
The known gold-copper deposits in quartz veins in shears are indicative of an auriferous metallogenic province with potential for other styles of mineralisation such as epithermal stockwork, buried cupola, skarn and disseminated gold.

Five geochemical targets are identified that are being tested by geological mapping and geochemistry, drainage and rock chip sampling. 216 sites were visited

and 368 multi-media samples collected including rock outcrop and float samples, magnetic concentrate samples, cyanide leach gold and stream sediment samples. Gold and pathfinder elements coincident anomalies indicate a hard-rock lode mineralisation source yet to be defined.

### 8.11 WALLABY ROCKS EXPLORATION BUDGET (BASED ON MAXIMUM SUBSCRIPTION)

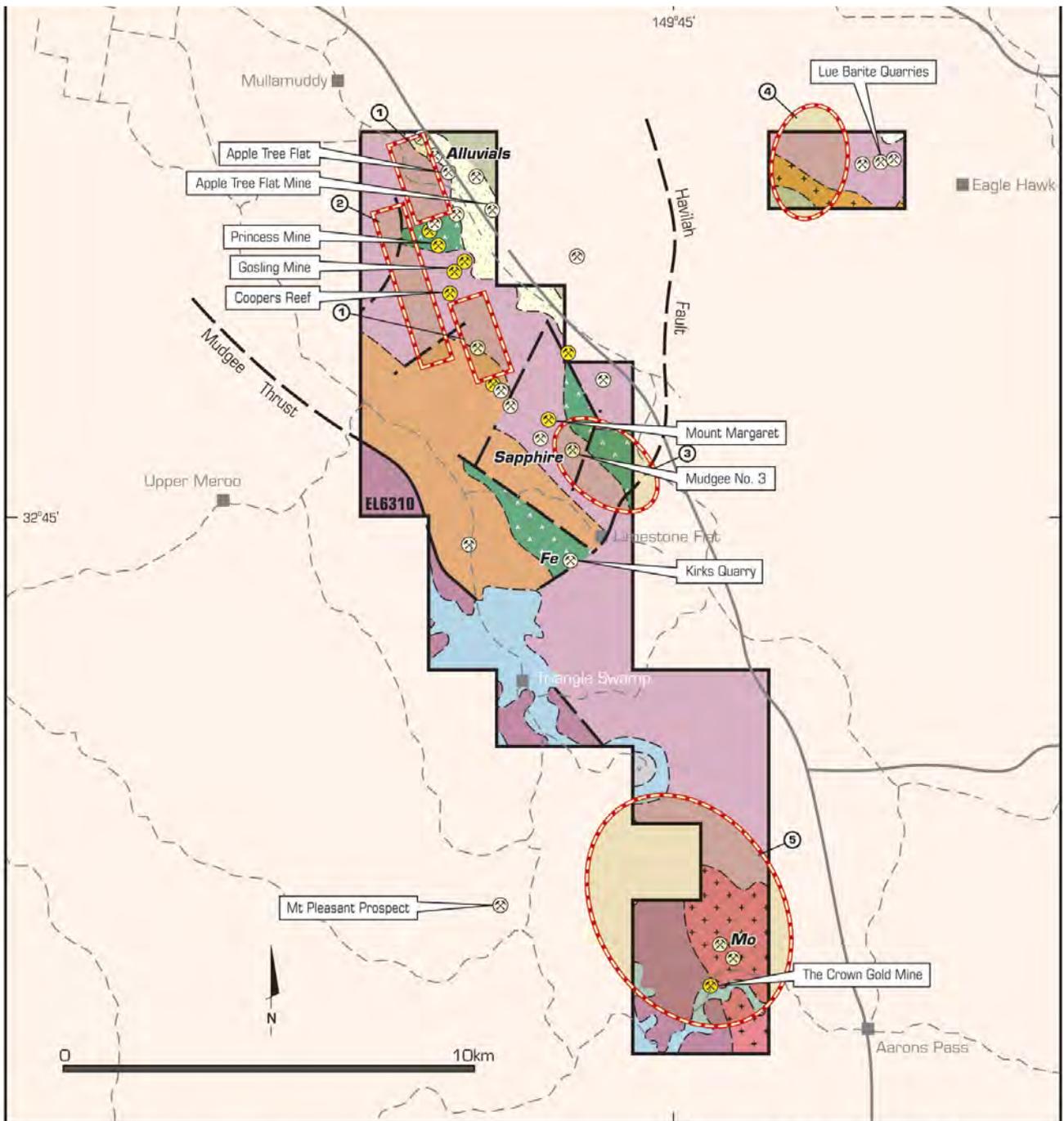
ITEM	YEAR 1 2007 (\$)	YEAR 2 2008 (\$)
Geochemistry	10,000	10,000
Drilling of ranked targets	43,000	67,000
SUB-TOTAL	53,000	77,000
<b>TOTAL</b>		<b>130,000</b>



- GEOCHEMISTRY**  
ppm Cu in stream sediments  
(number of samples)
- 61 to 137 (29)
  - 38 to 61 (28)
  - 26 to 38 (27)
  - 22 to 26 (24)
  - 16 to 22 (28)
  - 0 to 16 (29)

**AUGUR RESOURCES LTD**  
**EL6310 WALLABY ROCKS**

**Stream Sediment Samples  
and Copper Anomalies**



- ⊗ Alluvial Au Occurrence (unless otherwise noted)
- ⊗ Au-Cu Hardrock Deposit
- Faults
- ⊗ Target Areas (1 to 5 - refer to text)

- Quaternary alluvium
- Tertiary basalts
- Sydney Basin, Shoalhaven Group
- Aarons Pass Granite
- Mount Knowles Group
- Queens Pitch Group
- Turonale Formation
- Devonian intrusives
- Chesleigh Group
- Millville Formation, Windamere Volcanics, Willow Glen Formation
- Sofala Volcanics

**AUGUR RESOURCES LTD**  
**EL6310 WALLABY ROCKS**

**Geology, Target Areas and Prospects**

[Section 9]

# Directors & Geological Team

## 9.1 BOARD OF DIRECTORS



**Peter John Bradfield**  
**Non-executive Chairman, age 65**  
**LLB, FAICD**

Peter has had a distinguished career in the resources and research and development industries, spanning 40 years. For many years Peter was with CRA Ltd, becoming a director of several of the Group's companies. In 1986 Peter became chief executive officer of Energy Resources of Australia Ltd before being appointed managing director of the large and diversified Elders Mining Group of companies, including chairmanship of Mt Morgan Ltd and Kaiser Engineers Australia. Peter's Directorships have included the Australian Mining Industry Council (he was chairman of its Environment Committee between 1986 and 1991), Energy Australia, as well as major resources and research and development organisations. He was a foundation director of the Australian Minerals Energy and Environment Foundation. In addition to Augur, Peter is currently a director of several private and public companies, including Zamia Gold Mines Ltd (an ASX listed company), Ark Mines Ltd, Every Day Mine Services Ltd and Counsellors for Management Inc (Washington DC).

Peter is a Fellow of the Australian Institute of Company Directors.



**Joshua Simon Rogers**  
**Managing Director, age 38**  
**Member AICD**

Joshua has been involved in the finance and resources sectors in the development of private and public companies at senior executive or managing director level for 15 years. He is currently a director of Mitchell Morgan, which he founded in 2003, a boutique corporate advisory firm and fund manager with offices in Sydney and Tokyo providing specialised services in the resources, finance and property development industries. In addition, he is a director of a number of both public and private resources companies including Ark Mines Ltd, Dome Mines Ltd (Fiji) and Every Day Mine Services Ltd.

Joshua is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.



**Tully Araluen Richards**  
**Executive Director, age 35**  
**BSc (Hons), MAusIMM**

Tully is a geologist with 14 years experience in the exploration and mining industry. He graduated with first class honours from the University of Sydney in 1993 and since has gained extensive geological experience in the mining industry, working for WMC Ltd, LionOre Mining Ltd and Newcrest Mining Ltd (Newcrest). For the majority of his career he has had a broad exposure working throughout the Lachlan Fold Belt in NSW.

With Newcrest, a major gold-copper mining company, Tully gained extensive knowledge in a wide range of porphyry mineralisation styles. Tully worked extensively as a geologist at Newcrest's Cadia operations and in addition was responsible for the development of the geological model underpinning the Ridgeway resource. Tully has also worked as a consulting geologist specialising in a broad range of minerals throughout the Lachlan Fold Belt. He is currently the managing director of Lucknow Gold Ltd. As an executive director of Augur, Tully will assist in the management and development of the Company's strategies regarding Yeoval.

Tully is a Member of the Australasian Institute of Mining and Metallurgy.



**Roger Alan Jackson**  
**Non-executive Director, age 41**  
**BSc (Geol) Dip Ed., Grad Dip., Fin Man -**  
**MAusIMM, AHIA, ADIA**

Roger completed a science degree majoring in geology and geophysics and also holds a Graduate Diploma in Financial Management from the University of New England. Prior to 1995 he held a variety of roles in construction and teaching, including the creation of a School Board endorsed High School Certificate in Mining. Roger founded Geological Ore Search (GOS) in 1995 as a geological services and drill contracting company and also Every Day Mine Services (EDMS), specialising in shotcrete production and delivery, underground drilling and construction, pump services and other mine services. Roger is currently the managing director of Every Day Mine Services Ltd, Cobar's and one of NSW's leading suppliers of mine and drilling services and a director of Ark Mines Ltd.

Roger is a long-standing Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australasian Drilling Institute.



**Kimikazu Yoshioka**  
**Executive Director, age 48**

Kimikazu has worked for Ichiya Co. Ltd since 1985, starting in the company's retail division. He became responsible for the retail operations of the company across its most significant district before transferring to launch the general affairs department in 1990. In addition he was involved in the company's initial public offering in Japan. Kimikazu was appointed as managing director – general affairs department in June 2001 and then was appointed as the company's president and is currently a representative director. Ichiya Co. Ltd is a publicly listed company in Japan with a portfolio of business interests and investments including Augur Resources Ltd.

## 9.2 MANAGEMENT

### **Jacob Rebek**

#### **Chief Geological Consultant**

Jacob worked for Conzinc Riotinto Australia Exploration and Rio Tinto from 1970 until 2003 in a wide range of exploration roles. These included responsibility for directing the company's exploration in Papua New Guinea from 1972 - 1980, in southeast Australia from 1976 - 1980 and in South Australia and the Northern Territory from 1981 - 1985. From 1986 until 1993 he was managing director for exploration for eastern Australia and from 1997 to 2000 he held the role of managing director for exploration for South America. He participated in and managed exploration teams which have made gold, copper and zinc discoveries which are now significant producers.

### **Max Rangott**

#### **(Rangott Mineral Exploration) (RME)**

#### **Geological Consultant**

Max has 39 years experience as an exploration geologist, project generator and open-cut mine manager for a number of Australian and multinational companies, and twenty years where he has provided independent geological consulting services involving regular direct field involvement.

### **John Shelley (Collerina Project) (RME)**

#### **Geological Consultant**

John has worked for 36 years as a company exploration and mining geologist and independent contractor on projects throughout Australia and Papua New Guinea. This has included involvement in drill-outs of the Cadia Hill, Ridgeway and Cadia East deposits, and carrying out exploration programs around the Cadia district, for Newcrest Mining Ltd.

### **Sue Border**

#### **(Geos Mining and Minerals Consultants) (Geos)**

#### **Geological Consultant**

Sue is a geologist with over 30 years experience in the minerals industry. Sue is a specialist in project management and reserve estimation and her broad experience includes periods as a mine geologist, consultant, academic and exploration manager.

### **Greg Curnow (Tullamore Project) (Geos)**

#### **Geological Consultant**

Greg has more than 20 years experience as a geologist specialising in gold exploration. He has worked for a diverse range of publicly listed gold exploration companies in a wide variety of countries and currently provides geological consulting services to companies in Australia.

### **Greg McRae (Weelah Project) (Geos)**

#### **Geological Consultant**

Greg worked for the NSW Department of Primary Industries in the Geological Survey Department for 26 years. He held a wide variety of senior geological

roles and his career has resulted in Greg becoming a recognised specialist on NSW geology. He is now a geological consultant providing services to exploration and mining companies focused in NSW.

### **Nick Marshall (Wallaby Rocks Project)**

#### **Geological Consultant**

Nick has more than 40 years experience operating as an exploration geologist and geochemist and has been responsible for the discovery of gold deposits in NSW, China and Fiji. He was also responsible for developing magnetic lag and stream magnetic concentrate geochemical sampling. His techniques are now used widely by a number of exploration and mining companies, including WMC.

### **John Slade**

#### **Geophysical Services**

John has more than 40 years experience in geophysics across 18 countries. From 1990 to 1996 he worked for BHP in a variety of senior geophysicist roles before becoming director of World Geoscience Corporation which eventually became Fugro Airborne Surveys. Since 2000 John has acted as a consultant to several exploration companies providing geophysical data services.

### **Encom Technology**

#### **Geophysical Services**

Encom is a leading innovator and major supplier of specialist software and data interpretation services to the petroleum and mineral exploration industries in Australia other parts of the world. Encom employs more than 40 people in offices in Sydney, Gosford, Melbourne, Perth and London.

### **Nicholas Geddes**

#### **Company Secretary**

Nick is the founder and has been a director of Australian Company Secretaries (ACS) for the last 14 years. In his role with ACS, Nick provides professional company secretarial services to a range of publicly-listed companies. Assignments have included acting as a company secretary during public float processes, arranging reductions of capital, assisting in the takeover defence of a publicly-listed company, managing option exercise processes and dividend payments for publicly-listed companies and acting as group treasurer for a significant listed hotel and entertainment group.

Nick is the vice president and national councillor and former chairman of Chartered Secretaries Australia's NSW Branch Council and a member of the Institute's Corporate and Legal Issues Committee.

[Section 10]

# Independent Geologist's Report

## **MINNELEX PTY. LTD.**

GEOLOGICAL CONSULTING SERVICES & VALUATIONS  
ABN 99 096 513 276

283 Huntingdale St.  
Pullenvale Qld 4069  
r\_pyperxesat.net.au.  
Ph/Fax 07-33742443  
10 April 2007

The Directors  
Augur Resources Ltd  
Level 45  
2 Park Street  
Sydney NSW 2000

Dear Sirs

### **INDEPENDENT GEOLOGICAL REPORT ON THE EXPLORATION TENEMENTS OF AUGUR RESOURCES LTD**

Minnelex Pty Ltd (Minnelex), was engaged by Augur Resources Ltd (Augur) to prepare an Independent Geological Report relating to the mineral exploration interests of Augur for inclusion in a Prospectus prepared by Augur relating to the issue of up to 25 million shares at 20 cents per share to raise \$5 million. This report provides an independent geological appraisal and review of the exploration properties.

#### **Tenement Summary**

The exploration interests described in this report are as listed below. The tenements are held 100% by Augur.

#### **Augur Tenements**

Tenement No.	Tenement Name	Area sq km	Minerals
EL 6311	Yeoval	147	Au, base metals
EL 6336	Collerina	300	Pt, Au, Cu, Ni, Co
EL 6312	Tullamore	138	Au, base metals
EL 6309	Weelah	150	Au, base metals
EL 6310	Wallaby Rocks	102	Au, base metals

The status and tenure of the tenements have been independently reviewed and reported on in the Independent Legal Report prepared by Exploration and Mining Title Services Pty Ltd, whose report is included in the Prospectus. The locations of the tenement boundaries as defined are shown in the project maps accompanying this report.

The report has been prepared by R C Pyper, BSc. FAusIMM, GAICD. Consultant Geologist.

The information used to prepare the report is drawn from open file reports and Summary Reports prepared by Augur's consultants. We do not doubt the authenticity or substance of

1236732/v2

investigative reports and we have not carried out a total audit of the available information. Three days were spent in the project areas to review the geology and mineralisation.

This report is prepared in accordance with the relevant requirements and listing rules of the Australian Stock Exchange Limited, the VALMIN Code of the Australasian Institute of Mining & Metallurgy and the Australian Securities Investment Commission [ASIC] Practice Note 42. The VALMIN Code sets out the principles and matters, which should be taken into account in preparation of an expert report concerned with mining assets. Practice Note 42 provides guidance to ensure that the expert report is independent of the commissioning party and that the assessments contained within the report is in accordance with professional standards.

## **Introduction**

Augur holds five Exploration Licence areas (EL) in New South Wales (NSW), all of which are within the Lachlan Fold Belt, the primary focus for most mineral exploration in the State. The porphyry and related copper-gold potential of the Lachlan Fold Belt is highlighted by such mines as Northparkes, Cadia, Cowal, Wyoming, Gooleys North and Newcrest's new porphyry system at Buryon, northwest of Bathurst (196 metres x 0.26% copper and 1.6 grams/tonne gold). In the western area of the Fold Belt the major Cobar mineralised region has likewise produced some major exploration success from both near-mine and greenfields exploration such as at Hera and Wonawinta of Triako Resources Ltd, CBH Resources Limited and Mt Boppy of Golden Cross Limited.

These new world-class gold and basemetal discoveries and extensions to current mining operations are due largely to the improvement in geophysical and geochemical techniques, the steadily improving understanding of the geology and the government initiative in producing ever more sophisticated geological, geochemical and geophysical database. Many of these are the result of further investigations of previously explored areas to test extensions of known mineralisation. Examples of this brownfields exploration include the East Cadia and Ridgeway deposits that produced 680,000 ounces (oz) of gold and 85,000 tonnes (t) copper in 2003-2004. Cadia is now ranked amongst the top ten porphyry and epithermal copper-gold systems in the world. There were also many smaller deposits that seem likely to amply reward shareholders for the exploration risk of going over ground already well explored in the past.

All the tenements held by Augur are close to or on the same or similar structures as the larger known gold and/or basemetal projects and they contain rocks of same age and type. The ELs range from between 102 and 300 square kilometres (sq km) in area and incorporate known mineralised zones and anomalies and some delineated targets. Some have a strong history of early mining that attests to the general elevated level of mineralisation in the area. This is particularly the case with the Yeoval and Wallaby Rocks tenements that are located over the same structure and are within cover rocks of the same age and type as Cadia.

Exploration over covered areas, which includes a significant portion of the Augur ground, has not generated as much exploration interest, yet the underlying geology may be as prospective as ground elsewhere. For example the recently discovered Hera deposit south of Nymagee lies on a colluvial slope under 1 m of soil cover 250m west of a siliceous hill with an old prospecting shaft known as the Peak. High grade mineralization at Hera was only encountered at depths of 250m below surface, although a surface soil lead anomaly was present. None of the sparse percussion or diamond drilling carried out by pre 1990 explorers in this area approached this depth.

This position is now changing with the State's multi-million dollar initiative to upgrade and improve access to the geological and geophysical database, which now provides technological advances that were formerly beyond the means of many explorers. Interpretation of this data redefines structural and geophysical targets in prospective units and allows explorers to go over old ground and covered areas with new insights on targets. This, in combination with several major discoveries and the bullish outlook for gold, has culminated in a ground acquisition rush. With five well located EL's, Augur is well positioned to locate a significant new metal deposit.

Augur's granted tenements fall into several mineral styles:

1. Porphyry copper/gold (Cu/Au) deposits, similar to Northparkes and Cadia-Ridgeway, Lake Cowal, Peak Hill and Marsden. These are covered by:  
Yeoval copper/gold  
Wallaby Rocks Au, silver (Ag)  
Weelah Au.
2. Gold and copper deposits associated with the mineralised Gilmore Suture, a major structural feature which dissects rocks of the Lachlan Fold Belt and along which are located some major gold deposits. Also Cobar zinc (Zn)-lead (Pb)-Ag/Au/Cu type deposits associated with acid volcanic centres/stratabound sulphides. These mineralised styles are covered by the Weelah EL.
3. Lateritic nickel/cobalt (Ni/Co) and placer and hard rock platinum group metals and Au, such as is found in the Fifield Platinum Province, eg the Syerston deposit. These mineralised styles are covered by:  
Collerina Ni/Co/Au  
Tullamore Platinum (Pt)/Au/basemetals
4. The Collerina EL also contains potential for Gilmore Suture/Cobar style shear hosted mineralisation. Tullamore is also prospective for porphyry copper-gold type mineralisation.

## **PROJECTS**

### **Yeoval EL6311**

#### **Introduction**

The Yeoval tenement of 49 units, 147 sq km is located on the historic Orange and Dubbo road in the central part of the Lachlan Fold Belt. The Yeoval District, with about 60 known copper-gold mineral occurrences (old mines) is well known as a porphyry type area. Ten targets have been identified by Augur for drill testing, including the Yeoval deposit (where a pre-JORC resource has already been defined) and Goodrich mine. Copper sulphide mineralisation (with gold contained in copper sulphides) is associated with magnetite therefore many of the targets have been defined by magnetics. Augur's objective is medium-high grade copper-gold for selective open pit and underground mining.

#### **Previous Work**

Some sixty workings are known in the district, and a number of these occur within the tenement, including the relatively large Goodrich and Cyclops mines. At least 18 companies as well as a number of individuals have explored in the general area, looking either for extensions to the known workings or more regionally for porphyry copper/gold. Tin, tungsten, molybdenum and to a limited extent, diamonds, have also been targets.

Some 38 prospects on the EL have been drill tested by companies that have included Glendale Exploration NL, Marathon Petroleum Australia Ltd, Noranda, Hastings Exploration/Geopeko, Glendale, Lynch Mining, BHP, Newcrest, CRAE, Malachite Resources NL (Malachite), Austminex NL (Austminex) and Kevin Barker with Mining Lease (ML)811. Much of the work concentrated on the Yeoval and Goodrich mine areas and most was carried out prior to the release of Discovery 2000 airborne magnetics and radiometrics

Prospective areas have been covered by geophysical surveys, including self potential (SP), Input EM, Pulse EM, IP/resistivity and ground magnetics and most recently a SAM survey. Anomalies vary from being narrow and apparently structurally controlled to larger less obvious regional features within the Yeoval Intrusive Complex.

The most common type of known mineralisation is copper sulphide (chalcopyrite, bornite) associated with magnetite; gold is commonly reported with copper (in most cases gold is contained in copper sulphide which means that low cost gold extraction method such as used at Cadia-Ridgeway and Northparkes is likely to be effective).

The magnetic signature of the Yeoval District appears to be similar to that of other porphyry copper-gold districts) where mineralisation is associated with circular intrusions. There are a number of smaller but stronger circular magnetic anomalies which warrant drill testing to intersect the likely best development of mineralisation which should be characterised by a copper sulphide – magnetite association.

Study of Digital Terrain Data leads to the conclusion that there are positive and negative circular features with diameters of 0.5 – 15 km which further confirm that Yeoval District is similar to other porphyry copper-gold districts in NSW like Northparkes and Cadia-Ridgeway, as well as porphyry copper-gold districts in Papua New Guinea, SW USA and Chile.

### **Geology and Mineralisation**

The tenement straddles the Forbes Anticlinorial Zone and the Cowra-Yass Synclinorial Zone of the Lachlan Fold Belt. Devonian granite and granodiorites of the Yeoval Batholith Complex are present. East and north of the intrusive complex are Silurian and Devonian sedimentary and volcanic rocks. Mineralisation appears to be localised within the Yeoval Complex.

The area is prospective regionally as indicated by the number of historical workings and anomalies generated during previous exploration. The bulk of prospects are within a northeast trending, highly magnetic dioritic phase of the Yeoval Complex (copper and gold) and the intrusive may be the wall rock to mineralising fluids, suggesting the presence of a deeper source, or that the Complex is the early crystallized cap of the mineralising intrusive. Mineralisation is also found in overlying sedimentary and volcanic rocks.

Prospects within the Yeoval Complex include Vaughans Ridge (Cu, Au), Martins Reef (Mo), Hill Shaft, Mt Rose (Cu, Au, Ag), Jakes Prospect (Cu), Bringalong (Cu, Au), Bellmain, Goodrich mine (Cu, Au, Ag), West Timbie (Cu, Au, Ag), North Buckinbah (Au, Cu, Ag), Yeoval (Cu, Au, Ag), Cyclops (Cu, Au, Ag), Centennial and Timby Hill (Au).

Cupolas, peripheral to the main intrusive body, may intrude the surrounding sediments and volcanics at depth and provide Ridgeway style ground preparation and mineralisation. Many of the surrounding units would be good hosts. Areas such as Higgins and Gunners Dam are prospective for such intrusives, while the Canowindra Volcanics, Cuga Burga Volcanics and the Hanover Formation appear to be suitable peripheral hosts. Diorite and granite intrude rhyolites and andesites at Miskells Prospect, where samples of dump material assayed up to 17.3 g/t Au and 2.3% Cu indicating the mining of high-grade vein material. Diorite at Smalls contained up to 6.2 g/t Au, 1.6% Cu in rock sampling, warranting further exploration..

A dioritic phase of the Early Devonian Yeoval Batholith occupies the western half of the EL and numerous early workings attest to its strong association with copper, gold and silver.

Scattered copper-gold prospects also occur within the Silurian and Devonian sequences east of the Yeoval Complex. Mineralisation ranges from disseminated chalcopyrite-gold within altered

granodiorite (Yeoval, Yeoval South) to quartz/magnetite/chalcopyrite veining at the Goodrich Mine. Minor molybdenum is reported at the Martins Reef prospect in the south-west of the licence area. The main mineralisation styles include:

- Porphyry related copper-gold mineralisation associated with Devonian calc-alkaline intrusives e.g. Yeoval, Cyclops and Goodrich prospects;
- Low sulphidation epithermals;
- Structurally controlled quartz-copper □gold vein mineralisation in Ordovician to Devonian sedimentary rocks and volcanics.

The tectonic and lithological setting is regarded as being very similar to that of the Cadia-Ridgeway region. The target style applicable to the area is the porphyry related mineralisation of the Goodrich Mine, which is hosted by "granodiorite" that has undergone metamorphism and alteration. The lode is a cone-shaped copper and gold bearing quartz-magnetite-chalcopyrite structure with the greatest thicknesses towards the top with thinning downwards. Other nearby structures host similar mineralisation. Gold has undergone enrichment in the upper portions of the lode during weathering which accounts for the high grade gold content (1-2 oz) reported in the quartz veins. The disseminated mineralisation is thought more likely to occur closer to source intrusions and provides encouragement that the system is well mineralised.

Other nearby structures host similar mineralisation and warrant investigation, such as the Balmain Prospect where a prominent structure transects the magnetic and more dioritic intrusions on the southeast side of the Yeoval Igneous Complex.

The Goodrich Mine was in production at various times from 1868. In 1958, the sulphide ore was reported to grade 5.2% Cu and 19 g/t Au. Its recorded production is 300t Cu, 5000 oz Au and minor silver. It was drill tested by Malachite, who also tested the Cyclops Mine. They obtained a drill intersection of 50m at 0.4% Cu, 0.28g/t Au from 153m, in altered porphyry.

Exploration around the Cyclops Mine (Cu, Au, Ag) by CRAE gave a drill intersection of 15m at 1.01% Cu from 45m during their search for porphyry mineralisation. The diamond drill hole at Cyclops intersected shear zones within granite and diorite returning 4.3m x 0.57% Cu, 45.8 ppm Mo, 0.31% Zn.

The Yeoval Mine, in the Goodrich Mine area, is regarded as a typical porphyry copper system. A 1974 report based on drill results by Hastings and North Broken Hill estimated that about 20 Mt grading approximately 0.2% Cu may be present to a depth of 700m in two separate porphyry bodies; later work suggested that 37 Mt of low grade mineralisation may be present grading around 0.27% Cu.

- The best continuous copper interval was intersected in hole Y17 with 43m x 0.93% Cu;
- High grade intersections were noted such as 1.5m x 2.65% Cu;
- and 3.8m x 2.2% Cu.

Drill holes completed to date were at wide spacings; further drilling will use closely spaced drill holes to define zones with higher grades.

In the early 1970s, when drilling at Yeoval was undertaken, the gold price was very low, gold assaying services were difficult to obtain and assaying for gold was mostly done on composites of drill core samples and was thus incomplete, giving only a rough indication of gold content. The best gold drill intersections at Yeoval were reported as follows:

Independent Augur Geology Report by  
Minnelex Pty Ltd

- Hole Y3 with 18.3m @ 0.77g/t Au;
- Hole Y11 with 30.5m @ 0.46g/t Au; and
- 7.3m @0.46g/t Au

Historic records are incomplete so that copper content of these intersections is not known, but gold is mainly contained in copper sulphides so that there is positive correlation between copper and gold assays. Gold is likely to be recovered in copper sulphide concentrate so it should be a significant by-product of copper mining.

Recent exploration has been carried out by Austminex in 2001 and Malachite from 1999 to 2002. Both companies explored for structurally controlled epithermal gold and porphyry copper/gold related to the Yeoval Batholith. Austminex delineated a number of low order geochemical anomalies, none of which were drill tested. Malachite carried out detailed work on 17 prospects including RC drilling.

Drilling to date tested the potential for lateral extensions, however, based on comparison with Northparkes and Ridgeway deposits, the main potential is for extensions at depth, ie for vertical pipe-like mineralised bodies.

A vertical pipe like body with diameter of 75m, extending to a depth of 500m would amount to 6.2 Mt of mineralization – a significant size for a copper-gold resource with high copper and gold grades in a very favourable location near existing infrastructure and services.

At current prevailing metal prices mineralization with 1.0% Cu and 1g/t Au is equivalent to mineralization with 5g/t Au and the cost of copper and gold recovery by flotation (the method used at Northparkes and Cadia – Ridgeway) is lower than by cyanide leaching. By gold mining industry standards, a 6 Mt x 5g/t Au equivalent resource would be a major success. The methodology developed by gold mining industry today involves:

- close spacing between drill holes
- selective mining

and is especially applicable to testing the Yeoval deposit, the Goodrich mine target and eight other similar targets defined by Augur.

### **Geophysics**

A magnetic interpretation was carried out by Encom In July, 2006, derived from the 200m line spaced open file airborne magnetic data flown by AGSO in 1991 and by Geotrex in 1987 for BHP Minerals

A number of key features were highlighted. These include:

1. A series of significant thrust faults and folded sedimentary sequences.
2. Dominant magnetic expression of the Naringla Granodiorite, part of the Yeoval Batholith in the western half of the tenement.
3. Dominant northwest-oriented crosscutting structures that displace parts of the Yeoval Batholith and extend into adjacent sediments.

4. Subtle magnetic lineaments within the Yeoval Batholith that appear to show some spatial correlation with known mineral occurrences.
5. A good coincidence of discrete magnetic highs with small round hills in the case of: Hastings Yeoval prospect, the Cyclops prospect and the hill southwest of Jake's prospect. Other similar targets warrant field checking.

A Sub-Audio-Magnetics (SAM) survey was carried out, following the above Encom review. Good quality data was obtained from the high-resolution ground magnetic and conductivity components of the survey with analysis of the IP component still being completed. A number of key features, previously not identified, were highlighted. These include:

- A subtle north-northeast striking feature observed at Goodrich. (Goodrich was believed to be well understood due to the amount of data previously collected).
- An annular shaped anomaly within the conductivity data may represent a primary intrusive feature.

#### **Recent Field Work by Augur**

In addition to the Encom work and the SAM geophysical program, Stream based regional sampling, supplemented by rock outcrop and float sampling of any mineralized or altered rock was carried out. Sample types included rock outcrop, float, stream magnetic concentrate and Bleg samples, for bulk leach extractable gold.

A review of previous mineral exploration and a compilation of exploration data was carried out by consultant J Rebek. His work noted the well-known relationship between concentrations of magnetite and economic minerals such that discrete magnetic highs represent targets for exploration. Within the EL there is a correlation between circular topography and circular magnetic highs as at the Hastings prospect, the Cyclops prospect and also at a hill southwest of Jake's prospect. From this observation, Rebek selected a number of targets for further exploration. A reconnaissance field trip looked at a number of target areas including a dump around an old gold mine (Kevin Barker's property) which showed that a high-grade reef was mined. Four mineralised samples from here averaged 18.9 g/t Au, 100 g/t Ag and 11.5% Cu.

#### **Prospectivity of EL**

- Yeoval is a porphyry copper-gold district as demonstrated by the Goodrich and Yeoval Mines, mineralisation is similar to the Northparkes and Cadia-Ridgeway Mineralised Districts.
- The prospectivity of the area is shown by the number of historical prospects and anomalies generated during exploration. The bulk of prospects are within a northeast trending, highly magnetic dioritic phase of the Yeoval Complex.
- At the Yeoval Mine, a previous estimate of the mineralisation present is 37 Mt x 0.27% Cu based on widely spaced drillholes however drill intercepts such as 4.3m x 3% Cu have not been followed up by closely spaced drilling so that smaller tonnages of mineralisation with copper grades of around 1% remain untested.
- Limited assaying for gold at Yeoval returned drillhole intercepts of 18m x 0.78 g/t Au and 30m x 0.47 g/t Au. In the 1970s, due to the high cost of gold assaying and the low price of gold, the common practise was to submit composite samples representing large intervals; a more accurate gold content can only be determined by new drill holes and assaying and may result in significantly higher values.

- Known mineral occurrences within the Yeoval Batholith show a possible spatial association with subtle northeast oriented magnetic lineations. The intersection of other structures along these northeast oriented lineaments may provide a focus for mineralisation, as has probably occurred at the Goodrich prospect where the intersection of structures may control the plunge of mineralisation.
- Other nearby structures host similar mineralisation and warrant investigation, such as the Balmain Prospect where a prominent structure transects the magnetic and more dioritic intrusions on the southeast side of the Yeoval Complex.
- Cupolas, peripheral to the main intrusive body, may intrude the surrounding sediments and volcanics at depth and provide Ridgeway style ground preparation and mineralisation. Many of the surrounding units would be suitable hosts. Areas such as Higgins and Gunners Dam are prospective for such intrusives, while the Canowindra Volcanics, Cuga Burga Volcanics and Hanover Formation appear to be suitable peripheral hosts.
- Porphyry style copper-gold mineralisation is also associated with Devonian calc-alkaline intrusives e.g. Yeoval, Cyclops and Goodrich prospects.
- Low sulphidation epithermal gold mineralisation is prospective in the Middle Devonian volcanics e.g. the Mt. Aubrey gold deposit.
- A number of untested targets are present, particularly for intrusive related gold mineralisation. Potential for “blind” Cadia-Ridgeway sized deposits at depth is also valid, especially within the several complex magnetic anomalies existing within the EL.
- Unlike the structurally controlled mineralisation at Cyclops and Goodrich, the mineralisation at the Yeoval porphyry copper prospect is disseminated and within altered Yeoval Granodiorite, thus a source intrusive may lie at depth.
- Previous exploration was too wide spaced to test the potential for vertical pipe-like mineralised bodies with relatively modest diameter. A vertical pipe like body with diameter of 75m, extending to a depth of 500m would amount to 6.2 Mt of mineralisation – a significant size for a high grade copper-gold resource in a very favourable location near existing infrastructure and services.

### **Proposed Exploration**

As in the case of Northparkes and Cadia-Ridgeway mineralised districts, the main objective of future testing will be vertical pipe-like mineralised bodies with relatively sharp contacts between ore with relatively high copper-gold content and surrounding rock with very low copper-gold content. To define the pipe-like target for drilling, soil sampling will be done on lines radiating from the old diggings in the centre of the mineralised area toward periphery. As the copper mineralisation is associated with magnetite, detailed ground magnetics will complement soil sampling.

The proposed exploration programme will involve:

- Soil sampling across the greater Cyclops, Yeoval and Goodrich prospects.
- Deep drilling of mineralised zones within the Yeoval Complex to determine proximity to a mineralising source intrusive, identified by alteration.

- The drilling of a fence of 300m holes straddling the granodiorite-sediment boundary on a section striking northwest from the vicinity of the Smalls and Freehold Prospects.
- Follow up geophysics, including SAM (subject to its demonstrated suitability to the area) and airborne electromagnetic surveying.
- Checking discrete magnetic highs associated with topographic highs

An amount of \$1,180,000 has been budgeted for this work.

## **Collerina EL6336**

### **Introduction**

The Collerina tenement of 100 units, 300 sq km is reached from Sydney via the Mitchell Highway and is about 40 km south of Nyngan. The tenement is located within the Fifield Platinum Province, northwest of the lateritic nickel-cobalt-platinum deposit at Syerston which contains a reserve of 80 Mt at 0.73% Ni and 0.13% Co with high platinum credits. Two zones of ultramafics are present with potential for nickel deposits and intersections of up to 8m @ 2.0% Ni have been made in scout drill holes. Systematic drilling of entire 20 km strike extent of ultramafics is planned to test for Lateritic nickel and to check for sulphide nickel potential at depth. In the tenement there are also three old copper mines with potential for high grade lode copper deposits similar to those at Tritton and Girilambone 80 km to northwest.

### **Previous Work**

Previous work has been concentrated on the Avenmore, Collerina and Gwinear mines and the Honeybugle Complex and is discussed alongside the relevant mines and prospects

### **Geology and Mineralisation**

The EL is located within the Fifield Platinum Province where Ordovician Girilambone sediments and volcanics comprise the main geological unit, much of which is under cover. The Fifield Province stretches in a northerly direction for some 180 km. In the northeast corner of the EL, Alaskan type intrusive ultrabasic rocks of the Ordovician Honeybugle Complex are present, which are part of this Fifield Platinum Province. Within these rocks a number of platinum prospects have been worked in the past (all were outside the EL) and a few high grade assays have been recorded from drilling in these areas, e.g. 2m of 17.69 g/t Pt. The Honeybugle Complex is mostly undercover and is still largely untested.

To the south of the Honeybugle Complex within the EL is a narrow ultramafic belt of intrusives (probably Alpine type) trending northwest along a strong fault zone which has supported several workings for copper and hosts some lateritic nickel-cobalt and elevated platinum values. It extends over a distance of some 20 km from Gwinear and Collerina in the south via Tindalls to Widgelands in the north. Previous drilling around the south end of the line has intersected anomalous gold in spilite (0.5 g/t) and some broad diamond drill intersections of copper up to 48m at 0.56% from 30m (CRA 1966) including 4.6m x 1.1% Cu from 65m and 1m x 3.4% Cu from 67m in a malachite bearing fault breccia within ultrabasic. Lag sampling here returned up to 0.11 g/t Au. Near the Collerina mine anomalous platinum has been found in pyroxenite.

Two major shear zones are present, similar to other shear zones in the Western Lachlan Belt which host high grade lode deposits. In the main shear zone, there are 3 known copper occurrences / historic lode mines (from south southeast to north northwest over a strike extent of 20 km):

- Collerina
- Tindalls
- Wigelands

Girilambone and Tritton copper mines are located in the same shear zone system about 80 km to northwest, also hosted in Girilambone Group sediments.

Both shear zones contain elongated ultramafic bodies with nickel potential. Previous drilling at Yathella, within the Company's Collerina tenement, has outlined a small (pre JORC) probable reserve of 440,000t at 0.7% Ni and mineralisation with lower contents in surroundings. At Gwinnear prospect previous exploration gave a drill intersection of 12.8m @ 1.06% Ni, 0.05% Co. Drilling by Augur gave the following intersections:

- Hole no. 5: 8-36m: 1.05% Ni, 0.07% Co, 33% Fe
- Hole no. 7: 24-32m: 2.00% Ni, 0.20% Co, 25% Fe
- Hole no. 8: 28-36m: 0.84% Ni, 0.02% Co, 13% Fe

Drilling to date was focussed on lateritic nickel potential in weathered zone but potential for sulphide nickel at depth also warrants drill testing.

The Avesbury nickel sulphide discovery and mine development by Allegiance in Tasmania demonstrates nickel sulphide potential in Palaeozoic ultramafics in eastern Australia. Therefore drill testing of unweathered ultramafics at depth is warranted. By analogy with nickel sulphide exploration in West Australia, strong elongated magnetic anomalies associated with ultramafics warrant drill testing.

Principal workings in the area are:

**Swanson's Trouble** or the Avenmore mine (Au) where 40m deep workings have accessed epigenetic gold and basemetal mineralisation in acid volcanics. Stratiform iron rich quartz veining in a ferruginous zone extends for 375m in Girilambone Group schists and acid volcanics. The gold zone, restricted to upper part of the volcanics, consists of epigenetic multiple quartz veining and silicification with associated copper, lead and arsenic. Old sampling records show grades that ranged to a maximum of 19.8 g/t Au.

There were a number of principal explorers in the general area of the mine:

Alkane Exploration reviewed the gold resource which they considered had the potential for opencut mineralisation. In 1985 the Geology Survey, NSW took eight underground samples (0.28-12.0 g/t Au, average 3.61 g/t) and seven surface samples (0.01-1.45 g/t Au, average 0.47 g/t) and Alkane Exploration took four underground samples which ranged from 0.35-1.21 g/t Au.

From 1986-1988 Central West Gold looked for extensions to gold mineralisation within acid volcanics. They carried out RC drilling (7 holes for 371m) and took bulk samples from six costeans. Their work defined a small body of mineralisation (78,000t x 4.3g/t Au). Costean sampling and drilling adjacent to the old workings located a further 41400t x 3g/t Au. They recommended drilling of volcanics to try to identify other areas of quartz/Au veining.

**Collerina** mine (Cu) (worked 1914-1921). The mine reached a depth of 30m in ultramafics. CRA carried out soil sampling, bedrock geochemical sampling, ground magnetics and two percussion holes (150m and 78m). The best results were PD1, 4m x 2.36% Cu from 54-58m; PD2, 12m x

0.26% Cu from 6-18m and 34m x 0.52% Cu from 32-66m; the host was a graphitic quartz-chlorite- muscovite schist. These intersections represent mineralisation in a north-west trending shear zone which is favourable for mineralization and may be one of the many “splays of Gilmour Suture” and similar to shear zones hosting ore bodies in Cobar mining field or Mt. Boppy mining field. The copper mineralisation in the old Collierina mine may not be related to the ultrabasic although both may have used the same structure.

**Gwinear** Prospect (Ni-Co). In 1981, North Broken Hill Ltd (NBH) located a small mafic outcrop with 1.3% Ni, 0.7% Co and minor copper over a 30m strike and defined several anomalous areas, only two of which were drill tested. Other samples of a manganiferous silcrete assayed 0.18% Cu, 0.89% Ni, 1.15% Co. drilling produced a best result of 12.8m x 1.06% Ni, 0.05% Co. A sample from a small pit in malachite veined glassy spilite located in the southeast part of the Gwinear grid contained 0.94% Pb, 0.13% Ni, 0.03% Cu, 0.5 g/t Au showing possible similarities with Collierina Mine.

Skidders or the Lubra Mine (Au) was worked in about 1933 and reached a depth of 20m. Multiple quartz/pyrite (limonite)/gold veins occur in schists of the Girilambone Group. Workings follow a line of quartz veins which, in the southern shaft, are up to 1.5m wide.

Other workings include the Prospect mine (Au, Cu, Pb, Cr). Tindalls mine (Cu). Widgelands mine (Cu) and the Yathella Prospect. (Ni)

Regional exploration in the district has shown that prospective platinum group metals generally occur as small discrete bodies with high magnetic intensities which have been intruded into tightly folded Girilambone Group sediments. At the **Honeybugle Complex**. Platinum group metals occur in fine-grained phases of hornblende pyroxenite that intrudes Girilambone group metasediments. It has potential for Ni, Pt and Cr deposits. NBH (1979-1983) carried out an airborne magnetic and a radiometric survey over part of the EL followed by drilling, ground magnetics, gravity traverses and 5 diamond drill holes on magnetic anomalies. No sulphide or laterite zones were identified.

1986-1991 Helix looked for platinum Group Metals and laterite Ni in the Complex. They carried out airborne magnetic and radiometric survey, ground magnetics, costeaning, RAB drilling and RC drilling.

#### **Yathella Laterite (Ni, Co)**

A total of 181 holes (1198m) were drilled at Yathella by Australian Hanna. Pacific Copper drilled 15 percussion holes (301m). The work located 440,000t of laterite mineralisation. Pacific Copper reviewed the data and calculated a (Pre JORC) Probable Reserve grading 0.16% Co, 0.65% Ni in the main cobalt body and further mineralisation underlying this and to the east.

#### **Geophysics**

Regional airborne magnetics clearly define the Honeybugle Complex and the northwest trending narrow belt of intrusive rocks of probable Alpine type. Most of the known old workings are associated with this narrow intrusive belt and lie clustered round the southern termination where it forks. The Collierina Mine, hosted in pyroxenite, appears to mark the southern termination of one of the arms. A second en-echelon linear high lies to the northeast but is not recognised as a pyroxenite in the regional mapping.

Encom, using 250m line spaced airborne magnetic datasets acquired by the NSW DMR between 1995 and 1999, carried out a structural interpretation that highlighted a number of linear magnetic anomalies. Key features include:

1. The Honeybugle Ultramafic Complex

2. Linear magnetic anomalies interpreted as slivers of ultramafic serpentinite entrained along significant structures.
3. Northwest oriented significant structures interpreted as thrusts faults within sediments of the magnetically quiet Girilambone Group.
4. The identification of extensive palaeo-drainage systems.

### Recent Field Work by Augur

Reconnaissance geology over some areas and was followed up with a program of shallow aircore drilling to test the geochemistry of four areas. Composite samples were collected, generally at 4m intervals.

### TT2 Serpentinite Trend

The aeromagnetic anomaly (TT2) outlined one of two belts of serpentinite intrusives within the licence area. Two traverses totalling nine holes (prefixed COAC), tested the serpentinite for the extent of lateritisation and metal enrichment. A single hole was drilled to test a strongly quartz veined, silicified outcrop located between the two traverse lines.

Drill holes 1, 2, 5, 7 and 8 intersected ultrabasic rocks as tabled below.

Hole	Depth	Co(ppm)	Cr(%)	Fe(%)	Ni(%)	Sc(ppm)	Au(ppm)	Pt(ppm)	Pd(ppm)
5	8-36	657	1.43	32.81	1.05	44	0.01	0.03	0.02
7	24-32	2000	1.32	24.7	2.00	31	Low	Low	Low
8	28-36	196	0.52	12.5	0.838	19	Low	Low	Low
1	lower order Cr and Ni values								
2	lower order Cr and Ni values								

These intersections represent mineralisation at a shallow depth in Palaeozoic rocks. Holes 3, 4, 6 and 9 drilled Girilambone Group sediments peripheral to the ultrabasics. Hole 5 targeted a zone of outcropping quartz veined, siliceous rock and intersected the siliceous rock at depth. The anomalous zone is enhanced in Fe (32.81%), Mn (0.65%) and weak arsenic (129 ppm). Deeper in the hole gold reached 0.08 g/t.

Holes 3, 4, 6 and 9 penetrated Girilambone Group sedimentary rocks but intersected no significant assays.

### TT1 and Collerina Mine Trend

The northern arm of an aeromagnetic anomaly, which bifurcates at the Yathella Laterite prospect, extends south-easterly towards the Collerina Mine area as shown in the corresponding figure. Two zones were tested; an aeromagnetic anomaly prospective for lateritised serpentinite and an area along strike to the north-west and south-east of the Collerina Mine workings. Three short traverses across each zone were drilled.

Holes 10, 13, 17, 20, 28 and 29 tested along strike from the Collerina mine. Holes 14 - 16, 20, 21, 30-32 tested for serpentinite along the TT1 aeromagnetic trend. No serpentinite was intersected despite the presence of minor scattered boulders of ultramafic pyroxenite and magnesite. Holes along strike from the Collerina Mine intersected Girilambone Group schists, often strongly quartz

veined. This northwest trending shear zone, which is favourable for copper mineralisation, is one of the splays of the Gilmore Suture and similar to shear zones hosting ore bodies in the Cobar mineralised region and the Mt. Boppy mining field; the splay hosts some very narrow bodies of serpentinite which are highly magnetic and gives rise to obvious magnetic anomalies which can be missed by drilling.

### **C1 Aeromagnetic Anomaly**

Two holes tested a pronounced aeromagnetic anomaly labelled C1 by Lachlan Resources in earlier exploration. Difficult drilling conditions prevented further drilling. In both holes, elevated values commence at approximately 44m below the surface where clays and very weathered ultrabasics were recognised.

Table of values indicative of ultrabasic:

<b>Values ppm</b>	<b>Co</b>	<b>Cr</b>	<b>Cu</b>	<b>Fe %</b>	<b>Mn</b>	<b>Ni</b>	<b>Sc</b>	<b>Zn</b>	<b>Au</b>	<b>Pt</b>	<b>Pd</b>
Hole33	383	4700	356	31	8680	238 0	232	391	0.05 9	0.14 6	0.07 9
Hole 34	1500	8610	149	37	1755 0	791 0	163	944	0.09 1	0.37 3	0.06

### **Swanson's Trouble**

Traverses of shallow holes tested along strike to the northwest and southeast of the old workings at Swanson's Trouble. The holes were designed to provide geochemical coverage well outside previously sampled areas. In addition, a short traverse of holes was drilled across a northerly trending aeromagnetic linear as shown in the corresponding figure.

All holes drilled Girilambone Group sediments. Gold assays were low, the maximum being 0.012 g/t Au over 2m in hole 119 and 0.024 g/t Au over 2m in hole 120. These holes were drilled within 200m of the old workings at Swanson's Trouble. Results were generally below or just above the level of detection in all other holes drilled.

The northern extension of westward dipping mineralisation in the old workings was probably tested in hole 119 between 16-64m. Moderate copper (max. 652 ppm) and zinc (max. 463 ppm) values were located. The aircore rig was incapable of drilling deeper holes within the main zone of old workings because of hard siliceous rock.

Encouragingly, elevated copper values extend along strike to at least 600m northeast of the old workings (maximum value 282 ppm) and in patches to 700m south-east of the old workings (maximum value 833 ppm). Drill hole spacing was such that a continuous interval across anomalous areas was not sampled.

### **Prospectivity of EL**

- The tenement contains a number of interesting old workings associated with copper, gold, platinum and nickel mineralisation.

In the vicinity of the Collerina copper mine, which is on outcropping ultrabasic that extends under colluvium, anomalous platinum has been located in pyroxenite. The potential for deposits of types associated with ultrabasic rocks such as Ni, Pt and Cr is unassessed as modern exploration techniques have not been used here.

- The Honeybugle Complex, a large northwest trending elongate ultrabasic, is partly situated under cover of sediments on the northeast sector of the EL. This sector is prospective for platinum and nickel and appears to have been subjected to minimal exploration.
- The Yathella nickel-cobalt serpentinite body, with a resource potential of around 1 Mt has nickel and cobalt grades that might be profitable for heap leaching if further tonnages were located.

### **Proposed Exploration**

The two-year budget for Augur will include:

- Aircore drilling over the TT1 and TT2 aeromagnetic trends, the Collerina Mine trend, the C1 aeromagnetic anomaly and the Swanson's Trouble prospect.
- An examination of the data on the mineralised zones of laterite to determine potential for expanding the Yathella Co/Ni/Cr resource, and will include selective sampling for scandium. North Broken Hill's work to the south of Yathella there are indications of a continuation of lateritisation on the southwestern leg of serpentinite.
- Allowance for IP surveying of the areas outlined above.
- Examination of the Skinners Prospect workings with a view to follow up IP surveying and drilling.

An amount of \$440,000 has been budgeted for this work

### **Tullamore EL 6312**

#### **Introduction**

The TULLAMORE EL of 138 sq.km is centered on the small township of Tullamore and can be reached from Sydney via the Mitchell Highway to Dubbo and Parkes. Local roads and farm tracks give good access. The EL is 20 km north of the largest historical platinum producing region in Australia, at Fifield and it embraces two areas of mainly gold mineralisation within the Girilambone Group metasediments. These are the Tullamore goldfield and the Burra gold-tin-platinum field, both probably associated genetically with buried, near-surface intrusions.

#### **Previous Work**

The EL covers three mineral districts and early prospecting led to the development of a large number of small mines, principally gold but also alluvial tin and platinum. In the north is the Tullamore Gold District, of which the largest mine was the Tullamore gold mine. In the southwest is the Burra Tin-Gold District, mostly of unnamed workings that produced small amounts of gold, tin and silver with some platinum. One basemetal prospect, the Gun Club is in the east.

Minor exploration, mainly in the vicinity of the old mines has been conducted by a number of companies including Seltrust Gold Pty Ltd in the 1980s, BP Minerals Australia (BP) 1985 and Paragon Gold Pty Ltd (Paragon) in 1988. Their primary target was shallow epithermal gold associated with acid volcanics, and for skarn mineralisation associated with intrusives. Mines Exploration (1980) explored the general area for Volcanogenic Massive Sulphides.

Pacminex (1977) chose the area because of its potential for base-metals in acid volcanics (Kuroko-type deposit), such as that of the Upper Silurian to Lower Devonian Mineral Hill volcanics of the Ootha Beds. The zone of interest was a gossanous ironstone found to contain anomalous metal values, labelled the Gun Club Prospect. The ironstone, which was traced discontinuously over a strike length of 6 km, was tested with soil and rock chip geochemistry, samples at 50m intervals in areas of shallow alluvial cover, a Turam EM survey, one diamond drill hole (199 m) and 14 percussion holes (totalling 98m). No gold was detected and other metal values were low.

Within the EL the Burra alluvials were worked for tin since 1874 with one of the most active periods being 1925-1926. The Tallebung Tin Syndicate tested the field by drilling five lines of holes but withdrew due to poor results.

From 1977-1978, Pacific Copper looked for alluvial tin, centring on the old Burra mining town. And sank 31 test pits. Because of the small volume of alluvial wash present and lack of water they decided that the area had little scope for a large operation. All other mines in the area were small scale alluvial or reef workings.

### **Geology and Mineralisation**

The EL is within the Junee-Narromine Volcanic Belt, an area of generally poor exposure comprising Ordovician Girilambone Group metasediments overlain by Late Silurian to Early Devonian sediments and volcanics. South of Tullamore, along the southern boundary of the EL, Early Devonian massive dioritic to granitic intrusions outcrop, interpreted as belonging to the Looney Intrusive Complex, lying just north of the extensive Gobondery Granite, and comprising mostly diorite with some granite.

The tenement lies within the north-trending zone of the Fifield Platinum Province along which a number of Alaskan type intrusive complexes are present that are associated with platinum. One of these, the Tresylva intrusive complex is within the EL and is a possible source of the tin and platinum found in the alluvium although it has no expression on the aeromagnetics. The EL embraces two areas of mainly gold mineralisation (Tullamore and Burra), within mostly Girilambone Group metasediments, both possibly associated genetically with buried, near-surface intrusions.

Adjacent to the tenement (mostly in the south), lie the Owendale and Tout Intrusive Complexes. These Late Ordovician ultrabasic Alaskan-type intrusives are associated with platinum, which has to date only been mined from alluvium. Regional aeromagnetics show them as intense magnetic highs. The old prospects at Tullamore are poorly documented. Production from Au-bearing reefs, described as comprising multiple veins (but not stockworks), has only been small-scale. As with the Burra Group, little modern exploration has been undertaken. The main producing mine was the Tullamore with recorded production of 421 oz Au.

At the Gun Club deposit (Cu, Pb, Zn), mineralisation is associated with gossanous ironstone, traceable intermittently to the northeast for 1200m. The workings are in poorly outcropping, mainly andesitic sequences of the Ordovician age Raggatt Volcanics. Pacminex tested the line of lode by soil sampling, electrical geophysics and percussion and diamond drilling. Basemetal values were anomalous but follow-up results are recorded as disappointing.

The Burra group of deposits is not well documented but comprises a variable association of Au-Ag-Sn-Bi mineralisation in quartz veins along several northerly trending fractures within slates and phyllites. Some hard rock production is recorded, and Au-Sn-Pt has been won from adjoining alluvium. The area has similar characteristics to Fifield where the platinum/gold is found in alluvial leads associated with small workings on gold and copper with some tin and cobalt.

The alluvial tin lead at Burra is in quartz gravels of probably Tertiary age. The source of the tin has not been located though the area was mapped by the Geology Survey of NSW, and some 37

holes and 31 pits were sunk over the years to test values. It has been worked to depths of up to 6m for a distance of 1 km with mining carried out intermittently since 1874 with one of the most active periods being 1925-1926. Production was probably no more than 5t of cassiterite concentrates.

Six lines of bores were drilled by the NSW Department of Mines in 1965 on Burra and Spring Creek. Most bores only showed a trace of tin, but a small area near the old workings returned values of up to 1 lb/cubic yard in the basal 60 to 90 cm of wash. In addition, small quartz-tourmaline veins carrying cassiterite and traces of gold occur in the Ordovician schist in the vicinity.

The average thickness upstream of Burra is recorded as 60-80 cm but may be up to 6m thick. Average values are not known but are below 2.4 lb/yd<sup>3</sup> (1.4 kg/m<sup>3</sup>). Down-stream from Burra the wash is thicker. The Tallebung Tin Syndicate tested the field by drilling five lines of holes but withdrew due to poor results.

From 1977-1978, Pacific Copper sank 31 pits on lines approximately 10m apart, and with pits dug every 30m in the wash zone. The program defined a 75m wide zone averaging 1m in depth and 550m long, giving approximately 40,000 cubic metres of available wash and averaging 1.5kg/m<sup>3</sup>. Because of the small volume of alluvial wash present and lack of water it was decided that the area had little scope for a large operation. All other mines in the area were small scale alluvial or reef workings with no indication of a large producing mine.

### **Geophysics**

Airborne magnetics clearly define the Tout and Owendale intrusive complexes to the south of the tenement otherwise the magnetics are unresponsive except for the eastern section of the tenement which defines the trend of the Silurian-Devonian sediments and lavas and some possible small intrusives, extending north from the Gobondery Granite in the southeast corner.

The Encom structural interpretation was derived from the 200m spaced airborne magnetic data flown by Shell in 1981. Regional 400m spaced airborne magnetic data was also incorporated to provide greater coverage. The work highlighted a dominant structural corridor (Tullamore Suture) along the eastern margin of the tenement that separates Ordovician sediments of the Girilambone group to the west, from Siluro-Devonian units of the Tullamore Syncline to the east. A number of geophysical domains were highlighted from the magnetic data that broadly relate to inferred regional geology. Other features include a number of high priority magnetic and structural targets identified along a structural corridor. The western area of the EL contains part of a circular potassically altered zone. A circular gravity low here, (about 15 km in diameter, is associated with a cluster of magnetic anomalies (outside the western boundary). This gravity low is very similar to gravity low which underlies Northparkes Copper-Gold District.

### **Target Area 1**

This is a high priority target comprising a prominent high-amplitude magnetic and radiometric (=potassic), circular magnetic anomaly. It is located at a significant structural intersection between late northeast oriented structures that significantly crosscut and disrupt structures of the Tullamore Suture. The target is interpreted as an intrusion at depth and its high magnetic amplitude distinguishes it from its surrounds. Radiometric data suggest this area has minimal overburden and is prospective due to magmatic fluids which may have migrated away from the intrusion and along intersecting structures.

There is potential for porphyry copper-gold type mineralization similar to that in Northparkes Porphyry Copper-Gold District (50 km to southeast). Magnetic anomalies in Target Area 1 are similar to those associated with ore bodies in Northparkes District and there is a broad gravity low in southeastern part of Tullamore EL which is also similar. Soil and rock chip surface geochemical

epithermal gold in andesitic complexes and Peak or Cobar style deposits within sedimentary sequences.

### **Previous Work**

Government compilations show two old mines within the EL boundary, these are the Weelah gold-manganese prospect and an unnamed gold-manganese working 5 km to the north. There are no records of exploration held at the NSW Department of Primary Industries prior to the mid 1970s. Since then there have been several exploration licences within or overlapping EL 6309 although most of the work was conducted outside the current tenement.

Exploration was for a variety of mineralization types including volcanic hosted massive sulphide style mineralization, epithermal gold (as an analogue of Gidginbung and others), 'Peak'-style Cobar mineralization, skarn-type gold deposits, Lake Cowal Gold type deposits (carbonate-based gold deposit/sulphide gold and copper), shallow intrusive-related silver and copper mineralization.

In 1971, Central Pacific Minerals held EL 397 which included the current tenement area and was acquired to look for Cobar-Captain's Flat type base metals; they pulled out because of the extensive cover.

In 1975, Samedan Oil Corporation undertook exploration in joint venture with Getty Oil Development Co Ltd over a 4 years period. Of the areas identified, Olaf's Prospect, a few hundred metres to the east of the current EL was identified by lead-bearing gossanous rocks.

In 1981, Gold Fields Exploration Pty Ltd acquired ground in the general area because of similarities in aeromagnetic expression to the Endeavour area north-west of Parkes. The area was considered prospective for copper-gold mineralization.

In 1984, Seltrust /Paragon Gold held ground that overlaps with the southern half of the current EL. Exploration over two years looked at the andesitic volcanics and associated aeromagnetic lows, also gold in breccia pipes associated with granitic intrusives and exhalative gold deposits associated with chert horizons and quartz reef deposits. They carried out mapping, rock chip sampling, low level aeromagnetics (250m spacing); stream sediment surveys and percussion drilling. They concluded that there was significant gold over narrow intervals in the Nerang Cowal Forest that might be a possible underground mining target.

In 1985, BP Australia Gold Pty Ltd held ground covering the northwestern section of the current licence. Their targets were low grade, near surface, epithermal gold-silver deposits. Because of the extensive cover over the tenements, a low-level aeromagnetic survey was completed to look for magnetic lows however no significant signs of hydrothermal activity were found.

In 1987, Shell held ground overlapping the current EL and explored a possible northern extension of the Gilmore Suture, a major structural lineament with an important structural influence on a number of gold mineralised systems. Their interpretation of aeromagnetic data located four anomalies within the current licence but their exploration follow-up was concentrated in other areas.

In 1993, Newcrest Mining Ltd held ground covering the tenement and nearby ground for a number of years to explore for porphyry related Au/Cu mineralization in the Ordovician shoshonitic volcanics. They chose the tenement areas because of known aeromagnetic features thought to be suggestive of shallowly covered prospective shoshonitic volcanics and major fault structures related to the complex corridor of the Gilmore Fault. Exploration failed to locate any Ordovician aged volcanics or intrusives.

## **Geology and Mineralisation**

The oldest rocks in EL 6309 are of the Ordovician Girilambone Group sediments which outcrop in the very southwestern corner of the licence. This unit is fault-bounded to the north by northeast trending faults which are splays of the Gilmore Suture Zone which is closely associated with a number of gold projects and mined areas such as Cowal, West Wyalong, Gidginburg, Temora and others. These faults lie within the southwestern boundary of the licence area. This area has no outcrop and the locations of the faults have been interpreted from aeromagnetic data.

The eastern edge of the licence lies just to the west of north-trending regional faults, which are also part of the Gilmore Suture Zone. To the east of this fault lie the Ordovician volcanics, intrusives and sediments of the Lake Cowal Intrusive Complex (shoshonitic volcanics). Between the two major fault lineaments lie folded rocks of the Silurian-Devonian Ootha Group, underlain by the Lake Cowal Volcanic Complex. The Ootha Group comprises the Manna Conglomerate, which tends to form the ridges of high ground in the area, the Yarnel Volcanics and the Mulguthrie Formation (mudstone and sandstone). The outcropping Manna Conglomerate defines the western limb of a large syncline and this is seen in the generally north trending ridges found in the western part of the licence area.

Within the northeast-trending eastern limb of the tenement-scale syncline, Yarnel Volcanics and Mulguthrie Formation Rocks exhibit intense folding and outcrop as an anticline in the Weelah State Forest. Silurian Ina Volcanics (rhyolitic ignimbrite/volcanic breccia) are also known to outcrop within this folded zone in the southern half of the licence. The central northern part of the licence includes the Bogandillon Swamp which is covered in thick Quaternary alluvial sediments.

Only two prospects are known within the tenement, the Weelah Manganese deposit and an apparent small gold mine with no name. Outcrop is minimal but based on reports of historic manganese in diggings and carbonate hosted gold elsewhere, it is possible that gold deposits in this area may not outcrop. Weathering of carbonate vein hosted gold deposits, where there is strong leaching of the carbonate, can reduce the veining to easily eroded manganese rich rubble with associated alluvial/colluvial gold.

## **Geophysics**

The regional aeromagnetics show a complex north trending magnetic region just outside the eastern boundary of the EL. A linear northwest trending anomaly comprising three discrete magnetic zones lies inside the southwest boundary of the EL. Gravity and magnetic interpretation (Shell) shows that the lineament jogs east and then north again within the tenement and that a northwesterly splay fault is present. The splay trends northwest and a number of narrow high intensity magnetic anomalies are probably associated with andesite. A magnetic low may imply Gidginbung style epithermal gold in andesite (high sulphidation gold). These are commonly replaced by chalcedonic silica with destruction of magnetite to give a low magnetic signature. Conversely, Peak-type deposits give a high magnetic signature.

Encom Technology Pty Ltd (Encom) carried out a structural interpretation derived from the open file 400m spaced airborne magnetic data flown by AGSO in 1993 with additional data from a 200m spaced airborne magnetic survey flown over the Bogandillon Swamp area by North Mining Ltd in 1994. The work located four structural and magnetic target areas that are discordant to and crosscut the dominant northwest oriented structural trend and which are within the Gilmore and Tullamore Sutures.

Target Area 1, a magnetic low embayment, coincides with the intersection of major interpreted thrust faults and crosscutting structures.

Target Area 2 defines a magnetic anomaly between two significant structures that is discordant to the dominant northwest trend of the Gilmore Suture.

Target Area 3 is interpreted as an imbricate fault or possible linking structure between major thrusts of the Gilmore Suture. Subsidiary linking structures between major thrusts may have created a localised tensional environment along which migrating fluids can be focused, especially with the gross flexure of the Gilmore Suture at this location and the imbricate nature of the interpreted structures,

Target Area 4 occurs in a position where structural splays are interpreted to branch out from a major thrust fault; its linear nature possible reflects ultramafics rocks. The fault splays add to the structural complexity of this area.

A broad circular magnetic anomaly is also evident and is interpreted as a deep-seated intrusion between flexures in the Gilmore and Tullamore Sutures. It is in an environment where major structures are diverging and splaying apart, thus structural intersections above the intrusion may have provided a pathway for evolving magmatic fluids to have migrated and escaped.

### **Recent Field Work by Augur**

Exploration techniques were constrained by poor outcrop with basement exposure accounting for less than 5% of the surface area. Surface geochemical techniques were restricted by extensive transported soil, with exploration strategy strongly dependent on aeromagnetic interpretation in conjunction with interpreted geology.

In addition to the Encom work described above, Augur instituted detailed modelling of the magnetic targets, carried out rock chip sampling and drilled 12 reconnaissance RAB holes (15-16.8m deep) on magnetic target areas to assess sub-surface geology.

Drilling was to a maximum depth of 17m and intersected weathered siltstone and sandstone interpreted to be the Mulguthrie Formation. Assaying of 70 samples taken at 3m intervals indicated mildly anomalous Cu and Zn values, particularly for drillholes WD09, WD10, and WD11.

Rock chip sampling located a maximum of 522 ppm Cu in sample H9, and two samples H8, H9, with 0.01 – 0.02 g/t Au, of manganese and iron staining and vein quartz material of the Mulguthrie Formation from the vicinity of the known Mn-(Au) occurrence on “The Ranch” property that warrant follow-up to check for a manganese/carbonate/gold-basemetal association.

In a review by Augur’s consultant J Rebek, he noted that manganiferous carbonate veins in PNG such as found at Porgera and Misima, contain on average about 1.5-2.0 g/t Au, 50 ppm Ag, 1000 ppm Pb+Zn and 2000 ppm Mn, indicating that the values obtained in Augurs sampling were encouraging, warranting a surface geochemical survey in the Ranch area.

### **Prospectivity of EL**

- Weelah is located on an interesting flexure in the Gilmore Suture that is associated with complex aeromagnetics. The Suture has had a strong influence on mineralisation systems at Cowal, West Wyalong, Gidginbung, Temora and other gold projects.
- The northwest splay from the Gilmore Suture is a second target and is associated with a strong magnetic complex, the presence of andesite outcrop and a number of magnetic anomalies. Exploration models in these areas include Gidginbung style epithermal gold in andesite (magnetic low signature, high sulphidation gold) and Peak type deposits (magnetic high signature and high sulphidation gold) and Cobar deposit, (polymetallic Au/Ag). Altered andesites are commonly replaced by chalcedonic silica and are the host rock target for gold mineralisation.

Independent Augur Geology Report by  
Minnelex Pty Ltd

- Two gold-manganese prospects within the tenement may be leached remnants of a larger gold-carbonate system with minimal outcrop. The tenement is located only 20 km northeast of the Cowal gold mine, a 4 Moz deposit, also with a carbonate association and also located on the Gilmore Suture.
- The aeromagnetic review defined six structural target areas where pathways for evolving magmatic fluids are likely to be concentrated

### **Proposed Exploration**

- Testing of nine drill targets based on modelling of aeromagnetic anomalies. These will check anomaly source and test prospective Upper Ordovician volcano-intrusives beneath cover.
- Follow up drilling and exploration in these and other areas.

A budget of \$455,950 over two years is required for this work

### **Wallaby Rocks EL6310**

#### **Introduction**

The Wallaby Rocks tenement of 102 sq km is reached from Sydney via The Great Western Highway to Lithgow and the road to Mudgee. The EL is within the Lue-Apple Tree Flat area of similar age and rock type to gold producing regions at Sofala, Cadia and Orange. The Bowden's silver deposit (125 Moz) is just northeast of the EL in Early Permian Rylstone Volcanics. Of particular interest are the Late Silurian age Dungeree and Windermere (acid) Volcanics, which contain the Roberts, Princes, Coopers and Mount Margaret gold deposits and the Lue barite quarries.

#### **Previous Work**

Compass Resources NL (1988) examined the Roberts, Princes and Coopers and Mount Margaret gold deposits and the Lue barite mine which are within the Late Silurian Dungeree and Windemere (acid) Volcanics. Ore from the dump of these deposits confirmed that high grade gold values had been mined e.g. at Mount Margaret with values up to 37.2 g/t Au and at the Princes mine with values up to 39.7g/t Au. Compass concluded that the reefs were mostly narrow, with little multiple veining or wall rock gold.

The Lue barite deposit was geochemically surveyed by Le Nickel in 1976. It comprises a series of irregular veins in the Dungeree Volcanics. The results were of interest to them but little follow-up work (other than geophysics) was reported.

CSR, EL 1377 worked in the area from 1978-1982 primarily for Mo/W mineralisation associated with acid igneous intrusives. At the Apple Tree Flat Prospect, a regional stream sediment geochemistry outlined an anomalous concentration of metal values. Subsequent more detailed geochemical soil sampling and geological surveys located two parallel soil anomalies (up to 620 ppm Cu, 630 ppm Pb and 2,200 ppm Zn) and a geochemically anomalous apparently stratabound gossanous ironstone is associated with the eastern soil anomaly.

Six rock-chip samples of subcrop and outcrop of gossanous iron, one in and around the gossan horizon indicated low order but interesting anomalous concentrations of Cu, Pb Zn, Bi, Ag, Sb, Hg, As and Se which averaged around 0.3% Cu and 0.03 g/t Au. Two vertical percussion holes were proposed to test the unoxidised zone beneath the best exposure of gossan but were never drilled.

Delta Gold/TriOrigin's EL 5335 covered the tenement area in the period 1995-2001. Dighem EM with localised stream sediment and soil geochemistry was carried out. The final report concluded that the two volcanic belts remain poorly explored for blind massive sulphide deposits and a number of geochemical and geophysical anomalies remain untested or unexplained.

Carrington Holdings NL sampled the Crown Gold Mine at the southern end of the EL in the late 1980's. The workings are in sheared andesite and slates and consist of open cuts, shafts, shallow pits, drives and adits. Previous production during 1923-1925 is reported as 2,032t at 4.6g/t Au,. Resources of open cut grade were small (about 50,000t), with little upside potential apparent. Little follow-up work (other than geophysics) has been undertaken. The Wallaby Rocks gold deposit, in basal Permian age sediments, contained nuggets of gold up to 5 oz that were previously won from the basal metre of a conglomerate.

### **Geology and Mineralisation**

The region comprises three main structural subdivisions:

1. Hill End Zone. This is a deformed fill of the Hill End Trough comprising Late Silurian-Early Devonian deepwater sediments.
2. Capertee Zone. Ordovician basement and shallow marine to subaerial and siliciclastic sequences of Late Silurian to Late Devonian sequences intruded by Carboniferous granites.
3. Sydney Basin. Flat lying Permian-Triassic sediments.

The EL is located at the northeast margin of the exposed Lachlan Fold Belt and includes the more complex Capertee Zone. Basement rocks are Ordovician overlain by thick Late Devonian siliciclastic sequences of the Mt Knowles Group that form the core of the Pine Ridge Syncline. This separates two northwest trending belts of Silurian felsic volcanics, the Dungaree Volcanics and the Windermere Volcanics.

Mid Carboniferous unfoliated granites intrude the sequence in which there are northwest to northeast trending structures. The west dipping Mudgee and Wiagdon thrust faults are major bounding structures and are responsible for the emplacement of Hill End Zone strata over Capertee Zone rocks. A striking feature is the dramatic change in regional structural fabric from a north-northeast to a northwest trend. A major north trending structural corridor is also evident from the aeromagnetic data.

Numerous vein gold occurrences have been found in the Late Silurian Windermere Volcanics to the west of Apple Tree Flat. The distribution of the gold appears to be controlled by a north trending fault system. The known gold-copper deposits are narrow hydrothermal quartz veins in shears, with probably limited tonnage potential. They are, however, indicative of an auriferous metallogenic province with conceptual potential for other styles of economic mineralization such as epithermal stockwork, buried cupola, skarn and orogenic gold disseminations, particularly in the Capertee Zone with its imbricate thrust faults.

There are nine southeasterly trending hard rock gold-copper occurrences, situated along the grain of the country. All except the Crown Gold Mine are in the Capertee Zone east of the Mudgee Thrust. The principal workings are:

- The Princes Mine, in andesitic to dacitic tuffs. Four shafts to 12m depth lie along a northwesterly line extending for 250m.

- Roberts Reef, similar to the above, which contains six shafts to 40m depth in a 350 x 100m area, striking 020°. The adjacent Goslings Mine (Coopers Reef) has shafts to 25m depth and drives to 15m are recorded on a 90m long quartz vein outcrop in porphyry.
- Coopers Reef, Which contains two shafts and one 100m long adit trending N-S.
- The Mt Margaret Mine in rhyolite and acid tuffs,, where three shafts to 30m depth, and a number of shallow pits and two adits are recorded over a 200 x 100m area.
- The Crown Gold Mine, which produced gold during 1923-25 and 1965-70's from a 2m wide vein. There is an open cut and shafts to 100m depth, with drives to 45m over a 200 x 100m area oriented Northeasterly. Mineralization plunges 50° westerly and is in vein quartz with pyrite and silver values, in andesite, schist and slate. Some 5,000t was mined at an average grade of 4 g/t Au.

Other mineralisation includes three deposits described as sedimentary exhalative barite with minor lead and zinc mineralization in the northeastern corner of the tenement. 3,963 tonnes of ore were mined from shafts, a long, narrow stope and a number of north trending elongated pits containing irregular veins.

The area east of CSR Minerals' former tenement (EL 1377), has been only lightly explored and hosts barite mineralization in Dungaree Volcanics in the northeast of the present EL. This sector may be prospective for economic base metal-gold mineralization of the Dead Horse style, although that prospect, which lies just outside the current tenement was proved uneconomic after intensive exploration.

#### **Alluvial gold**

In the northern part of the EL there are a number of alluvial workings where gold is present with sapphire, ruby, zircon and topaz.

#### **Geophysics**

A broad magnetic high occupies the southeast corner of the EL which appears to be related to folding within the sedimentary sequences. A small intense rounded low is present near its northern termination. Subtle northwesterly trends elsewhere in the tenement appear to follow the strike of the geology. Some of these are cut by north trending linear features, also not well defined, but which may relate to the positioning of known gold prospects.

Encom carried out a magnetic interpretation using an open file 400m line spaced airborne magnetic dataset acquired by AGSO in 1991 and a 300m line spaced Mount Bara airborne magnetic survey flown by Austerix in 1984. The geology within the EL is a complexly folded and imbricate thrust faulted package of Silurian-Devonian aged sediments of the Rylstone Thrust Sheet. Many of the mapped geological units have limited or no magnetic expression and hence folding and complex imbricate thrust faulting mapped within these sedimentary sequences is poorly defined or unresolved in the regional 400m line spaced magnetic data.

A number of potential magnetic target areas were identified.

- Strike extensions north and south of the Princes Mine – Gosling's Mine area. Auriferous quartz veins and numerous workings occur in a north-northwest orientation. The regional magnetic data suggest a north-northwest trending structural fabric extends to the south of Gosling's Mine.

- A parallel area west of the Princes Mine – Gosling's Mine trend that appears to have a similar magnetic and structural fabric.
- An area southeast of the Mount Margaret prospect along the same interpreted structural trend.
- An area within interpreted Silurian sediments between areas of known mineral occurrences in the northeast corner of the EL. It has a similar magnetic response to known mineral occurrences along strike to the northwest.
- The larger magnetic anomaly of the Aarons Pass Granite and adjacent Silurian aged sediments that host the Crown Gold Mine (50,000t of inferred resource at 4g/t Au) was highlighted as a target.

The poor resolution of the regional magnetic data meant gross simplification of a complex geological area. The folded and thrust faulted geological units of the Lake Windermere Anticline and Mount Frome Syncline occupy the northern half of the EL while there is a complex structural corridor of imbricate thrust faulting parallel to and located in the footwall of the regionally significant Mudgee Fault. Mount Margaret is located along a similarly oriented northwest trending structural lineament with gold mineralisation in northwest trending quartz veins. Potential may exist for similar styles of mineralisation along other parallel structures within this broader structural corridor.

#### **Recent Field Work by Augur**

Since 2005, Augur has carried out drainage and rock chip sampling over the magnetic targets generated by Encom. Fieldwork included multi-media and multi-element sampling for gold, base metals and pathfinder elements from 216 sites covering the Mudgee Thrust and other imbricate thrust faults.

The 216 sites represent 368 multi media samples: In detail there are 63 rock outcrop and float samples, 121 stream magnetic concentrate samples (Magcon samples), and 184 Bleg samples for cyanide leach low level gold, which in turn generated 184 fine fraction stream sediment samples for multi-element ICP analyses.

A number of small quartz vein gold prospects were sampled and could account for the widespread historically documented small placer gold occurrences. A more likely source of widespread historic placer occurrences is flooding from the Cudgegong River and its tributaries, as well as residual lag from erosion of basal Permian cover, as present at Wallaby Rocks.

However, geochemical anomalies due to alluvial gold, including recycled paleoplacer gold (Cainozoic placer gold derived from Permian paleoplacer conglomerates) would not have associated pathfinder elements such as copper, arsenic, antimony, lead or zinc, and the presence of these elements in association with gold would indicate a hard rock lode mineralization source.

A number of anomalous rock samples were collected including:

- WR001F, a float sample of strongly argillically altered rhyolite tuff with gossanous patches after sulfide with 0.02 g/t Au, 98 ppm As.
- WR003R, altered dacite tuff with disseminated sulphidic boxworks. Host rock to a working on a 1m thick quartz vein. The host rock is geochemically anomalous in Au (0.04 ppm), As (331 ppm) and Zn (666 ppm) and would be a typical high background, but unmineralised source for CSR Minerals' ridge and spur soil anomalies.

- WR011R1, R2 and R3 represent slightly gossanous andesitic tuff and siltstone from a small quarry. The brecciated, iron oxide impregnated phase (>20% Fe) in R3 (probable fault gouge) is anomalous in As (1750 ppm), Cu (1200 ppm), Pb (325 ppm), Sb (37 ppm), Zn (1095 ppm) and Au (0.16 g/t). The adjacent andesite tuff (R1) is also anomalous in Zn (531 ppm).
- WR013F, is a float boulder of brecciated vein quartz-ironstone-sandstone that carries 0.09 g/t Au, 1.63% Mn.
- Samples WR036Ra and Rb are dacitic tuffs with elevated Cu backgrounds of 103 - 133 ppm.
- WR067F, a float cobble of brecciated vein quartz with 17 g/t Au, 10 ppm Ag, 193 ppm As, 125 ppm Pb, 9 ppm Sb and 728 ppm Zn.
- WR087R is a strongly argillic altered dacite agglomerate near the Mudgee Thrust with elevated Au background (8 g/t) and high background Zn (328 ppm).

The preliminary fieldwork suggested that economic gold grades in general appear to be confined to simple narrow fault controlled quartz veins, while the elevated background Au ± As ± Cu in rocks WR022R to WR025R appear to suggest a different style of mineralisation is also present.

#### **Prospectivity of EL**

- The EL covers Sofala Volcanics and overlying strata and is probably prospective for porphyry copper-gold and epithermal gold. The fault gouge sample with up to 1750 ppm As 37 ppm Sb (highly anomalous) and 0.16 g/t Au etc. may be indicative of high sulphidation epithermal mineralisation, which may be the high level part of a porphyry copper system.
- The Licence is within the Lue-Apple Tree Flat area in similar rock types to that of the gold producers Sofala, Cadia and the Orange area. The Bowden's Silver deposit (125Moz Ag) is adjacent to the northeast and although in a different age rock unit illustrates the potential of old workings have to produce spectacular tonnages of lower grade mineralisation. Of particular interest on the Licence are the Late Silurian age Dungeree and Windermere (acid) Volcanics, which host the Roberts, Princes, Coopers and Mount Margaret gold deposits and the Lue barites mine. The distribution of the gold appears to be controlled by a north trending fault system along which new deposits might be found.
- Two volcanic belts here remain poorly explored for blind massive sulphide deposits and a number of geochemical and geophysical anomalies remain untested or unexplained. At the Crown Gold Mine in the southern sector of the EL, auriferous veins occur over 305m and it contains resources of open cut grade at about 50,000t. Further appraisal will be undertaken.
- Airborne magnetics defined five areas that warranted further exploration.
- The latest multi-element geochemical results recently processed show a number of strong coincident anomalies in gold and/or base metals and pathfinder elements. Some of these are related to Northwest trending faults (Mudgee Thrust and its elements) and an inlier of Ordovician Sofala Volcanics.

### **Proposed Further Exploration**

A staged program of exploration, with data and expenditure review is proposed.

- Completion of reconnaissance stream sediment, bleg and mag-stream sampling, along with rock sampling.
- Detailed assessment of all multi-element results from multi-media sampling, using digital terrain modelling for a three dimensional overview of potential sources.
- Follow up drainage and rock sampling, including base of slope soil sampling.
- Further rock and soil sampling will be based in part on photo-interpretation for more detailed structural focus, combined with the Encom imagery showing structural trends.
- SAM (sub-audio magnetics survey) over target zones to further refine sources and model depth to source of sulfide mineralization.
- Drilling of ranked targets defined by the above work program.
- Drilling under The Crown Gold Mine and Mt Margaret workings, guided by detailed geologic mapping/sampling and literature review.

An amount of \$400,000 has been budgeted for this work

### **Opinion of Exploration Programme**

The company's exploration programmes for each of the tenements has been designed to meet the requirements of the geological environments and exploration methodologies which have been outlined in this Prospectus. The exploration budget for the two-year proposed programme is tabulated in the project summaries. A total expenditure of \$2,953,075 is planned for the minimum capital raising.

We consider that the planned exploration programme is satisfactory and clearly defined and that the expenditure budgets are reasonable, having regard to the stated objectives of the Company, the prospectivity of the individual exploration areas and the exploration database already available. We are of the opinion that sufficient work has taken place on the Augur tenements in the last two years to justify the planned exploration and the budgeted expenditure programmes.

### **Qualifications**

Minnelex is a long-established and reputable geological consulting group.  
The person responsible for the preparation of this report is:

**R C Pyper      BSc, FAusIMM, MAICD  
                         Consulting Geologist**

Mr Pyper is a geologist with 45 years of industry experience and 24 years of consulting practice in precious metals, basemetals, bauxite, gemstones, industrial minerals and mineral sands. He has had extensive experience in the valuation of mineral exploration properties. The person responsible for preparing and issuing this report has the appropriate relevant qualifications, experience and competence to be considered as an

Independent Augur Geology Report by  
Minnelex Pty Ltd

"Expert" as defined in ASIC Release 42, and as a Competent Person as defined in the JORC Code for the Reporting of Identified Mineral Resources and Ore Reserves.

**Declaration**

The statements and opinions contained in this report are given in good faith but, in the preparation of this report, Minnelex has relied substantially on information provided by Augur. We do not have reason to doubt the information so provided.

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Robert Pyper, who is a Fellow of the Australasia Institute of Mining and Metallurgy. Mr Pyper has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pyper consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

**Disclaimer of Interests**

At the date of this report, Minnelex do not have, nor have had any relationship with Augur other than as may have occurred as a result of providing consultancy services in the ordinary course of business.

Minnelex and R C Pyper have neither relevant interest in, nor any interest in the acquisition or disposal of any securities of Augur. Minnelex has no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the acquisition of the mineral interests of Augur.

Neither Minnelex nor R C Pyper has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

Yours faithfully,



**R C PYPER**  
Principal  
**MINNELEX PTY LTD**

## References

### General References

- D Suppel, E Scheibner Lachlan Fold Belt in NSW. Geology of the mineral deposits of Aust. And PNG. AusIMM Publication Pgs 1321-1327.
- M Lackie, B Bailey, Gravity Granites. Ishihara Symposium. Geoscience  
M Edmiston Australia
- V David, R Glen, R Spencer Geophysical and geological interpretation of the June-  
Narromine Volcanic Belt. ASEG 2004
- Geological Survey NSW Narromine 1:250,000 Metallogenic map, data sheets and study.
- Geological Survey NSW Bourke 1:250,000 Metallogenic map, data sheets and study.
- Geological Survey NSW Nymagee 1:250,000 Metallogenic map, data sheets and study.
- Geological Survey NSW Cobar 1:250,000 Metallogenic map, data sheets and study.
- Geological Survey NSW Nyngan and Walgett 1:250,000 geological sheets. Explanatory  
Notes
- Geological Survey NSW Dubbo 1:250,000 Metallogenic map, data sheets and study.

### Collerina

- T McConachy CRA Farmout offer, EL 4850, August 1996
- Anglo, Central West Gold GS1986/125. GS1988/017; EL2523
- North Broken Hill GS1981/349; EL1499, 1500  
GS1990/209;
- Central West Gold GS1988/017; EL2523
- Shelly J First Annual Report for Augur, 1/11/2004 to 31/10/2005. Rangott  
Mineral Exploration July 2006
- Shelly J Second Annual Report for Augur, 1/11/2004 to 31/10/2005.  
Rangott Mineral Exploration July 2006
- Shelly J 2006 Air Drilling Programme

### Wallaby Rocks

- Le Nickel GS 1976/026; EL 722
- CSR GS 1982/534; EL 1377
- Compass Resources NL GS 1988/038; EL 2898
- Delta Gold/TriOrigin GS 2000/361; EL 5335
- Carrington Holdings NL GS 1989/139; PLAs 1091-2)
- Marshall N First Annual Report for Augur, 27/9/2004 to 26/9/2005
- Marshall N Second Annual Report for Augur, 27/9/2005 to 26/9/2006
- Marshall N Progress Report 22/9/ 2005

Independent Augur Geology Report by  
Minnelex Pty Ltd

### **Weelah**

Billiton/Shell	GS1988/17 and 18; EL2969, 2970
Newcrest Mining	GS1991/103; EL3623, 3627 GS2000/456; EL4502, 4963 GS2002/334
Plumridge C.	GS1984/03. Scheelite in the Yeoval Porphyry Copper. Feb 84
Geos Mineral Consultants	First Annual Report for 27/9/2004 to 26/9/2005
Geos Mineral Consultants	Second Annual Report for 27/9/2005 to 26/9/2006

### **Yeoval**

Bowman H.N.	Drilling aid application – Yeoval. North Broken Hill Ltd 5/2/1974
L Mclatchie, T Dickson	Report No 51, 1967
Malachite Resources NL	EL 5529; 5585 GS2002/614; ML0811; EL 5128, 5503 GS2002/400; GS2002/235; EL5128, 5503
Austminex	GS1999/121; EL3765 GS2002/132; EL5529; 5585
Samsung	GS2001/174;
Riotinto Exploration P/L	GS1998/321; EL4476 GS1999/120; EL3765
CRAE	GS1992/310; EL3900, 4117, 4165, 4235. GS1996/426; EL3900, 4117, 4476 GS1996/345; EL4235
Plumridge C.	Scheelite in the Yeoval Porphyry Copper. Report 1984/03
Newcrest Mining	Discovery of the Cadia gold/copper Deposit. D Wood & J Holliday.
King A	NBH/Hastings Exploration. GS1974/259.
Geol Survey	GS1977/268; 1981/164
Dept. Mines	GS1974/259. Drilling application
J. Shelley,	First Progress Report for Augur. 27/9/2004, to 26/9/2005 by Rangott Mineral Exploration Pty. Ltd. September 2006
J. Postle, T. Richards	Second Progress Report for Augur, 27/9/2005, to 26/9/2006 by Rangott Mineral Exploration Pty Ltd
Rebek M	Field Visit, Yeoval District. Internal Report 2-3/10/06
Rebek M	Field Appraisal of Yeoval District. Internal Report 9/10/06

Independent Augur Geology Report by  
Minnelex Pty Ltd

**Tullamore**

Seltrust/BHP/Paragon Gold	EL2171. Exploration Summary Report. 1988
Stafford C	Geos Mining. First Annual Report for Augur 27/9/2004-26/9/2005
Curnow G	Geos Mining Second Annual Report for Augur 27/9/2005-26/9/2006
Curnow G	Geos Mining Summary Report on Burra Alluvials for Augur. 19/1/07-

## Glossary

acid volcanic	Volcanic rock with high content of quartz.
aeromagnetic	Magnetic survey by aircraft
alluvium	Water-lain sediments
alteration	Change in mineral composition of a rock, usually from weathering or hydrothermal solutions
andesite	A fine grained igneous rock with intermediate silica content.
anomaly	Usually soil or rock assay or geophysical result considered to be different from the norm.
anticline	A fold, generally convex upwards
argillic	Clay alteration products, smectite-dickite-quartz-pyrite.
auriferous	Gold bearing.
AusIMM	The Australian Institute of Mining and Metallurgy.
basalt	A fine grained dark basic igneous rock.
basemetal	A term generally confined to copper, lead and zinc.
basic	An igneous rock with a low silica content.
breccia	Rock fragments in a finer grained matrix.
bucky	A quartz reef that appears to have no mineralisation associated with it.
carbonate	Carbon and oxygen in the ratio 1:3
Carboniferous	The period 345-280 million years ago.
chalcopyrite	Copper and iron sulphide
clastic	Rock comprised of fragments of re-existing rocks
country rock	Rocks surrounding a vein or anomaly which in themselves are of no economic value.
dacite	A volcanic rock intermediate between andesite and rhyolite.
Devonian	The period 400 - 345 million years ago.
diorite	A plutonic rock intermediate in composition between acid and basic
EM.	Electromagnetic survey Measures magnetic fields from artificially introduced currents.
epiclastic	Mechanically deposited sediments formed of fragments of other rocks, eg sandstone
epithermal	Low temperature hydrothermal processes.
EL	Exploration Licence.
fault	A fracture in a rock mass, with the movement of one side past the other.
ferruginous	Iron rich
gangue	Waste rock or mineral associated with ores.
geochemistry	Study of the values and relationships of elements in soils and rocks
geophysics	Study of the earth by quantitative physical methods.

grade	The quantity of ore or metal present relative to other constituents of the rock or ore.
granite	Coarse grained acid igneous rock containing quartz and feldspar
granodiorite	Similar rock to granite but with less silica
hydrothermal	Circulation of hot water through rocks with leaching and deposition of minerals
igneous	Rocks formed from a molten state.
Illitic	A clay mineral
intrusive	A body of hot igneous rock which invades the overlying rocks
IP	A geophysical technique which measures the induced potential between two electrodes.
kaolinised	Turned to clay
limonite	Hydrous iron oxide.
lineament	A linear topographical feature of regional extent thought to reflect crustal structure.
magnetic low	Magnetic readings which are low compared to nearby areas.
magnetite	A magnetic oxide of iron.
massive sulphide	A body of rock with >40% sulphides. It may not be ore.
meta-	Refers to alteration
metallurgical	Concerned with the production of raw metals from ores.
metamorphic	Alteration of rocks by heat and pressure.
micro-	Small.
olivine	A common rock mineral in ultramafic rocks such as dunite, rich in magnesium or iron.
palaeo	Old or ancient
pelite	Mudstone
percussion	Rock drilling using a pneumatically driven drill bit.
petrology	Examination of rocks by microscope.
porphyritic	Large crystals set in a fine groundmass
ppb	Parts per billion
ppm	Parts per million
pyritic	Containing pyrite.
Pyroclastic	rock with an explosive volcanic origin
pyroxenite	Ultramafic plutonic rock
quartz	Crystalline silica.
radiometric	Measurement of uranium, thorium and potassium radiation.
RC drilling	Reverse circulation drilling.
rhyolite	Light coloured extrusive volcanic rock
SAM	Sub-Audio-Magnetic geophysical program

spilite	Altered basalt
stock	An igneous intrusion <100 sq km in area
stockworks	Three dimensional network of irregular veinlets.
stream sediment	Sample taken of stream gravels and assayed.
sulphide	A mineral compound linked to sulphur.
syncline	A fold, generally convex downwards
tenement	Ground granted for exploration purposes.
Tuff	Consolidated pyroclastic rock.
volcanic	Related to volcanoes or volcanism.

[Section 11]

# Independent Exploration Titles Report

**hetherington**

Exploration & Mining Title Services Pty Ltd  
A.B.N. 64 003 122 996  
www.hemts.com.au

## AUGUR RESOURCES LIMITED

### INDEPENDENT EXPLORATION AND MINING TITLES REPORT

#### 1. INTRODUCTION

##### 1.1 *Scope of Instructions*

The following report has been prepared independently and in compliance with the Valmin Code.

Hetherington Exploration and Mining Title Services Pty Limited ("HEMTS") has been instructed by Augur Resources Limited ("the Company") to conduct searches of and outline the rights conferred by the exploration and mining titles in which the Company has an interest in New South Wales, collectively referred to as "the Tenements", as set out in the attached schedule ("the Schedule").

##### 1.2 *Qualifications*

Russell Hetherington has approximately 31 years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

##### 1.3 *Independence*

HEMTS is independent from the Company within the meaning of the Valmin Code. HEMTS' costs of preparing this report have been calculated at its normal charge out rate.

#### 2. COMMENTARY ON THE TENEMENTS

##### 2.1 *General*

The following information has been obtained from the New South Wales Department of Primary Industries - Mineral Resources ("the DPI-MR"), the National Native Title Tribunal and the New South Wales State Heritage Inventory.

The Tenements are comprised of Exploration Licences No's 6309 (1992), 6310 (1992), 6311 (1992), 6312 (1992) and 6336 (1992) ("EL 6309", "EL 6310", "EL 6311", "EL 6312" and "EL 6336"), collectively referred to as the "Exploration Licences", and Mining Lease No 811 (1973) ("ML 811"). The Company holds all the legal and equitable interest in the Exploration Licences and has entered into an agreement to purchase ML 811.

Basic details of the Tenements are set out in the Schedule.

The Exploration Licences all apply to Group One minerals, which are metallic minerals such as gold, silver, copper, etc and ML 811 applies to copper, gold, silver and molybdenite.

---

**SYDNEY**  
503 Willoughby Road, 1<sup>st</sup> Floor  
(Access via Prentice Lane)  
Willoughby NSW 2068  
PO Box 765, Willoughby NSW 2068  
Tel: (02) 9967-4844  
Fax: (02) 9967-4614  
E-mail: sydney@hemts.com.au

**BRISBANE**  
Suite 41, Northpoint, 231 North Quay  
Brisbane QLD 4000  
PO Box 13071  
George Street Post Shop Brisbane QLD 4003  
Tel: (07) 3236-1768  
Fax: (07) 3236-1758  
E-mail: brisbane@hemts.com.au

**PERTH**  
83 Brisbane Street  
(Cnr Brisbane & Beaufort Streets)  
PERTH WA 6000  
PO Box 8249, Perth Business Centre PERTH WA 6849  
Tel: 08 9228 9977  
Fax: 08 9328 3710  
E-mail: perth@hemts.com.au

## **2.2 Mining Lease No 811**

The Company has entered into a Deed of Acquisition of Mining Lease dated 3 March 2007 with the holder, Kevin Barker (“the Acquisition Deed”). Pursuant to the terms of the Acquisition Deed the Company has agreed to purchase ML 811 from Kevin Barker, conditional upon the Company being admitted to the official list of the Australian Securities Exchange and the approval of the DPI-MR to the transfer. The purchase price is \$30,000, of which \$5,000 has already been paid. The Company will also pay to Kevin Barker 100 troy ounces of gold during the first year of any production from ML 811.

The Company has the right to explore within ML 811 from the date of the Acquisition Deed.

The Acquisition Deed has not yet been registered against ML 811, although the Company advises that this will take place shortly. Section 161 of the Mining Act 1992 provides that for the purposes of any legal proceedings, a registered interest has priority over an unregistered interest, and an earlier registered interest has priority over a later registered interest.

## **2.3 Exclusions**

The Exploration Licence instruments in respect to all of the Exploration Licences exclude land vested in the Commonwealth of Australia and land subject to any National Park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area at the date of the renewal of the relevant Exploration Licence.

Time does not permit an investigation into whether there is any land vested in the Commonwealth of Australia, historic site, regional reserve, karst conservation reserve or Aboriginal area, although it is considered unlikely that there are large areas of such land within the Exploration Licences.

There are no existing National Parks or nature reserves within the areas subject to the Exploration Licences.

An area of 16.15 hectares, which is subject to ML 811, is excluded from EL 6311.

## **2.4 State Forests**

Approximately 12 per cent of the EL 6309 area is subject to the Weelah, Manna and Nerang Cowal State Forests.

Approximately two per cent of the EL 6336 area is subject to the Talgong and Balgay State Forests.

State Forests are not excluded from Exploration Licences, but exploration activities within State Forests are subject to some specific requirements.

Forests New South Wales is a landholder for the purposes of the Mining Act 1992. It is therefore necessary to enter into an access agreement with Forests New South Wales before commencing prospecting in a State Forest (Section 140 Mining Act 1992).

State Forests are exempted areas for the purposes of Section 30 of the Mining Act 1992. This provision requires the consent of the Minister for Mineral Resources before carrying out exploration within exempted areas. In respect to exploration within State Forests, such consent would entail environmental assessment of the proposed exploration activity by the DPI-MR. It would also be expected that such consent would be granted only in consultation with Forests New South Wales and subject to the terms of an access agreement reached with Forests New South Wales.

Dealing No 5 of EL 6309 refers to the grant on 5 September 2006 of a Section 30 consent to the Company by the Minister for Mineral Resources to allow the drilling of 33 rotary airblast drillholes, 16 within Weelah State Forest and 17 within Nerang Cowal State Forest.

## **2.5 Tenement Conditions**

The conditions attached to the Exploration Licences relate to environmental management of exploration, drilling requirements, reporting requirements, expenditure commitments, clearing of vegetation, rehabilitation of disturbed land and lodgement of security deposits.

Each of the Exploration Licences also contains conditions relating to Native Title (see Section 2.10 below).

In addition to the foregoing, Condition No 42 of EL 6311 requires the holder to ensure that prospecting operations which are likely to cause interference with the Parkes Radio Telescope during its operational hours are conducted in co-operation and consultation with the CSIRO.

The conditions attached to ML 811 also concern environmental management of mining, drilling requirements, Mining Operation Plans, annual environmental management reports, expenditure commitments, clearing of vegetation, rehabilitation of disturbed land and lodgement of security deposits.

## **2.6 Expenditure and Reporting Requirements**

Compliance with the expenditure and reporting requirements of each Exploration Licence is important because those matters are considered by the DPI-MR when determining whether or not to renew that Exploration Licence, and if so, whether to renew the Exploration Licence in full, or to require a 50 per cent reduction in the Exploration Licence area upon renewal.

As at the date of this report, all reporting obligations have been complied with.

Notwithstanding that historical expenditure on most of the Exploration Licences has fallen short of commitment, the DPI-MR nonetheless recently renewed those Exploration Licences. Since renewal, expenditure on all of the Exploration Licences has been in excess of commitment.

If the Company complies with its expenditure and reporting requirements during the current term of the Exploration Licences, and that expenditure pertains to actual exploration on the ground over the full area of the Exploration Licences (as opposed to compiling, processing or reconfiguring existing data), the Company could reasonably expect that the Exploration Licences will be renewed in full upon their next expiry.

The current annual expenditure commitment for each of the Tenements is noted in the Schedule.

## **2.7 Access and Compensation**

It is necessary for an Exploration Licence holder to enter into an access agreement with any landholders prior to carrying out exploration on land which is owned or occupied (Section 140 Mining Act 1992). Similarly, it is necessary for a Mining Lease holder to enter into a compensation agreement with any landholders prior to carrying out any operations authorised by the Mining Lease (Section 265 Mining Act 1992).

Any landholder is entitled to compensation for all compensable loss caused to land by exploration (Section 263 Mining Act 1992) or mining (Section 265 Mining Act 1992). In the event that no

agreement can be reached with landholders, the matter can be referred to arbitration, and if not resolved, to the Mining Warden for determination.

It is necessary for the holder of an Exploration Licence to obtain the prior written consent of the owner of any dwelling house, garden or improvement before carrying out exploration on the surface within 200 metres of the relevant dwelling house, within 50 metres of the relevant garden or on the land subject to the relevant improvement (Section 31 Mining Act 1992). These areas are excluded from the surface within any Mining Lease (Section 62 Mining Act 1992).

## **2.8 Encumbrances**

The Exploration Licences are not subject to any registered encumbrances.

The DPI-MR TAS database indicates that ML 811 is subject to the following encumbrances:

- A Deed of Assumption dated 15 September 1998 between Daewoo Metal Australia Pty Limited, Hyundai Australia Resources Pty Limited, Kores Australia Pty Limited, LFB Resources NL, Malachite Resources NL and Samsung (Australia) Pty Limited
- A Farm In Agreement dated 15 September 1998 between Daewoo Metal Australia Pty Limited, Hyundai Australia Resources Pty Limited, Kores Australia Pty Limited, Malachite Resources NL and Samsung (Australia) Pty Limited

The above agreements arise out of other agreements which have since been de-registered, namely, an Option Agreement dated 7 July 1997 between Kevin Barker and LFB Resources NL and a Yeoval Joint Venture Agreement dated 19 January 1998 between LFB Resources NL and Malachite Resources NL.

LFB Resources NL and Malachite Resources NL have both stated in writing that they hold no interest in ML 811. The interest of the various other companies referred to above was to derive from the interest of Malachite Resources NL, which does not hold any interest. It would therefore appear unlikely that these other companies ever acquired any interest in ML 811, but it has not been possible in the time available to obtain written confirmation that this is the case from those other companies. Subject to this proviso and subject to the interest of the Company under the Acquisition Deed, it follows that Kevin Barker appears to hold all legal and equitable interest in ML 811.

Documentation to effect the de-registration of the abovementioned agreements has been lodged at the DPI-MR but has not yet been processed by the DPI-MR. The agreements therefore remain registered against ML 811.

## **2.9 Development Consent**

There is no development consent under the Environmental Planning and Assessment Act 1979 in place to allow mining within ML 811. Exploration is currently permitted within ML 811 but it will be necessary for the ML 811 holder to obtain development consent before mining can take place. This will entail the lodgement of a Statement of Environmental Effects or an Environmental Impact Statement.

## **2.10 Native Title**

The issue of whether or not a Native Title Claim applies to the land subject to the Tenements is irrelevant to the requirement to comply with the Native Title processes prescribed by the Native Title Act 1993 if the relevant land is land where Native Title exists or may exist ("Native Title land"). The threshold question when considering Native Title issues is therefore whether or not

the relevant land is Native Title land or, in other words, whether or not Native Title has been extinguished. If Native Title has been extinguished, then it is not necessary to consider whether or not there is a Native Title Claim in respect to the relevant land before carrying out exploration.

If Native Title has not been extinguished, then it will be (except in very specific circumstances) necessary to comply with Native Title processes before carrying out exploration. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with the Native Title Claimants before proceeding with the relevant exploration activity. This may not be the case where there is currently no registered Native Title Claim, although in that case it is still necessary to undergo the Right to Negotiate process prescribed by the Native Title Act 1993 or other Native Title process.

All of the Tenements are comprised mostly, if not entirely, of freehold land, which extinguishes Native Title. Most of the Tenements also contain small areas of reserve land and Crown land, which may be Native Title land.

Information relating to Native Title land has been obtained from the DPI-MR computer database, which is not entirely accurate. It must be understood that the status of any Native Title in land cannot be determined with certainty until a thorough search of each parcel of land is carried out. Such searches are beyond the scope of this report.

All of the Exploration Licences have been granted with the “Minister’s consent” condition included. This means that before carrying out exploration on Native Title land, the Minister’s consent must be obtained. The Minister will not grant consent until the Right to Negotiate process prescribed by the Native Title Act 1993 has been undergone.

As ML 811 was granted on 5 March 1980, that grant was a “past act” within the meaning of the Native Title Act 1993 and exploration and mining within ML 811 can take place without regard to Native Title. Furthermore, any future renewal of ML 811 will not be required to comply with any process under the Native Title Act 1993.

There is no current Native Title Claim affecting any of the Tenements.

### **2.11 Aboriginal Places and Objects**

An Aboriginal object is any material evidence relating to Aboriginal habitation of an area. An Aboriginal place is a place declared as such by the Minister administering the NPW Act, because that place is deemed to have special significance to Aboriginal culture. An Aboriginal place may or may not contain Aboriginal objects.

Although there has been insufficient time to carry out the relevant searches, it is likely that there are a number of Aboriginal objects and places within the areas subject to the Tenements. Aboriginal places and objects are registered on the Aboriginal Heritage Information Management System of the Department of Environment and Climate Change (“the DECC”).

It is an offence to knowingly destroy, deface or damage an Aboriginal place or an Aboriginal object without the consent of the Director-General of the DECC pursuant to Section 90 of the NPW Act.

Amendments to the NPW Act currently before the New South Wales Parliament will remove any reference to “knowingly” from Section 90. Instead, there will be a defence of having acted with due diligence and reasonable precaution. The net effect of these amendments will be to place greater onus on explorers to ensure that Aboriginal objects and places are not damaged.

It should be emphasised that the issue of Aboriginal places and objects is entirely separate to that of Native Title.

### **2.12 Heritage Sites**

The available information on the State Heritage Inventory indicates that there are no listed heritage items within the Tenements. However, the geographical location of some entries on the State Heritage Inventory is unclear and the Company must exercise normal caution when carrying out exploration. If the Company comes across what may be a heritage item in the course of exploration it should check with the local Council and/or the New South Wales Heritage Council.

### **2.13 Future Obligations**

Rehabilitation of any current and future exploration disturbances will be necessary and will need to be conducted in accordance with the conditions of the Tenements, as well as any conditions of any additional consent that might be issued in accordance with the requirements of law or those conditions.

The activities conducted under the authority of the Tenements are likely to result in the creation of environmental liabilities for the holders. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

If exploration is conducted on Native Title land, additional costs in respect to making application for the Minister's consent to conduct activities on Native Title land, the "Right to Negotiate", Native Title consultation, negotiation and compensation payments and cultural heritage site clearances should be anticipated.

The Company may apply to renew the Tenements for further terms. The renewal applications for the Exploration Licences should be lodged between two months and one month prior to the relevant expiry date. The renewal application for ML 811 should be lodged between five years and one year prior to expiry.

Upon renewal of the Exploration Licences, the Mining Act 1992 requires the holder to reduce by half the area of each Exploration Licence. Pursuant to Section 114(6) of the Mining Act 1992, the holder of the Exploration Licences may make application to the DPI-MR to retain the full area of the relevant Exploration Licence.



**RUSSELL HETHERINGTON**

7 June 2007

## AUGUR RESOURCES LIMITED TENEMENT SCHEDULE

TENEMENT	STATE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		EXPENDITURE COMMITMENT (PA)	ENCUMBRANCES	MINERALS
							REQUIRED	HELD			
Exploration Licence No 6309 (1992)	NSW	Augur Resources Limited	27 Sep 2004	26 Sep 2008	Current	50 units	\$10,000	\$10,000	\$80,000	Nil	Group 1
Exploration Licence No 6310 (1992)	NSW	Augur Resources Limited	27 Sep 2004	26 Sep 2008	Current	34 units	\$10,000	\$10,000	\$64,000	Nil	Group 1
Exploration Licence No 6311 (1992)	NSW	Augur Resources Limited	27 Sep 2004	26 Sep 2008	Current	49 units	\$10,000	\$10,000	\$79,000	Nil	Group 1
Exploration Licence No 6312 (1992)	NSW	Augur Resources Limited	27 Sep 2004	26 Sep 2008	Current	46 units	\$10,000	\$10,000	\$76,000	Nil	Group 1
Exploration Licence No 6336 (1992)	NSW	Augur Resources Limited	01 Nov 2004	31 Oct 2008	Current	100 units	\$10,000	\$10,000	\$130,000	Nil	Group 1
Mining Lease No 811 (1973)	NSW	Kevin Barker	05 Mar 1980	04 Mar 2021	Current	16.15 ha	\$1,000	\$1,000	\$35,000	Agreements 1, 2 Acquisition Agreement dated 3 March 2007 between Kevin Barker and Augur Resources Limited	Copper, gold, silver, molybdenite

### KEY

1. A Deed of Assumption dated 15 September 1998 between Daewoo Metal Australia Pty Limited, Hyundai Australia Resources Pty Limited, Kores Australia Pty Limited, LFB Resources NL, Malachite Resources NL and Samsung (Australia) Pty Limited
2. A Farm In Agreement dated 15 September 1998 between Daewoo Metal Australia Pty Limited, Hyundai Australia Resources Pty Limited, Kores Australia Pty Limited, Malachite Resources NL and Samsung (Australia) Pty Limited

See Section 2.8 for comments about these encumbrances



The Cadia open-pit mine located to the south of the Company's Yeoval tenement. This is not an asset of the Company.

## [Section 12]

# Financial Information

### 12.1 OVERVIEW

This Section provides a summary of the Historical Financial Information of the Company. All Historical Financial Information presented in this Section should be read in conjunction with the Investigating Accountant's Report (Section 13), the Risk Factors Section (Section 14) and other information contained within this Prospectus.

Unless otherwise stated, the Historical Financial Information has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations ("UIG") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act. The accounting policies comply with Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The Historical Financial Information comprises:

- the Audited Historical Income Statement, prepared on the basis and in accordance with AIFRS, for the years ended 30 June 2005 and 30 June 2006;
- the Reviewed Historical Income Statement prepared on the basis and in accordance with AIFRS for the nine months ended 31 March 2007;
- the Reviewed Historical Balance Sheet prepared on the basis and in accordance with AIFRS as at 31 March 2007 (i.e. pre-IPO);
- the Reviewed Pro-Forma Balance Sheet prepared on the basis and in accordance with AIFRS, as at 31 March 2007, assuming that the proposed transactions envisaged in this Prospectus are completed (i.e. post IPO);
- the Audited Historical Cash Flow Statements, prepared on the basis and in accordance with AIFRS, for the years ended 30 June 2005 and 30 June 2006; and
- the Reviewed Historical Cash Flow Statements prepared on the basis and in accordance with AIFRS for the nine months ended 31 March 2007.

The foregoing financial information is collectively referred to as the Historical Financial Information.

### 12.2 BACKGROUND

The Company is audited by Gould Ralph & Company, Chartered Accountants ("Gould Ralph"). Gould Ralph issued an unqualified audit opinion on the financial statements for the years ended 30 June 2005 and 30 June 2006. PKF Corporate Advisory Services (NSW) Pty Ltd have reviewed the financial statements for the nine months ended 31 March 2007.

The Historical Financial Information in this Section has been prepared in accordance with AIFRS and should be read in conjunction with the information and accounting policies set out below and other information contained within this Prospectus.

The Historical Financial Information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the requirements of the Corporations Act.

On 13 January 2007 Ark was incorporated as a wholly owned subsidiary of Augur. As at 31 March 2007, Augur was still the sole Shareholder of Ark. Consolidated results have not been prepared for the purpose of the Prospectus based on the following:

- Ark was incorporated in January 2007 and no material transactions have taken place since incorporation; and
- the investment in Ark was disposed of by Augur as part of the De-Merger process to existing Shareholders of Augur pre-IPO (refer Section 16 for details of the Licence Transfer Agreement and Section 17 for further details of the De-Merger).

The Directors are of the opinion that the consolidated results of Augur would not provide any benefit to the prospective Shareholders as Ark is now no longer controlled by Augur.

In order to determine a reasonable basis for the calculation of the consideration for the transfer of four exploration licences/tenements to Ark the Directors commissioned a Valuation Report on all of Augur's

licences, prior to the transfer. On 31 January 2007 Minnelex Pty Ltd, issued an Independent Valuation Report to the Directors. The Independent Valuation Report valued all tenements at a mid range of \$11,500,000 with the tenements to be transferred to Ark at \$6,000,000. (ie 52% of the total value). Before determining the transfer value for the assets the Directors considered three methods in order to ascertain a reasonable basis for the calculation of the transfer:

- a] Revalue the tenements within Augur to the assessed value and transfer the assets at this value. In considering this method the Directors had regard to AASB 6 "Exploration for and Evaluation of Mineral Resources" and AASB 138 "Intangible Assets". The Directors concluded that these assets were in the form of intangible assets and noted that AASB 138 permits revaluation of intangible assets but only if the assets satisfy the active market test. This requires the assets within the market to be homogenous, willing sellers and willing buyers can normally be found at any time and prices are available to the public. The Directors concluded that the assets would fail the active market test and consequently could not be revalued as to do so would be contrary to Australia Accounting Standards.
- b] Use the valuation received, ie. \$6,000,000 for the Ark assets, as the sale consideration. This would have resulted in a profit of approximately \$5,500,000 in Augur. The Directors concluded that this was not in the spirit of the transaction whereby they, and other Government Departments, believed this to be in the form of a corporate reconstruction in that ownership of assets should ostensibly be the same before and after the transaction.
- c] Apply the percentage valuation of Ark assets to the total (52%) to the issued (\$2.7m) at 31 March 2007. In a resources company such as Augur monies received for exploration normally comes from Shareholders in one form or another. This is the case with Augur. The issued capital received was used on exploration expenditure for the 9 tenements that were originally held by Augur. As a result of 4 of these tenements being transferred to Ark the Directors believed that the issued capital

in Augur was no longer represented by assets, ie 9 tenements, and consequently the issued capital was used as a base for the transfer value. The percentage (52%) was applied to the issued capital (\$2.7m) to determine the transfer consideration of \$1,422,253.

The Pro-Forma Balance Sheet as at 31 March 2007 reflects the Balance Sheet, adjusted for the following transactions as if they had taken place at that date:

- the issue to public subscribers by Augur of 25,000,000 shares at an issue price of \$0.20 each pursuant to this Prospectus. Full subscription has been assumed.
- the application of part of the proceeds of the Offer to the costs associated with the Offer estimated to be \$733,100.
- conversion of Convertible Notes amounting to \$621,730 (as at 31 March 2007). The amount redeemed on 7 June 2007 was \$625,164.
- transfer of accumulated expenditure in relation to four exploration assets/licences (\$317,328) and associated bonds (\$40,000) to Ark.
- the De-Merger transaction was approved by Shareholders on 20 February 2007. The De-Merger of the Ark investment was effected as follows:
  - upon receipt of approval from the DPI-MR on 29 May 2007, on 30 May 2007 and in consideration for the transfer of the exploration licences, Ark issued 19,006,129 fully paid ordinary shares to Augur for a total consideration of \$1,422,253 ("Ark Shares").
  - On 31 May 2007 the Ark Shares were distributed to the Shareholders by way of an in specie distribution by Augur. On the same date and following the in specie distribution of the Ark Shares, Augur then effected an equal capital reduction, through a cancellation of Shares, which reduced its issued capital by 19,006,129 fully paid shares (amounting to \$1,422,353) to leave it with 22,740,382 Shares on issue.
  - on 7 June 2007 a share split of 1 to 1.1638250158 was approved by Shareholders which increased the Shares on issue to 26,465,825.

### 12.3 INCOME STATEMENTS

	REVIEWED ACTUAL 31-MAR-07 S	AUDITED ACTUAL 30-JUN-06 \$	AUDITED ACTUAL 30-JUN-05 \$
Other income	18,135	9,016	223
Exploration expenses	-	(97,360)	(56,153)
Other expenses from ordinary activities	(521,687)	(749,283)	(23,355)
Loss from ordinary activities before finance costs, depreciation and amortisation and income tax expense	(503,552)	(837,627)	(79,285)
Depreciation	(2,988)	(10)	-
Net finance costs	(38,977)	(15,362)	(562)
Net loss from ordinary activities before income tax expense	(545,517)	(852,999)	(79,847)
Income tax benefit/(expense)	-	-	-
<b>Net loss from ordinary activities</b>	<b>(545,517)</b>	<b>(852,999)</b>	<b>(79,847)</b>

The accompanying notes form part of the Historical Financial Information.

## 12.4 BALANCE SHEETS

		REVIEWED 31-MAR-07	PRO-FORMA 31-MAR-07
	NOTE	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	2	744,391	5,102,230
Receivables	3	152,557	64,368
Exploration and evaluation expenditure	7	317,328	-
<b>Total current assets</b>		<b>1,214,276</b>	<b>5,166,598</b>
<b>Non Current Assets</b>			
Property, plant and equipment	4	20,637	20,637
Investments	5	100	-
Other non current asset	6	55,000	55,000
Exploration and evaluation expenditure	7	636,058	636,058
<b>Total non current assets</b>		<b>711,795</b>	<b>711,695</b>
<b>TOTAL ASSETS</b>		<b>1,926,071</b>	<b>5,878,293</b>
<b>Current liabilities</b>			
Payables	8	60,728	60,728
Borrowings	9	621,730	-
Total current liabilities		682,458	60,728
<b>TOTAL LIABILITIES</b>		<b>682,458</b>	<b>60,728</b>
<b>NET ASSETS</b>		<b>1,243,613</b>	<b>5,817,565</b>
<b>Equity</b>			
Issued Share capital	10	2,726,176	6,192,453
Options reserve		-	42,750
Accumulated losses	11	(1,482,563)	(417,638)
<b>TOTAL EQUITY</b>		<b>1,243,613</b>	<b>5,817,565</b>

The accompanying notes form part of the Historical Financial Information.

## 12.5 CASH FLOW STATEMENTS

		REVIEWED ACTUAL 31-MAR-07 NOTE	AUDITED ACTUAL 30-JUN-06	AUDITED ACTUAL 30-JUN-05
		\$	\$	\$
<b>Cash flows from operating activities</b>				
Sundry receipts		-	3,591	-
Cash paid to suppliers and employees		(566,698)	(837,812)	(81,407)
Interest received		18,135	7,406	223
Interest paid		-	(15,362)	-
Income tax paid		-	-	(107)
Net cash outflow from operating activities	15(b)	(548,563)	(842,177)	(81,291)
<b>Cash flows from investing activities</b>				
Payments for exploration expenditure and licences		(909,752)	-	-
Purchase of property, plant and equipment		(18,672)	(4,963)	-
Acquisition of subsidiary		(100)	-	-
Purchase of mining lease		(5,000)	-	-
Net cash outflow from investing activities		(933,524)	(4,963)	-
<b>Cash flows from financing activities</b>				
Proceeds from issue of convertible notes		1,856,784	1,328,969	-
Loan to subsidiary		(19,282)	-	-
Loan from Shareholders		-	-	70,632
Payment for environmental bonds		-	(90,000)	40
Refund of exploration application deposits		-	-	20,175
Proceeds from share issue		-	30,000	-
Payment for share raising costs		(48,189)	-	-
Net cash inflow from financing activities		1,789,313	1,268,969	90,847
Net increase in cash and cash equivalents		307,226	421,829	9,556
Cash and cash equivalents at beginning of the year		437,165	15,336	5,780
<b>Cash and cash equivalents at end of the period / year</b>	<b>15(a)</b>	<b>744,391</b>	<b>437,165</b>	<b>15,336</b>

The accompanying notes form part of the Historical Financial Information.

## 12.6 NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 12.6.1 Significant Accounting Policies

The significant accounting policies set out below are AIFRS compliant accounting policies that have for the purposes of presentation of the Historical Financial Information, been adopted by Augur with effect from 1 July 2004.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the Historical Financial Information complies with International Financial Reporting Standards.

The Balance Sheets in Section 12.4 above have been prepared in accordance with AIFRS on the basis of the policies set out below. The Income Statements and the Cash Flow Statements for the years ended 30 June 2005, 30 June 2006 and nine months ended 31 March 2007 set out in section 12.3 and 12.5 respectively have also been prepared on the basis of AIFRS policies adopted from 1 July 2004.

The Historical Financial Information has been prepared in accordance with the measurement but not all of the disclosure requirements of Australian Accounting Standards, UIG and AASB Interpretations. In the Company's view, the omitted disclosures would provide no more relevant information to a potential investor in Augur.

### 12.6.2 Basis of Preparation

The Historical Financial Information has been prepared so as to comply, subject to the basis of preparation outlined in this note, with Australian Accounting Standards as follows:

- The Income Statements, prepared for the years to 30 June 2005, 2006 and nine months to 31 March 2007 have been prepared in accordance with AIFRS;
- The Balance Sheets, as at 31 March 2007, prepared on both a Historical and Pro-Forma basis, have been prepared in accordance with AIFRS; and
- The Cash Flow Statements, prepared for the years to 30 June 2005, 2006 and nine months to 31 March 2007 have been prepared in accordance with AIFRS

In the application of AIFRS, the Directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements.

The Company has not applied AASB 127 'Consolidated and Separate Financial Statements' as the investment in Ark was disposed of by the Company as part of the De-Merger process to existing Shareholders in Augur

pre-IPO. Ark was incorporated on January 2007 and no substantial transactions have taken place since that date. The Company does not have any other participation in any other entity.

### 12.6.3 Income Tax

Income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items taking into account deductions for exploration expenditure in accordance with current tax legislation. It is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

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

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

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

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

### 12.6.4 Goods and Services Tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of the GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Balance Sheet.

### 12.6.5 Financial Instruments

#### a) Initial recognition

Augur classifies financial instruments, or their

component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on Augur's Balance Sheet when Augur becomes a party to the contractual provisions of the instrument.

*b] Trade and other payables*

Creditors and other payables, including accruals for goods received but not yet billed, are recognised when Augur becomes obliged to make future payments principally as a result of the purchase of goods and services.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are carried at amortised cost.

*c] Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

*d] Bank overdraft and borrowings*

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with Augur's accounting policy for borrowing costs.

### **12.6.6 Property, Plant and Equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to Augur
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

### **12.6.7 Depreciation**

The depreciable amount of all fixed assets are

depreciated over their estimated useful lives to Augur commencing from the time the asset is held ready for use.

### **12.6.8 Impairment**

Augur assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, Augur estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, Augur also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit.

Augur assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation

other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### **12.6.9 Provisions**

Provisions are recognised when:

- Augur has a present obligation as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if Augur settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

#### **12.6.10 Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest, and carried forward in the Balance Sheet where:

- a) rights to tenure of the area of interest are current
- b) one of the following conditions is met:
  - i) such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - ii) exploration and/or evaluation activities in the area of interest have not at balance sheet date yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

Exploration and evaluation expenditure is classified as tangible or intangible according to the nature of the assets acquired and the expenditure.

#### **12.6.11 Restoration and Rehabilitation Obligation**

A provision for restoration and rehabilitation obligation is recognised on a gradual basis over the life of the Exploration Licences where applicable. The amount recognised includes cost of reclamation and site rehabilitation after taking into account restoration works which are carried out during exploration or development. The provision for restoration costs are determined from an estimate of future costs and are capitalised as exploration expenditure.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **12.6.12 Equity Based Compensation Cost**

Augur allocates its employees shares and share options as part of their remuneration package. Equity based compensation benefits are provided to employees via the Executive Share Option Plan, as set out in Note 14 to the financial information.

These payments are measured at the more readily determined fair value of the equity instrument.

An expense is recognised for all Share based remuneration determined with reference to the fair value of the equity instruments issued. The fair value of equity instruments is calculated using market price where available, and where market prices are not available using a valuation technique consistent with the Black Scholes methodology, to estimate the price of those equity instruments in an arm's length transaction between knowledgeable, willing parties. The fair value calculated in accordance with AASB 2 'Share-based Payment' is charged against profit over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting.

Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumption about probabilities of payment and compliance with and attainment of the set out terms and conditions.

Upon the exercise of options, the balance of the Share based payments reserve relating to those options is transferred to Share capital.

#### **12.6.13 Convertible Notes**

The convertible notes issued by Augur exhibit characteristics of a liability. On the issue of the convertible notes, the fair value of the liability is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The corresponding mandatory coupon payments on those notes are charged as interest expense in the Income Statement.

## **Note 1 - Basis of Preparation of the Pro-Forma Balance Sheet**

The Pro-Forma Balance Sheet at 31 March 2007 reflects the Balance Sheet of Augur as at that date, including certain transactions, detailed below, as if those transactions occurred at 31 March 2007.

In order to determine a reasonable basis for the calculation of the consideration for the transfer of four Exploration Licences/tenements to Ark the Directors commissioned an Independent Valuation Report of all of Augur's licences prior to the transfer. On 31 January Minnelex Pty Ltd issued an Independent Valuation Report to the Directors. This Independent Valuation Report valued all tenements at a mid range of \$11,500,000 with the tenements to be transferred to Ark at \$6,000,000 (i.e 52% of the total value).

- The Offer of Shares outlined in the Prospectus in accordance with the Offer outlined in the Prospectus. Full subscription has been assumed whereby Augur will issue 25,000,000 shares to raise \$5,000,000. The Pro Forma Balance Sheet reflects the issue of 25,000,000 shares to the value of \$5,000,000.
- The payment of expenses associated with the Offer outlined in the Prospectus. Expenses associated with the Offer, estimated to be \$733,100, will be charged against equity and reflected in the Pro Forma Balance Sheet. \$48,189 of these costs have previously been paid resulting in a decrease in prepayments (other receivables) of \$48,189.
- Redemption of the convertible notes. On 7 June 2007, Ichiya redeemed its Convertible Notes (\$621,730 as at 31 March 2007).
- Transfer of Exploration Licences and Exploration Expenditure to Ark The Company transferred certain Exploration Licences to Ark as part of the De-Merger. Exploration expenditure in relation to these licences amounting to \$317,328 was transferred to Ark together with environmental bond deposits amounting to \$40,000.
- Distribution of Ark's Shares and Capital Reduction. The Company received 19,006,129 shares at \$0.074847 per share in Ark (\$1,422,253) as consideration for the transfer of the Exploration Licences. The issued share capital of Augur was then reduced by \$1,422,353 by means of a pro rata in specie distribution of Ark Shares to Augurs' Shareholders.
- Share Subdivision  
The Shareholders of the Company approved a share split on the basis of 1:1.1638250158 at an Extraordinary General Meeting held on 7 June 2007.

	REVIEWED 31-MAR-07 \$	PRO-FORMA 31-MAR-07 \$
<b>Note 2 - Cash and Cash Equivalents</b>		
<i>Cash and cash equivalents</i>		
Cash at bank and on hand	744,391	5,102,230
Total cash and cash equivalents	744,391	5,102,230
<i>Reconciliation of cash and cash equivalent</i>		
Cash and cash equivalents at 31 March 2007	744,391	744,391
Proceeds from the Offer	-	5,000,000
Capital raising and listing costs	-	(642,161)
Total cash and cash equivalents	744,391	5,102,230
<b>Note 3 - Receivables</b>		
GST	45,086	45,086
Amount owing from Ark	19,282	19,282
Prepaid capital raising costs	48,189	-
Environment bond deposits	40,000	-
Total receivables	152,557	64,368
<b>Note 4 - Property, Plant and Equipment</b>		
<i>At cost</i>		
Office equipment	23,635	23,635
Total cost	23,635	23,635
<i>Accumulated depreciation</i>		
Office equipment	(2,998)	(2,998)
Total accumulated depreciation	(2,998)	(2,998)
Total book value of property, plant and equipment	20,637	20,637
<b>Note 5 - Investments</b>		
Investment In Ark	100	-
<i>Movement during the period</i>		
At beginning of period	-	-
Additions during the period	100	100
Additions as part of the De-Merger	-	1,422,253
Distribution in specie to Shareholders of Augur	-	(1,422,353)
At end of period	100	-
<b>Note 6 - Other Non Current Assets</b>		
Environmental bond deposits	50,000	50,000
Mining lease deposit	5,000	5,000
Total other current assets	55,000	55,000

	REVIEWED 31-MAR-07 \$	PRO-FORMA 31-MAR-07 \$
--	-----------------------------	------------------------------

**Note 7 - Exploration and Evaluation expenditure**

Current		
Intangible	317,328	-
Non Current		
Intangible	636,058	636,058
Movement during the period		
At beginning of period	-	-
Additions at cost	953,386	953,386
Transfer of exploration and evaluation expenditure / licence	-	(317,328)
Total exploration and evaluation expenditure	953,386	636,058

Ultimate recoupment of the carrying value of the exploration expenditure is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest

**Note 8 - Payables**

Trade creditors	51,230	51,230
Accruals	9,498	9,498
Total Payables	60,728	60,728

Trade creditors are unsecured and non-interest bearing.

**Note 9 - Borrowings**

Current		
Convertible Notes	621,730	-

On 26 May 2006, the Company entered into a convertible note agreement with Ichiya Co Ltd ("Ichiya" - holding company) for a subscription up to \$2,500,000. On or about the 27 September 2006, Ichiya agreed to increase the maximum subscription amount to \$3,300,000 and all other conditions remained the same as when originally entered.

The terms of the Convertible Note were as follows:-

- The interest rate is 3% p.a. payable quarterly
- Maturity of the Note is the second anniversary of the issue date
- On Redemption Date the note shall be redeemed by the Company through payment in cash to the Holder of the note.
- The Holder may at any time during the term of the convertible notes elect to convert them into fully paid ordinary shares
- The conversion will be based on either 5 days average trading price (if quoted) or based on a price to be agreed by both parties.

In February 2007 the majority of the Convertible Notes were converted into fully paid ordinary shares. A total of \$2,695,136 (including interest accrued) was converted into 23,053,413 ordinary shares at an issue price of \$0.1169 per share. As at 31 March 2007, the Convertible Notes owing included accrued interest of \$2,801. On 7 June 2007, the amount owing in terms of the Convertible Notes was converted into fully paid ordinary shares. A total of \$625,163 (including interest accrued) was converted into 5,347,462 ordinary shares at an issue price of \$0.1169 per share. Note 10 reflects 5,318,098 shares issued the difference of 29,364 shares represents the interest accrued from 31 March to 7 June 2007.

## Note 10 - Share Capital

	NUMBER OF SHARES	REVIEWED 31-MAR 2007 \$	NUMBER OF SHARES	PRO-FORMA 31 MARCH 2007 \$
Balance at the beginning of the year	13,375,000	31,040	13,375,000	31,040
Fully paid ordinary Shares issued during the year:				
23,053,413 Shares at \$0.1169 per Share by conversion of convertible notes in February 2007	23,053,413	2,695,136	23,053,413	2,695,136
Reduction of 19,006,129 Shares at \$0.074847 per Share in accordance with the Capital Reduction as part of De-Merger	-	-	(19,006,129)	(1,422,353)
5,318,098 Shares at \$0.1169 per Share by conversion of convertible notes in June 2007	-	-	5,318,098	621,730
3,725,443 Share split on the basis of 1:1.1638250158 in accordance with approval of Shareholders at the EGM held on 7 June 2007.	-	-	3,725,443	-
25,000,000 Shares at \$0.20 per Share under the Initial Public Offer	-	-	25,000,000	5,000,000
Share issue costs in relation to the Offer	-	-	-	(733,100)
	<u>36,428,413</u>	<u>2,726,176</u>	<u>51,465,825</u>	<u>6,192,453</u>

In addition to the above, 34,175 shares were issued after 31 March 2007 as a result of the interest incurred on the convertible notes and share split. No deferred tax asset was recognised in relation to the share issue costs as the Company's current activity is the exploration of mineral resources, there are presently no revenue streams and consequently recoupment of any taxation benefit is not probable at this stage in the Company's development. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Every ordinary Shareholder present at a meeting of the Company in person or by proxy is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

REVIEWED  
31-MAR-07  
\$

PRO-FORMA  
31-MAR-07  
\$

### Note 11 - Accumulated Losses

Movement during the period

Accumulated losses at the beginning of the period	(937,046)	(937,046)
Net loss from ordinary activities	(545,517)	(545,517)
Profit arising from transfer of Exploration Licences to Ark	-	1,064,925
At end of period	(1,482,563)	(417,638)

### Note 12 - Commitments

i] Augur entered into a Deed of Acquisition for a Mining Lease "ML 811 Goodrich" ("Goodrich") on 3 March 2007.

Augur paid the Vendor a deposit of \$5,000 (recognised as Other Non-Current Assets in the Balance Sheet) and a further \$30,000 is payable upon the Company listing on the ASX. An additional consideration of 100 troy ounces of gold is payable by Augur from the gold mined from Goodrich in the first year in which Goodrich is in production and if insufficient the balance will be paid in subsequent years.

ii] As part of the terms and condition of the exploration licences with the Department of Primary Industries, Augur has agreed to the following commitments:

EXPLORATION LICENCE	LICENCE EXPIRY DATE	MINIMUM COMMITTED EXPENDITURE
Weelah	26/9/08	120,000
Wallaby Rock	26/9/08	96,000
Yeoval	26/9/08	118,500
Tullamore	26/9/08	114,000
Collerina	31/10/08	205,833
<b>TOTAL</b>		<b>654,333</b>

### Note 13 - Share Options Plan

The Company established an Executive Share Option Plan on 3 May 2007 whereby the Directors may offer options for ordinary shares in the Company. The Directors, from time to time, determine who is entitled to participate in the Share Option Plan and may issue invitations to executives or a relative or associate nominated by the Directors. The options will be granted over a five (5) year period from the date of the Company's admission to the Official List of the ASX.

All shares issued upon the exercise of the options will rank pari passu in all respect with the Company's existing fully paid shares.

The terms of the Executive Share Option Plan are as follows:-

- Vesting date
  - for the Initial Grantees the date which is 12 months after the date on which the Company is admitted to the Official List of the ASX; or
  - for Later Grantees the date which is 12 months after the option's grant date.
- Expiry date
  - Five years from the date of the company's admission to the Official List of the ASX
- Exercise price
  - for the Initial Grantees, the exercise price is \$0.25 per share; or
  - for Later Grantees, the exercise price is a 25% premium to the volume weighted average of the ordinary shares traded on the ASX for the 15 business days preceding the option's grant date.

Initial Grantees refers to the initial grantees invited to participate in the Executive Share Option Plan by the Directors while Later Grantees refer to all grantees invited to participate in the Executive Share Option Plan by the Directors after the Initial Grantees.

#### Note 14 - Related Party Transactions

During the period, the Company paid \$38,750 to Bradfield Corporate Services Pty Ltd, a Director related company. The Company also paid \$51,136 to Glencaple Pty Ltd for services rendered by Terence Shanahan, who was a Director of the company as at 31 March 2007 but subsequently resigned.

Peter Bradfield, Joshua Rogers and Roger Jackson are also Directors of Every Day Mine Services Limited. As at the date of this prospectus there have not been any transactions, arrangements or agreements entered into between Augur and Every Day Mine Services Ltd.

The payments are in relation to Director's fees, management fees and secretarial services performed for the company.

The Company's main Shareholder, Ichiya, has entered into a Commission and Management Agreement with Mitchell Morgan, in which Mitchell Morgan will provide management services to Ichiya for a fee of \$150,000 per annum. This cost was paid by Augur. The transaction has been approved by the Board of Directors of Augur.

#### Note 15 - Notes to the Cash Flow Statements

##### (a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at end of the financial period / year as shown in the Cash Flow Statements are reconciled to the related items in the Balance Sheet as follows:

	REVIEWED ACTUAL 31-MAR-07 \$	AUDITED ACTUAL 30-JUN-06 \$	AUDITED ACTUAL 30-JUN-05 \$
Cash and cash equivalents	744,391	437,165	15,336
 (b) Reconciliation of cash flow from operating activities to loss for the period / year:-			
Loss for the period / year	(545,517)	(852,999)	(79,847)
 Non-cash flow in loss from ordinary activities before tax			
- Depreciation of property, plant and equipment	2,988	10	-
- Finance costs	38,977	-	-
 Changes in assets and liabilities			
- (Increase) / decrease in receivables	(30,961)	1,981	27,509
- Increases / (decrease) in payables	(14,050)	8,831	(28,953)
Cash flow from operations	(548,563)	(842,177)	(81,291)

[Section 13]

# Investigating Accountant's Report

23 July 2007



The Directors  
Augur Resources Limited  
Level 45, 2 Park Street  
SYDNEY NSW 2000

Dear Sirs,

## INVESTIGATING ACCOUNTANT'S REPORT

### INTRODUCTION

At the request of the Directors of Augur Resources Limited ("**Augur**" or "**the Company**"), PKF Corporate Advisory Services (NSW) Pty Ltd ("**PKFCA**") has prepared this Investigating Accountant's Report ("**Report**") for inclusion in a Prospectus to be dated on or about 23 July 2007 ("**the Prospectus**") relating to the Offer of \$5 million represented by an allotment of 25,000,000 Ordinary Shares at an issue price of \$0.20 ("**the Offer**"), with a minimum subscription of \$4 million. For the purposes of this Report, full subscription has been assumed.

This Report sets out PKFCA's findings on the following financial Information of Augur as set out in Section 12 of the Prospectus:

- A review of the Historical Balance Sheet as at 31 March 2007;
- A review of the Pro-forma Balance Sheet as at 31 March 2007;
- A review of the Audited Historical Income Statements for the years ended 30 June 2005, 2006 and the Reviewed Historical Income Statement for the nine months ended 31 March 2007; and
- A review of the Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006 and the Reviewed Historical Cash Flow Statements for the nine months ended 31 March 2007.

The foregoing financial information is collectively referred to as "**the Historical Financial Information**".

Terms used in this Report are intended to have the same meaning ascribed to them in the Prospectus, unless expressly provided for otherwise in this Report.

The nature of this Report is such that it should be given by an entity that holds an Australian Financial Services License under the Financial Services Reform Act 2001. PKFCA is wholly owned by PKF and holds the appropriate Australian Financial Services License (License No. 247420).

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

## BACKGROUND

Augur was incorporated on 31 October 2003 to explore and develop mineral resources in various parts of Australia and, in more recent times, has focused its activities on the Lachlan Fold belt in New South Wales.

Augur acquired 100% of the issued share capital of Ark Resources Limited (“**Ark**”) on incorporation. The Directors of Augur then De-Merged the two companies and as part of the De-Merger transaction Augur transferred four of its exploration licences to Ark.

The De-Merger was carried out through Ark issuing 19,006,129 fully paid shares at a deemed price of \$0.074837 per share (\$1,422,253) to Augur as consideration for the exploration licences. Ark’s issued capital was then distributed to Augur’s shareholders by means of a pro-rata in specie distribution, resulting in a reduction of Augur’s capital by 19,006,129 fully paid shares (\$1,422,353).

The De-Merger was approved by the Shareholders of Augur on 20 February 2007 and implemented on 30 May 2007.

In May 2006, the Company issued a series of Convertible Notes amounting to \$3.3 million to Ichiya Co. Limited (“**Ichiya**”). In February 2007, Ichiya elected to convert \$2,695,136 of its Convertible Notes into ordinary shares at an issue price of \$0.1169 per share.

On 7 June 2007, the balance of the Convertible Notes was converted into fully paid ordinary shares. A total of \$625,163 (including interest accrued) was converted into 5,347,462 ordinary shares at an issue price of \$0.1169 per share.

At an Extraordinary General Meeting of Augur’s shareholder held on 7 June 2007, a share split of 1 to 1.1638250158 was approved.

The above transactions are reflected in the Pro-Forma Balance Sheet as at 31 March 2007.

## HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information comprises:

- the Reviewed Historical Balance Sheet as at 31 March 2007;
- the Pro-Forma Balance Sheet as at 31 March 2007;
- the Audited Historical Income Statements for the years ended 30 June 2005, 2006 and the Reviewed Historical Income Statement for the nine months ended 31 March 2007; and
- the Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006 and the Reviewed Historical Cash Flow Statements for the nine months ended 31 March 2007,

as set out in Section 12 of the Prospectus (“**the Historical Financial Information**”).

The Pro-Forma Balance Sheet as at 31 March 2007 assumes completion of the transactions detailed in Section 12 of this Prospectus.

The Directors of Augur are responsible for the preparation and presentation of the Historical Financial Information (including the Pro-Forma financial information and including the determination of the adjusting transactions). The Historical Financial Information has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information to which it relates for any purposes other than for which it was prepared.

The Historical Financial Information is presented in a summarised form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. The Historical Financial Information has been

extracted from special purpose financial accounts prepared in accordance with the Corporations Act 2001 and complying with the measurement and recognition criteria of Australian Accounting Standards.

## **SCOPE OF REVIEW**

We have reviewed the Historical Financial Information as set out in Section 12 of the Prospectus, in order to report whether anything has come to our attention which causes us to believe that the Historical Financial Information does not present fairly the earnings and financial position of Augur, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Augur.

Our review has been conducted in accordance with Auditing Standard 902, "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- A review of audit and other work papers, accounting records and other documents;
- A comparison of the consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Augur;
- A review of the assumptions used to compile the adjusting transactions; and
- Enquiries of Directors, Management, Advisers and others.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## **STATEMENTS AND OPINION**

### ***Review of Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information as set out in Section 12 of the Prospectus, has not been presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Augur.

### ***Subsequent Events***

Other than the matters dealt with in this Report, to the best of our knowledge and belief, there have been no material transactions or events outside the ordinary course of business of Augur that have come to our attention which require comment on, or adjustment to, the information contained in this Report or which would cause such information to be misleading or deceptive.

## **INDEPENDENCE AND GENERAL ADVICE LIMITATION**

### ***Independence***

PKFCA is a member of the PKF New South Wales accounting practice. PKFCA does not have any interest in the outcome of the Offer set out in the Prospectus, other than in connection with the preparation of this Report and participation in the due diligence procedures, for which normal professional fees will be received.

The Directors of Augur have agreed to indemnify and hold harmless PKFCA, its Directors and Staff from any claims arising out of misstatement or omission in any material or information provided to PKFCA by the Company and its Directors, Management and Officers.

PKFCA has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

***General Advice Limitation***

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

PKFCA holds an Australian Financial Services Licence. As a holder of an Australian Financial Services Licence we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of PKFCA's Financial Services Guide is set out in Appendix A to this Report.

Yours faithfully,

**PKF CORPORATE ADVISORY SERVICES (NSW) PTY LTD**

A handwritten signature in black ink, appearing to read "Bruce Gordon". The signature is written in a cursive, flowing style.

**BRUCE GORDON**

Director

## **APPENDIX A : FINANCIAL SERVICES GUIDE**

23 July 2007

This Financial Services Guide is issued in relation to the Investigating Accountant's Report included in the Prospectus dated on or about 23 July 2007 ("**the Prospectus**") relating to the Offer of \$5 million represented by an allotment of 25,000,000 Ordinary Shares at an issue price of \$0.20 each ("**the Offer**") with a minimum subscription of \$4 million.

PKF Corporate Advisory Services (NSW) Pty Ltd ("**PKFCA**") (ABN 70 050 038 170) has been engaged by the Directors of Augur to prepare an Investigating Accountant's Report for inclusion in the Prospectus.

PKFCA holds an Australian Financial Services Licence - Licence No: 247420.

### **Financial Services Guide**

As a result of our Report being provided to you we are required to issue to you a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

### **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

### **General Financial Product Advice**

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the issue of share described in the Prospectus may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

### **Benefits that we may receive**

We have charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

### **Remuneration or other benefits received by our employees**

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly in connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

## Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the Reports that we are licensed to provide.

## Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF New South Wales, Chartered Accountants and Business Advisers. The Directors of PKFCA may also be Partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF New South Wales, Chartered Accountants and Business Advisers are comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

## Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory Services (NSW) Pty Ltd, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Industry Complaints Service (“**FICS**”). FICS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FICS. FICS may be contacted directly via the details set out below.

Financial Industry Complaints Service Limited  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Toll free: 1300 78 08 08  
Facsimile: (03) 9621 2291  
Email: [www.fics@fics.asn.au](mailto:www.fics@fics.asn.au)

## [Section 14]

# Risks & Risk Management

### 14.1 TYPES OF RISKS

This Section of the Prospectus details risks that can impact the value of your Shares in the Company. Risks can be classified into two main types: general risks that impact all publicly-listed companies and risks that are specific to exploration companies such as Augur. This Section also lists actions the Directors have taken to mitigate and reduce risks that are within their control. It is important to read this Section in its entirety.

#### **Pay Regard to Your Personal Financial Situation**

Persons considering an investment in Shares in the Company should read the whole of this Prospectus, including this Section. It is important to consider whether an investment in Shares of this Company fits with your investment portfolio and your financial circumstances and is suitable having considered your own personal investment objectives. It is always prudent to consult with your professional advisor before making a decision to apply for Shares.

#### **Risks Generally Applicable to Listed Public Companies**

There are risks that are outside the control of the Directors of all publicly-listed companies, including Augur. Examples include but are not limited to:

- local and global economic conditions
- interest rates
- levels of tax, taxation law and accounting practice
- government legislation or intervention
- inflation and inflationary expectations
- natural disaster, social upheaval or war.

Such risks might unfavourably impact Australian Share market conditions, the value of Shares in this Company or the Company's operating profit and ability to pay a dividend.

#### **Risks Applicable to All Mineral Exploration Companies**

As a mineral exploration company, Augur's Share price can be impacted by factors specific to the mineral exploration industry. Examples of the risks will be examined in detail later in this Section and include but are not limited to:

- Director and management experience
- commodity and currency price volatility
- environmental impact
- mining and native title
- reliance on key personnel
- exploration and mining

While the Directors can take steps to mitigate the risks, the nature of the business of mineral exploration is such that not all risk is capable of control. A fundamental risk outside the control of the Company is material long-term fluctuations in the price of copper, gold and other base metals. These risks impact all exploration and mining companies and can affect the realisation of anticipated operating profits. While returns from Share investments in mineral exploration companies can be substantial, it is prudent for persons seeking to invest in the Shares of the Company to obtain professional advice to ensure the level of risk is appropriate for their investment portfolio.

The remainder of this Section details the nature of other risks and any mitigating actions that the Directors have undertaken or are undertaking to reduce risks.

### 14.2 DIRECTOR AND MANAGEMENT EXPERIENCE

Mineral exploration and mining is a highly-specialised business and the board of Directors and management require the appropriate scientific and technical qualifications. They also require skills and

qualifications associated with the management and governance of a publicly-listed company. Skills and experience in this area must be augmented with a broad experience base garnered over many years of working in the exploration and mining industry for a range of credible exploration and mining operations. The Company's Directors, the management team they have assembled and the team of consulting geologists, have experience specific to the region being explored by the Company. The independent and consultative geologists, a team of 13 people at the time of the writing of this Prospectus, have on average 31 years of experience since graduating. Section 9 of this Prospectus details the extensive experience of the Company's Board of Directors.

#### **14.3 ENVIRONMENTAL IMPACT**

The mining industry has become subject to increasing environmental responsibility and liability. Consequently the potential for liability is an ever-present risk. The proposed exploration and mining activities of the Company will be subject to applicable Australian Federal and State government environmental laws, regulations and restrictions. The Company is unable to predict the effect of future changes to environmental legislation or policy and the cost of such changes on its operations and financial position. However, the Company is aware of its legislative and regulatory obligations and as part of its exploration strategy and investigations, has taken steps to conduct its operations in an environmentally responsible manner and in accordance with relevant obligations as they stand at the time of writing of this Prospectus.

#### **14.4 MINING AND NATIVE TITLE**

The tenements of many mineral exploration companies are likely to be impacted by the existence of native title or native title claims. Operating profits might be impacted by restricting the ability of the Company to

carry out exploration or obtain production tenements, by delays in exploration or it might result in the payment of compensation. Alternatively, access rights might only be obtained by way of agreements that reduce the level of operating profit available to Shareholders or under conditions unacceptable to the Directors and Shareholders of the Company. There is no current Native Title Claim affecting any of the tenements of the Company. *The Independent Exploration Titles Report* in this Prospectus covers this risk in detail in Section 11.

#### **14.5 RELIANCE ON KEY PERSONNEL**

The Company has relied to a significant extent upon the experience and expertise of Directors, geologists, project managers and other skilled professionals. The Company intends to provide appropriate working conditions, develop suitable human resource management strategies and policies to assist in the recruitment and retention of key personnel. Key personnel have been engaged with appropriate work agreements and the Directors believe the exploration results to date will attract suitably skilled and experienced staff.

#### **14.6 EXPLORATION AND MINING**

The business of exploration is inherently a speculative activity and the success in ascertaining economic recoverable resources can never be guaranteed. In addition, drilling operations can be affected by uncontrollable factors such as inclement weather, industrial action, environmental issues, unforeseen increases in costs, technical difficulties not anticipated in the Company's business plan and '*force majeure*' events. The development of a mine will require further approvals and will involve additional expenditure in the event that economic gold and copper deposits are discovered. The Company might not be able to raise additional capital or in such an instance be able to

find a suitable joint venture partner, all of which are conditions that would negatively impact the Share price. Exploration and mining risks are mitigated by having experienced Directors, project managers and a team of geologist experienced in the area in which the Company intends to drill and operate. In addition, the selection of the sites described in this Prospectus are near existing mining facilities, other infrastructure, world-class producers and work undertaken has involved the use of modern exploration techniques as detailed in Section 8 of this Prospectus. The Directors believe the exploration results encourage further exploration and development.

#### **14.7 EXPLORATION AND DEVELOPMENT**

The nature of exploration, mining and mineral processing involves hazards which could result in the Company incurring uninsured losses or liabilities to third parties. These could include unfavourable conditions, seismic activity, ore grades being lower than expected and the physical and metallurgical characteristics of ore being less amenable to mining and processing than expected. Specifically in relation to the Company's tenements, no assurance can be given as to the commercial viability of mining on the Company's tenements, the value or existence of deposits located within the Company's tenements, the types of minerals that may be contained in any deposits contained in the Company's tenements, or that the deposits will be mined from the Company's tenements. The inclusion of any resource estimates in this Prospectus should not be regarded as a representation that these amounts can be economically exploited and you should not place undue reliance on resource estimates.

#### **14.8 TIMETABLE**

Based on information currently available, the Company has made an estimate of the timetable in which the resources within Augur's tenements may be able to be developed. This timetable may change as further work is undertaken. Circumstances outside the control of the Company may cause the timetable to be extended. This may in turn affect future cash flows and funding requirements of the Company.

#### **14.9 TENEMENTS AND MINING LEASES**

The Company's tenements, and the Company's planned acquisition of the Goodrich Mining Lease pursuant to the Deed of Acquisition, are granted by the NSW Government and have a range of conditions which are required to be met in order for them to be renewed. These include reporting and minimum expenditure requirements. There is a risk that the Company may lose title to the tenements and future Mining Leases it holds if conditions to which the tenements and Mining Leases are subject are not complied with.

In 2005 under a different management and shareholding structure the Company fell behind in its

expenditure and reporting obligations to the DPI-MR. However to date all the tenements held by the Company are up-to-date in terms of their reporting and minimum expenditure requirements and all of the Company's tenements were renewed by the DPI-MR between 9 March and 10 April this year following their initial two year anniversary.

Notwithstanding that the Company's historical expenditure on most of the Exploration Licences has fallen short of commitment, the Directors have a reasonable expectation that provided the Company continues to comply with its expenditure and reporting requirements during the current term of the Exploration Licences, its Exploration Licences will be renewed upon their next expiry.

For further information on the Company's expenditure and reporting requirements, refer to section 6.2 of the Independent Exploration and Mining Titles Report contained in Section 11.

#### **14.10 CONCENTRATION OF SHAREHOLDING**

Based on the maximum subscription of funds being raised by this Prospectus, the Existing Shareholders will hold 51.4% of the Company at the completion of this Offer. Any significant sale of Shares by any of the Existing Shareholders following this date may have a negative impact on the Share price of the Company.

#### **14.11 THE COMPANY'S APPROACH TO RISK MITIGATION**

While there are risks that are outside the control of the Directors of any mineral exploration company, investors can take comfort in the specific mining exploration track record and experience of Augur's Directors. Tenement selection is based on years of exploration and mining experience in the Lachlan Fold Belt, the use of modern exploration techniques and a coherent exploration strategy. Section 8 of this Prospectus provides a summary of the exploration strategy.

#### **14.12 INVESTMENT SPECULATIVE**

The above list of factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should also consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for securities pursuant to this Prospectus.



## [Section 15]

# Corporate Governance

### 15.1 CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (Council). Whilst the Company's practices are largely consistent with the Council's guidelines, the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of Shareholders as a whole.

The extent to which the Company complies with the Council's best practice recommendations are set out in Section 15.9.

Details of all of the Council's recommendations can be found on the ASX website at [http://www.asx.com.au/about/CorporateGovernance\\_A A2.shtm](http://www.asx.com.au/about/CorporateGovernance_A A2.shtm).

### 15.2 BOARD OF DIRECTORS – ROLE AND RESPONSIBILITIES

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The

Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- 1] formulation and approval of the strategic direction, objectives and goals of the Company
- 2] the prudential control of the Company's finances and operations and monitoring the financial performance of the Company
- 3] the resourcing, review and monitoring of executive management
- 4] ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained
- 5] the identification of significant business risks and ensuring that such risks are adequately managed;
- 6] the timeliness, accuracy and effectiveness of communications and reporting to Shareholders and the market
- 7] the establishment and maintenance of appropriate ethical standards.

### 15.3 BOARD OF DIRECTORS – COMPOSITION, STRUCTURE AND PROCESS

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities.

#### 15.3.1 SKILLS, KNOWLEDGE AND EXPERIENCE

Directors are appointed based on the specific corporate and governance skills and experience

required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

#### **15.3.2 NON-EXECUTIVE DIRECTORS**

Two of the five Directors are non-executive Directors.

#### **15.3.3 CHAIRMAN AND MANAGING DIRECTOR**

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. Mr Bradfield has been appointed the non-executive chairman of the Company.

The managing director is responsible and accountable to the Board for the Company's management. Mr Joshua Rogers has been appointed managing director of the Company.

#### **15.3.4 COMPANY SECRETARY**

The Company secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfill its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company secretary is Mr Nicholas Geddes.

#### **15.3.5 INDEPENDENCE**

An independent Director, in the view of the Company, is a non-executive Director who:

- 1] is not a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;

- 2] within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment
- 3] within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with a service provider
- 4] is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- 5] has no material contractual relationship with the Company other than as a Director of the Company
- 6] has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company
- 7] is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The two non-executive Directors (being Peter Bradfield and Roger Jackson) are both regarded as independent Directors.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

#### **15.3.6 CONFLICTS OF INTEREST**

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- 1] disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company

- 2] if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

#### **15.3.7 RELATED PARTY TRANSACTIONS**

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain Shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

#### **15.3.8 SHARE DEALINGS AND DISCLOSURES**

The Company's Share Trading Policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

#### **15.3.9 BOARD NOMINATIONS**

The Remuneration and Nomination Committee will consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

#### **15.3.10 TERMS OF APPOINTMENT AS A DIRECTOR**

The current Directors of the Company have been appointed for 24 months. The Constitution of the

Company provides that a Director other than the managing director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (save for a managing director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

#### **15.3.11 PERFORMANCE REVIEW AND EVALUATION**

It is the policy of the Board to ensure that the Directors and executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and executives, there is on-going monitoring by the chairman and the Board. The chairman also speaks to Directors individually regarding their role as a Director.

#### **15.3.12 MEETINGS OF THE BOARD**

The chairman and Company Secretary will generally schedule monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory resolutions are also utilised where appropriate either in place or in addition to formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

#### **15.3.13 INDEPENDENT PROFESSIONAL ADVICE**

Subject to prior consultation with the chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

### **15.3.14 ACCESS TO COMPANY INFORMATION AND CONFIDENTIALITY**

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### **15.3.15 DIRECTORS' DEEDS**

The Company has also entered into a Deed of Indemnity and Access with each of the Director to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly-owned subsidiaries). A summary of the terms of such deed is contained in Section 16 of this Prospectus.

## **15.4 MANAGEMENT**

### **15.4.1 EXECUTIVES**

The managing director is responsible and accountable to the Board for the Company's management. Mr Bradfield and Mr Jackson are non-executive Directors. Mr Yoshioka is an Executive Director as he is also a director of Ichiya, the largest Shareholder in the Company.

The Company does not presently have a chief financial officer (CFO).

The Board has determined that the managing Director and the Company Secretary are the appropriate persons to make the chief executive and CFO declarations respectively in respect of the year ended 30 June 2008, as required under section 295A of the Corporations Act and recommended by the Council.

### **15.4.2 NOMINATION OF NEW DIRECTORSHIPS**

The primary vehicle for the effective management of director nominations will be the Remuneration and Nomination Committee appointed by the Board.

The responsibilities assumed by the Nomination Committee will include:

- 1] Divising criteria for Board membership, regularly reviewing the need for various skills and experience of the Board and identifying specific individuals for nominations as Directors.
- 2] Oversight of Board and executive succession plans.

## **15.5 REMUNERATION POLICY**

The fees and emoluments paid to Directors shall be approved in advance by Shareholders. The salary and emoluments paid to officers shall be approved by the Remuneration Committee. Executive officers and the managing director shall enter into Service Agreements which shall not exceed three years in duration (but shall be renewable). Consultants shall be engaged as required pursuant to service agreements. The Company shall ensure that fees, salaries and emoluments shall be in line with general standards for public listed companies of the size and type of the Company and that they shall not be excessive. All salaries of Directors and statutory officers shall be disclosed in the Annual Report of the Company each year.

## **15.6 CODE OF CONDUCT AND ETHICAL STANDARDS**

The Company has adopted a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

## **15.7 INTERNAL CONTROL AND RISK MANAGEMENT**

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk. The primary vehicle for the management of corporate risk will be the audit committee appointed by the Board. It shall be an additional function of that committee that it shall review systems of external control and areas of significant operational, financial or property risk and ensure arrangements are in place to contain such risks to acceptable levels. In addition, the Company shall ensure that appropriate insurance policies are kept current to cover all potential risks and shall investigate the provision of Directors' and officers' professional indemnity insurance.

## 15.8 COMMUNICATIONS

### 15.8.1 COMMUNICATIONS TO MARKET AND SHAREHOLDERS

The Board recognises its duty to ensure that its Shareholders are informed of all major developments affecting the Company's state of affairs and has adopted a Shareholder Communication Policy. The Policy provides that information will be communicated to Shareholders and the market through:

- 1] the Annual Report which is distributed to Shareholders (usually with the Notice of Annual General Meetings
- 2] the Annual General Meeting and other general meetings called to obtain Shareholder approvals as appropriate
- 3] the half-yearly Directors' and financial reports
- 4] quarterly activities and cash flow reports
- 5] Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to Shareholders.

The Company will actively promote communication with Shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements will be available for viewing and downloading from its website: [www.augur.com.au](http://www.augur.com.au) or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code 'AUK'. The Company will also maintain an email list for the distribution of the Company's announcements via email in a timelier manner.

### 15.8.2 CONTINUOUS DISCLOSURE TO ASX

The Board has adopted a continuous Disclosure Policy and has designated the Company secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company will notify the ASX promptly of information:

- 1] concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities
- 2] that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

## 15.9 COMPLIANCE WITH CORPORATE GOVERNANCE COUNCIL'S PRINCIPALS

The extent to which the Company has followed the ASX Corporate Governance Council's ten principles of good corporate governance and best practice recommendations are as follows:

	COMPLIANCE	CGS REFERENCES/COMMENTS
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	15.2, 15.3.3, 15.4.1
1.2 Provide the information indicated in Guide to Reporting on Principle 1. The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• an explanation of any departure from best practice recommendation 1.1.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• the statement of matters reserved for the Board or a summary of the Board charter or the statement of delegated authority to management.</li> </ul>	Yes	Annual Reports Website CGS

	COMPLIANCE	CGS REFERENCES/COMMENTS
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
2.1 A majority of the Board should be independent Directors.	No	15.3.5
2.2 The chairperson should be an independent Director	Yes	15.3, 15.3.3, 15.3.5
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual	Yes	15.3, 15.3.2, 15.3.3, 15.4.1
2.4 The Board should establish a nomination committee	Yes	15.4.2
2.5 Provide the information indicated in Guide to Reporting on Principle 2. The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> <li>• the skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report.</li> <li>• the names of the Directors considered by the Board to constitute independent Directors and the company's materiality thresholds.</li> <li>• a statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the Company.</li> <li>• the term of office held by each Director in office at the date of the annual report.</li> <li>• the names of members of the nomination committee and their attendance at meetings of the committee.</li> <li>• an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5.</li> <li>• The following material should be made publicly available, ideally by posting it to the Company's website in a clearly marked corporate governance section:</li> <li>• a description of the procedure for the selection and appointment of new Directors to the Board.</li> <li>• the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee.</li> <li>• the nomination committee's policy for the appointment of Directors.</li> </ul>	Yes	Annual Reports Website
<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>		
3.1 Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	Yes	15.6
3.1.1 the practices necessary to maintain confidence in the Company's integrity.		

	COMPLIANCE	CGS REFERENCES/COMMENTS
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.	Yes	15. 3.8
3.3 Provide the information indicated in Guide to Reporting on Principle 3. The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• explanation of any departures from best practice recommendations 3.1, 3.2 or 3.3.</li> </ul> The following material should be made publicly available, ideally by posting it on the Company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• any applicable code of conduct or a summary of its main provisions. This disclosure may be the same as that required under Principle 10.</li> <li>• the trading policy or a summary of its main provisions.</li> </ul>		

#### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.	Yes	15.4.1, 15.7
4.2 The Board should establish an audit committee.	Yes	15.4.2
4.3 Structure the audit committee so that it consists of: <ul style="list-style-type: none"> <li>• only non-executive Directors.</li> <li>• a majority of independent Directors.</li> <li>• an independent chairperson, who is not chairperson of the Board.</li> <li>• at least three members</li> </ul>	No	15.3 , 15.4.2
4.4 The audit committee should have a formal charter.	Yes	15.4.2
4.5 Provide the information indicated in Guide to Reporting on Principle 4. The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfil the functions of an audit committee.</li> <li>• the number of meetings of the audit committee and the names of the attendees.</li> <li>• explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 or 4.5.</li> </ul> The following material should be made publicly available, ideally by posting it to the Company's website in a clearly marked corporate governance section:	Yes	Annual Reports Website CGS

	COMPLIANCE	CGS REFERENCES/COMMENTS
<ul style="list-style-type: none"> <li>the audit committee charter.</li> <li>information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>		
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>		
<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirement and to ensure accountability at a senior management level for that compliance.</p> <p>5.2 Provide the information indicated in Guide to Reporting on Principle 5.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>an explanation of any departures from best practice recommendation 5.1 or 5.2.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the Company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.</li> </ul>	Yes	15.7, 15.8.2
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
<p>6.1 Design and disclose a communications strategy effective communication with Shareholders and encourage effective participation at general meetings.</p>	Yes	15.8.1
<p>6.2 request the external auditor to attend the annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.</p>	Yes	Annual General Meetings
<p>6.3 Provide the information indicated in Guide to Reporting on Principle 6.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>explanation of any departures from best practice recommendations 6.1 or 6.2.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the Company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>a description of the arrangements the company has to promote communication with Shareholders.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
<p>7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.</p>	Yes	15.7



	COMPLIANCE	CGS REFERENCES/COMMENTS
<p>9.3 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.</p>	Yes	Annual Reports
<p>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by Shareholders.</p>	N/A	No equity-based executive remuneration in place.
<p>9.5 Provide the information indicated in Guide to reporting on Principle 9.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>disclosure of the Company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1.</li> <li>the names of the members of the remuneration committee and their attendance at meetings of the committee.</li> <li>The existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive Directors.</li> <li>An explanation of any departures from best practice recommendations 9.1, 9.2, 9.3, 9.4 or 9.5.</li> </ul> <p>The following material should be made publicly available, ideally by posting it on the Company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS</b>		
<p>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations.</p>	Yes	15. 6
<p>10.2 Provide the information indicated in Guide to reporting on Principle 10.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>An explanation of any departure from best practice recommendation 10.1.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>any applicable code of conduct or a summary of its main provisions.</li> </ul>	Yes	Annual Reports Website CGS

## [Section 16]

# Material Contracts

The Directors consider that the contracts described below and elsewhere in this Prospectus are contracts which an investor would reasonably regard as material and which investors and professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

The summaries are, of their nature, brief and indicative and should only be read on that basis. To fully understand the rights and responsibilities pursuant to the contracts and the nature and extent of these, it would be necessary to undertake a full legal review of each contract.

The following documents constitute the material contracts of the Company:

- 1] Exploration Licences
- 2] Access Agreements
- 3] Deed of Acquisition of Mining Lease
- 4] Licence Transfer Agreement
- 5] Constitution of Augur Resources Ltd
- 6] Corporate Governance Policies and Code Of Conduct
- 7] Deeds of Indemnity & Access
- 8] Peter Bradfield Service Agreement
- 9] Joshua Rogers Executive Service Agreement
- 10] Roger Jackson Service Agreement
- 11] Tully Richards Service Agreement
- 12] Kimikazu Yoshioka Service Agreement
- 13] Executive Share Option Plan
- 14] Sponsoring Brokers Mandate
- 15] Orderly Market Deed
- 16] Loan Agreement

### 16.1 EXPLORATION LICENCES

Augur Resources Ltd (Licencee) owns a number of Exploration Licences (Exploration Licences). These Exploration Licences were granted by the Minister for Mineral Resources of NSW. Between 9 March and 10 April 2007 each of the Exploration Licences were renewed by the NSW Department of Primary Industries (DPI). Each of the Exploration Licences are subject to conditions, the material provisions of which are described below:

- 1] the Licensee cannot carry out prospecting operations on any land (including land where native title exists) otherwise though in accordance with an access arrangement with each land holder of the land
- 2] the Licensee is required to notify and obtain approval from the NSW Department of Primary Industries (now incorporating the Department of Mineral Resources) (NSW Department) before certain prospecting operations are commenced
- 3] the Licensee must not prospect on any native title land without the prior written consent of the Minister and an access arrangement is also required with the native title holders unless after diligent enquiries in the manner specified in section 383B(3) of the Mining Act 1992 (NSW) (Mining Act), the native title holder cannot be found or identified
- 4] The Licensee must obtain the consent of the Minister before operations may be conducted in an area designated an "exempted area" (as defined in the Mining Act). These include State Forests, State conservation areas, travelling stock reserves, reserves for any public purpose, permanent commons and Crown roads
- 5] compensation is payable to the land holder of any land for any loss suffered or likely to be suffered as a result of the exercise of the right to conserve under the respective licences or by an access arrangement in respect of the licence

- 6] the licences are subject to reporting conditions, including the completion of an exploration program approved by the NSW Department, minimum expenditure commitments as specified in each Exploration Licence, technical management of exploration approved by the Department, lodgement of annual reports, interim reports, airborne geophysical survey results (to be lodged within six calendar months of the completion of any airborne geophysical survey) and final reports (upon expiry or termination of the Exploration Licences).

The Exploration Licences were renewed by the Department between 9 March and 10 April 2007. The conditions pertaining to the renewals were on largely the same terms as described above.

## **16.2 ACCESS AGREEMENTS**

The Company has a large number of standard form Access Agreements (Agreements) with various landowners with regard to access arrangements in respect of the Company's tenements. All of the Agreements are in a prescribed form as required by the Mining Act 1992. The material terms of the Agreements relevantly provide that the mineral explorer must provide verbal notice of entry and of commencement of new phases of each exploration program. The explorer must also ensure it keeps its interference with fences, tracks, pastures and gates to a minimum and is required to restore the property as nearly as reasonably possible to its condition immediately prior to the commencement of its exploration program. The provisions of the Mineral Explorer's Code of Conduct are also deemed to form part of the Agreement. Compensation is also payable pursuant to prescribed rates where loss or damage is suffered or likely to be suffered as a result of the grant of the licence. It is also a requirement pursuant to the Agreement that the explorer effects a policy of public risk insurance with a limit of no less than \$5,000,000.

## **16.3 DEED OF ACQUISITION OF MINING LEASE**

On 3 March 2007 the Company entered into a Deed of Acquisition of Mining Lease with Kevin Raymond Barker in respect of a Mining Lease (ML) 811 Goodrich. The total purchase price paid by the Company for the ML was \$35,000. The Company paid a non-refundable deposit of \$5000 in respect of the ML in December 2006. Completion pursuant to the provisions of the Deed is conditional upon the Company being admitted to the Official List of the ASX, and any necessary approval, consent or acceptance by the Minister or otherwise being granted pursuant to the Mining Act 1992 (NSW). If these conditions are not satisfied by 31 January 2008 the Deed is null and void.

The Deed also provides for further consideration which is payable by the Company to the vendor following completion. The Company has agreed to make available for collection to the vendor 100 troy ounces of gold mined from the ML in the first year in which it is produced. In the event that in the first year of production the ML produces less than 100 troy ounces of gold the balance of the amount of gold not provided to the vendor in the first year of production will be provided to the vendor in subsequent years of production in priority to the Company's interest in gold produced from the ML.

## **16.4 LICENCE TRANSFER AGREEMENT**

On 16 February 2007 the Company entered into a Licence Transfer Agreement with Ark Mines Ltd to transfer certain of its resource assets, being the four Exploration Licences known as Babinda EL6338, Gundabooka EL6341, Byrock EL6365, Bald Hills EL6339 to Ark.

At the time of the transfer Ark was a wholly-owned subsidiary of the Company. The Directors of Ark are Mr Bradfield, Mr Rogers, Mr Jackson and Mr Yoshioka who are also Directors of the Company.

The Agreement was subject to the DPI-MR approving the transfer and Shareholders approving the De-Merger of the Ark investment.

Shareholders approved the transfer of the licences and the De-Merger on 20 February 2007. On 29 May 2007 the transfer was approved by the DPI-MR satisfying the conditions precedent to completion of the Agreement.

As consideration for the transfer, Ark issued 19,006,129 fully paid Ark Shares at a deemed issue price of \$0.074837 per Share to the Company.

For further information regarding the De-Merger refer to Section 17.2.

## **16.5 CONSTITUTION OF AUGUR RESOURCES LIMITED**

The Constitution of the Company is effectively a contract between the Company and each member, the Company and each Director and between a member and each other member pursuant to s.140 of the Corporations Act 2001. Investors who take up Shares under this Offer will be bound by the Constitution of the Company and will agree to observe and perform provisions of the Constitution and any regulations or by-laws which may be made thereunder. The significant aspects of the Constitution are as follows.

- Clause 24 of the Constitution provides that, if the Company is admitted to the Official List of the Exchange, the following clauses apply:
  - notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done
  - nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done
  - if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be)
  - if the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision
  - if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision
  - if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- the number of Directors of the Company shall not be less than three and shall not be more than ten
- Directors shall, subject to the Constitution and the Corporations Act be entitled to have a material personal interest or financial benefit
- Directors and any associates can participate in an issue of Shares by the Company (subject to the Listing Rules)
- subject to the Constitution, a holder of ordinary Shares in the Company shall be entitled to be present at any meeting and to vote in respect of those ordinary Shares and every Shareholder present shall be entitled by a show of hands, to one vote or on a poll to one vote for each Share held by that Shareholder (except in the case of partly-paid Shares, the Shareholder shall be entitled to a fraction of a vote equivalent to the proportion which the amount paid out bears to the total issue price).

## **16.6 CORPORATE GOVERNANCE ARRANGEMENTS**

### **16.6.1 CONTINUOUS DISCLOSURE POLICY**

The primary responsibility of the Board is to represent and advance Shareholder interests and to protect the interests of all stakeholders. To fulfil this role the Board acknowledges responsibility for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The responsibilities of the Board include:

- protection and enhancement of Shareholder values
- formulation, review and approval of the objectives and strategic direction of the Company
- monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results
- approving all significant business transactions including acquisitions, divestments and capital expenditure
- ensuring the adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained
- the identification of significant business risks and ensuring that such risks are adequately managed
- the review of performance and remuneration of Directors and key staff
- the establishment and maintenance of appropriate ethical standards
- evaluating and, where appropriate, adopting, with or without modification, the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

The Company will seek to follow the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations where appropriate for its size and operation. In cases where the Company determines it would be inappropriate to follow the principle because of its circumstances, the Company will provide reasons for not doing so in its Annual Report.

The extent to which the Company complies with the Best Practice Recommendations is set out in the table located in Section 15.

#### **16.6.2 CONTINUOUS DISCLOSURE POLICY**

The Company has adopted a continuous disclosure policy to ensure it complies with its continuous disclosure obligations once listed on the ASX. The aims of this policy are to assess new information and co-ordinate any disclosure or releases to the ASX, or any advice required in relation to that information, in a timely manner. The Company will educate its employees regarding the continuous disclosure policy to ensure that employees, consultants, associated entities and advisors of the Company understand their obligation to bring material information to the attention of the chairman of the Board.

#### **16.6.3 SHAREHOLDER COMMUNICATIONS POLICY**

The Company has adopted a Shareholder communication policy. The policy reflects the Board's requirement that Shareholders should be fully informed about the Company and that Shareholders should have access to the latest information available in a timely manner. The Company will also ensure that all Shareholders have a right to participate in the affairs of the Company and in particular to encourage their attendance at and to ask and have answered relevant questions at General Meetings of the Company. The Company will use its best endeavours to ensure that any correspondence or enquires from Shareholders is answered promptly and Shareholders shall be kept informed of all significant developments in the affairs of the Company.

#### **16.6.4 SHARE TRADING POLICY**

The Company has adopted a Share trading policy. The policy reflects the Board's requirement that trading in Shares by Directors, senior managers and executives be restricted to certain specified trading windows. The Company will educate its employees regarding the Share trading policy and the importance of adhering to trading windows to ensure compliance with the insider trading provisions of the Corporations Act.

#### **16.6.5 CODE OF CONDUCT**

The Company has adopted a code of conduct. The code stipulates that the Company, its Directors, employees, contractors and consultants shall operate within accepted corporate ethical standards and in compliance with its legal and regulatory obligations. It provides that the Directors will use the power of their office only for proper purposes and discharge their duties in good faith and act honestly. All Directors must disclose to the Board any actual or potential conflicts of interest that may exist or might reasonably be thought to exist between the interest of

the Director and the interests of any other parties in carrying out the activities of the Company.

#### **16.7 DEEDS OF INDEMNITY AND ACCESS**

The Company has executed a Deed of Indemnity and Access with each Director. In summary each Deed provides:

- an ongoing indemnity (to the extent permitted by law), to the Director against liability incurred by a Director in or arising out of the conduct of the business of the Company, in or arising out of the discharge of duties of the Director, including (in respect of the non-executive Directors) any liability arising out of or in connection with the issue of this Prospectus and Shares pursuant to it
- that the Company will maintain an insurance policy (to the extent permitted by law) for the benefit of the Director which ensures the Director against liability for acts or omissions of the Director in the Director's capacity (or former capacity) as a Director of the Company and for a period of seven years thereafter
- the Director with a limited right of access to Board papers relating to the period during which the Director held office as a Director of the Company in a way in which relieves the Director from the burden of obtaining copies of all Board papers provided to the Director during that period for the period of seven years following the end of the period during which the Director holds office.

#### **16.8 PETER BRADFIELD SERVICE AGREEMENT NON-EXECUTIVE DIRECTOR & CHAIRMAN**

By an agreement dated 10 May 2007 between the Company and Peter Bradfield (Bradfield), Bradfield has agreed to provide services to the Company as a non-executive Director and chairman to the Company (Bradfield Services). The term of the agreement is for a period of 24 months, commencing on the date of the agreement. In consideration of the provision to the Company of the Bradfield Services, the Company has agreed to pay to Bradfield the remuneration of \$50,000 per annum (plus GST and superannuation) which may be increased by written agreement from time to time (subject to Board and Shareholder approval). The Company shall reimburse all reasonable expenses incurred by Bradfield in providing the Bradfield Services (including expenses relating to travel, hotel, entertainment and other expenses) in consequence of him carrying out his duties as chairman and non-executive Director of the Company.

**16.9 JOSHUA ROGERS  
SERVICE AGREEMENT  
EXECUTIVE MANAGING DIRECTOR**

By an agreement dated 10 May 2007 between the Company and Joshua Rogers (Rogers), Rogers has agreed to provide services to the Company as managing director (Rogers Services). The term of the agreement is for a period of 24 months, commencing on the date of the agreement. In consideration of the provision to the Company of the Rogers Services, the Company has agreed to pay to Rogers the remuneration of \$120,000 per annum (plus GST and superannuation) which may be increased by written agreement from time to time (subject to Board and Shareholder approval). Rogers has elected that his nominee receives this remuneration on his behalf. The Company shall reimburse all reasonable expenses incurred by Rogers in providing the Rogers Services (including expenses relating to travel, hotel, entertainment and other expenses) in consequence of him carrying out his duties as managing director of the Company.

**16.10 ROGER JACKSON  
SERVICE AGREEMENT  
NON-EXECUTIVE DIRECTOR**

By an agreement dated 10 May 2007 between the Company and Roger Jackson (Jackson), Jackson has agreed to provide services to the Company as a non-executive Director (Jackson Services). The term of the agreement is for a period of 24 months, commencing on the date of the agreement. In consideration of the provision to the Company of the Jackson Services, the Company has agreed to pay to Jackson the remuneration of \$30,000 per annum (plus GST and superannuation) which may be increased by written agreement from time to time (subject to Board and Shareholder approval). The Company shall reimburse all reasonable expenses incurred by Jackson in providing the Jackson Services (including expenses relating to travel, hotel, entertainment and other expenses) in consequence of him carrying out his duties as a non-executive Director of the Company.

**16.11 TULLY RICHARDS  
SERVICE AGREEMENT  
EXECUTIVE DIRECTOR**

By an agreement dated 6 June 2007 between the Company and Tully Richards (Richards), Richards has agreed to provide services to the Company as an executive Director (Richards Services). The term of the agreement is for a period of 24 months, commencing on the date of the agreement. In consideration of the provision to the Company of the Richards Services, the Company has agreed to pay to Richards the remuneration of \$30,000 per annum (plus GST and superannuation) which may be increased by written

agreement from time to time (subject to Board and Shareholder approval). The Company shall reimburse all reasonable expenses incurred by Richards in providing the Richards Services (including expenses relating to travel, hotel, entertainment and other expenses) in consequence of him carrying out his duties as an executive Director of the Company.

**16.12 KIMIKAZU YOSHIOKA  
SERVICE AGREEMENT  
EXECUTIVE DIRECTOR**

By an agreement dated 10 of May 2007 between the Company and Kimikazu Yoshioka (Yoshioka), Yoshioka has agreed to provide services to the Company as an executive Director (Yoshioka Services). The term of the agreement is for a period of 24 months, commencing on the date of the agreement. In consideration of the provision to the Company of the Yoshioka Services, the Company has agreed to pay to Yoshioka the remuneration of \$30,000 per annum which may be increased by written agreement from time to time (subject to Board and Shareholder approval). The Company shall reimburse all reasonable expenses incurred by Yoshioka in providing the Yoshioka Services (including expenses relating to travel, hotel, entertainment and other expenses) in consequence of him carrying out his duties as an executive Director of the Company.

**16.13 EXECUTIVE SHARE OPTION PLAN**

The Board has approved an executive Share option plan (Plan). The Plan has commenced and the following executives (Initial Grantees) have been issued options pursuant to that Plan as set out in the table below:

NAME OF EXECUTIVE	NO. OF OPTIONS ISSUED
Peter Bradfield	400,000
Joshua Rogers	500,000
Roger Jackson	250,000
Tully Richards	250,000
Kimikazu Yoshioka	250,000
Terence Shanahan*	250,000

\* Terence Shanahan was a Director of the Company between 26 May 2006 and 7 June 2007. The options were granted to him in recognition of his contribution to the development of the Company during this period.

Pursuant to the terms of the Plan, the Board may from time-to-time determine who is entitled to participate in the Plan and may issue invitations to apply for a grant of options to an executive, or a relative or an associate nominated by the executive. An executive under the Plan means any person the Board determines as an 'Executive Officer' as that term is defined in section 9 of the Corporations Act.

Each option gives the holder the right to subscribe for one ordinary Share at the exercise price. The exercise price for the Initial Grantees under the Plan and who are listed above is 125% of the Offer price pursuant to this Prospectus. Options issued to the Initial Grantees vest on the date which is 24 months after the date the Company is admitted to the Official List of the ASX. For Later Grantees, who are defined under the Plan as being all grantees invited to participate in the Plan by the Board after the Initial Grantees, the exercise price is a 25% premium to the volume weighted average of the Ordinary Shares traded on the ASX for the 15 business days preceding the grant date of the option. Options granted to Later Grantees pursuant to the Plan vest on the date which is 24 months after the grant date. All Options issued pursuant to the Plan expire on the date which is five years from the date of the Company's admission to the Official List of the ASX. No options may be offered under the Plan if the options to be issued, outstanding options under the Plan and Shares previously issued pursuant to the Plan in the preceding five years would account for more than 5% of the Company's issued Shares.

#### **16.14 SPONSORING BROKER AGREEMENT**

The Company has entered into an agreement with Carmichael Capital Markets Pty Ltd (Carmichael) whereby Carmichael has been appointed sponsoring broker of the Offer. Under the terms of the appointment, Carmichael will be paid:

- a sponsoring broker fee of \$40,000 (plus GST)
- a 5% capital raising fee (plus GST) on funds raised by Carmichael
- unlisted options equivalent to 1% of the diluted issued capital of the Company post the Offer, exercisable at the IPO issue price within three years of listing.

The Company has also agreed to grant to Carmichael the first right of refusal in relation to any future equity and debt capital raisings for a period of 12 months after the completion of the Offer.

#### **16.15 ORDERLY MARKET DEED**

On 16 July 2007, Ichiya entered into an Orderly Market Deed with the Sponsoring Broker and the Company with respect to that portion of its Shares which are not the subject of ASX imposed escrow (approximately 60%).

The term of the Deed is 12 months during which time Ichiya may only sell its Shares by first notifying the Sponsoring Broker in writing. The written notice to the broker must set out the desired sale price, the quantity of Shares to be sold and any other terms and conditions that attach to the sale of the Shares provided they are not inconsistent with the terms of the Deed.

Pursuant to the terms of the Deed the Sponsoring Broker has a minimum of 14 days in which to source a buyer for Ichiya's Shares.

In the event the Company has not been admitted to the Official List of the ASX on or before 30 September 2007, the Deed terminates.

The Deed otherwise contains the usual representations and undertakings for documents of this nature.

#### **16.16 LOAN AGREEMENT**

On 20 July 2007, the Company entered into a loan agreement on arm's length terms, with Australian Fresh Food Producers Pty Ltd (Lender) for the provision of short term working capital up to a maximum loan amount of \$350,000.

Pursuant to the terms of the Agreement, the Company may draw down the loan at any time by providing the Lender with a written request for a loan advance. The repayment date for the loan is the earlier of 28 September 2007 or the date which is 7 days after the date the Company is admitted to the Official List of the ASX.

Interest is payable at the rate of 10% per annum and is payable from the date the Lender makes the loan available to the Company in accordance with a draw down request.

In the event the Company fails to pay any money due under the Loan Agreement, default interest is payable at the rate of 15% per annum calculated with reference to any successive periods and on any dates as the Lender considers appropriate.

Pursuant to the terms of the Loan, the Company has granted the Lender a fixed and floating charge over its assets and is also required to pay an establishment fee of \$50,000. The establishment fee is payable on the repayment date, however, the Lender has agreed to waive the establishment fee provided the Company repays the loan together with any interest on or before the repayment date.

The remaining provisions of the Loan Agreement are usual for agreements of this nature. The provisions of the fixed and floating charge, to be given as security for the Loan, are also usual and the charge deed contains provisions and obligations that are usual for agreements of this nature.

As at the date of this Prospectus, the Company has not drawn down any funds pursuant to the Agreement.

## [Section 17]

# Additional Information

### 17.1 INCORPORATION

The Company was incorporated in NSW on 31 October 2003.

### 17.2 DE-MERGER

Prior to effecting a De-Merger of certain tenement assets in May 2007, the Company held nine Exploration Licences.

The decision to de-merge four of the Company's original nine tenements was taken by the Directors in January 2007 after consultation with a number of industry participants including the Sponsoring Broker to the Offer.

The rationale for the decision lay in the Company's commitment to its most advanced properties, being Yeoval and Collerina and the collective view of the Board was that these tenements should be the target of an extensive drilling program post the Company's admission to the ASX.

The geographical location of the Gundabooka, Byrock, Bald Hills and Babinda tenements relevant to the Company's other tenements was also a key factor in the Board's decision and reflected the high costs of conducting exploration activity over such a geographically dispersed group of tenements.

Given the Company's size and its status as a junior explorer, it was the Board's view that trying to manage the extensive drilling programs planned for Collerina and Yeoval whilst at the same time trying to carry out exploration on seven other properties would be extremely time consuming and costly for the Company, given its resources and the size of the Offer.

On this basis a decision was taken to de merge four of the tenements by transferring them to a wholly owned subsidiary of the Company, Ark. Mr Bradfield, Mr Rogers, Mr Jackson and Mr Yoshioka are all Directors of Ark.

On 16 February 2007, the Company entered into a Licence Transfer Agreement with Ark with respect to its Gundabooka, Byrock, Bald Hills and Babinda tenements. The Agreement was subject to approval of Shareholders and the DPI-MR. For further information on the Licence Transfer Agreement refer to Section 16.4.

To assist them in determining an appropriate value for the Exploration Licences, the Directors commissioned an Independent Valuation.

The Independent Valuation is dated 31 January 2007 and was prepared by Minnelex Pty Ltd at the request of the Directors. The Valuation Report valued all nine tenements at a mid range of \$11,500,000 with the tenements to be transferred to Ark valued at \$6,000,000 or 52% of the total mid range value of \$11,500,000. This percentage was then applied to the total issued capital of the Company as at that time (\$2.7 million) to determine the sale consideration of \$1,422,253. For further information on the valuation methodology used by the Company in determining a value for the tenements, refer to Section 12.2.

Investors should note that the Independent Valuation which was sought by the Directors for their consideration to assist in valuing the Company's tenements has been lodged with the ASIC pursuant to section 712 of the Act.

If investors consider the Independent Valuation may assist them in making an investment decision, they may obtain a copy of the Independent Valuation free of charge by calling the Company on (02) 9267 8333.

The proposed De-Merger transaction was put to Shareholders for approval on 20 February 2007. At that meeting Shareholders were asked to inter alia approve the following in relation to the De-Merger:

- the transfer of the four Exploration Licences to Ark for consideration of \$1,422,253 to be paid by way of issue of 19,006,129 shares in Ark and issued to Augur.

- a distribution in specie to Augur Shareholders of 19,006,129 Ark Shares which were paid to the Company as consideration for the transfer of the Exploration Licences.
- an equal reduction in the capital of the Company of 19,006,129 Shares (equal to approximately \$1,422,353) pursuant to section 256(c) of the Corporations Act to be effected by a cancellation of 19,006,129 Shares.

Each of the above resolutions were unanimously approved by Shareholders at the meeting, however the De-Merger was not effected until May 2007.

This was because the transfer of the four Exploration Licences was subject to the approval of the DPI-MR which was not obtained until 29 May 2007.

With DPI -MR approval obtained, on 30 May 2007, Ark issued 19,006,129 shares to the Company as consideration for the transfer of the four Exploration Licences.

On 31 May 2007 the Company effected the in specie distribution of 19,006,129 Ark Shares by transferring on a pro rata basis 19,006,129 Ark Shares to its Shareholders.

On the same date, the Company completed an equal reduction of its capital in accordance with Section 256 (c) of the Act. The effect of the reduction was that 19,006,129 Shares in the Company were cancelled.

### 17.3 CONVERTIBLE NOTES

In May 2006, the Company and Ichiya entered into a Convertible Note Subscription Agreement up to a maximum amount of AUD\$3.3 million.

The notes issued pursuant to the Agreement were issued on arms length terms. The advanced monies were used to fund the Company's preliminary exploration program.

The issue price for each note was AUD\$1.00 and interest was payable at 3% per annum. No security was taken by Ichiya of the assets over the Company to secure the monies advanced pursuant to the Agreement. Under the terms of the Agreement the notes were fully redeemable at the election of both the Company and Ichiya.

Under the terms of the Agreement, the notes converted to ordinary Shares and in the absence of an active market (i.e the notes were converted prior to the Company becoming listed) the conversion price was to be determined by mutual agreement between the Company and Ichiya. As there was no active market for the Company's Shares at the time of the conversion, the conversion price was calculated by reference to the price per Share paid by Ichiya when it purchased 80% of the Company from the then Shareholders in May 2006. Using this calculation method the conversion price equated to approximately 11.6908342 cents per Share (Conversion Price).

In February 2007, Ichiya converted the majority of its convertible notes into Shares with the balance of the notes being converted on 7 June 2007. Both conversions were effected at the Conversion Price and the Convertible Note Subscription Agreement is now at an end.

### 17.4 SHARE CAPITAL

In May 2006, Ichiya Co. Ltd purchased an 80% interest in the Company from the initial Shareholders and commenced funding of the Company's exploration program, injecting over \$3.3m into the Company through a series of Convertible Notes. The Convertible Notes are discussed more fully in Section 17.3 above.

As at 31 May 2006 the Company had 13,375,000 Shares on issue.

On 5 February 2007, Ichiya elected to convert the majority of its convertible notes into 23,053,413 Shares in the Company bringing the total number of issued Shares in the Company to 36,428,413.

Following the implementation of the De-Merger and the equal capital reduction through the cancellation of 19,006,129 Shares which is discussed at Section 17.2 above, the Company had 17,422,284 Shares on issue.

On 7 June 2007, Ichiya elected to convert its remaining convertible notes into 5,347,462 Shares in the Company bringing the total number of Shares on issue to 22,769,746.

On 7 June 2007, at an Extraordinary General Meeting Shareholders approved a subdivision of the Company's Share capital in accordance with section 254H of the Act.

The subdivision was effected on 7 June 2007 and as at the date of this Prospectus, the Company has 26,500,000 Shares on issue.

### **17.5 RIGHTS ATTACHING TO SHARES**

Set out below is a summary of the rights, liabilities, privileges and restrictions under the Constitution that will attach to the Shares of the Company, including the new Shares offered under this Prospectus. This summary does not purpose to be exhaustive or to constitute a definitive statement of the rights and liabilities of the Company Shareholders under the Constitution. The Constitution is consistent with the ASX Listing Rules. The Company's Constitution is subject to the ASX Listing Rules in all respects while the Company maintains its listing on the ASX.

### **17.6 MEETING AND VOTING**

Each Shareholder will be entitled to receive notice of, and attend and vote at, General Meetings of the Company. At a general meeting, every Shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and, on a poll, one vote for each Share held.

### **17.7 NOTICES**

Each Shareholder is entitled to receive all notices, accounts and other documents required to be given to Shareholders under the Constitution of the Company, the Corporations Act and the ASX Listing Rules.

### **17.8 WINDING UP**

On a winding up of the Company, Shareholders will participate in any separate assets of the Company in proportion, as nearly as may be, to the capital paid up on the Shares held by them respectively at the commencement of the winding up.

### **17.9 TRANSFER OF SHARES**

A Shareholder may transfer Shares by a proper SCH Transfer or an instrument in writing in any usual form or in any form approved by the Directors or the ASX. The Directors of the Company may refuse to register any transfer of Shares other than a proper SCH Transfer as defined in the Corporations Act 2001 (Cth), where permitted by ASX Listing Rules or where it is not in a registrable form. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of Shares or other securities. Subject to ASX Listing Rules and SCH Business Rules, while the Company is a listed company, the Board may suspend the registration of transfer at such time and for such periods, not exceeding 30 days in a year as they see fit.

### **17.10 DIVIDENDS**

The profits of the Company which the Directors made from time to time, elect to distribute by way of dividends are divisible amongst the holders of Shares equally on the Shares in respect of which the dividend is paid.

### **17.11 ALTERATION TO THE CONSTITUTION**

The Constitution can only be amended by special resolution passed by at least three quarters of voting Shareholders and at a general meeting. At least 28 days written notice specifying the intentions to propose the resolution as a special resolution must be given. Copies of the Company's Constitution are available for inspection at the registered office of the Company.

### **17.12 TAXATION**

The acquisition and disposal of Shares in Augur will have tax consequences, which will differ depending on the individual financial affairs of each Shareholder. Potential investors in Augur are urged to take independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, Augur, its current and proposed officers and each of their respective advisors accept no responsibility with respect to the taxation consequences of subscribing for new Shares under this Prospectus.

### **17.13 COMPANY TAX STATUS**

The Directors expect that the Company will be taxed in Australia as a public company.

## 17.14 INTEREST AND REMUNERATION OF DIRECTORS

Under Augur's Constitution, the Directors shall be paid as remuneration for their ordinary services as Directors a fixed sum to be divided amongst them in such proportion and manner as the Directors agree and, in default of agreement, equally. The total aggregate amount that may be paid to the Directors is currently set at \$500,000 per annum. At the date of this Prospectus, the Directors and their related entities hold the following Shares and Options in Shares.

NAME OF DIRECTOR	NO. OF SHARES HELD	BENEFICIALLY HELD (Y/N)	ISSUED OPTIONS
Peter Bradfield			400,000
Joshua Rogers			500,000
Roger Jackson			250,000
Tully Richards			250,000
Kimikazu Yoshioka*	25,011,064	No	250,000

\* Kimikazu Yoshioka is a director of Ichiya Co Ltd, the Company's largest Shareholder

The following remuneration is payable to each Director:

- **Peter Bradfield**  
Directors fee of \$50,000 per annum (plus GST and Superannuation)
- **Joshua Rogers**  
Directors fee of \$120,000 per annum (plus GST and Superannuation)
- **Roger Jackson**  
Directors fee of \$30,000 per annum (plus GST and Superannuation)
- **Tully Richards**  
Directors fee of \$30,000 per annum (plus GST and Superannuation)
- **Kimikazu Yoshioka**  
Directors fee of \$30,000 per annum.

### Peter Bradfield

- Chairman and non-executive Director
- an ability as a Director to direct allocation of Shares in the Offer.

### Roger Jackson

- non-executive Director
- an ability as a Director to direct allocation of Shares in the Offer.

### Tully Richards

- executive Director
- an ability as a Director to direct allocation of Shares in the Offer.

### Kimikazu Yoshioka

- executive Director
- an ability as a Director to direct allocation of Shares in the Offer

- is also a director of the Company's largest Shareholder, Ichiya Co Ltd

### Joshua Rogers

- managing Director
- an ability as a Director to direct allocation of Shares in the Offer
- acts as a Director of Mitchell Morgan Pty Ltd which has received corporate advisory fees from the Company in the past two years of approximately \$150,000.

## 17.15 TRANSACTIONS WITH DIRECTORS AND ASSOCIATES

### 17.15.1 CONSULTING AGREEMENT

Tully Richards (Richards) is a Director of the Company and provides geological consultancy services to the Company. On 6 June 2007, Richards entered into a Consultancy Services Agreement with the Company. The Agreement is for a term of 24 months with an option to extend the term should both parties mutually agree.

Under the Agreement, Richards is obliged to provide consultancy services to the Company for a minimum of one day per week. Richards will be paid \$20,000 per annum (plus GST) for these services. Richards will also be reimbursed by the Company for any costs and expenses he incurs providing these services.

### 17.15.2 CONVERTIBLE NOTES

Kimikazu Yoshioka is a Director of the Company and a director of the Company's largest Shareholder Ichiya Co Ltd (Ichiya). On 26 May 2006 the Company issued a series of convertible notes (Notes) to Ichiya. The

Notes have a total maximum value of \$3.3 million and each note has an issue price of \$1.00. Interest of 3% per annum is payable on the Notes and is payable quarterly. The redemption date pursuant to the Note terms is the date on which the Notes are redeemed by the Company and similarly the conversion date of the Notes is the date on which the Notes are converted in Shares in the Company.

In February 2006 Ichiya elected to convert the majority of its Notes into Shares in the Company. The total value of the Notes including interest was \$2,695,136.29 at the time of the conversion (Conversion Date). On the Conversion Date, the Company issued 23,053,413 Shares to Ichiya.

On 7 June 2007 Ichiya elected to convert its remaining Notes into Shares in the Company. The total value of the Notes including interest was \$625,162 at the time of the conversion (Conversion Date). On the Conversion Date, the Company issued 5,347,462 Shares to Ichiya. As at the date of this Prospectus, Ichiya holds 25,011,064 Shares.

For further information regarding the Convertible Notes go to Section 17.3

### **17.15.3 COMMISSION AND MANAGEMENT AGREEMENT**

Joshua Rogers is a director and controller of Mitchell Morgan. On 24 March 2006, Mitchell Morgan entered into a Commission and Management Agreement (Agreement) with Ichiya Co Ltd (Ichiya). On 6 June 2007, Mitchell Morgan and Ichiya entered into a Deed of Amendment (Deed) amending certain provisions of the Agreement.

Ichiya is the largest Shareholder of the Company, and will hold 48.6% of the Shares post IPO (based on a maximum subscription). At the time the Agreement was entered into, Mr Rogers was not a related party and did not contemplate becoming a related party of the Company. Under the terms of the Agreement, and as amended by the Deed, Mitchell Morgan has offered to provide services to Ichiya including identification of exploration companies or such other companies as advised to Ichiya by Mitchell Morgan as being suitable for investment.

In consideration of Mitchell Morgan providing these identification investment services, Ichiya agreed to pay Mitchell Morgan certain fees on the terms and conditions set out in the Agreement.

Ichiya's initial investment in the Company was by way of transfer of Shares from the initial Shareholders in May 2006. Ichiya purchased 10,700,000 Shares in the company for a total consideration of \$1,250,919.

To allow the Company to continue to meet its working capital requirements, in 26 May 2006 Ichiya injected \$2,500,000 into the Company by way of a convertible note deed. This amount was later increased to \$3,300,000.

Pursuant to the terms of the Agreement, and as amended by the Deed, the fees payable to Mitchell Morgan are as follows:

- 1] Commission Fee - a commission fee is payable to Mitchell Morgan where Ichiya makes an investment which is less than or equal to US\$3M. In that event, Ichiya must pay a flat commission fee of US\$200,000 to Mitchell Morgan. As a result of Ichiya's investment in the Company of \$2,145,539.27, Mitchell Morgan was paid a fee of US\$200,000.
- 2] Management Fee - a management fee of \$150,000 per annum paid quarterly in advance is also payable to Mitchell Morgan in return for the provision of the following services in relation to the activities of the Company:
  - a] undertaking or supervising the day to day operational management of the Company
  - b] overseeing or undertaking the management of the financial affairs of the Company
  - c] monthly financial reporting
  - d] Board representation for one Director
  - e] monthly Board reports detailing matters discussed and/or resolved at the Board meetings of the Company
  - f] arranging provision of office space for the Company
  - g] providing a registered office address
  - h] administrative support
  - i] telecommunications (telephone, facsimile and Internet connections).

Upon the Company's admission to the Official List of the ASX, this fee will cease to be payable to Mitchell Morgan.

Success Fee - the Investment and Management Agreement also contemplates the payment of a Success Fee by Ichiya to Mitchell Morgan in one of two instances. The first relates to a trade sale of the company and the second relates to an IPO of the Company. The Success Fee payable to Mitchell Morgan in the event of an IPO event is comprised of two payments. The first is a Listing Success Fee and the second is a Post Listing Success Fee.

The Listing Success Fee has two components. The first component is payable in either cash or Shares at the election of Mitchell Morgan on the date the Company is granted conditional approval for admission to the ASX.

This fee is calculated by deducting the cost of Ichiya's initial investment in the Company from the value of its Shareholding by reference to the Offer price per Share at the time conditional approval for listing is granted. Mitchell Morgan's fee is 20% of this amount and equates to an amount of \$498,143.

Mitchell Morgan has elected to take its Listing Success Fee in Shares and Ichiya has agreed to transfer 2,490,717 Shares representing \$498,143 to Mitchell Morgan on the date the Company receives conditional approval from the ASX to list.

The second component of the Listing Success Fee (if payable) is an amount equal to 20% of the difference between the value of Ichiya's Shares at the Offer price and the value of Ichiya's Shares at the close of trading on the first day the Shares are quoted on the ASX. If payable, the second component of the Listing Success Fee is due within 7 days of this date.

A Post Listing Success Fee is also payable by Ichiya to Mitchell Morgan in the event of an increase (if any) in the value of Ichiya's total Shareholding from the Offer price under the IPO to the volume weighted average Share price of the Company over the first 90 days of trading after listing on the ASX. The amount of \$4,570,191 (being Ichiya's initial investment in the Company) will be deducted from this fee.

#### 17.15.4 PREMISES LICENCE AGREEMENT

Joshua Rogers is a Director of Mitchell Morgan and a controller of that entity. Mitchell Morgan entered into a premises licence agreement (Licence) with the Company. The commencement date pursuant to the Licence is 10 June 2007. Pursuant to the terms of that Licence, Mitchell Morgan as the licensor agrees to grant to the Company as licensee, a non-exclusive, non-transferable, bare, personal licence to enter and use Mitchell Morgan's premises, or alternative premises during the term of the Licence. The Licence confers the right upon the Company to use all phone systems, computer networks (including servers), desks, shelving, filing cabinets, boardroom and meeting room use, Internet costs and kitchen facilities.

The licence fee is \$1,000 per week and the Licence is for an initial term of 12 months. After the expiration of the initial 12 month term, the Licence can be continued on a month-to-month basis.

#### 17.15.5 EVERY DAY MINE SERVICES LIMITED

Mr Bradfield, Mr Rogers and Mr Jackson are all Directors of Every Day Mine Services Limited ("EDMS"). EDMS is a provider of specialist services to the mining industry.

As at the date of this Prospectus, the Company has no agreements or arrangements with EDMS with respect to the provision of such services.

### 17.16 FEES AND COMMISSIONS

#### Expenses of the Offer

It is anticipated that the cash expenses of the Offer will be approximately \$690,350 (based on the maximum subscription being achieved). These expenses include the cost of the Investigating Accountants report, general capital raising fees and costs, legal fees, Share registry fees, accounting fees, ASX fees, printing and other expenses. In addition to these cash costs \$42,750 has been attributed to the expenses of the Offer due to the value of the Sponsoring Broker options. When the Sponsoring Broker options are included in total expenses of the Offer are \$733,100.

Fees and commissions will be paid in connection with the Offer as follows:

NATURE OF FEE	AMOUNT (\$)
Commissions to Brokers	297,250*
ASX / ASIC Fees	22,000
Legal Fees	150,000
Independent Expert Reports	27,000
Accounting Fees	74,800
Share Registry Fees	20,900
Printing and Associated Costs	31,500
Miscellaneous Expenses	66,900
<b>TOTAL</b>	<b>690,350</b>

\* based on the maximum subscription being achieved

### 17.17 INTERESTS OF EXPERTS AND ADVISORS

Other than as set out below or elsewhere in this Prospectus:

- a] no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, any promoter of the Company or broker to the Issue, holds, or held at any time during the 2 years before lodgement of this Prospectus with the ASIC, any interest in:
  - i] the formation or promotion of the Company
  - ii] property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer
  - iii] the Offer, and
- b] no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of those persons in connection with the formation or promotion of the Company or the Offer.

PKF Corporate Advisory Services (NSW) Pty Ltd has acted as the Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 13 of this Prospectus. The Company estimates it will pay PKF Corporate Advisory Services (NSW) Pty Ltd a total of \$74,800 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, PKF Corporate Advisory Services (NSW) Pty Ltd has not received any other fees from the Company.

Gould Ralph & Company have acted as Auditors to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Gould Ralph & Company has received fees from the Company totalling \$29,618 including GST.

Carmichael Capital Markets Pty Ltd has acted as Sponsoring Broker to the Offer. The Company estimates it will pay Carmichael Capital Markets Pty Ltd a Sponsoring Broker fee of \$40,000, an issue of unlisted options equal to 1% of the diluted issued capital of the Company post the Offer, and a placement fee of 5% on the total funds raised through the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Carmichael Capital Markets Pty Limited Pty Ltd has not received any other fees from the Company.

Home Wilkinson Lowry has acted as the solicitors to the Company in relation to the Offer and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Home Wilkinson Lowry approximately \$150,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Home Wilkinson Lowry has not received any other fees for legal services.

## 17.18 CONSENTS

Written consents to the issue of this Prospectus have been given and at the date of this Prospectus have not been withdrawn by the following parties:

- Home Wilkinson Lowry has given and, before lodgement of this Prospectus, has not withdrawn its consent to be named as solicitors to the Offer in the form and context in which it is named. Home Wilkinson Lowry specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While Home Wilkinson Lowry has provided advice to the Directors in relation to the issue of this Prospectus and the conduct of due diligence enquiries by the Company and the Directors, Home Wilkinson Lowry has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than references to its name.
- PKF Corporate Advisory Services (NSW) Pty Ltd has given and, before lodgement of this Prospectus, has not withdrawn its consent to be named as Investigating Accountants to the Offer. PKFCA specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. PKFCA has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than the Investigating Accountant's Report.
- Hetherington Exploration and Mining Services Pty Ltd (Hetherington) has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named in the Prospectus in the form and context to which it is named. Hetherington specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. Hetherington has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than the Independent Exploration Titles Report.
- Minnelex Pty Ltd (Minnelex) has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named in the Prospectus in the form and context to which it is named. Minnelex specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. Minnelex has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than the Independent Geologist's Report.
- Gould Ralph & Company has given and, before lodgement of this Prospectus, has not withdrawn its consent to be named as Auditor to the Company in the form and context in which they are named. Gould Ralph & Company specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. Gould Ralph & Company has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus.
- Mitchell Morgan has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as Corporate Advisor to the Offer in the form and context in which it is named. Mitchell Morgan specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While Mitchell Morgan has provided advice to the Directors in relation to the issue of this prospectus and the conduct of due diligence enquiries by the Company and the Directors, Mitchell Morgan has not authorised or

caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than references to its name.

- Computershare Investor Services Pty Ltd has given and, as the date hereof has not withdrawn its written consent to be named as the Share Register in the form and context in which it is named.
- Carmichael Capital Markets Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as sponsoring broker to the Offer in the form and context in which it is named. Carmichael Capital Markets Pty Ltd specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While Carmichael Capital Markets Pty Ltd has provided advice to the Directors in relation to the issue of this Prospectus and the conduct of due diligence enquiries by the Company and the Directors, Carmichael Capital Markets Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than references to its name.

#### **17.19 TAX FILE NUMBERS**

An applicant for Shares is not obliged to quote his or her Tax File Number (TFN), however, in cases where no TFN is quoted Augur must deduct tax from any dividend payable, to the extent they are not franked at the top personal margin rate plus Medicare Levy, which presently amounts to 48.5% in aggregate. There are special rules for the quotation or non-quotation of TFN applying to different categories of investors such as non-residents of Australia, tax exempt bodies, joint holders and other special categories. Applications by individuals, companies, partnerships, trustees, superannuation funds and approved deposit funds are largely unaffected by any special rules and therefore may quote a TFN by simply completing the TFN details on the application form.

The above does not purport to be an exhaustive statement of the law relating to TFN's and is provided as a guide only. If you are in any doubt, please consult your accountant, lawyer or taxation consultant.

#### **17.20 TAXATION OBLIGATIONS**

The taxation obligations and the effects of the participation in this Offer can vary depending upon the circumstances of each individual investor, particular circumstances relating to his or her holding of securities and the taxation laws applicable to investors of residents of different jurisdictions. Investors who are in doubt as to their taxation position should seek professional advice. It is solely the responsibility of the individual applicant to inform

themselves of their taxation position resulting from participation in this Offer.

The above does not propose to be an exhaustive statement of the law relating to TFN's and is provided as a guide only. If you are in any doubt, please consult your accountant, lawyer or taxation consultant.

#### **17.21 LITIGATION**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

#### **17.22 ELECTRONIC PROSPECTUS**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please contact the Company using the contact details set out in this Prospectus and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at [www.augur.com.au](http://www.augur.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **17.23 TAXATION CONSIDERATIONS**

The acquisition and disposal of securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

### **17.23 INDEPENDENT VALUATION**

Investors should note that an Independent Valuation of the Company's tenements prepared for the Directors has been lodged with the ASIC.

The application of the Independent Valuation is discussed at sections 12.2 and 17.2. The Independent Valuation has been prepared in accordance with the VALIM Code of the Australasian Institute of Mining and Metallurgy. If you consider that the information in the Independent Valuation may assist you in making your investment decision, you may obtain a copy of the Independent Valuation free of charge by calling the Company on (02) 9267 8333.

The Independent Valuation is taken to be included in this Prospectus in accordance with section 712 of the Corporations Act.

[Section 18]

## Directors' Consent

Each of the Directors has consented in writing to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

24 July, 2007

Signed for and on behalf of Augur Resources Ltd



Peter Bradfield  
Non-Executive Chairman

# [Section 19]

## Glossary

### IN THIS PROSPECTUS:

**AGAAP** means Australian Generally Accepted Accounting Principles.

**AIFRS** means Australian Equivalents to International Financial Reporting Standards.

**Application** means a valid application to subscribe for Shares.

**Application Form** means the application forms enclosed with and forming part of this Prospectus for use by investors.

**Application Monies** means 20 cents being the amount payable in respect of each Share under the Offer.

**Ark** means Ark ACN 123 668 717.

**Ark Share** means a fully paid Share in the capital of Ark.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Balance Sheet** means the balance sheet of the Company set out in Section 12.4.

**Board of Directors and Board** means Board of Directors as constituted from time to time.

**Business Day** has the meaning ascribed to it in the Listing Rules.

**CHES** means ASX Clearing House Electronic Sub-registry System.

**Closing Date** means 24 August, 2007 (subject to the rights of the Directors to extend this date without notice).

**COAC** means Collerina drill hole and sample number.

**Collerina** means Exploration Licence 6336.

**Collerina Reserve** means the pre-JORC probable reserve of 165,000 tonnes @ 0.65% nickel, 0.16% cobalt in the main cobalt body plus 60,000 tonnes @ 0.77% nickel, 0.087% cobalt underlying the main

cobalt body plus 120,000 tonnes @ 0.82% nickel, 0.153% cobalt in a deeper body to the east resulting in a total pre-JORC probable reserve of 345,000 tonnes @ 0.73% nickel, 0.14% cobalt.

**Collerina Resource** means a pre-JORC inferred resource of 450,000 tonnes @ 0.65% nickel plus the Collerina Reserve giving a total pre-JORC resource of 795,000 tonnes @ 0.7% nickel.

**Company or Augur** means Augur Resources Limited (ACN 106 879 690).

**ComputerShare** means ComputerShare Investor Services Pty Ltd (ACN 078 279 277).

**Constitution** means the constitution of the Company.

**Convertible Notes** means the Convertible Note Subscription Agreement as set out in Section 17.3.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Cowal Volcanics** means Ordovician age volcanics located in the Cowal region.

**Deed Of Acquisition** means the Deed of Acquisition between the Company and Kevin Raymond Barker which is dated 3 March, 2007.

**De-Merger** means the De-Merger process as set out in Section 17.2.

**Directors** means the Directors of the Company at the date of issue of this Prospectus.

**Exploration Licences** means licences issued by the NSW Department of Primary Industries to enable exploration of minerals in NSW.

**Existing Shares** means Shares in the Company which were issued on or before the date of this Prospectus.

**Exposure Period** means the period of seven (7) days (or longer as ASIC may direct) from the date of lodgement of the Prospectus with ASIC.

**Financial Information** has the definition set out in Section 12.1.

**Gilmore Suture** means a linear geological structure which is a focus of mineralisation in central NSW.

**Ichyia** means Ichyia Co Ltd.

**Income Statements** means the income statements set out in Section 12.3.

**Independent Valuation Report** means the independent valuation referred to in Section 12.2 and 17.2 of the Prospectus.

**IP** means Induced Polarisation.

**IPO** means Initial Public Offering.

**Issue** means the issue of Shares under this Prospectus.

**JORC** means Joint Ore Reserve Committee.

**Lachlan Fold Belt** means an extensive geological region containing folded rocks and located mainly within NSW.

**Listing Rules** means the Official Listing Rules of the ASX.

**Maximum Subscription** means 25,000,000 Shares at 20 cents each.

**Minimum Subscription** means 20,000,000 Shares at 20 cents each.

**Mining Lease** means a lease issued by the NSW Department of Primary Industries to enable mining of minerals in NSW.

**Mitchell Morgan means** Mitchell Morgan Pty Ltd (ACN 108 571 222).

**NSW** means the State of New South Wales.

**Offer** means the offer of up to 25,000,000 Shares at 20 cents each under this Prospectus.

**Offer Price** means 20 cents being the amount payable in respect of each Share under the Offer.

**Official List** means the official list of the ASX.

**Official Quotation** means quotation on the Official List of ASX.

**Prospectus** means this prospectus dated 18 July 2007.

**Porphyry** is a crystallised rock, typically porphyritic, having hairline fractures that may contain copper-gold and other metals.

**RAB** means Rotary Air Blast.

**RC** means Reverse Circulation

**SAM** means a Sub Audio Magnetic geophysical technique.

**SCH Business Rules** means the Securities Clearing House Business Rules and any other rules of ASX Settlement and Transfer Corporation Pty Ltd which apply while the Company is an issuer of CHES-approved securities, each as amended or replaced from time to time.

**Section** means sections as referred to in this Prospectus.

**Shares** means fully paid ordinary Shares in the capital of the Company.

**Shareholder** means a holder of Shares in the Company.

**Sponsoring Broker** means Carmichael Capital Markets Pty Ltd (ACN 088 006 160).

**Tullamore** means Exploration Licence 6312.

**Wallaby Rocks** means Exploration Licence 6310.

**Weelah** means Exploration Licence 6309.

**Yeoval** means Exploration Licence 6311.

**Yeoval Resource** means the pre-JORC-compliant resource of 37Mt @ 0.3% copper defined at the Yeoval tenement.

**References in this Prospectus to Sections** are the sections of this Prospectus.

**References in this Prospectus to \$ or cents** are to the currency of Australia unless stated otherwise.

TABLE OF ELEMENTS	
Au	Gold
Co	Cobalt
Cr	Chromium
Cu	Copper
Fe	Iron
Mo	Molybdenum
Pb	Lead

MEASUREMENT ABBREVIATIONS	
g/t	grams per tonne
km	kilometres
m	metres
Mt	million tonnes
ppm	parts per million
sq km	square kilometres
unit	3 sq km (approx.)

[Section 20]

# Application Form





## SUPPLEMENTARY PROSPECTUS

Augur Resources Limited

ACN 106 879 690

Website: [www.augur.com.au](http://www.augur.com.au)

**This document is important and should be read in its entirety together with the Prospectus. If you do not understand any part of this document you should seek professional advice.**

### 1. IMPORTANT INFORMATION

- 1.1 This Supplementary Prospectus is dated 27 July 2007 and is supplementary to the Prospectus dated 24 July 2007 (**Prospectus**) issued by Augur Resources Limited (**Company**) for an Offer of up to 25 million Shares at 20 cents each to raise up to \$5 million.
- 1.2 A copy of this Supplementary Prospectus was lodged with ASIC on 27 July 2007. Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus.
- 1.3 This Supplementary Prospectus must be read together with the Prospectus.
- 1.4 Unless otherwise indicated, terms and abbreviations defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

### 2. AMENDMENT TO PROSPECTUS

This Supplementary Prospectus has been prepared to amend Section 17.18 of the the Prospectus by *inserting* the words

**“and the Independent Valuation Report”**

*after* the words **“Independent Geologists Report”** at the end of the paragraph dealing with the Minnelex Pty Ltd consent on page 130 of the Prospectus.

### 3. DIRECTORS AUTHORISATION

- 3.1 The Directors have each consented to the issue of this Supplementary Prospectus and to its lodgement with ASIC.
- 3.2 No Director has withdrawn this consent prior to the lodgement of this Supplementary Prospectus with ASIC.

DATED: 27 July 2007

Signed on behalf of Augur Resources Limited.

**Joshua Rogers**  
Director

# Notes