AUGUR
Resources Ltd
ABN 79 106 879 690

29 October 2013 (131 pages by email)

The Manager Companies
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Madam

ANNUAL REPORT AND NOTICE OF AGM

I attach the Company's Annual Report for the year ended 30 June 2013 and a copy of the Company's Notice of Annual General Meeting to be held on 29 November 2013 as sent to shareholders today.

Yours sincerely

Richard Edwards
Company Secretary

pjn7383

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AUGUR
Resources Ltd

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ANNUAL REPORT 2013

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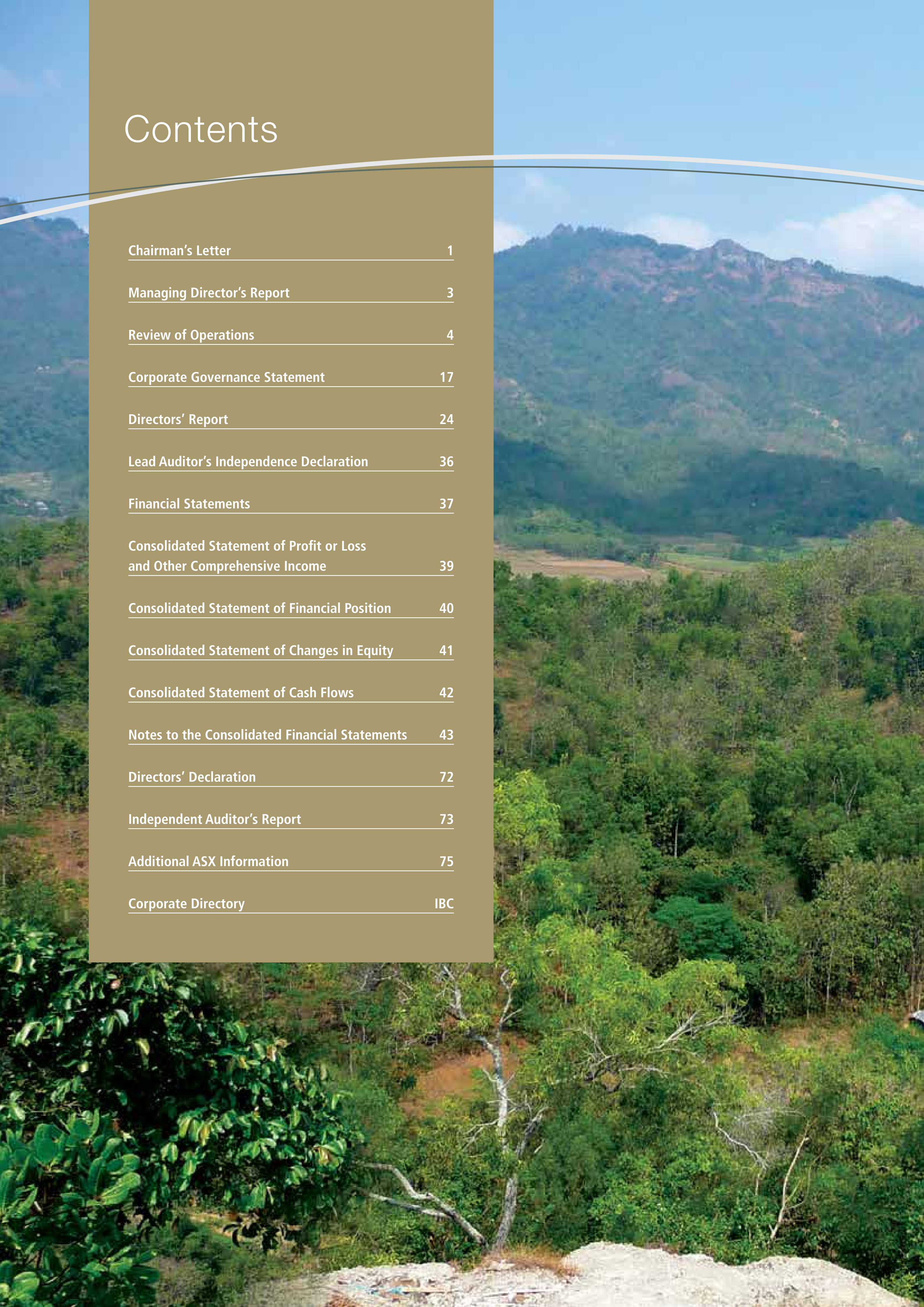


Chairman's Letter

Dear Fellow Shareholders

During 2013 financial markets for junior exploration stocks remained difficult and your company has not been spared from this. Throughout the year the board has been examining a number of alternatives aimed at recapitalising the company without being overly dilutive to existing shareholders. I am very pleased that the company has just been able to announce such an opportunity, the anticipated investment in Augur and the Wonogiri project, subject to shareholder approval, by the Rajawali Group.

We remain excited by the potential of the Randu Kuning prospect, other exploration targets within the Wonogiri project and other opportunities in Indonesia. The injection of funding into the company that the transaction with Rajawali would provide will allow the company to complete technical studies at Wonogiri ahead of a decision to mine and to pursue these additional targets and opportunities.

Yours sincerely

Norman A. Seckold

Dated this 30th day of September 2013

Managing Director's Report

Dear Shareholders

Augur continues to focus on the Randu Kuning deposit, a major gold and copper resource, within the Wonogiri project located in central Java, Indonesia. The Company holds an 80% direct ownership interest in the project.

The mineralisation at Randu Kuning has been the primary target of the Company's exploration efforts during the last two and a half years. In mid-2012 the Company announced that exploration efforts had defined a 1.54 million ounce gold equivalent, maiden JORC compliant resource estimate containing over 1.01 million ounces of gold and 200 million pounds of copper. The resource was discovered at a remarkably modest cost of approximately $3.05 per gold ounce. This is exceptionally low by industry standards. The resource remains open and further drilling is required to test the full extent of mineralisation.

The Company's focus has been assessment of the resource to determine options for processing the deposit. Metallurgical results to date remain favourable with excellent recoveries achieved from the sulphide mineralisation. The next phase of metallurgical testing will focus on determining processing options for the oxide zone.

The Randu Kuning prospect is one of a number of prospects within the Wonogiri tenement. Other targets have been identified and include both gold and silver epithermal and copper and gold porphyry targets.

Along with other ASX listed explorers, the Company's share price has been impacted by the retreat from recent commodity price highs, in particular the decline in the gold price. The potential of the Company's projects remains strong and I believe that the Wonogiri project's value is not reflected in the current share price.

Augur continues to review opportunities both within Indonesia and elsewhere. The Company will continue to focus on achieving value for shareholders.

With regards to our Australian projects, Augur now has partners for the Yeoval, Collerina and Weelah projects. In each project, our partners are the operators and Augur has limited ongoing financial commitments. Augur will continue to monitor progress on these projects.

Grant L. Kensington
Managing Director

Dated this 30th day of September 2013

EXPLORATION OVERVIEW

Augur has interests in advanced exploration projects in Indonesia and Australia. Augur's strategic focus is on large, shallow gold, silver and copper resources.

Wonogiri Joint Venture (80% earn-in achieved in August 2012)

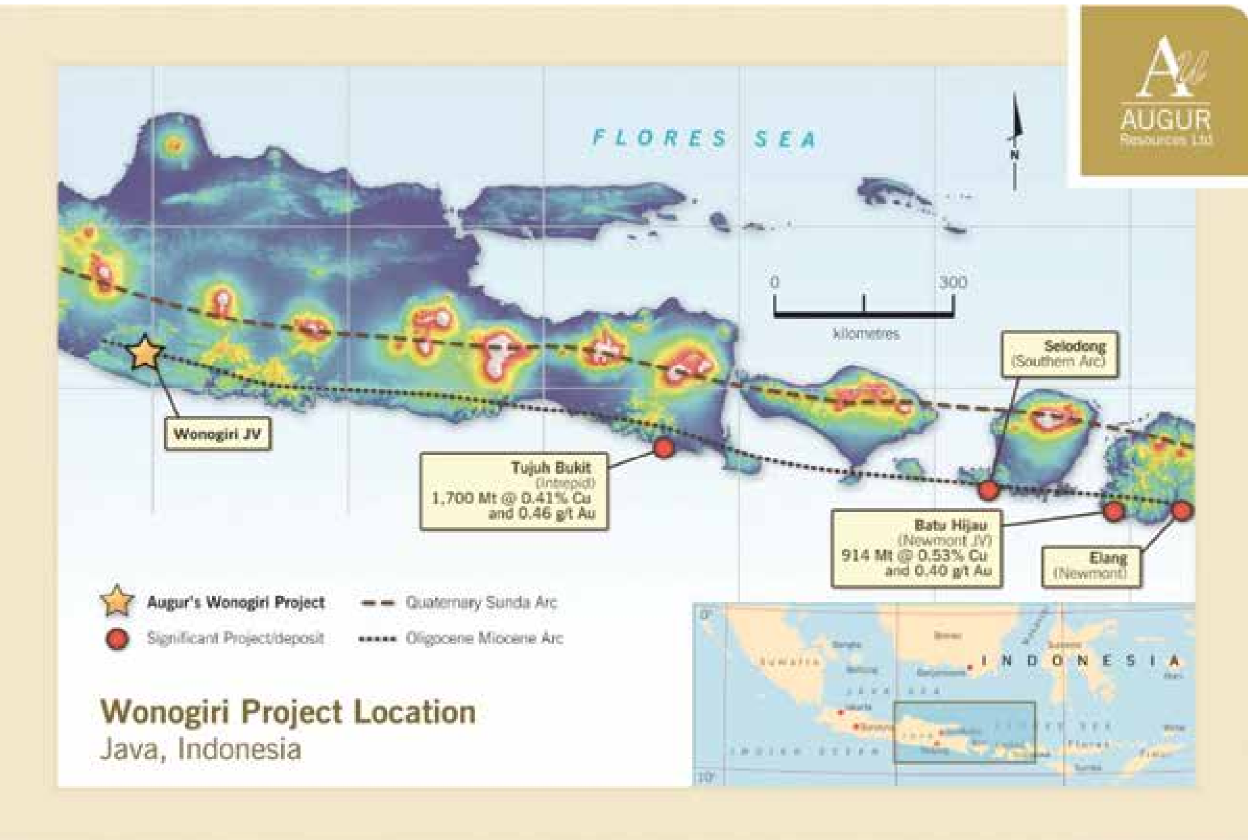
Target: Porphyry gold and copper; Epithermal gold and silver

The Wonogiri project covers a highly prospective 3,928 hectares in central Java, Indonesia. The project lies within the tectonically complex Sunda-Banda Magmatic Arc which is characterised by multiple phases of volcanic activity and extensive deformation. Significant gold and copper mineralisation is found along this arc including some of the world's largest copper and gold deposits.

Augur holds an 80% direct majority ownership of the Wonogiri licence.

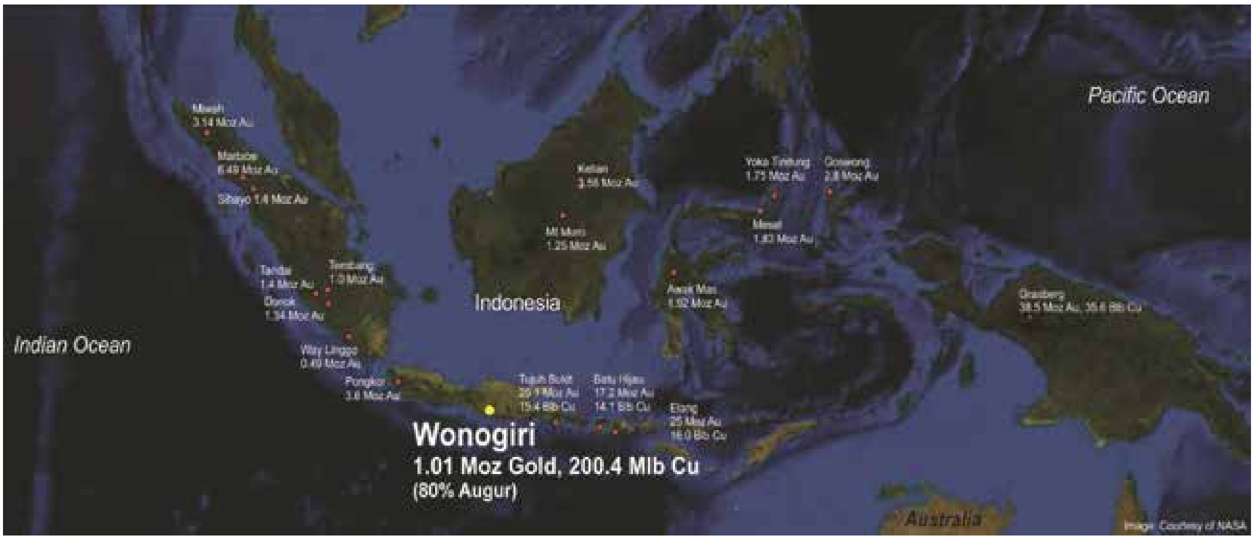
The Wonogiri project has quality infrastructure supporting the project with it located approximately 30 kilometres to the south of the provincial city of Solo and is easily accessible by daily flights from the capital Jakarta and a short one hour drive by car on sealed roads. The surrounding area has grid power, a large dam and numerous river and stream systems. Altitude of the Randu Kuning deposit is approximately 200 metres above sea level.

Review of Operations



In the north of the project area, a significant area of alteration has been identified as having potential for gold and copper porphyry mineralisation and epithermal gold and silver mineralisation. This alteration zone may be more extensive than indicated at surface, as the alteration zone appears to continue under the surrounding shallow sediments and soil. The Randu Kuning gold-copper porphyry deposit, which is detailed below, is located in this zone.

Further zones of alteration and/or anomalous precious metals and base metals have been identified within the central region of the project, however these targets have had limited modern exploration.



Randu Kuning Prospect

The Randu Kuning prospect is the most advanced of the prospects within the Wonogiri project. Augur has completed a total of 50 diamond holes for 15,114 metres since acquiring the project in 2011. Drilling has targeted sulphide gold-copper mineralisation associated with a multiphasal, highly altered wall rock porphyry system. Mineralisation is associated with copper and gold sulphide bearing quartz stockworking veins and as disseminated mineralisation within multiple microdiorite and diorite intrusives.

The gold and copper mineralisation exists from surface to over 400 metres true vertical depth. Mineralisation remains open at depth, to the west and to the south. Further drilling is warranted to test these prospective areas.

During the year, an initial resource was estimated using the results from 2 historical holes and the majority of the 50 diamond holes drilled by Augur. The initial resource currently stands at 90.9 million tonnes ('Mt') at 0.35 g/t gold and 0.10% copper using a 0.2% gold equivalent cut-off. The total Measured and Indicated categories containing a total of 33.7 Mt at 0.55g/t gold and 0.15% copper.

Resource Class	Million Tonnes	AuEq (g/t)	Gold (g/t)	Copper (%)	AuEq (million ounces)	Gold (million ounces)	Copper (million pounds)	Cut-off (AuEq g/t)[1]
Measured	8.3	1.45	1.07	0.21	0.389	0.287	39.4	1.0
	20.4	1.03	0.72	0.17	0.673	0.473	85.1	0.5
	28.3	**0.84**	**0.56**	**0.15**	**0.765**	**0.513**	**132.7**	**0.2**
Indicated	0.6	1.33	1.02	0.17	0.027	0.021	2.5	1.0
	3.5	0.81	0.59	0.12	0.092	0.067	17.5	0.5
	5.3	**0.66**	**0.45**	**0.11**	**0.113**	**0.078**	**42.8**	**0.2**
Measured and Indicated	9.0	1.44	1.07	0.21	0.416	0.308	41.9	1.0
	24.0	0.99	0.70	0.16	0.765	0.540	102.6	0.5
	33.7	**0.81**	**0.55**	**0.15**	**0.878**	**0.591**	**175.4**	**0.2**
Inferred	0.3	1.38	1.20	0.10	0.014	0.012	0.2	1.0
	9.2	0.66	0.45	0.11	0.196	0.135	6.4	0.5
	57.1	0.36	0.23	0.07	0.660	0.423	22.9	0.2
Total	9.3	1.44	1.07	0.21	0.430	0.319	42.1	1.0
	33.2	0.90	0.63	0.15	0.962	0.675	109.2	0.5
	90.9	**0.53**	**0.35**	**0.10**	**1.538**	**1.014**	**199.6**	**0.2**

Resource estimate for the Randu Kuning gold-copper porphyry deposit, Wonogiri project, Indonesia. All figures are rounded and summation differences in totals are due to rounding.

The resource estimate includes the oxide, transition and sulphide components of the deposit. The sulphide component accounts for 95.7% of the resource estimated tonnes (at a 0.2 g/t AuEq cut-off).

With the initial resource identified, the company has primarily focused much of the current year on further metallurgical testing and commencing a scoping study to define options for advancing the Randu Kuning gold and copper deposit.

Metallurgical testing of the sulphide material to date has been highly encouraging with the recoverability of the gold and copper within the main mineralised zone showing favourable results. Recoveries of up to 89.0% recovery of gold and 96.1% recovery of copper have been achieved from samples taken within the sulphide zone.

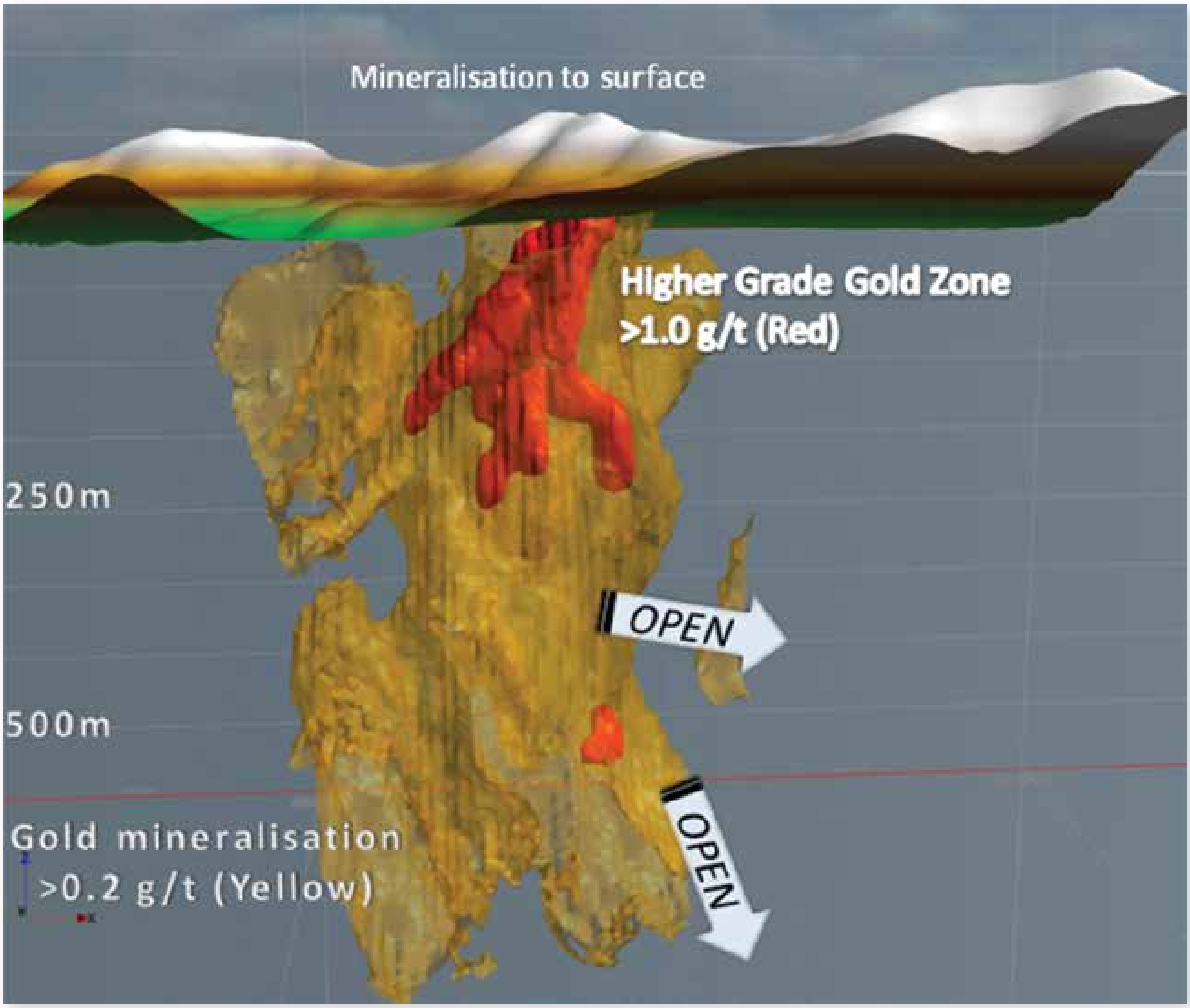
Review of Operations

Metallurgical testing of lower head grade sulphide material (head grade: gold 0.62 g/t and copper 0.19%) has also returned favourable results with recoveries of 90.1% for gold and 93.8% for copper.

To date, only limited testing has been undertaken on the oxide zone. A total of four floatation tests were undertaken, with good recoveries of gold achieved. Results for the gold recovery from the oxide samples ranged between 58.1% and 69.6%. Further testing of the oxide component is required.

Crush and grinding testing has indicated that the material from the deposit only requires moderate grinding with optimum grind size of 106 micrometres (80% passing 106 micrometres) identified as a favourable grind size. At a grind size of 106 micrometres the gold recovery was 90.1% and copper recovery was 93.8%. Finer grinding resulted in no change to the gold recovery. Coarser grinding also returned significant recoveries with a 212 micrometre sample returning gold recoveries of 85.9% and copper recoveries of 87.2%. Coarser grinding should result in significant power cost savings relative to finer grinding.

A scoping study of the Randu Kuning deposit has commenced to determine possible options for the development and processing of the mineralisation.



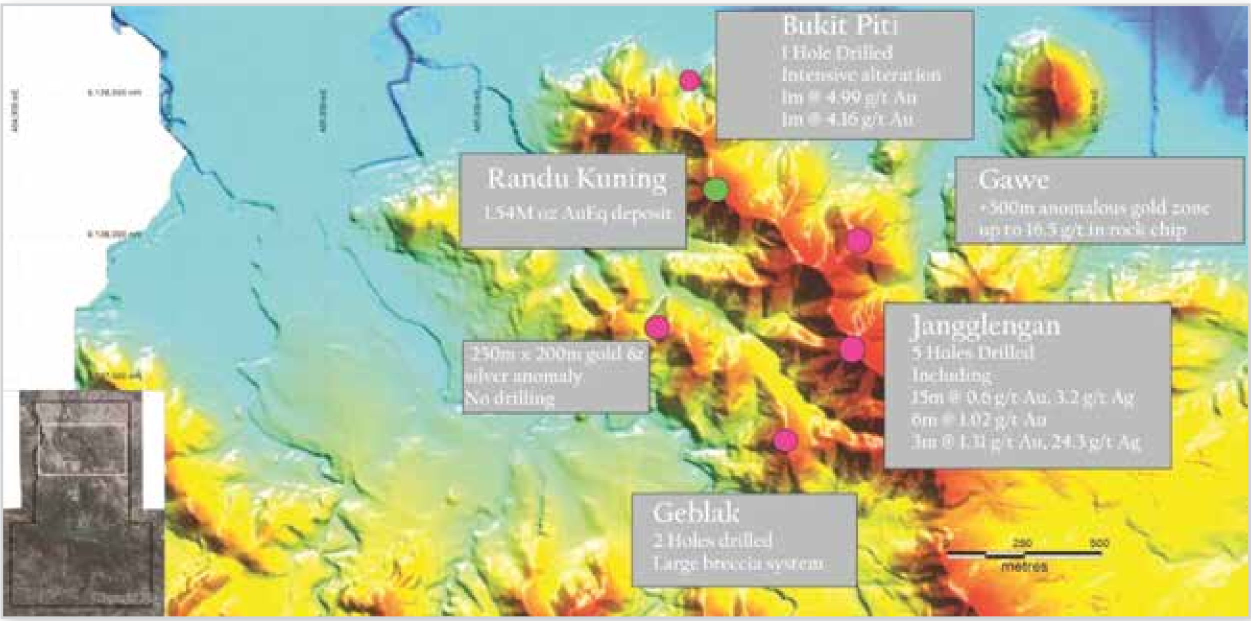
Surrounding Prospects

Epithermal alteration and mineralisation has been identified in the immediate surrounds of the Randu Kuning porphyry. Drilling has identified a number of epithermal vein systems containing wide zones of anomalous gold mineralisation.

At the Bukit Piti prospect, a single hole was drilled to test a trench gold anomaly. This hole intersected an intensively propylitic altered quartz feldspar intrusive with a number of zones of gold mineralisation including 3.5 metres at 0.70 g/t gold from 29.0 metres, 4.5 metres at 1.05 g/t gold from 43.0 metres, which included a 0.5 metre interval of 7.93 g/t gold from 44.0 metres, 1.0 metre at 4.99 g/t gold from 66.0 metres and a further 1.0 metre at 4.16 g/t gold from 119.0 metres. Geological interpretation of the data and alteration concludes that further drilling is warranted at Bukit Piti to test for porphyry related copper and gold mineralisation at depth.

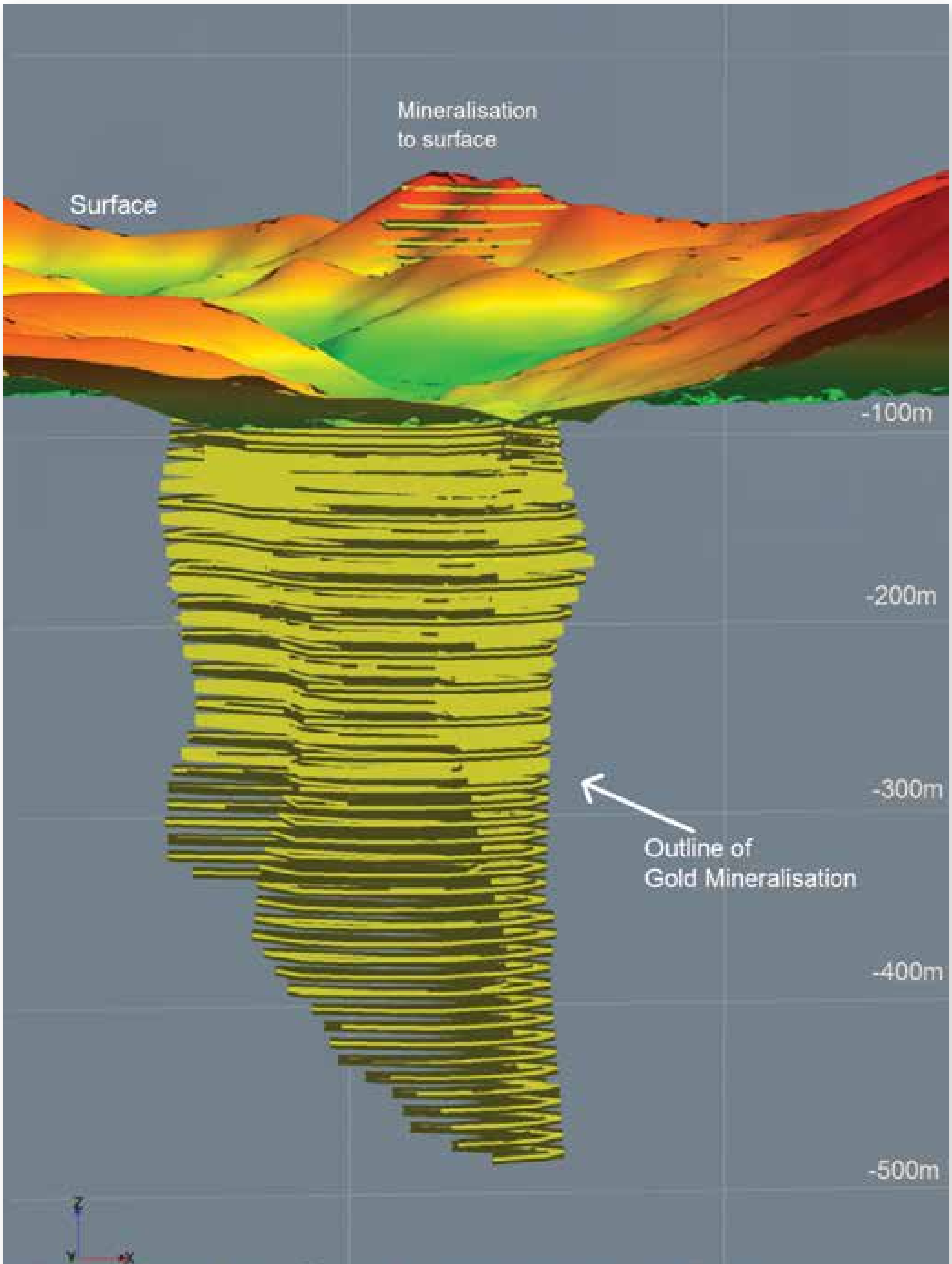
At the Gawe prospect, three holes (WDD035, WDD039 and WDD043) drilled by Augur tested anomalous gold geochemical results and a coincident geophysical anomaly. The geochemical anomaly at Gawe has been identified over a length of 520.0 metres with drilling to date only undertaken at the western extent of the anomaly. Each hole drilled intersected anomalous zones of epithermal related gold mineralisation with WDD035 intersecting 1.0 metre at 0.45 g/t gold, 0.38% copper and 12.4 g/t silver from 85.0 metres and a further 1.0 metre at 1.01 g/t gold and 11.0 g/t silver from 213.0 metres. Hole WDD039 intersected three relatively shallow zones of gold mineralisation which included 0.5 metres at 3.35 g/t gold and 2.6 g/t silver from 27.0 metres, 4.0 metres at 0.67 g/t gold from 36.5 metres and a further 2.0 metres at 0.73 g/t gold and 11.6 g/t silver from 114.0 metres. Hole WDD043 returned 5.0 metres at 0.42 g/t gold and 2.2 g/t silver from 97.0 metres and a further 3.7 metres at 0.55 g/t gold and 1.3 g/t silver from 119.0 metres.

With only the western limits of the Gawe anomaly drill tested, further testing of the Gawe anomaly is warranted.



Drilling at the Geblak prospect tested a north-south trending geochemical anomaly approximately 970 metres south-southeast of the Randu Kuning deposit. Best results at Geblak were from holes WDD037, where 6.0 metres at 1.05 g/t was intersected from 261.0 metres, and hole WDD031, where a number of wide anomalous gold mineralised zones were intersected including 15.0 metres at 0.60 g/t gold from 38.0 metres and 22.0 metres at 0.33 g/t gold from 84.0 metres.

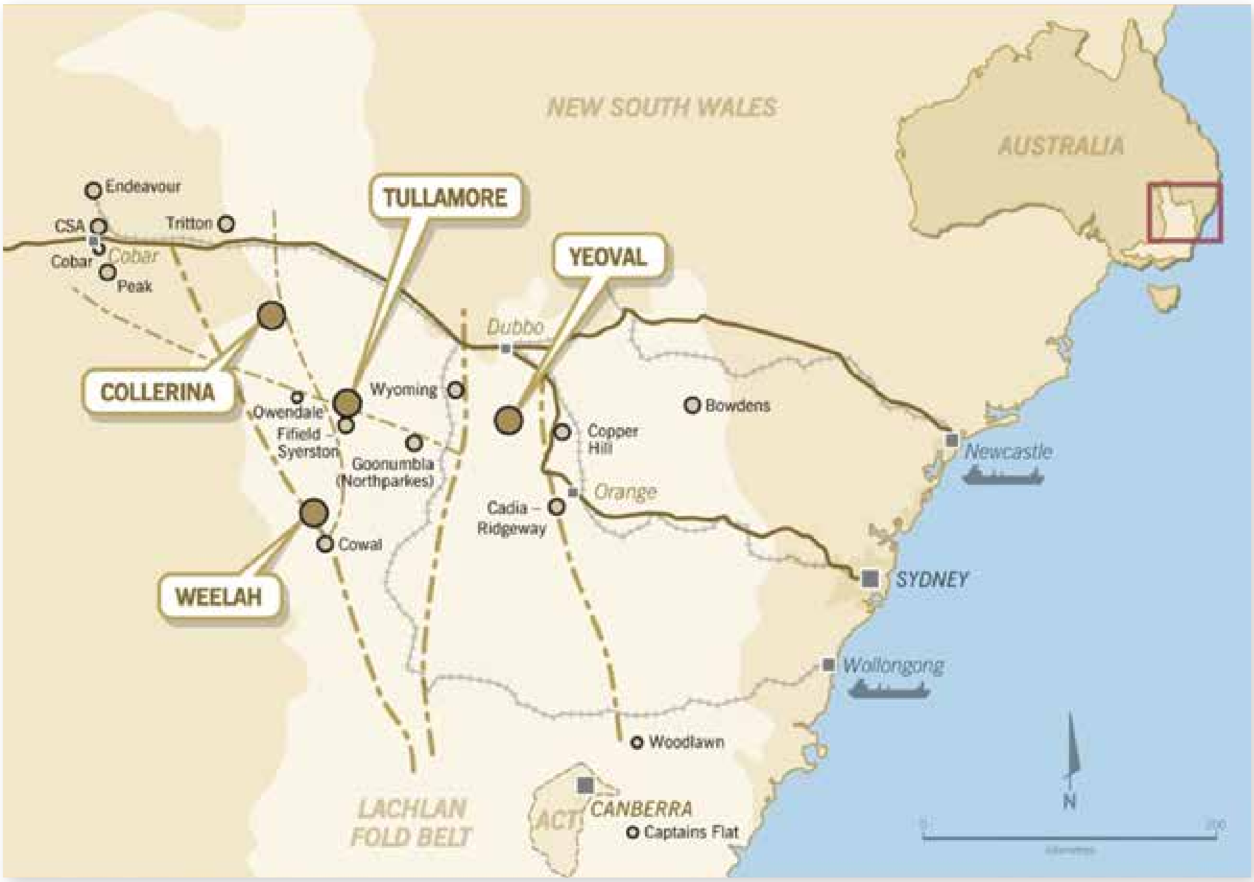
The prospects surrounding the Randu Kuning deposit have already been shown to be highly prospective for shallow gold mineralisation. Further work in each of these prospects is warranted and this work will focus on the definition of shallow gold mineralisation.



3D Model of the Gold Mineralisation at Randu Kuning

Review of Operations

AUSTRALIAN PROJECTS



Collerina - EL 6336 (100% Augur Resources Ltd and subject to farm-out agreement)

Targets: Nickel-cobalt laterite deposits, copper-gold sulphide deposits and vein related gold deposits

The Collerina project is located 40 kilometres south of Nyngan in central NSW, covering an area of 150km^2 within the Fifield Platinum Province. The tenement contains the Homeville nickel-cobalt deposit, which was discovered by Augur in 2008.

Homeville Deposit

Augur announced the initial JORC compliant resource estimate for the Homeville nickel-cobalt deposit within the Collerina tenement during 2009 and an updated resource estimate in 2011. The current JORC compliant Inferred Resource for the Homeville deposit has been estimated at 16.3 Mt at 0.93% nickel and 0.05% cobalt based on a cut-off of 0.7% nickel.

ASX listed Metals Finance Limited can earn 51% of the Collerina project by conducting and funding the completion of a definitive feasibility study within 18 months of the agreement date. If development proceeds, parties will fund in accordance with each partners equity interest. The agreement allows either party the option to not contribute to capital but maintain a 10% net profit interest.

Metals Finance Limited undertook further metallurgical testing of the Homeville deposit during the year. Results are yet to be received.

Class	Million Tonnes	Nickel Cut-off (%)	Nickel (%)	Cobalt (%)	Iron (%)	Magnesium (%)
Total	27.2	0.5	0.80	0.05	19	9.8
	16.3	0.7	0.93	0.05	19	9.3
	4.9	1.0	1.18	0.05	18	8.6
Indicated	6.4	0.5	0.87	0.06	21	9.6
	4.4	0.7	0.99	0.06	20	8.8
	1.8	1.0	1.21	0.05	19	7.9
Inferred	20.7	0.5	0.78	0.05	18	9.9
	11.9	0.7	0.91	0.05	18	9.4
	3.1	1.0	1.16	0.05	17	8.8

Homeville nickel-cobalt deposit resource summary by JORC category.

Other Collerina Prospects

The Collerina project contains several additional advanced prospects including Yathella (nickel-cobalt), Swanson's Trouble (gold), C1 (scandium, platinum nickel-cobalt), Widgelands (copper) and Collerina Mine (copper).

Yathella prospect is located approximately 3 kilometres from the Homeville deposit. Significant historical exploration has identified shallow nickel and cobalt mineralisation at Yathella. It is envisaged that the mineralisation at Yathella may provide additional resource to the Homeville deposit if developed.

Swanson's Trouble prospect covers an area of historical gold mining. The prospect has high grade gold associated with extensive quartz veining in volcanic host rock.

The C1 prospect was identified by Augur during drilling in 2006. A total of two drill holes have been drilled at the C1 prospect. Holes COAC033 and COAC034 intersected a broad zone of anomalous scandium, palladium, nickel, cobalt and chromium. Results for COAC033 included 28 metres at 170ppm scandium and COAC034 included 44 metres at 100ppm scandium and 44 metres of 0.22ppm platinum.

The Widglelands and Collerina Mine prospects are both highly prospective for copper-gold mineralisation. Both prospects remain untested for deep large sulphide copper deposits. Augur is planning to utilise geophysical techniques to define drill targets at these prospects.

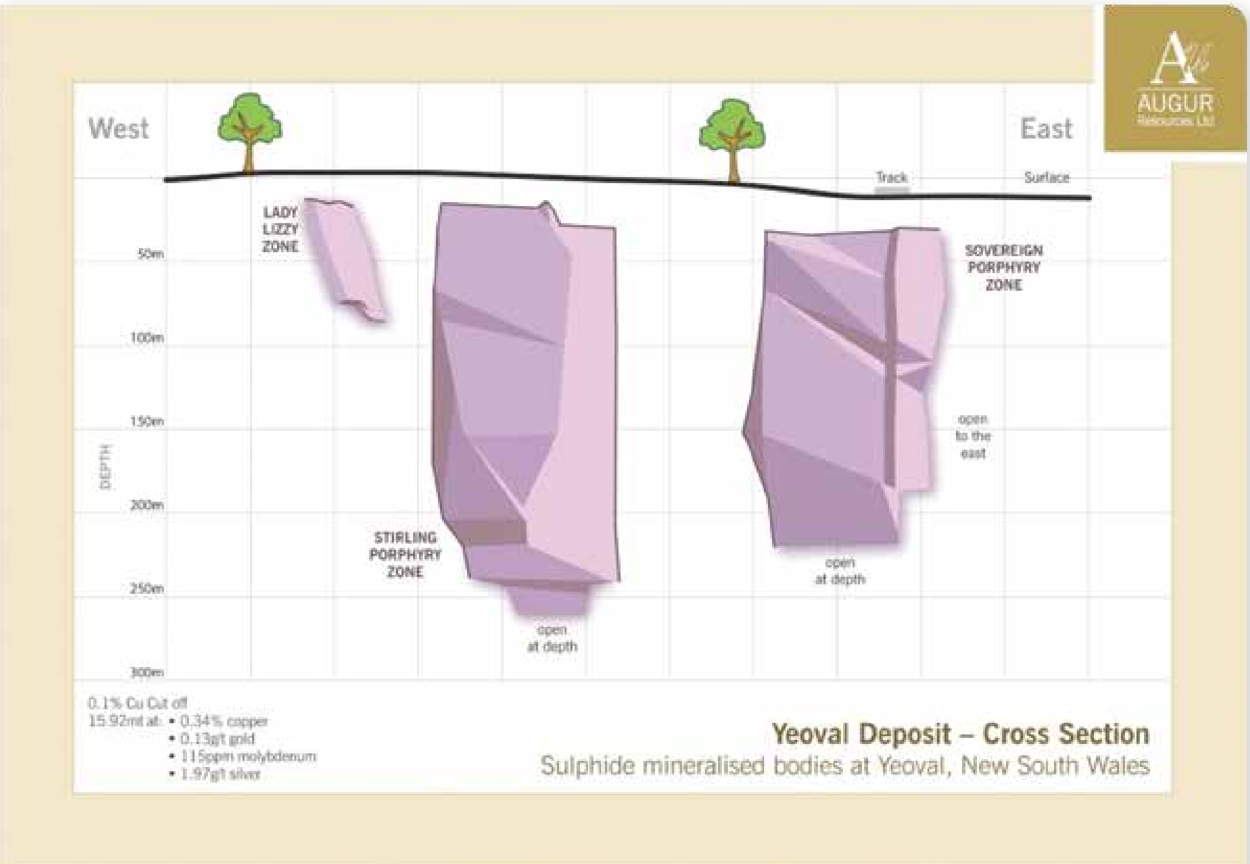
Yeoval - EL 6311and ML811 (25% Augur Resources Ltd)

Targets: Copper-gold and gold porphyry and epithermal deposits

The Yeoval tenement covers an area of approximately 147km^2 within the Lachlan Belt of New South Wales and has potential for a Cadia, Ridgeway or Northparkes style of porphyry copper-gold + molybdenum mineralisation, epithermal gold + silver mineralisation and magnetite rich copper-gold mineralisation. The primary areas of focus are the Yeoval Mine prospect, Goodrich prospect, Goodrich South and nine further targets.

The Yeoval project area hosts numerous near surface copper + gold occurrences and several small historical mines, within altered Naringla Granodiorite of the Yeoval complex. Prior exploration has targeted shallow outcropping mineralisation. Significant potential exists in areas of shallow alluvial cover.

Augur completed the initial Inferred JORC Resource Estimate for the Yeoval copper-gold-molybdenum-silver deposit in 2009.



Yeoval Deposit – Cross Section
Sulphide mineralised bodies at Yeoval, New South Wales

Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Silver (g/t)	Cut-off Grade (Cu %)
15,921,000	0.34	0.13	115.3	1.97	0.1
12,881,000	**0.38**	**0.14**	**120.1**	**2.20**	**0.2**
9,878,000	0.42	0.15	129.0	2.47	0.25
7,318,000	0.48	0.17	140.9	2.75	0.3
4,523,000	0.56	0.19	161.8	3.26	0.4
2,515,000	0.65	0.22	192.3	3.83	0.5
477,000	0.88	0.26	285.3	5.25	0.75

Summary of the JORC Inferred Resource for the Yeoval copper-gold-molybdenum-silver deposit, Yeoval, NSW, Australia.

The resource has been calculated on the sulphide portion of the deposit. The oxide component was not included in the resource estimation as it is believed to be limited in volume. Potential exists for increased tonnage and grade as the higher grade zones have not yet been fully defined by the current drilling density and the deposit is open to the east and at depth.

The operators of the project are Zodiac Resources Pty Limited ('Zodiac'), a subsidiary of Kimberly Diamonds Limited.

Augur is free carried on the project until May 2014. On completion of the free carried period, Augur will have an option to contribute 25% to expenditure on the project or progress to a free carry net smelter royalty of 2.5%, limited to $2,000,000.

During the year, Zodiac undertook drilling at Yeoval. Zodiac reported the results of a drill hole targeting the eastern extent of the Sovereign Porphyry zone at Yeoval. The hole intersected 44.5 metres at 0.46% copper and 0.50 g/t gold including 6.1 metres at 1.28% copper and 1.33 g/t gold and 19.1 metres at 0.60% copper and 0.66 g/t gold.

Zodiac suggests that the results indicate potential for a significant copper-gold deposit associated with the porphyry intrusion.

Weelah - EL 6309 (20% Augur Resources Ltd)

Targets: Copper-gold and Gold porphyry; Gold +/- Silver epithermal deposits

The Weelah tenement (150km^2) is situated on the Cowal Volcanics and a splay of the 'Gilmore Suture' a focus for gold projects in the Lachlan Fold Belt of New South Wales. The Cowal Gold Mine (+4,000,000 ounces) owned by Barrick Gold Corporation, shares its perimeter with Augur's Weelah tenement.

Drilling by Augur has identified Ordovician intrusive porphyritic rocks, chloritised sericitised monzonite, altered mafics and carbonate breccias with scattered fine sulphides. These rocks are considered favourable for Cowal style mineralisation.

The Weelah project is managed under a Joint Venture agreement with Stonewall Resources Ltd ('Stonewall'). Stonewall are the operators of the project. Augur's 20% interest will be free carried to feasibility.

No significant results were reported for this project during 2013.

Review of Operations

CORPORATE ACTIVITIES

In concert with Augur's expanded geographic and operational activities, the following corporate activities were undertaken during the year:

- Augur completed the required expenditure of US$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.
- PT Alexis Perdana Minera ('PT Alexis'), holder of the Wonogiri licence received official Indonesian Government approval to convert its status to an official foreign owned company (locally known in Indonesia as a 'Penanaman Modal Asing' or 'PMA'). Augur's 89% owned subsidiary, Wonogiri Pty Ltd, is now the registered holder of 90% of PT Alexis, giving Augur an 80% interest in the Wonogiri licence and thereby ensuring that Augur's ownership of its interest in the Wonogiri licence is secure.
- In August 2012 a Security Purchase Plan ('SPP') was offered to shareholders based in Australia and New Zealand and closed on 5 September 2012. Shareholders subscribed for 10,500,000 shares under the SPP, raising $420,000. In conjunction with the SPP, on 12 September 2012 the Company issued 17,593,750 new shares for a total consideration of $703,750, to a range of Australian and overseas investors.

Statement of Compliance

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Augur staff and contractors and approved by Mr Grant Kensington, geoscientist, who is a Member of the Australasian Institute of Mining and Metallurgy. Grant Kensington is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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'. Grant Kensington has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Corporate Governance Statement

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Stock Exchange ('ASX') Corporate Governance Council recommendations, unless otherwise stated.

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 Group'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 Group'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 Group'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 Group and the best interests of shareholders as a whole. When the Group is not able to implement one of the Council's recommendations the Group applies the 'if not, why not' explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Group complies with those recommendations.

Details of all of the Council's recommendations can be found on the ASX website at **http://www.asx.com.au**.

Principle 1 - Lay solid foundations for management and oversight

Board of Directors

The Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Group. The Board is also responsible for the overall corporate governance and management oversight of the Group and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Group as a whole.

The Board also ensures that the Group 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 Group.

Where the Board considers that particular expertise or information is required, which is not available from within their members, 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:

- formulation and approval of the strategic direction, objectives and goals of the Group;
- the prudential control of the Group's finances and operations and monitoring the financial performance of the Group;
- the resourcing, review and monitoring of executive management;
- ensuring that 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 timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

The Group has followed Recommendation 1.1 by establishing the functions reserved to the Board and those delegated to senior executives as disclosed above.

Corporate Governance Statement

The Group has followed Recommendation 1.2 by evaluating the performance of senior executives. The Board reviews the performance of the Group's senior executives on a face to face basis with the performance evaluation of the Managing Director being conducted by the Chairman of the Board.

The Group has taken the appropriate measure to provide each director and senior executive with a copy of the Group's policies which spells out the rights, duties and responsibilities that they should follow.

The Group has followed Recommendation 1.3 by conducting the evaluations of senior executives in accordance with the process described above.

Principle 2 - Structure the Board to add value

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 the Group's current size, scale and nature of its activities.

Independent Directors

Due to the small size of the Group, the Board has four directors all of which are involved in management or are substantial shareholders in the Company. The names of the directors of the Company in office at the date of this report are set out in the Directors' Report.

Although the Group does not follow Recommendation 2.1, it is the Board's opinion that all directors bring to the Board their independent judgement, irrespective of whether they are independent or not.

Regular assessment of independence

An independent director, in the view of the Group, is a non-executive director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Group, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Group, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Group other than as a director of the Group;
- 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 Group; and
- 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 Group.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of directors required for the Board to properly perform its responsibilities and functions.

Chairperson and Managing Director

Norman A. Seckold, a non-independent director, holds the office of Chair. The Group does not follow Recommendation 2.2 because the small size of the Group does not warrant the appointment of more directors. However, the Board considers that Norman A. Seckold best serves the office of Chair due to his extensive experience in the industry.

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.

The Managing Director is responsible and accountable to the Board for the Group's management. Grant L. Kensington is the Managing Director of the Group and performs the role of Chief Executive Officer. Therefore, the Group follows Recommendation 2.3.

Corporate Governance Statement

Board nominations

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, a Nomination Committee has not been established and therefore Recommendation 2.4 has not been followed.

Performance review and evaluation

The Group has followed Recommendations 2.5 and 2.6 by disclosing the process for evaluating the performance of the Board, and disclosure requirements under Principle 2 below.

It is the policy of the Board to ensure that the directors and executives of the Group are 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 Group 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.

Induction and education

The Group has the policy to provide each new director or officer with a copy of the following documents:

- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- Shareholders Communication Policy.

Access to information

Each director has access to Board papers and all relevant documentation.

Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Group. The Board consists of a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public Group administration, and director-level business or corporate experience required by the Group.

Professional advice

Board members, with the approval of the Chairman, may seek from time to time external professional advice.

Term of appointment as a director

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 (excluding the 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.

Remuneration

The remuneration of the directors is determined by the Board as a whole, with the director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon.

For details on the amount of remuneration and any amount of equity based executive remuneration payment for each director, refer to the Key Management Personnel note to the financial statements and the Remuneration Report in the Directors' Report.

Internal controls

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the Group seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the Group.

Corporate Governance Statement

Principle 3 - Promote ethical and responsible decision making

Code of Conduct and Ethical Standards

All directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, endeavouring at all times to enhance the reputation and performance of the Group. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment. The Group has followed Recommendation 3.1 and has adopted a formal Code of Conduct.

Access to Group information and confidentiality

All directors have the right of access to all relevant Group books and to the Group's executive management. In accordance with legal requirements and agreed ethical standards, directors and executives of the Group have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Share dealings and disclosures

The Group has adopted a policy relating to the trading of Company securities. The Board restricts directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and directors should consult with the Chairman prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by directors, executives or employees is 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.

The trading windows for restricted persons are 60 days after the release of the half year results, the full year results or the holding of the Annual General Meeting. Restricted persons are prohibited from trading in the Company's securities outside these trading windows unless in special circumstances and with the approval of the Chairman.

Conflicts of interest

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

- 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 Group; and
- 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.

Related party transactions

Related party transactions include any financial transaction between a director and the Group 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 Group also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

Board diversity

Given the small size of the Group, the Group has not set a policy concerning diversity and therefore Recommendations 3.2, 3.3, 3.4 and 3.5 have not been followed. However, the Company's Board does take into account the gender, age, ethnicity and cultural background of potential Board members.

Principle 4 - Safeguard integrity in financial reporting

Audit Committee

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, an Audit Committee has not been established and therefore Recommendations 4.1, 4.2, 4.3 and 4.4 have not been followed.

The objective of an Audit Committee is to make recommendations to the Board regarding various matters including the adequacy of the external audit, risk management and compliance procedures, to evaluate from time to time the effectiveness of the financial statements prepared for the Board and to ensure that independent judgement is always exercised. These functions of an Audit Committee are performed by the full Board.

Principle 5 - Make timely and balanced disclosure

The Group has followed Recommendations 5.1 and 5.2 and has adopted a formal Continuous Disclosure Policy.

Continuous Disclosure to the ASX

The Board has designated the Managing Director and Company Secretary as being responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX. Accordingly the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- 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.

Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

Principle 6 - Respect the rights of shareholders

The Company has followed Recommendations 6.1 and 6.2 and has designed a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings as disclosed below.

Communication to the 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.

The Board considers that information will be communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly financial statements;
- quarterly cash flow reports; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company actively promotes 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 are made available on the Company's website, **www.augur.com.au**, and on the ASX website, **www.asx.com.au**, under ASX code 'AUK'. The Company also maintains an email list for the distribution of the Company's announcements via email.

Principle 7 - Recognise and manage risk

The Group has followed Recommendation 7.1 and has designed policies for the oversight and management of material business risks as disclosed below.

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.

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, Recommendation 7.2 is not relevant because the Board has the oversight function of risk management and internal control systems. Therefore, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.

Corporate Governance Statement

Internal control and risk management

The Board reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels.

Appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

Internal audit function

The internal audit function is carried out by the Board. The Group does not have an internal audit department nor has an internal auditor. The size of the Group does not warrant the need or the cost of appointing an internal auditor.

CEO and CFO declarations

The Group has followed Recommendation 7.3. The Board has determined that the Managing Director and the Company Secretary are the appropriate persons to make the CEO and CFO declarations as required under section 295A of the Corporations Act. The Board is also satisfied that the internal control system is operating effectively in all material respects.

The Group has followed Recommendation 7.4 by disclosing the information above.

Principle 8 - Remunerate fairly and responsibly

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, a Remuneration Committee has not been established and therefore Recommendations 8.1, 8.2, 8.3 and 8.4 have not been followed.

However, the functions and responsibilities listed below were carried out by the Board.

Remuneration responsibilities

The role and responsibility of the Board is to review and make recommendations in respect of:

- executive remuneration policy;
- executive director and senior management remuneration;
- executive incentive plan;
- non-executive directors' remuneration;
- performance measurement policies and procedures;
- termination policies and procedures;
- equity based plans; and
- required remuneration and remuneration benefits public disclosure.

Remuneration policy

The directors' remuneration is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. Consultants are engaged as required pursuant to service agreements. The Group ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Group. All salaries of directors and officers are disclosed in the Annual Report of the Group.

In line with Recommendation 8.2, the Group has a policy to remunerate its directors and officers based on fixed and incentive component salary packages to reflect the short and long term objectives of the Group.

The salary component of the Managing Director's remuneration is made up of:

- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company.

The salary component of non-executive and executive directors is made up of:

- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company.

Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of Augur Resources Ltd (the 'Company'), and its controlled entities for the financial year ended 30 June 2013 and the auditor's report thereon.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Norman Alfred Seckold	Chairman
Grant Leo Kensington	Managing Director
Peter James Nightingale	Director
Justin Charles Werner	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The Company Secretary in office during and at the end of the financial year was Richard James Edwards.

Principal Activities

The principal activities of the Group are to acquire, explore, develop and, subject to economic viability, mine mineral deposits.

No significant changes in the nature of these activities occurred during the year.

Financial Results

The loss of the Group for the financial year after providing for income tax amounted to $1,028,008 (2012 - $9,853,450 loss).

Review of Operations

A review of the Group's operations for the year ended 30 June 2013 is set out in the Review of Operations.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2013. No dividends have been paid or declared during the financial year (2012 - nil).

Directors' Report

Environmental Regulations

The Group is subject to state, federal and international environmental legislation. The Group has complied with its environmental obligations and the Group have not received a notification for environmental breaches by any Government agency to the date of this Directors' Report, and the directors do not anticipate any obstacles in complying with the legislation.

Significant Changes in State of Affairs

In the opinion of the directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2013 were as follows:

- In July 2012 the Group announced a maiden resource estimate for the Randu Kuning deposit, within the Wonogiri project.
- In August 2012 the Company announced that it had met the required expenditure of US$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.
- The completion of a Share Purchase Plan, resulting in the issue of 10,500,000 fully paid ordinary shares at $0.04, raising $420,000 and on the same date, the Company completed a placement of 18,593,750 fully paid ordinary shares at $0.04, raising $703,750.

After Balance Date Events

Subsequent to the end of the financial year:

- On 30 September 2013 the Company announced that it had entered into a binding Subscription Agreement with the Rajawali Group ('Rajawali'), one of Indonesia's largest privately owned conglomerates. The Agreement, which is subject to a number of conditions precedent, including approval of Augur shareholders, provides for Rajawali to initially subscribe for 60,000,000 Augur shares equivalent to 22.6% of the Company's issued shares for cash consideration of A$3.0 million. Additionally, Rajawali has an option to subscribe for an additional 50,536,400 Augur shares for A$3.75 million ('Additional Consideration'). Upon receipt of the Additional Consideration, Augur will cause Wonogiri Pty. Ltd, its subsidiary, to sell a 35% interest in its subsidiary PT Alexis to Rajawali for A$50,000. Wonogiri Pty Ltd is the 90% owner of PT Alexis.

Likely Developments

The Group will continue to explore and evaluate the Company's exploration projects with the aim of identifying potential mineral resources.

Directors' Report

Information on Directors

Norman Alfred Seckold

Chairman

Director since 30 November 2009.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico, and was previously Chairman of Cockatoo Coal Limited, an Australian coal mining, exploration and project development company.

Mr Seckold is currently Chairman of Equus Mining Limited, a mineral and development company operating in Chile, Planet Gas Limited, an energy explorer with interests in conventional and unconventional oil and gas resources operating in Australia and Santana Minerals Ltd., a precious metals exploration company with projects in Mexico. He is also a director of the unlisted public companies Mekong Minerals Ltd and Nickel Mines Limited.

Other current directorships: Equus Mining Limited, Planet Gas Limited and Santana Minerals Ltd.

Former directorships in the last three years: Cockatoo Coal Limited.

Special responsibilities: Chairman.

Interests in shares and options: 52,082,903 shares indirectly held as at the date of this report.

Grant Leo Kensington

Managing Director

Director since 18 February 2008.

Grant completed a Master of Science with Honours, majoring in Earth Sciences in 1990 and an MBA in 2002. He commenced his professional career with Solo Geophysics in 1991 conducting surveys in Eastern and Northern Australia on tenements and mine sites held by BHP, CRA, Mount Isa Mines, Billiton and Homestake.

In 1993, Grant commenced with Mount Isa Mines, working in and around the Isa mine operations, undertaking exploration for extensions of the Isa ore bodies. Between 1994 and 2000, he worked for North Limited and was involved in exploration in Australia, Sweden, Argentina, Chile, Peru and North America. Grant has experience in exploration for porphyry, epithermal, IOCG, Carlin gold and Broken Hill type targets.

In more recent times Grant has consulted to the mining industry and worked at an executive level in the forestry industry in the areas of strategy, finance and business improvement. Grant is a graduate member of the Australian Institute of Company Directors.

Other current directorships: None.

Former directorships in the last three years: None.

Special responsibilities: Managing Director.

Interests in shares and options: 1,001,000 shares directly held and 2,000,000 options directly held as at the date of this report.

Directors' Report

Peter James Nightingale

Director

Director since 30 November 2009.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L., Bolnisi Gold N.L., Callabonna Uranium Limited and Sumatra Cooper & Gold plc. Mr Nightingale is currently a director of Cockatoo Coal Limited, Planet Gas Limited and unlisted public companies Equus Resources Limited and Nickel Mines Limited.

Other current directorships: Cockatoo Coal Limited and Planet Gas Limited.

Former directorships in the last three years: Callabonna Uranium Limited and Sumatra Copper & Gold plc.

Special responsibilities: None.

Interests in shares and options: 12,375,000 shares indirectly held as at the date of this report.

Justin Charles Werner

Director

Director since 23 December 2010.

Justin Werner, who has a Bachelor of Management from the University of Sydney, has been involved in the mining industry for more than 10 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and which is exploring the highly prospective Romang Island with ASX listed Robust Resources Limited.

Prior to focusing on developing projects in Indonesia, Justin worked as a consultant for specialist mining consultancies GPR Dehler, Jamieson Consulting and Partners in Performance, leading many successful turnaround projects for blue chip mining companies including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia). Mr Werner is currently a director of an unlisted public company, Nickel Mines Limited.

Other current directorships: None.

Former directorships in the last three years: None.

Special responsibilities: None.

Interests in shares and options: 1,830,000 shares directly held and 3,738,334 shares indirectly held as at the date of this report.

Directors' Report

Meetings of Directors

	Directors' Meetings	
Directors	Nº eligible to attend	Nº attended
Norman A. Seckold	7	7
Grant L. Kensington	7	7
Peter J. Nightingale	7	7
Justin C. Werner	7	7

Company Secretary

The Company Secretary, Richard Edwards, was appointed on 3 September 2012.

Richard graduated with a Bachelor of Commerce degree from the University of New South Wales and is a member of CPA Australia and the Securities Institute of Australia. Following eight years as an owner/manager of his own business, Mr Edwards has worked for over ten years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. He was Company Secretary and Chief Financial Officer for Sumatra Copper & Gold plc for a period of three years and Company Secretary and Chief Financial Officer of Callabonna Uranium Limited for two and a half years. He is also Company Secretary of an unlisted public company, Nickel Mines Limited.

Directors' Interests

The following table provides the total ordinary shares held by each director as at the date of this report:

	Directly held	Indirectly held	Options over ordinary shares
Norman A. Seckold	-	52,082,903	-
Grant L. Kensington	1,001,000	-	2,000,000
Peter J. Nightingale	-	12,375,000	-
Justin C. Werner	1,830,000	3,738,334	-
Total	**2,831,000**	**68,196,237**	**2,000,000**

There were no options over unissued ordinary shares granted to directors or executives of the Company during or since the end of the financial year.

Unissued Shares Under Option

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

Number of Unissued Shares	Exercise price	Expiry date
1,000,000	$0.39	7 December 2013
2,000,000	$0.20	31 May 2014
1,000,000	$0.265	16 November 2014

All options expire on the earlier of their expiry date or termination of the employee's employment.

The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of the Company or any other body corporate.

Shares Issued on Exercise of Options

The Group has not issued any ordinary shares of the Company as a result of the exercise of options during or since the end of the financial year.

Indemnification of Officers and Auditor

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

During the year ended 30 June 2013 KPMG, the Company's auditor, has not performed other services in addition to their statutory audit duties.

Statutory Audit	2013 $	2012 $
Auditors of the Company		
Audit and review of financial reports - KPMG	51,600	58,250

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration is set out on page 36 as required under section 307C of the *Corporations Act 2001*.

Remuneration Report - (Audited)

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company. No other employees have been deemed to be key management personnel.

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided through the Group's Incentive Option Plan which acts to align the directors and senior executives' actions with the interests of the shareholders. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements.

No directors or senior executives receive performance related remuneration. Options issued in prior periods as remuneration were subject to minimum service periods being met. All outstanding options have fully vested at 30 June 2013.

There were no remuneration consultants used by the Company during the year ended 30 June 2013, or in the prior year.

Short Term Incentive - (Audited)

The Company provides fees on a fixed basis and short term incentives ('STI'). The weight of each component differs for each executive entitled to STIs.

No STI was applicable during the year ended 30 June 2013 or for the prior year.

Long Term Incentive - (Audited)

The Employee's Service Agreement signed by Grant L. Kensington on 18 February 2010 provides that Grant L. Kensington may participate in the Company's Executive Share Option Plan with an entitlement of 1,000,000 options (long term incentive) to be issued every year for the following three years with the approval of members at the AGM of each respective year.

Details of Remuneration for the Year Ended 30 June 2013 - (Audited)

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director of the Company, and other key management personnel of the Group are set out below:

		Short term	Post-employment	Share based payments			
Key management personnel	Year	Salary and fees $	Superannuation $	Options $	Total $	Proportion of remuneration performance related %	Value of options as a proportion of remuneration %
Norman A. Seckold	**2013**	**45,000**	**-**	**-**	**45,000**	**-**	**-**
	2012	90,000	-	-	90,000	-	-
Grant L. Kensington	**2013**	**203,721**	**15,185**	**38,565**	**257,471**	**-**	**14.98**
	2012	256,886	23,120	154,257	434,263	-	35.52
Peter J. Nightingale	**2013**	**45,000**	**-**	**-**	**45,000**	**-**	**-**
	2012	90,000	-	-	90,000	-	-
Justin C. Werner	**2013**	**150,000**	**-**	**-**	**150,000**	**-**	**-**
	2012	150,000	-	-	150,000	-	-
Total	**2013**	**443,721**	**15,185**	**38,565**	**497,471**	**-**	**7.75**
Total	2012	586,886	23,120	154,257	764,263	-	20.18

No bonuses were paid during the financial year and no performance based components of remuneration exist.
The Company employed no other key management personnel.

Directors' Report

Consequences of Performance on Shareholder Wealth - (Audited)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2013	2012	2011	2010	2009
Loss attributable to owners of the Company	$1,028,008	$9,853,450	$2,141,428	$1,477,777	$729,777
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	($0.025)	($0.15)	$0.01	$0.16	($0.06)
Return on capital employed*	(17%)	(153%)	(15%)	(34%)	(14%)

* Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Group's projects, and financial performance of the Company.

Options Under the Executive Share Option Plan - (Audited)

The Company has an Executive Share Option Plan to provide an incentive for directors and key management personnel, which it is believed, is in line with industry standards and practice and helps to align the interests of management with shareholders.

Each option gives the optionholder the entitlement to subscribe for one ordinary share at the exercise price on or before the expiry date. The expiry date is five years from the date of the Company's admission to the ASX. For subscribers after 30 November 2010, the expiry date is three years from the date the options are granted.

Under the terms of the plan, the Board may from time to time determine who is entitled to participate in the option plan and may issue invitations to an executive, or relative or an associate nominated by the executive. The exercise price for grantees is a 25% premium to the volume weighted average of the ordinary shares traded on the ASX for the previous 15 business days preceding the grant date of the option. The vesting date is 12 months after the grant date.

Details of vesting profiles of the options granted as remuneration to key management personnel and executives are detailed below.

Analysis of Options and Rights Over Equity Instruments Granted as Compensation - (Audited)

All options refer to options over ordinary shares of Augur Resources Ltd, which are exercisable on a one-for-one basis under the Executive Share Option Plan.

	Options granted				
Director	Number	Date	% vested in year	% expired unexercised in year	Financial year in which grant vests
Grant L. Kensington	500,000	18 March 2008	0%	100%	1 July 2008
	500,000	30 November 2009	0%	100%	1 July 2010
	1,000,000	24 November 2010	0%	0%	1 July 2011
	1,000,000	16 November 2011	100%	0%	1 July 2012

There were no options over ordinary shares in the Company granted as compensation to key management personnel during the reporting period.

The Employee Service Agreement between the Company and the Managing Director Grant Kensington expired on 18 February 2013 and was not renewed. Mr Kensington's services are now provided to the Company on a contracting basis.

Analysis of Movements in Options - (Audited)

Director	Granted in the year	Valuation of options exercised in the year	Lapsed in the year
Grant L. Kensington	-	-	1,000,000

No terms of equity-settled share-based payment transactions have been altered or modified by the issuing entity during the reporting period or the prior period.

Grant L. Kensington
Director

Signed at Sydney this 30th day of September 2013 in accordance with a resolution of the Board of Directors.

Lead Auditor's Independence Declaration

under Section 307C of the *Corporations Act 2001* to the Directors of Augur Resources Ltd

KPMG

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S Board

Stephen Board
Partner

Brisbane
30 September 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Liability limited by a scheme approved under Professional Standards Legislation.

AUGUR
Resources Ltd

ABN 79 106 879 690

FINANCIAL REPORT 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Continuing operations			
Administration and consultant expenses		(453,244)	(774,388)
Audit and other professional fees	6	(51,600)	(58,250)
Depreciation and amortisation expenses	6	(575)	(108)
Directors' fees and superannuation expenses		(334,531)	(410,469)
Legal fees		(119,049)	(73,399)
Share based payments expense		(38,565)	(154,257)
Impairment losses	14,15	(73,827)	(8,349,866)
Other expenses	6	(64,831)	(82,236)
Operating loss before financing income		**(1,136,222)**	**(9,902,973)**
Finance income	5	108,214	82,773
Finance costs	5	-	(33,250)
Net finance income		**108,214**	**49,523**
Loss before income tax expense		**(1,028,008)**	**(9,853,450)**
Income tax	8	**-**	**-**
Loss from continuing operations		**(1,028,008)**	**(9,853,450)**
Other comprehensive income for the year			
Items that may be classified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		99,925	(25,750)
Net change in fair value of available-for-sale financial assets transferred to the profit or loss		(102,175)	33,250
Foreign currency translation		(5,895)	-
Total other comprehensive income		**(8,145)**	**7,500**
Total comprehensive loss for the year		**(1,036,153)**	**(9,845,950)**
Loss is attributable to:			
Owners of the Company		**(1,024,118)**	**(9,853,450)**
Non-controlling interest		**(3,890)**	**-**
Loss for the year		**(1,028,008)**	**(9,853,450)**
Total comprehensive loss is attributable to:			
Owners of the Company		**(1,031,674)**	**(9,845,950)**
Non-controlling interest		**(4,479)**	**-**
Total comprehensive loss for the year		**(1,036,153)**	**(9,845,950)**
Earnings per share			
Basic and diluted loss per share (cents)	9	**(0.51)**	**(5.56)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Current assets			
Cash and cash equivalents	10	327,444	157,421
Trade and other receivables	11	4,956	-
Prepayments		36,431	37,052
Total current assets		**368,831**	**194,473**
Non-current assets			
Available-for-sale financial assets	12	18,000	245,250
Property, plant and equipment	13	1,042	1,617
Exploration and evaluation expenditure	14	6,304,628	5,700,992
Other assets	15	55,000	128,827
Total non-current assets		**6,378,670**	**6,076,686**
Total assets		**6,747,501**	**6,271,159**
Current liabilities			
Trade and other payables	16	590,577	181,902
Total current liabilities		**590,577**	**181,902**
Total liabilities		**590,577**	**181,902**
Net assets		**6,156,924**	**6,089,257**
Equity			
Issued capital	17	21,011,416	19,946,161
Reserves	17	578,631	1,617,235
Accumulated losses		(15,428,644)	(15,474,139)
Total equity attributable to equity holders of the Company		**6,161,403**	**6,089,257**
Non-controlling interest		(4,479)	-
Total equity		**6,156,924**	**6,089,257**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

Attributable to equity holders of the Group	Notes	Issued capital $	Reserves $	Accumulated losses $	Total $	Non-Controlling Interest $	Total equity $
Balance at 1 July 2011		19,064,928	1,169,478	(5,620,689)	14,613,717	-	14,613,717
Total comprehensive income for the year							
Loss for the year		-	-	(9,853,450)	(9,853,450)	-	(9,853,450)
Total other comprehensive income		-	7,500	-	7,500	-	7,500
Total comprehensive loss for the year		-	7,500	(9,853,450)	(9,845,950)	-	(9,845,950)
Transaction with owners recorded directly in equity							
Contribution by and distribution to owners of the Company							
Ordinary shares issued	17	1,228,666	-	-	1,228,666	-	1,228,666
Transaction cost on issue of shares - cash	17	(61,433)	-	-	(61,433)	-	(61,433)
Transaction cost on issue of shares - options issued as consideration	17	(286,000)	286,000	-	-	-	-
Share based payment transactions	18	-	154,257	-	154,257	-	154,257
Balance at 30 June 2012		19,946,161	1,617,235	(15,474,139)	6,089,257	-	6,089,257
Balance at 1 July 2012		**19,946,161**	**1,617,235**	**(15,474,139)**	**6,089,257**	**-**	**6,089,257**
Total comprehensive income for the year							
Loss for the year		-	-	(1,024,118)	(1,024,118)	(3,890)	(1,028,008)
Total other comprehensive income	17	-	(7,556)	-	(7,556)	(589)	(8,145)
Total comprehensive loss for the year		-	(7,556)	(1,024,118)	(1,031,674)	(4,479)	(1,036,153)
Transaction with owners recorded directly in equity							
Contribution by and distribution to owners of the Company							
Ordinary shares issued	17	1,123,750	-	-	1,123,750	-	1,123,750
Transaction cost on issue of shares - cash	17	(58,495)	-	-	(58,495)	-	(58,495)
Share based payment transactions	18	-	38,565	-	38,565	-	38,565
Transfer of expired options	18	-	(1,069,613)	1,069,613	-	-	-
Balance at 30 June 2013		**21,011,416**	**578,631**	**(15,428,644)**	**6,161,403**	**(4,479)**	**6,156,924**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Cash payments in the course of operations		(590,106)	(1,278,852)
Interest received		6,039	82,773
Net cash used in operating activities	19	**(584,067)**	**(1,196,079)**
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(638,340)	(3,658,733)
Payment for property, plant and equipment		-	(1,724)
Proceeds from the sale of investments		327,175	245,000
Net cash used in investing activities		**(311,165)**	**(3,415,457)**
Cash flows from financing activities			
Proceeds from share issues	17	1,123,750	1,228,666
Transaction costs on share issue	17	(58,495)	(61,433)
Net cash provided by financing activities		**1,065,255**	**1,167,233**
Net increase/(decrease) in cash held		170,023	(3,444,303)
Cash and cash equivalents at 1 July		157,421	3,601,724
Cash and cash equivalents at 30 June	10	**327,444**	**157,421**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1: Reporting Entity

Augur Resources Ltd (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is at Level 2, 66 Hunter Street, Sydney, NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is primarily engaged in the acquisition, exploration and development of mineral deposits in Indonesia and Australia.

Note 2: Basis of Preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements report which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the directors on 30 September 2013.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- Investments - Available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a loss of $1,028,008 for the year ended 30 June 2013 and has accumulated losses of $15,428,644 as at 30 June 2013. The Group has cash of $327,444 at 30 June 2013 and used $584,067 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2013. The Group raised equity of $1,123,750 during the year ended 30 June 2013.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The on-going operation of the Group is dependent upon:

- the Group raising additional funding from shareholders or other parties; and, if necessary
- the Group reducing expenditure in-line with available funding.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure significantly, which may result in an impairment loss in the carrying value of exploration and evaluation expenditure recorded at reporting date.

As set out in Note 24, subsequent to the end of the year, the Company announced that it had entered into an agreement to raise additional equity. The agreement is subject to a number of conditions precedent, including approval of Augur shareholders.

In the event that the Group does not obtain additional funding or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Note 2: Basis of Preparation (Cont.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2 - Going concern
- Note 8 - Unrecognised deferred tax asset
- Note 14 - Exploration and evaluation expenditure

(f) Changes in accounting policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net loss. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the Statement of Profit or Loss and Other Comprehensive Income.

Note 3: Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group.

(a) Revenue

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

(b) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(c) Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, 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 area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Note 3: Significant Accounting Policies (Cont.)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

(d) Property, plant and equipment

Items of property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated over the assets' estimated useful lives to the Group commencing from the time the asset is ready for use.

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment	37.5%	Prime cost
Computer equipment	25.0%	Prime cost

(e) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.
They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Note 3: Significant Accounting Policies (Cont.)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss is reclassified to profit or loss.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

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

(f) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and within equity in the Consolidated Statement of Financial Position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Jointly controlled operations

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Note 3: Significant Accounting Policies (Cont.)

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for under the equity method and are initially recognised at cost. The cost of the investment includes transaction costs.

Transactions eliminated on consolidation

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

(g) Tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Note 3: Significant Accounting Policies (Cont.)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 20 per cent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Note 3: Significant Accounting Policies (Cont.)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(l) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(m) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

Note 3: Significant Accounting Policies (Cont.)

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(n) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Note 3: Significant Accounting Policies (Cont.)

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Group has assessed the likely impact of this new standard on the consolidated financial statements, and is not expected to have a significant effect on the financial results of the Group.

Note 4: Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

	Consolidated 2013 $	Consolidated 2012 $
Note 5: Finance Income and Finance Costs		
Recognised in profit or loss		
Interest income on cash deposits	6,039	82,773
Profit on sale of available-for-sale financial assets	102,175	-
Impairment loss on available-for-sale investments	-	(33,250)
Net finance income recognised in profit or loss	108,214	49,523
Recognised in other comprehensive income		
Net change in fair value of available-for-sale financial assets	99,925	(25,750)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(102,175)	33,250
Foreign currency translation	(5,895)	-
Finance cost recognised in other comprehensive income, net of tax	(8,145)	7,500
Note 6: Loss for the Year		
Loss before income tax expense has been determined after:		
Depreciation of non-current assets		
• Plant and equipment	575	108
Foreign exchange loss	11,926	13,779
Superannuation	23,120	15,185
Remuneration of the auditors of the Company - KPMG		
• Audit and review of financial statements	51,600	58,250
• Other services	-	-
Total remuneration of the auditors	51,600	58,250

Note 7: Financial Instruments

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in available-for-sale financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

Market risks

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

Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents.

At balance date the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	2013 $	2012 $
Financial assets		
Cash and cash equivalents	327,444	157,421

The Group did not have any interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has two high interest yield accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in at least two accounts to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

Note 7: Financial Instruments (Cont.)

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

At 30 June 2013, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2013 $	Post tax loss (Higher)/Lower 2012 $	Total equity (Higher)/Lower 2013 $	Total equity (Higher)/Lower 2012 $
+ 1% higher interest rate	3,038	17,800	3,038	17,800
- 0.5% lower interest rate	(1,519)	(8,900)	(1,519)	(8,900)

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances. The sensitivity is not significant for the years ended 30 June 2013 and 30 June 2012 because of the stable pattern of investing the surplus cash in high interest yield accounts throughout the years and the Group not being exposed to interest bearing financial liabilities.

Currency risk

The Group's largest exposure to currency risk is on deposits paid that are denominated in United States currency. The Group's gross financial position exposure to foreign currency risk at balance date was USD$626 (2012 - USD$75,000).

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

At 30 June 2013, if the exchange rate between the Australian dollar and the United States dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2013 $	Post tax loss (Higher)/Lower 2012 $	Total equity (Higher)/Lower 2013 $	Total equity (Higher)/Lower 2012 $
+ 10% higher AUD to USD exchange rate	62	6,711	62	6,711
- 5% lower AUD to USD exchange rate	(36)	(3,886)	(36)	(3,886)

Note 7: Financial Instruments (Cont.)

Price risk

The Group is exposed to equity securities prices risk. This arises from investments held by the Group and classified in the balance sheet as available-for-sale ('AFS'). The Group is not exposed to commodity price risk.

The Group's investments are publicly traded on the Australian Stock Exchange.

The table below summarises the impact of increases/decreases of the year end closing price on the Group's post-tax profit for the year and on equity.

	Impact on post-tax profit		Impact on other components of equity	
	2013 $	2012 $	2013 $	2012 $
AFS Investments - 10% price increase	-	22,500	1,800	2,025
AFS Investments - 10% price decrease	-	(24,525)	(1,800)	-

Other components of equity would increase/decrease as a result of gain/losses on equity securities classified as available-for-sale.

Post tax profit would decrease as a result of impairments on equity securities classified as available-for-sale.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. During September 2012 the Company received $703,750 from a share placement and $420,000 from a Share Purchase Plan. At balance date, the Group has available funds of $327,444 for its immediate use. Based on future Company announcements and future exploration results the Company will choose the most beneficial equity funding for the next two years.

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

Financial liabilities	Carrying amount $	Contractual cash flows $	Less than 6 months $	6 to 12 months $	1 to 5 years $	More than 5 years $
30 June 2013						
Trade and other payables	585,082	(585,082)	(585,082)	-	-	-
30 June 2012						
Trade and other payables	181,902	(181,902)	(181,902)	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Note 7: Financial Instruments (Cont.)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

	Carrying amount	
	2013 $	2012 $
Cash and cash equivalents	327,444	157,421
Trade and other receivables	4,956	-
Other financial assets	55,000	128,827
	387,400	286,248

Other financial assets for the year ended 30 June 2013 represent environmental bonds held with Government Departments and for the year ended 30 June 2012 represent environmental bonds and deposits paid. Since the end of the year ended 30 June 2013, $30,000 of environmental bonds has been returned to the Company.

An impairment loss of $73,827 was recognised during the year in respect of a deposit held in Indonesia in relation to a potential property acquisition which was assessed as not recoverable and impaired in full.

All financial assets and liabilities are current, with the exception of some deposits and environmental bonds and are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Receivables

As the Group operates in the mineral exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The Group held cash and cash equivalents of $327,444 at 30 June 2013 (2012 - $157,421), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA ($325,263) to ba2 ($2,181), based on rating agency Moody’s Investor Service ratings.

Note 7: Financial Instruments (Cont.)

Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Estimation of fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2013				
Available-for-sale financial assets	18,000	-	-	18,000
30 June 2012				
Available-for-sale financial assets	245,250	-	-	245,250

All available-for-sale financial assets relate to investments held in listed equity securities (designated as Level 1 financial assets). The fair value is based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price at the reporting date.

There have been no transfers between the levels of valuation method for each classification of financial asset held during the years ended 30 June 2013 and 30 June 2012.

	Consolidated 2013 $	Consolidated 2012 $
Note 8: Income Tax		
Current tax expense		
Current year	(297,878)	(458,679)
Tax losses not recognised	297,878	458,679
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	(1,028,008)	(9,853,449)
Prima facie income tax benefit at the Australian tax rate of 30% (2012 - 30%)	(308,402)	(2,956,035)
Increase in income tax expense due to:		
Non-deductible expenses	57,804	2,573,257
Tax losses not recognised	297,878	458,679
Effect of net deferred tax assets not brought to account	(47,280)	(75,901)
Income tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital Gains	-	-
Taxable temporary differences (net)	2,879,452	(379,000)
Tax losses	331,286	2,044,970
Net	3,210,739	1,665,970
Note 9: Loss per Share		
Basic and diluted loss per share have been calculated using:		
Net loss for the year attributable to equity holders of the Company	(1,024,118)	(9,853,450)

	Nº of shares	Nº of shares
Weighted average number of ordinary shares (basic and diluted)		
• Issued ordinary shares at the beginning of the year	177,188,048	171,044,717
• Effect of shares issued on 4 July 2011	-	6,092,838
• Effect of shares issued on 12 September 2012	22,459,564	-
Weighted average number of shares at the end of the year	199,647,612	177,137,555

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

	Consolidated 2013 $	Consolidated 2012 $
Note 10: Cash and Equivalents		
Cash at bank	327,444	157,421
Cash and cash equivalents in the statement of cash flows	327,444	157,421
Note 11: Trade and Other Receivables		
Current		
Net GST receivable - Australia	4,956	-
Note 12: Available for Sale Investments		
Equity investments - available-for-sale at fair value	18,000	245,250

The Company holds 150,000 shares in Stonewall Resources Limited (formerly Meridien Resources Ltd). At 31 December 2012, the directors compared the carrying value of the investment to market value and recorded a reduction in fair value within equity of $2,250 as disclosed in the half year report. At 30 June 2013, the directors compared the carrying value of the investment to market value and no adjustment to carrying value was required (2012 gain - $7,500 recorded in equity). This was based on a closing bid price of 12.0 cents at 30 June 2013 (2012 - 13.5 cents).

During the year, the Company sold 1,250,000 shares held in Kimberley Diamond Resources (formerly Goodrich Resources Ltd) at an average price of 26.17 cents. The original purchase price of the investment sold was 18 cents per share, resulting in a profit on the sale of investment of $102,175 which was transferred to the profit or loss from equity. Brokerage costs totalled $141.

Note 13: Property, Plant and Equipment

	2013 $	2012 $
Plant and equipment		
At cost	17,912	17,912
Less accumulated depreciation	(17,912)	(17,912)
Total plant and equipment	-	-
Computer equipment		
At cost	14,854	14,854
Less accumulated depreciation	(13,812)	(13,237)
Total computer equipment	1,042	1,617
Total property plant and equipment	1,042	1,617

Note 13: Property, Plant and Equipment (Cont.)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Consolidated		
	Plant and equipment $	Computer equipment $	Total $
Balance at 30 June 2011	-	-	-
Additions	-	1,725	1,725
Depreciation expense	-	(108)	(108)
Balance at 30 June 2012	-	1,617	1,617
Balance at 30 June 2012	-	1,617	1,617
Additions	-	-	-
Depreciation expense	-	(575)	(575)
Balance at 30 June 2013	-	1,042	1,042

	Consolidated	
	2013 $	2012 $

Note 14: Deferred Exploration and Evaluation Expenditure

Costs carried forward in respect of areas of interest in exploration phase:

	2013 $	2012 $
New South Wales	2,362,400	3,193,290
Additions	14,241	2,497
Disposal of asset	-	(450,000)
Impairment loss	-	(383,387)
Net book value	2,376,641	2,362,400
Indonesia	3,338,592	7,699,300
Additions	589,395	3,605,771
Impairment loss	-	(7,966,479)
Net book value	3,927,987	3,338,592
	6,304,628	5,700,992

Note 14: Deferred Exploration and Evaluation Expenditure (Cont.)

The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively sale, of the respective areas of interest.

During the year ended 30 June 2012, the Group decided not to exercise the option to acquire the Jampang project in Indonesia and requested an extension from the vendor. Due to the inherent uncertainty in relation to receiving the extension, the Group fully impaired the carrying value of the Jampang project by an amount of $7,966,479. The impairment charge was allocated to the Indonesian segment result in Note 21.

During the year ended 30 June 2012, the Group fully impaired the carrying value of the Tullamore project by an amount of $383,387 due to the inherent uncertainty of the recoupment of these costs and the Company's decision to relinquish the licence. The impairment charge was allocated to the NSW segment result in Note 21.

	Consolidated	
	2013 $	2012 $

Note 15: Other Assets

Non-current		
Environmental bonds	55,000	55,000
Deposits	-	73,827
	55,000	128,827

During the year the directors impaired the carrying value of a $73,827 deposit held in Indonesia in relation to a potential property acquisition.

Note 16: Trade and Other Payables

Current		
Unsecured liabilities		
Trade creditors	444,562	79,487
Sundry creditors and accruals	146,015	102,415
	590,577	181,902

Note 17: Capital and Reserves

Share capital		
205,281,798 (2012 - 177,188,048) fully paid ordinary shares	21,011,416	19,946,161

Note 17: Capital and Reserves (Cont.)

Ordinary shares	2013 Nº of shares	2013 $	2012 Nº of shares	2012 $
Balance at the beginning of the year	177,188,048	19,946,161	171,044,717	19,064,928
Shares issued during the period				
Fully paid ordinary shares issued 12 September 2012 at $0.04	28,093,750	1,123,750	-	-
Transaction costs - settled in cash	-	(58,495)	-	-
Fully paid ordinary shares issued 4 July 2011 at $0.20	-	-	6,143,331	1,228,666
Transaction costs - settled in cash	-	-	-	(61,433)
Transaction costs - options issued as consideration	-	-	-	(286,000)
Balance at the end of the year	205,281,798	21,011,416	177,188,048	19,946,161

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Terms and conditions - shares

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

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

Nature and purpose of reserves

Fair value reserve

Changes in fair value of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Option premium reserve

The option premium reserve is used to recognise the grant date fair value of options issued but not exercised.

Note 17: Capital and Reserves (Cont.)

	Consolidated 2013 $	Consolidated 2012 $
Fair value reserve	5,250	7,500
Foreign currency translation reserve	(5,306)	-
Option premium reserve	578,687	1,609,735
	578,631	1,617,235

Movements during the period

	2013 $	2012 $
Fair value reserve		
Balance at beginning of period	7,500	-
Net change in fair value of available-for-sale financial assets	99,925	(25,750)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(102,175)	33,250
Balance at end of period	5,250	7,500
Foreign currency translation reserve		
Balance at beginning of period	-	-
Currency translation differences	(5,306)	-
Balance at end of period	(5,306)	-
Option premium reserve		
Balance at beginning of period	1,609,735	1,169,478
Transaction cost on issue of shares - options issued as consideration	-	286,000
Employee share plan expense	38,565	154,257
Transfer of expired options	(1,069,613)	-
Balance at end of period	578,687	1,609,735

Note 18: Share Based Payments

The Company established the Executive Share Option Plan on 30 June 2007 and modified the Plan at the 30 November 2009 Annual General Meeting. The Board may, from time to time, determine who is entitled to participate in the plan and may issue invitations to apply for the grant of options to the executive or a relative or associate nominated by the executive. The vesting conditions of options issued under the plan are based on minimum service periods being achieved. There are no other vesting conditions attached to options issued under the plan.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

During the year ended 30 June 2013 no options were issued under Executive Share Option Plan (2012 - nil).

Options outstanding at 30 June 2013

Grant date	Nº of options	Exercise price	Fair value at grant date	Contractual life of options	Vesting Date*
24 November 2010	1,000,000	$0.390	$0.207	3.0 years	7 December 2011
4 July 2011**	2,000,000	$0.200	$0.143	2.9 years	4 July 2011
16 November 2011	1,000,000	$0.265	$0.102	3.0 years	15 November 2012

** Vesting conditions are based on minimum service periods being achieved.*

*** These options are not part of the Executive Share Option Plan. The options were issue as part of a brokerage fee payable to a third party.*

Movement of options during the year ended 30 June 2013

Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Vested and exercisable at the end of the year
500,000	-	-	-	(500,000)	-	-
500,000	-	-	-	(500,000)	-	-
1,000,000	-	-	-	-	1,000,000	1,000,000
5,000,000	-	-	-	(5,000,000)	-	-
2,000,000	-	-	-	-	2,000,000	2,000,000
1,000,000	-	-	-	-	1,000,000	1,000,000
10,000,000	-	-	-	(6,000,000)	4,000,000	4,000,000

Weighted average price of options

Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
$0.257	-	-	-	$0.252	$0.264	$0.264

Note 18: Share Based Payments (Cont.)

Options outstanding at 30 June 2012

Grant date	Nº of options	Exercise price	Fair value at grant date	Contractual life of options	Vesting Date*
18 March 2008	500,000	$0.120	$0.044	4.6 years	18 March 2009
30 November 2009	500,000	$0.100	$0.080	3.0 years	30 November 2010
24 November 2010	1,000,000	$0.390	$0.207	3.0 years	7 December 2011
24 November 2010	5,000,000	$0.280	$0.202	2.4 years	24 November 2010
4 July 2011**	2,000,000	$0.200	$0.143	2.9 years	4 July 2011
16 November 2011	1,000,000	$0.265	$0.102	3.0 years	15 November 2012

** Vesting conditions are based on minimum service periods being achieved.*

*** These options are not part of the Executive Share Option Plan. The options were issue as part of a brokerage fee payable to a third party.*

Movement of options during the year ended 30 June 2012

Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Vested and exercisable at the end of the year
500,000	-	-	-	-	500,000	500,000
500,000	-	-	-	-	500,000	500,000
1,000,000	-	-	-	-	1,000,000	1,000,000
5,000,000	-	-	-	-	5,000,000	5,000,000
-	2,000,000	-	-	-	2,000,000	2,000,000
-	1,000,000	-	-	-	1,000,000	-
7,000,000	3,000,000	-	-	-	10,000,000	9,000,000

Weighted average price of options

Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
$0.271	$0.222	-	-	-	$0.257	$0.256

The Option Premium Reserve is used to record the options issued to directors, executives of the Company as well as third parties. Options are valued using the Black-Scholes option pricing model.

The weighted average remaining contractual life of share outstanding at the end of the year was 0.91 years (2012 - 1.22 years).

Note 18: Share Based Payments (Cont.)

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The fair value of the 1,000,000 options granted on 16 November 2011 was $102,000. The Black-Scholes formula model inputs were the Company's share price of 19 cents at the grant date, a volatility factor of 93% based on historical performance, a risk-free interest rate of 4.01% based on the 3 year government bond rate and a dividend yield of 0%.

The fair value of the 2,000,000 options granted on 4 July 2011 was $286,000. The Black-Scholes formula model inputs were the Company's share price of 23 cents at the grant date, a volatility factor of 91% based on historical performance, a risk-free interest rate of 4.73% based on the 2 year government bond rate and a dividend yield of 0%.

Expenses arising from share-based payment transactions

Total expenses from share-based payment transactions recognised during the year ended 30 June 2013 as part of share-based remuneration expenses was $38,565 (2012 - $154,257).

Note 19: Reconciliation of Cash Flows from Operating Activities

	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities		
Loss from ordinary activities after income tax	(1,028,008)	(9,853,450)
Adjustments for:		
Depreciation	575	108
Share based payment expense	38,565	154,257
Impairments	73,827	8,383,116
Foreign exchange loss	-	13,779
Profit on the sale of investments	(102,175)	-
Changes in assets and liabilities:		
Trade and other receivables	(4,956)	24,215
Prepayments	12,095	35,903
Trade and other payables	426,010	45,993
Net cash used in operating activities	(584,067)	(1,196,079)

Note 20: Related Parties

Parent and ultimate controlling party

Augur Resources Ltd is both the parent and ultimate controlling party of the Group.

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

These entities transacted with the Group during the year as follows:

- During the year ended 30 June 2012, Norman A. Seckold and Peter J. Nightingale held a controlling interest in an entity, Mining Services Trust, which provided full administration services to the Group, including rental accommodation, administrative staff, services and supplies. Fees paid to Mining Services Trust during the year amounted to $277,157 (2012 - $300,000). At 30 June 2013 there were $147,257 of fees outstanding (2012 - nil).

Key management personnel compensation

Information regarding individual key management personnel's compensation and some equity instruments disclosures as permitted by the *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2013 there were $201,094 of fees outstanding (2012 - $27,500).

	Consolidated	
	2013 $	2012 $
Primary fees/salary	443,721	586,886
Superannuation	15,185	23,120
Share-based remuneration	38,565	154,257
	497,471	764,263

Note 20: Related Parties (Cont.)

Movement in shares

No shares were granted to key management personnel during the reporting period as compensation in 2012 or 2013. The movement during the reporting period in the number of ordinary shares in Augur Resources Ltd held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key management personnel	Held at 1 July 2012	Purchased shares	Sales	Held at 30 June 2013
Norman A. Seckold	51,707,903	375,000	-	52,082,903
Grant L. Kensington	626,000	375,000	-	1,001,000
Peter J. Nightingale	12,000,000	375,000	-	12,375,000
Justin C. Werner	5,193,334	375,000	-	5,568,334

Key management personnel	Held at 1 July 2011	Purchased shares	Sales	Held at 30 June 2012
Norman A. Seckold	51,707,903	-	-	51,707,903
Grant L. Kensington	626,000	-	-	626,000
Peter J. Nightingale	12,000,000	-	-	12,000,000
Justin C. Werner	4,568,334	625,000	-	5,193,334

Movement in options

The movement during the reporting period in the number of options over ordinary shares in Augur Resources Ltd held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key management personnel	Held at 1 July 2012	Granted during period	Lapsed	Vested during period	Held at 30 June 2013
Norman A. Seckold	-	-	-	-	-
Grant L. Kensington	3,000,000	-	(1,000,000)	1,000,000	2,000,000
Peter J. Nightingale	-	-	-	-	-
Justin C. Werner	5,000,000	-	(5,000,000)	-	-

Key management personnel	Held at 1 July 2011	Granted during period	Exercised	Vested during period	Held at 30 June 2012
Norman A. Seckold	-	-	-	-	-
Grant L. Kensington	2,000,000	1,000,000	-	1,000,000	3,000,000
Peter J. Nightingale	-	-	-	-	-
Justin C. Werner	5,000,000	-	-	-	5,000,000

No options held by key management personnel are vested but not exercisable at 30 June 2013 or 30 June 2012.

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

There were no loans made to key management personnel or their related parties during the 2013 and 2012 financial years year and no amounts were outstanding at the year end (2012 - nil).

Note 21: Segment Information

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Geographical segments

For the year ended 30 June 2013, the Group had one operating segment, being minerals exploration in NSW and Indonesia.

The Group has two reportable geographical segments as follows:

	NSW		Indonesia		Unallocated		Consolidated	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
External revenue	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	6,039	82,773	6,039	82,773
Interest expense	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	(575)	(108)	(575)	(108)
Segment loss before income tax	-	(383,387)	(162,244)	(8,312,494)	(865,764)	(1,157,569)	(1,028,008)	(9,853,450)
Other material non-cash items								
Impairment of investments	-	-	-	-	-	(33,250)	-	(33,250)
Impairment of exploration and evaluation expenditure	-	(383,387)	-	(7,966,479)	-	-	-	(8,349,866)
Impairment of deposit	-	-	(73,827)	-	-	-	(73,827)	-
Reportable segment assets	2,431,641	2,417,400	3,962,745	3,447,077	366,630	406,682	6,741,501	6,271,159
Reportable segment liabilities	-	-	135,313	44,887	455,264	137,015	590,577	181,902

	Consolidated	
	2013 $	2012 $
Note 22: Commitments and Contingencies		
Annual tenement expenditure commitments required within 12 months to maintain licences	6,563	-

There are no contingent assets or liabilities as at the date of this financial report.

Note 23: Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2013 the parent and ultimate controlling entity of the Group was Augur Resources Ltd.

	Company	
	2013 $	2012 $
Result of the parent entity:		
Net loss	(1,562,434)	(14,390,361)
Other comprehensive income	-	-
Total comprehensive loss	(1,562,434)	(14,390,361)
Financial position of the parent entity at year end:		
Current assets	334,173	159,815
Non-current assets	2,450,683	2,664,267
Total assets	2,784,856	2,824,082
Current liabilities	558,653	137,015
Non-current liabilities	-	-
Total liabilities	558,653	137,015
Net assets	2,226,203	2,687,067
Total equity of the parent comprising of:		
Share capital	21,011,416	19,946,161
Investment premium reserve	5,250	7,500
Option premium reserve	578,687	1,609,735
Accumulated losses	(19,369,150)	(18,876,329)
Total equity	2,226,203	2,687,067

The directors are of the opinion that no contingencies existed at, or subsequent to year end.

The Company had no capital commitments at the balance date.

Note 24: Events Subsequent to Reporting Date

Subsequent to the end of the financial year:

- On 30 September 2013 the Company entered into a binding Subscription Agreement with the Rajawali Group ('Rajawali'), one of Indonesia's largest privately owned conglomerates. The Agreement, which is subject to a number of conditions precedent, including approval of the Company's shareholders, provides for Rajawali to initially subscribe for 60,000,000 shares in the Company, equivalent to 22.6% of the Company's issued shares, for cash consideration of $3.0 million. Additionally, Rajawali has an option to subscribe for an additional 50,536,400 shares in the Company for $3.75 million ('Additional Consideration'). Upon receipt of the Additional Consideration, the Company will cause Wonogiri Pty. Ltd, its subsidiary, to sell a 35% interest in its subsidiary PT Alexis to Rajawali for $50,000. Wonogiri Pty Ltd is the 90% owner of PT Alexis.

Note 25: Group Entities

Particulars in relation to controlled entities:

		Company interest in ordinary shares	
	Country of incorporation	2013 %	2012 %
Parent entity			
Augur Resources Ltd	Australia		-
Controlled entities			
Augur Investments Pty Limited	Australia	100	100
Bugis Pty Ltd	Australia	100	-
Goron Pty Ltd	Australia	100	-
PT Alexis Perdana Mineral	Indonesia	80	-
Solindo Pty Ltd	Australia	100	100
Wonogiri Pty Ltd	Australia	89	89

During the year, the Company incorporated in Australia the entities Bugis Pty Ltd and Goron Pty Ltd.

During the year, the Company satisfied the expenditure requirements to earn an 80% equity interest in PT Alexis Perdana Mineral, the holder of the Wonogiri licence.

Note 26: Company Details

The registered office of the Company is:

Augur Resources Ltd
Level 2, 66 Hunter Street
Sydney NSW 2000
Australia

Directors' Declaration

1. In the opinion of the directors of Augur Resources Ltd (the Company):

   (a) the consolidated financial statements and notes thereto, set out on pages 39 to 71, and the Remuneration Report in the Directors Report, as set out on pages 31 to 35, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

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

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2013.

3. The directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Grant L. Kensington
Director

Signed at Sydney this 30th of September day 2013 in accordance with a resolution of the Board of Directors.

Independent Auditor's Report

To the Members of Augur Resources Ltd

KPMG

Report on the financial report

We have audited the accompanying financial report of Augur Resources Ltd (the 'Company'), which comprises the Consolidated Statement of Financial Position as at 30 June 2013, and Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, Notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Independent Auditor's Report

To the Members of Augur Resources Ltd

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2(d), 'Going Concern', in the financial report. The conditions disclosed in Note 2(d), including the need to raise additional funding from shareholders or other parties, if necessary, reducing expenditure in line with available funding, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in pages 31 to 35 of the Directors' Report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Augur Resources Ltd for the year ended 30 June 2013 complies with Section 300A of the *Corporations Act 2001*.

KPMG

S Board

KPMG
30 September 2013

Stephen Board
Partner
Brisbane

Additional ASX Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2013.

Distribution of Equity Securities

Ordinary Shares

Range	Number of Holders	Number of Shares
1 - 1,000	31	4,736
1,001 - 5,000	68	228,858
5,001 - 10,000	131	1,221,573
10,001 - 100,000	227	9,900,849
100,001 - 9,999,999	163	193,935,782
Total	**619**	**205,281,798**

Since listing the Company has issued 153,781,798 fully paid ordinary shares.

The number of shareholders holding less than a marketable parcel is 320.

There is one holder of each class of options.

Additional ASX Information

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	Ordinary Shares Shareholder	Nº of Shares	Total %
1	Permgold Pty Ltd	52,082,903	25.37
2	Rosignol Pty Ltd <Nightingale Family A/C>	12,375,000	6.03
3	Oon Peng Lim	10,000,000	4.87
4	HSBC Custody Nominees (Australia) Limited	9,442,963	4.60
5	Company Fifty Pty Ltd <McDonald Super Fund A/C>	6,375,000	3.11
6	Ichiya Co Ltd	4,947,102	2.41
7	Cobungra Holdings Pty Ltd	4,750,000	2.31
8	Rigi Investments Pty Limited	4,000,000	1.95
9	JP Morgan Nominees Australia Limited <Cash Income A/C>	3,333,334	1.62
10	1147 Pty Limited <TJ & CJ Mann Super A/C>	3,258,144	1.59
11	USB Wealth Management Australia Nominees Pty Ltd	3,225,000	1.57
12	R & C Australia Pty Ltd	3,050,000	1.49
13	CRX Investments Pty Limited	3,000,000	1.46
14	UOB Kay Hian Private Limited <Clients AC>	2,500,000	1.22
15	Adi Wijoyo	2,500,000	1.22
16	Mr Robert Lord	2,300,000	1.12
17	John Wardman & Associates Pty Ltd <The Wardman Super Fund>	2,100,000	1.02
18	PT Bestindo Kwadratama	2,083,333	1.01
19	All States Secretariat Pty Ltd <Allstates Sec Ltd S/F A/C>	2,055,303	1.00
20	Mr Justin Werner	1,830,000	0.89
Total		**135,208,082**	**65.86**

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

	Shareholder	Nº of Shares Held	% to Issued Shares
1	Permgold Pty Ltd	52,082,903	25.37
2	Rosignol Pty Ltd <Nightingale Family A/C>	12,375,000	6.03

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Corporate Directory

Directors

Mr Norman A. Seckold (Chairman)

Mr Grant L. Kensington (Managing Director)

Mr Peter J. Nightingale

Mr Justin C. Werner

Company Secretary

Mr Richard J. Edwards

Principal Place of Business and Registered Office

Level 2, 66 Hunter Street

SYDNEY NSW 2000

Phone: +61 2 9300 3310

Fax: +61 2 9221 6333

Homepage

www.augur.com.au

Auditors

KPMG

Level 16, Riparian Plaza

71 Eagle Street

BRISBANE QLD 4000

Share Registrar

Computershare Investor Services Pty Limited

117 Victoria Street

WEST END QLD 4101

Phone: +61 7 3237 2100

Fax: +61 7 3229 9860

Solicitors

Minter Ellison

88 Phillip Street

SYDNEY NSW 2000

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AUGUR
Resources Ltd

ABN 79 106 879 690

Notice of Annual General Meeting

Date: **Friday, 29 November 2013**

Time: **9.00 am**

Place: **Level 3, 66 Hunter Street, Sydney NSW 2000**

Contents

Notice of Annual General Meeting

AUGUR
Resources Ltd

Notice is given that the 2013 Annual General Meeting of Augur Resources Ltd (**'Augur'** or the **'Company'**) will be held at Level 3, 66 Hunter Street, Sydney, NSW, on Friday, 29 November 2013 at 9.00 am Eastern Daylight Saving Time ('EDST').

AGENDA

ORDINARY BUSINESS

Financial Statements

To receive and consider the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2013.

To consider and, if thought fit, to pass the following resolutions, with or without amendment:

Resolution 1 - Adoption of Remuneration Report

'That the Remuneration Report for the year ended 30 June 2013 be and is hereby adopted.'

Resolution 2 - Re-election of Peter James Nightingale as a Director

'That Mr Peter James Nightingale be and is hereby elected as a Director.'

Resolution 3 - Approval of the Proposed Issue of Shares

'Subject to the passing of Resolution 4, that, for the purposes of section 611(7) of the Corporations Act and for all other purposes, the proposed issue and allotment of 60,000,000 fully paid ordinary shares in the Company on the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Meeting be and is hereby approved.'

Resolution 4 - Approval of the Proposed Issue of Shares

'That, for the purposes of section 611(7) of the Corporations Act and for all other purposes, the proposed issue and allotment of 50,536,400 fully paid ordinary shares in the Company on the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Meeting be and is hereby approved.'

Resolution 5 - Approval of the Disposal of Interest in PT Alexis Perdana Mineral

'That, subject to the passing of Resolutions 3 and 4, and the completion of the conditions precedent pursuant to Resolutions 3 and 4, the proposed disposal of a 35% interest in PT Alexis Perdana Mineral on the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Meeting be and is hereby approved.'

To transact any other business that may be brought forward in accordance with the Company's Constitution.

By order of the Board

Richard Edwards
Company Secretary

29 October 2013

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Lonergan Edwards & Associates Limited, as attached to this Notice. The Independent Expert's Report comments on the fairness and reasonableness of the issue of shares proposed by Resolutions 3, 4 and 5 to the non-associated shareholders in the Company.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members of Augur Resources Ltd ('Augur' or 'the Company') at the Annual General Meeting to be held at Level 3, 66 Hunter Street, Sydney, NSW, on Friday, 29 November 2013 at 9.00 am EDST.

All shareholders are invited and encouraged to attend the Annual General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the proxy instructions. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the General Meeting in person.

Financial Report

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2013 will be laid before the meeting. There is no requirement for shareholders to approve these reports, however, the Chairman of the meeting will allow a reasonable opportunity to ask about the content of the Annual Report.

Resolution 1 - Adoption of Remuneration Report

The Remuneration Report, which can be found as part of the Directors' Report in the Company's 2013 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to key management personnel, Directors and senior executives.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This resolution is advisory only and does not bind Directors.

The Chairman will allow a reasonable opportunity for shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Directors recommend that you vote IN FAVOUR of advisory Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.

Resolution 2 - Re-election of Peter James Nightingale

Pursuant to Article 10.1(c) of the Company's Constitution and the Corporations Act, Peter Nightingale retires by rotation and, being eligible, offers himself for re-election.

With Peter Nightingale abstaining, the Directors recommend that you vote IN FAVOUR of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.

Resolutions 3, 4 and 5 - Approval of the Proposed Issue of Shares and Proposed Disposal of an Interest in PT Alexis Perdana Mineral

The information following relates to Resolutions 3, 4 and 5 and has been prepared to assist shareholders in deciding whether or not to pass the Resolutions.

Section 1 - Background

On 30 September 2013, the Company entered into a Subscription Agreement ('Agreement') with Black Arrow International Limited of Trident Chambers, Road Town, Tortola, British Virgin Islands, an investment vehicle of the Rajawali Group ('Rajawali'), one of Indonesia's largest conglomerates, whereby, subject to certain conditions precedent, including shareholder approval, Rajawali agreed to subscribe for 60,000,000 Shares at $0.05 each to raise $3,000,000, before associated costs ('Subscription Completion'). At Subscription Completion, the Company will grant an option to Rajawali to subscribe, for an additional 50,536,400 shares in the Company for $3,750,000 ('Option Shares Consideration').

Explanatory Memorandum

Upon exercise of the option and receipt of the Option Shares Consideration, Augur will cause Wonogiri Pty Ltd, its subsidiary, to sell a 35% interest in its subsidiary, PT Alexis Perdana Mineral ('PT Alexis'), an Indonesian company which holds the licence covering the Wonogiri project, to Rajawali or its affiliate for $50,000. Wonogiri Pty Ltd is the 90% owner of PT Alexis.

Shareholder approval is required under item 7 of section 611 of the Corporations Act, which provides an exception to the prohibition under section 606 of the Corporations Act. Section 606(1) sets out that a person must not acquire a relevant interest in voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% to below 90%.

After the issue and allotment of 60,000,000 Augur shares proposed by Resolution 3, Rajawali and its associates will hold voting power of 22.62% in the Company - above the 20% threshold precluded by section 606(1)(c)(i) unless shareholder approval is obtained.

After the issue and allotment of 50,536,400 Augur shares proposed by Resolution 4, Rajawali and its associates will increase their voting power in the Company to a maximum of 35.00% - a movement precluded by section 606(1)(c)(ii) unless shareholder approval is obtained.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and person's associates have a relevant interest.

'Relevant Interest' is defined in the Corporations Act. It includes holding voting shares, being able to exercise control over voting shares and having the power to dispute of or control the disposal of voting shares. It does not matter how remote the relevant interest is or how it arises. If two or more persons can jointly exercise one of these powers, each of them is taken to have that power.

The Company has obtained an Independent Expert's Report from Lonergan Edwards & Associates Limited ('Lonergan Edwards') to address the fairness and reasonableness of the proposed issues of shares. The Lonergan Edwards' report is attached and concludes that the **'proposed placements are not fair but are reasonable to Augur shareholders not associated with Rajawali'.** Lonergan Edwards further state **'on balance we consider the likely advantages of the proposed placements from the perspective of Augur shareholders not associated with Rajawali significantly outweigh the likely disadvantages'.**

Although the Company proposes to issue in excess of 15% of its issued share capital, ASX Listing Rule 7.1 does not apply to the issue of shares proposed by Resolutions 3 and 4 as an issue of securities approved for the purposes of item 7 of section 611 of the Corporations Act is an exception to this ASX Listing Rule (Exception 16, ASX Listing Rule 7.2).

ASX Listing 10.1 sets out the requirement for an entity to acquire shareholder approval for any acquisition or disposal of a substantial asset from substantial holders and defines a person as a 'substantial holder' if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities.

Rajawali, after the issue and allotment of Augur shares proposed by Resolution 3 will hold voting power of 22.62% in the Company and after the issue and allotment of Augur shares proposed by Resolution 4 will hold voting power of 35.00% in the Company. Consequently under Resolution 5 the Company seeks shareholder approval, following Rajawali's exercise of the option and receipt of the Option Shares Consideration, of the disposal by its subsidiary Wonogiri Pty Ltd of a 35% in its subsidiary, PT Alexis for $50,000.

Explanatory Memorandum

Based solely on the information provided, ASX Limited ('ASX') has confirmed that listing rule 10.1 does not apply to the proposed disposal by Wonogiri Pty Ltd, a subsidiary of the Company, of a 35% interest in its subsidiary PT Alexis, an Indonesian company which holds the licence covering the Wonogiri project, to Rajawali or its affiliate, pursuant to the subscription agreement dated 30 September 2013 between the Company and Black Arrow International Limited, an investment vehicle of Rajawali (the 'Subscription Agreement'), subject to compliance with the following conditions:

1. The terms of the Subscription Agreement are not varied.
2. Shareholders of the Company approve all resolutions at a meeting of members in relation to the Subscription Agreement (the 'Notice').
3. The Notice states that ASX has confirmed that listing rule 10.1 does not apply to the Subscription Agreement on the basis of conditions 1 and 2 above.

The approval of shareholders of Resolutions 3, 4 and 5 will satisfy condition 2.

Section 2 - Material Terms of the Agreement

Under the Agreement, presuming completion of the conditions precedent, including approval of Augur shareholders, Rajawali will no later than five Business Days after the satisfaction of the Subscription Condition Precedent ('Subscription Completion Date'), pay to Augur $3,000,000 and Augur will issue and allot to Rajawali 60,000,000 fully paid ordinary shares.

Subscription Conditions Precedent means:

(a) shareholder approval of Resolutions 3, 4 and 5 as set out in this Notice

(b) all consents and approvals of regulatory authorities that are necessary or relevant for the Agreement to be implemented are granted and received either:

   i) without any conditions; or

   ii) with conditions which are acceptable to Rajawali; and

   iii) Augur providing to Rajawali written confirmation that a material adverse change has not taken place before the Subscription Completion Date.

At the same time, Augur will grant an option to Rajawali to subscribe, within thirty days after an announcement to the ASX notifying the completion of a scoping study of the Randu Kuning gold-copper deposit, part of the Wonogiri project, for an additional 50,536,400 shares in the Company for $3,750,000 ('Option Shares Consideration').

Upon exercise of the option and receipt of the Option Shares Consideration, Augur will cause its subsidiary Wonogiri Pty Ltd, to sell a 35% interest in its subsidiary, PT Alexis, to Rajawali or its affiliate for $50,000. Wonogiri Pty Ltd is the 90% owner of PT Alexis which holds the licence covering the Wonogiri project.

The option to subscribe for an additional 50,536,400 shares in the Company pursuant to Resolution 4 and the purchase of a 35% interest PT Alexis pursuant to Resolution 5 must be exercised by Rajawali within 30 days after the date on which Augur makes an announcement to the ASX notifying the completion of a scoping study of the Randu Kuning gold-copper deposit.

Augur currently has 205,281,798 shares on issue. Assuming the issue of 60,000,000 new shares pursuant to Resolution 3 is completed, the number of Augur shares on issue will increase to 265,281,798. Rajawali and its associates will acquire a 22.62% interest in the issued capital of Augur and the equivalent voting power.

If Rajawali exercises its option to subscribe for a further 50,536,400 shares, in the absence of any further issues of shares, the number of Augur shares on issue will increase to 315,818,198 and Rajawali and its associates will acquire a 35.00% interest in the issued capital of Augur and the equivalent voting power.

Further, on payment of an additional $50,000 by Rajawali, Wonogiri Pty Ltd will transfer a 35% interest in PT Alexis to Rajawali or its associate, pursuant to Resolution 5.

At Subscription Completion, Augur has agreed to appoint a nominated representative of Rajawali to the Board of Augur as a non-executive director. This will, in the absence of any other changes to the Board, increase the number of Augur directors from four to five.

Explanatory Memorandum

Exclusivity Period

The exclusivity period is the period between the date Augur and Rajawali entered into the Agreement and the later of the date on which the 50,536,400 shares proposed by Resolution 4 are issued or Wonogiri Pty Ltd transfers a 35% interest in PT Alexis to Rajawali or its associate proposed by Resolution 5.

During the exclusivity period, both of Augur and Wonogiri Pty Ltd must ensure that neither it nor its related bodies corporate (including but not limited to Alexis) nor any of their directors, officers, employees, agents or advisers directly or indirectly does any of the following without the prior written consent of Rajawali:

(a) solicits or invites any enquiries, negotiations or discussions, or engages with or provides any information to any person in connection with any transaction similar to the Agreement or any issue of shares or any alternative form of equity raising;

(b) issue any securities, other than as expressly permitted under the Agreement;

(c) undertake any reduction of its share capital, share buy-back, stock exchange or repurchase, amalgamation, merger, consolidation or any restructure of capital.

Non-Dilutionary Rights

Under the Agreement, Augur has agreed, subject to its obligations under the Corporations Act and ASX Listing Rules, to provide Rajawali with a right to participate in any new issues of Augur securities issued by Augur for cash to enable Rajawali to maintain, if it so elects, its percentage shareholding in Augur, on the same terms and conditions as those offered to each of Augur's other shareholders.

ASX Listing Rule 6.18 sets out that:

'An option must not be exercisable over a percentage of the entity's capital.'

Augur has applied to the ASX for a waiver from ASX Listing Rule 6.18, as the Company does not believe the presence of these non-dilutionary rights is detrimental to the interests of either current or future potential shareholders of the Company. In fact, the underlying support for future capital raisings that may be undertaken by Augur is likely to be a positive for the Company and its shareholders.

These non-dilutionary rights are, subject to the waiver of ASX Listing Rule 6.18 and Rajawali holding no less than a 20% shareholding in Augur, valid for a period of three years commencing on Subscription Completion Date.

Section 3 - Overview of the Rajawali Group

The Rajawali Group, which was founded in 1984, is one of the largest privately owned conglomerates in Indonesia.

Its core operations are in property, agriculture, mining and resources, infrastructure and transport. Its combined portfolio is estimated to be worth in excess of US$2 billion.

The Rajawali Group, by itself or with partners, has many significant achievements in Indonesia. It was the first to set up a private television station (RCTI), the first to set up a post office savings bank and set up PT Excelcomindo Pratama (XL) - the first privately owned global system for mobile communication (GSM) provider in Indonesia.

The Rajawali Group also established Lombok Tourism Development Corporation (LTDC), a 1,250 hectare planned resort community on the island of Lombok, which was later acquired by Emaar Properties group of Abu Dhabi, UAE.

Additionally the Rajawali Group has a proven track record of success in turning around:

- Bentoel (the fourth largest cigarette company in Indonesia) from negative equity to net assets of more than US$500 million;
- Semen Gresik, the largest cement company in Indonesia, by improving its performance resulting in an increase in its share price of almost 350% in 3.5 years; and
- Archipelago Resources plc ('Archipelago'), a gold company listed on AIM on the London Stock Exchange, by increasing its share price from 3 pence per share to as high as 78 pence per share in a 32 month period.

On 27 September 2013, it was announced that Rajawali made unconditional recommended cash takeover offer for the entire issued and to be issued share capital of Archipelago not already owned by Rajawali. The offer is recommended by the Archipelago board, and valued Archipelago at £338 million.

The Rajawali Group has an established local presence and regional network, along with strong linkages to international investors. It is led by an experienced management team with a track record of driving shareholder value through investment invocation, whilst also supporting the local community environmental sustainability.

The Rajawali Group is one of the foremost companies in Indonesia and has operations in Indonesia, Malaysia, Singapore, China and Australia. Rajawali Group's vision is to become one of the largest and most respected companies in South East Asia.

Section 4 - Rajawali's intentions regarding the future of Augur

The Company has been advised by Rajawali, that Rajawali;

(a) has no intention to change the business of the Company;

(b) has no intention to change the financial or dividend policies of the Company;

(c) may participate in capital raisings in the future on a case by case basis subject to appropriate approval by the Company's shareholders if necessary;

(d) intends to retain the employ of the present employees of the Company;

(e) has no intention to transfer any Company property between the Company and Rajawali or any person associated with Rajawali; and

(f) has no intention to redeploy the fixed assets of the Company.

Section 5 - Advantages, disadvantages and risks

Risks of voting against the resolutions

If the Agreement does not complete, the Company will need to raise capital via an equity issue, potentially at a significant discount to the current share price. Alternatively, work would potentially have to cease on the Company's projects, an outcome that could have adverse consequences on the value and future prospects of the Company.

Advantages of the Agreement

The Directors are of the view that the following non-exhaustive list of advantages may be of relevance to a shareholder's decision on how to vote on Resolutions 3, 4 and 5:

(a) the initial subscription price per share is at a 184% premium to the volume weighted average price of the Company's shares over the 30 days preceding the date of the Agreement with Rajawali;

(b) the option subscription price per share is at a 230% premium to the volume weighted average price of the Company's shares over the 30 days preceding the date of the Agreement with Rajawali;

(c) the initial equity investment by Rajawali will allow the Company to complete the scoping study of the Randu Kuning gold-copper deposit and further the initial equity investment and the anticipated further equity investment would allow the subsequent ongoing development of the Wonogiri project;

(d) the support and presence of Rajawali on the share register will have a number of benefits to the Company in developing and securing financing for both the Wonogiri project and any other projects the Company may pursue in Indonesia in the future;

(e) the investment by Rajawali in both the Company and PT Alexis will enable the Company to comply with Indonesian Government regulations requiring an increasing percentage of local Indonesian ownership of Indonesian projects following a project being in production for five years.

Disadvantages of the Agreement

The Directors are of the view that the following non-exhaustive list of disadvantages may be of relevance to a shareholder's decision on how to vote on Resolutions 3, 4 and 5:

(a) after completion of the Agreement, current shareholders of the Company will have their interest in the Company and voting power diluted due to the issue of the additional shares. Consequently, the ability of current shareholders to influence decisions, including the composition of the Board or the acquisition and disposal of assets, will be reduced accordingly;

(b) upon exercising the option, and in the absence of other changes to the Company's share register, Rajawali and its associates will be the Company's largest shareholder, as well as the second largest shareholder in PT Alexis. As such it will have significant ability to influence decisions of the Company. In addition, it will have the ability to block any special resolutions at a meeting of shareholders and prevent compulsory acquisition in the event of a takeover offer from a third party. This may deter the making of a takeover bid for the Company by a third party bidder; and

(c) the exclusivity period, as detailed in Section 2, prevents the Company, Wonogiri Pty Ltd and PT Alexis, from a number of actions including negotiating a transaction similar to the Agreement.

Section 6 - Independent Expert's Report

The Director's unanimously resolved to appoint Lonergan Edwards as an independent expert and commissioned them to prepare a report to provide an opinion as to whether or not the proposed issues of shares as set out in Resolutions 3 and 4 and the disposal of a 35% interest in PT Alexis as set out in Resolution 5, to Rajawali is fair and reasonable to the current Augur shareholders.

This report was prepared to satisfy the requirements of section 611 of the Corporations Act which expressly prohibits a party (and its associates) acquiring a relevant interest in more than 20% of the issued share capital of a public company without the approval of that company's shareholders unless a full takeover is made to all shareholders. Rajawali and its associates will acquire a relevant interest in more than 20% of the issued share capital of the Company if the Agreement is approved and if the option is exercised.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages and disadvantages to shareholders if the proposal is approved.

Lonergan Edwards has concluded that the proposed transaction is not fair but reasonable to the existing shareholders. In conclusion Lonergan Edwards stated that **'on balance we consider the likely advantages of the proposed placements from the perspective of Augur shareholders not associated with Rajawali significantly outweigh the likely disadvantages'.**

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is attached to this Explanatory Memorandum.

Section 7 - Directors' Recommendation

Based on the information available, including that contained in this Explanatory Memorandum and the Independent Expert's Report, the advantages and disadvantages, the prospects and alternatives available to the Company, all of the Directors consider that Resolutions 3, 4 and 5 are in the best interest of the Company and recommend that shareholders **VOTE IN FAVOUR** of Resolutions 3, 4 and 5.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 3, 4 and 5.

Section 8 - Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following paragraphs set out information required to be provided to shareholders under section 611(7)(b) of the Corporations Act and ASIC Regulatory Guide 74. Where information has already been provided elsewhere in the Explanatory Memorandum reference will be made to the section where that information was provided.

Shareholders are again encouraged to also refer to the Independent Expert's report prepared by Lonergan Edwards attached to this Explanatory Memorandum.

The identity of persons who will hold a relevant interest in the shares to be allotted.

Refer to Section 3 of this Explanatory Memorandum for the identity of the allottee and any person who will have a relevant interest in the shares to be allotted.

Full particulars of the voting power of the allottee and its associates (including maximum extent of the increase) as a result of the acquisition.

As at the date of this Notice, Rajawali and its associates do not have a relevant interest in the Company and their voting power is nil. Refer to Section 2 of this Explanatory Memorandum, and Schedule 2 attached to this Explanatory Memorandum, for the material terms of the Agreement, including the voting power of Rajawali and its associates after the issue and allotment of shares pursuant to Resolutions 3 and 4.

An explanation of the reasons for the proposed acquisition

Refer to Section 5 of this Explanatory Memorandum for advantages, disadvantages and risks of the acquisition.

When the proposed acquisition is expected to occur

Completion of subscription by Rajawali of the 60,000,000 shares in the Company proposed to be issued and allotted pursuant to Resolution 3 must take place within five Business Days (or such other period as agreed between the parties) after the day on which all of the Subscription Conditions Precedent have been satisfied or waived in full in accordance with the Agreement ('Subscription Completion').

The grant of the option to Rajawali to subscribe for an additional 50,536,400 shares in the Company pursuant to Resolution 4 will take place at Subscription Completion.

The option to subscribe for an additional 50,536,400 shares in the Company pursuant to Resolution 4 and the purchase of a 35% interest PT Alexis pursuant to Resolution 5 must be exercised by Rajawali within 30 days after the date on which Augur makes an announcement to the ASX notifying the completion of a scoping study of the Randu Kuning gold-copper deposit. The transactions arising from the exercise of the option will complete as soon as reasonably practical thereafter.

The material terms of the proposed acquisition

Refer to Section 2 of this Explanatory Memorandum for the material terms of the Agreement.

Details of the terms of any other relevant agreement between Rajawali and its associates and the Company or any of its associates which is conditional upon, or directly or indirectly dependent upon, shareholder approval of the proposed acquisition

Refer to Section 2 of this Explanatory Memorandum for the material terms of the Agreement.

Other than the matters referred to in Resolutions 3, 4 and 5, there are no contracts or proposed contracts between Rajawali and its associates and the Company or any of its associates which are conditional upon, or directly or indirectly dependent upon, shareholder approval of the proposed acquisition.

A statement of the acquirer's intentions regarding the future of the Company if shareholders approve the acquisition.

Refer to Section 4 of this Explanatory Memorandum for the intentions of Rajawali in relation to Augur.

Any intention of the acquirer to significantly change the financial or dividend policies of the Company.

Refer to section 4 of this Explanatory Memorandum for the intentions of Rajawali in relation to Augur.

The interests that any Director has in the Agreement

Outside of their interests as Directors of and shareholders in the Company, no Director has any interest in the proposed acquisition or Resolutions 3, 4 and 5.

Details about any person who is intended to become a director if shareholders approve the proposed acquisition and Resolutions 3, 4 and 5

Augur has agreed to appoint a nominated representative of Rajawali to the Board of Augur as a non-executive director, upon Subscription Completion. Rajawali has not yet nominated a director representative.

SCHEDULE 2 CAPITAL STRUCTURE AND VOTING POWER

Capital structure following the proposed issue of shares to Rajawali

The table below shows the effect of shareholders approving Resolutions 3 and 4 on the capital structure of the Company and Rajawali and its associates voting power:

	Shares	Unlisted options
Currently on issue	205,281,798	4,000,000*
To be issued under Resolution 3	60,000,000	-
Balance after issue of Resolution 3 shares	**265,281,798**	**4,000,000**
To be issued on exercise of the option approved under Resolution 4	50,536,400	-
Balance after issue of Resolution 4 shares	**315,818,198**	**4,000,000**

* *1,000,000 exercisable at $0.3887 each on or before 7 December 2013.*
2,000,000 exercisable at $0.20 each on or before 31 May 2014.
1,000,000 exercisable at $0.2605 each on or before 16 November 2014.

Voting power of Rajawali and its associates

	Number of shares currently on issue	Total number of shares following issue pursuant to Resolution 3	Total number of shares following issue on exercise of the option approved pursuant to Resolution 4	Total number of shares following issue pursuant to Resolution 3 and on exercise of the option approved pursuant to Resolution 4 and unlisted options are exercised
Total number of shares on issue	205,281,798	265,281,798	315,818,198	319,818,198
Shareholding of Rajawali	-	60,000,000	110,536,400	110,536,400
Voting power % of Rajawali	0%	22.62%	35.00%	34.56%

SCHEDULE 3 PRO FORMA STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Audited 30 June 2013 $	Unaudited post Resolution 3 $	Unaudited post exercise of option approved under Resolution 4 $
Current assets			
Cash and cash equivalents	327,444	3,222,444*	7,022,444*
Trade and other receivables	4,956	4,956	4,956
Prepayments	36,431	36,431	36,431
Total current assets	**368,831**	**3,263,831**	**7,063,831**
Non-current assets			
Available-for-sale financial assets	18,000	18,000	18,000
Property, plant and equipment	1,042	1,042	1,042
Exploration and evaluation expenditure	6,304,628	6,304,628	6,304,628
Other assets	55,000	55,000	55,000
Total non-current assets	**6,378,670**	**6,378,670**	**6,378,670**
Total assets	**6,747,501**	**9,642,501**	**13,442,501**
Current liabilities			
Trade and other payables	590,577	590,577	590,577
Total current liabilities	**590,577**	**590,577**	**590,577**
Total liabilities	**590,577**	**590,577**	**590,577**
Net assets	**6,156,924**	**9,051,924**	**12,851,924**
Equity			
Issued capital	21,011,416	23,906,416*	27,706,416
Reserves	578,631	578,631	578,631
Accumulated losses	(15,428,644)	(15,428,644)	(15,428,644)
Total equity attributable to equity holders of the Company	**6,161,403**	**9,056,403**	**12,856,403**
Non-controlling interest	(4,479)	(4,479)	(4,479)
Total equity	**6,156,924**	**9,051,924**	**12,851,924**

* *Estimated costs of issue of $105,000 have been deducted from the $3,000,000 subscription completion funds that will be received by the Company following the passing of Resolution 3.*

LONERGAN EDWARDS
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The Directors
Augur Resources Limited
Level 2
66 Hunter Street
Sydney NSW 2000

15 October 2013

Subject: Proposed Share Placements to Rajawali

Dear Directors

Introduction

1 On 30 September 2013 Augur Resources Limited (Augur) announced that it had entered into a binding Subscription Agreement (the Agreement) with the Rajawali Group (Rajawali) in relation to the proposed issue of approximately 110.5 million ordinary shares in Augur to Rajawali. The Agreement provides for the following:

(a) the issue to Rajawali of 60 million shares in Augur at an issue price of $0.05 per share, raising a total of $3.0 million (the Initial Shares); and

(b) an option to Rajawali that will enable it to subscribe for an additional 50,536,400 shares in Augur for $3.75 million (an effective issue price of $0.0742 per share) (the Additional Consideration)[1]. Upon receipt of the Additional Consideration, Augur will cause its subsidiary Wonogiri Pty Ltd to sell a 35% interest in its subsidiary PT Alexis Perdana Mineral (PT Alexis) (which owns the licence covering the Wonogiri project) to Rajawali for $50,000[2].

2 For the purpose of our report the Initial Shares and the Additional Consideration transactions are defined hereafter as the Proposed Placements.

3 The investment by Rajawali pursuant to the Proposed Placements will result in Rajawali holding a 35% interest in Augur (in the absence of any share issues by Augur prior to receipt of the Additional Consideration). Rajawali will also hold an effective 52.11% interest in the Wonogiri project[3]. On the basis that only the Initial Shares are subscribed for Rajawali will hold a 22.6% interest in Augur.

4 Augur intends to use the proceeds of the Proposed Placements to complete a scoping study for the Randu Kuning gold-copper project (part of the Wonogiri project), for further exploration and for ongoing working capital.

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1 The option is exercisable by Rajawali within thirty days of an announcement by Augur to the ASX in respect of the completion of the scoping study at the Wonogiri project.

2 Augur owns 88.89% of Wonogiri Pty Ltd, which in turn owns 90% of PT Alexis Perdana Mineral.

3 This interest will comprise a direct interest of 35% (acquired from Wonogiri Pty Ltd), together with an indirect interest of 17.11% through its 35% shareholding in Augur.

Augur

5 *Augur is engaged in the evaluation and exploration of minerals in Indonesia and Eastern Australia, with a focus on gold, copper and nickel projects. Augur's key project is the Wonogiri gold-copper project in central Java, Indonesia with gold equivalent resources of 1.54 million ounces.* In addition Augur has three projects in New South Wales, including the Collerina project which contains the Homeville nickel cobalt deposit and the Yeoval project which contains the Yeoval Mine copper, gold, silver and molybdenum deposit.

Rajawali

6 Rajawali was founded in 1984 and is one of the largest privately owned conglomerates in Indonesia. Its core interests include mining, minerals, infrastructure, transportation, hospitality and agriculture. Rajawali has a 52.6% share in Archipelago Resources plc, owners of the Toka Tindung gold mine, and a 57.1% ownership of Indo Mines Limited, owners of the Jogjakarta iron project in Java.

Scope

7 As Rajawali will acquire a relevant interest of more than 20% in Augur as a result of the Proposed Placements, there is a regulatory requirement for Augur to commission an independent expert's report (IER). Consequently, the Directors of Augur have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in LEA's opinion, the Proposed Placements to Rajawali are fair and reasonable to the shareholders of Augur not associated with Rajawali.

Summary of opinion

8 In our opinion the Proposed Placements are not fair but are reasonable to Augur shareholders not associated with Rajawali.

9 We have formed this view principally because, in our opinion, the advantages of the Proposed Placements significantly outweigh the disadvantages given Augur's need to raise additional equity capital to fund the further exploration and development of its project portfolio, in particular the Wonogiri project.

Fairness

10 In the circumstances of Augur we have assessed the fairness of the Proposed Placements by a comparison of the values attributed by sharemarket investors based on trading in other listed gold exploration / development companies (which we have adopted as a value reference point for Wonogiri/Augur in the absence of the Proposed Placements) with the implied value of the resource at Wonogiri (on a $/oz. AuEq. basis) based on the cash subscriptions by Rajawali.

11 This comparison is set out below:

Implied value of Wonogiri / Augur	Low $/oz	High $/oz	Mid-point $/oz
Proposed Placements to Rajawali	5.68	5.68	5.68
Sharemarket trading in comparable companies(1)	6.25	7.75	7.00
Extent to which the Proposed Placements value is less than the value based on sharemarket trading in comparable companies	(0.57)	(2.07)	(1.32)

Note:
1 Based on a 100% controlling interest value.

12 As the implied value based on the Proposed Placements to Rajawali is below comparable implied values based on sharemarket trading in other listed gold exploration/development companies, we are of the opinion that the consideration to be subscribed by Rajawali for the shares to be allotted under the Proposed Placements is below the value of Augur shares prior to the Proposed Placements. Accordingly, the Proposed Placements to Rajawali are not fair when assessed under RG 111.

Reasonableness

13 The advantages and disadvantages of the Proposed Placements for Augur shareholders not associated with Rajawali are summarised below:

Advantages

(a) the equity investment of (up to) $6.75 million will provide Augur with funding to assist in the completion of the scoping study for the prospective Randu Kuning gold-copper project and subsequent related ongoing development of the project

(b) the effective allotment price under the Proposed Placements, together with the Initial Shares placement price of $0.05 per share, are both at a significant premium to the VWAP at which shares in Augur traded prior to the announcement of the Proposed Placements

(c) Augur management have identified a number of potential benefits associated with Rajawali becoming a significant shareholder in the company

(d) prima facie the Proposed Placements remove the short to medium term need for a potential alternative capital raising and the associated potential dilution risk that may have been reflected in the recent share market price of Augur

Disadvantages

(e) the Proposed Placements are not fair when assessed under RG111 (reflecting the fact that Rajawali will only acquire a significant, not a controlling interest in Augur)

(f) if the Proposed Placements are approved Rajawali will have a significant voting interest of 35% in Augur (but will not control either the Board or the day-to-day operations of the company) and will also have an effective 52.11% interest in the Wonogiri project

(g) the interests of Augur shareholders not associated with Rajawali will be diluted in both the company and the Wonogiri project if the Proposed Placements are approved (however, non-associated shareholders are likely to be diluted in any event at some stage)[4]

(h) if the Proposed Placements are approved the likelihood of receiving a takeover offer in future is arguably diminished, as any potential bidder would effectively need to persuade Rajawali to accept its offer in order to obtain control of Augur.

4 An alternative equity issue would be likely to be significantly more dilutionary, if priced at a discount to the listed market price (consistent with the majority of equity capital raisings).

Implications if Proposed Placements do not proceed

14 In the event that the Proposed Placements do not proceed there are a number of implications for Augur shareholders not associated with Rajawali including:

(a) there will be a need to consider equity capital raising alternatives

(b) based on the process undertaken that led to the Proposed Placements, we have been advised that such capital raising alternatives are unlikely to reflect a price higher than or equal to $0.05 per share

(c) it is uncertain as to whether an equivalent sum of equity capital of $6.75 million could be raised; and

(d) to the extent that any capital raisings included a pro-rata rights issue, this would be likely to have a negative effect on the Augur share price in the short term.

Conclusion

15 As indicated above there are a number of advantages and disadvantages associated with the Proposed Placements. However, based on the above, on balance we consider the likely advantages of the Proposed Placements from the perspective of Augur shareholders not associated with Rajawali significantly outweigh the likely disadvantages.

16 In addition there are a number of negative implications for Augur shareholders not associated with Rajawali in the event the Proposed Placements do not proceed.

17 Accordingly we have concluded that the Proposed Placements are not fair but are reasonable to Augur shareholders not associated with Rajawali.

General

18 In preparing this report we have considered the interests of Augur shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

19 The ultimate decision whether to approve the Proposed Placements should be based on each Augur shareholder's assessment of their own circumstances. If Augur shareholders are in doubt about the action they should take in relation to the Proposed Placements or matters dealt with in this report, Augur shareholders should seek independent professional advice. For our full opinion on the Proposed Placements and the reasoning behind our opinion, we recommend that Augur shareholders read the remainder of our report.

Yours faithfully

Martin Holt	Martin Hall
Authorised Representative	Authorised Representative

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Appendices

I The Proposed Placements

Summary

20 On 30 September 2013 Augur Resources Limited (Augur) announced that it had entered into a binding Subscription Agreement (the Agreement) with the Rajawali Group (Rajawali) in relation to the proposed issue of approximately 110.5 million ordinary shares in Augur to Rajawali. The Agreement provides for the following:

(a) the issue to Rajawali of 60 million shares in Augur at an issue price of $0.05 per share, raising a total of $3.0 million (the Initial Shares); and

(b) an option to Rajawali that will enable it to subscribe for an additional 50,536,400 shares in Augur for $3.75 million (an effective issue price of $0.0742 per share) (the Additional Consideration)[5]. Upon receipt of the Additional Consideration, Augur will cause its subsidiary Wonogiri Pty Ltd to sell a 35% interest in its subsidiary PT Alexis Perdana Mineral (PT Alexis) (which owns the licence covering the Wonogiri project) to Rajawali for $50,000[6].

21 For the purpose of our report the Initial Shares and the Additional Consideration transactions are defined hereafter as the Proposed Placements.

22 The investment by Rajawali pursuant to the Proposed Placements will result in Rajawali holding a 35% interest in Augur (in the absence of any share issues by Augur prior to receipt of the Additional Consideration). Rajawali will also hold an effective 52.11% interest in the Wonogiri project[7]. On the basis that only the Initial Shares are subscribed for Rajawali will hold a 22.6% interest in Augur.

Conditions

23 The Proposed Placements are subject to a number of conditions as set out in the Agreement, including the following:

(a) approval of the Proposed Placements by Augur shareholders not associated with Rajawali

(b) respective regulatory approvals from ASIC, the ASX and other regulatory authorities as may be required; and

(c) no material adverse change event (as defined in the Agreement) in respect of Augur.

24 In addition Augur has given various undertakings during the period of the Agreement, including that it will not:

(a) solicit, invite, encourage or initiate any competing transaction

(b) participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction

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5 The option is exercisable by Rajawali within thirty days of an announcement by Augur to the ASX in respect of the completion of the scoping study at the Wonogiri project.

6 Augur owns 88.89% of Wonogiri Pty Ltd, which in turn owns 90% of PT Alexis Perdana Mineral.

7 This interest will comprise a direct interest of 35% (acquired from Wonogiri Pty Ltd), together with an indirect interest of 17.11% through its 35% shareholding in Augur.

(c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to the completion of a competing transaction

(d) provide any information to a third party for the purposes of enabling that party to table a competing transaction

(e) issue any securities other than as permitted under the Agreement; and

(f) undertake generally any transaction in relation to its existing share capital.

II Scope of our report

Purpose

25 If the Proposed Placements are approved and all conditions are satisfied, the Proposed Placements will result in Rajawali holding a relevant interest of 35% in Augur.

26 Section 606 of the *Corporations Act 2001 (Cth)* (Corporations Act) generally prohibits the acquisition of a relevant interest in issued voting securities of an entity if the acquisition results in a person's voting power in a company increasing from below 20% to more than 20%, or from a starting point between 20% and 90%, unless a permissible exception applies. A permissible exception to this general prohibition is set out in s611(7), whereby such an acquisition is allowed where the acquisition is approved by a majority of securityholders of the entity at a general meeting and no votes are cast in respect of securities held by the acquirer or any of its associates.

27 RG 111 sets out the view of ASIC on the operation of s611(7) of the Corporations Act. s611(7) of the Corporations Act allows shareholders to waive the prohibition in s606 and requires that shareholders approving a resolution pursuant to this section be provided with all material information in relation to the proposed transaction including an IER.

28 As Rajawali will acquire more than 20% of Augur shares there is a regulatory requirement for Augur to commission an IER. Consequently, the Directors of Augur have requested that LEA prepare an IER stating whether, in LEA's opinion, the Proposed Placements to Rajawali are fair and reasonable to the non-associated shareholders of Augur.

29 This report has been prepared to assist the Directors of Augur in making their recommendation to the shareholders of Augur not associated with Rajawali, and to assist these shareholders assess the merits of the Proposed Placements.

30 Our report should not be used for any other purpose or by any other party. The ultimate decision whether to approve the Proposed Placements should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Placements or matters dealt with in this report, Augur shareholders should seek independent professional advice.

Basis of assessment

31 In preparing our report we have had regard to Australian Securities & Investment Commission (ASIC) Regulatory Guideline 111 – *Content of experts reports* (RG111) and to the VALMIN Code.

32 Under ASIC RG 111 the Proposed Placements are fair if the value of the assets acquired (i.e. the cash to be subscribed for the shares) is equal to or greater than the value of the consideration paid, being the value of shares to be allotted.

33 The Proposed Placements are reasonable if they are fair. The Proposed Placements may also be reasonable if, despite not being fair but after considering other significant factors, there are sufficient reasons for shareholders to approve the share issues in the absence of a superior proposal.

34 RG 111 also states that the expert should identify the advantages and disadvantages of the proposal to the shareholders not associated with the transaction (i.e. existing Augur shareholders not associated with Rajawali and its associates), and should provide an opinion on whether the advantages of the proposal outweigh the disadvantages[8].

35 In LEA's opinion, the most appropriate basis on which to evaluate the Proposed Placements is to assess the overall impact on Augur shareholders not associated with Rajawali and to form an opinion as to whether, on balance, the advantages of the Proposed Placements outweigh the disadvantages.

36 Our report has therefore considered a range of both qualitative and quantitative factors including:

Fairness

(a) the market value of the shares to be issued to Rajawali

(b) the value of the consideration offered under the Proposed Placements

(c) the extent to which (a) and (b) differ (in order to assess whether the Proposed Placements are fair under ASIC RG 111)

Reasonableness

(d) the price at which Rajawali are being issued Augur shares relative to the listed market price of Augur shares prior to the announcement of the Proposed Placements

(e) the price at which Rajawali are being issued Augur shares relative to the price at which Augur could raise further equity capital in an alternative placement and/or rights issue

(f) the impact of the Proposed Placements on the ownership and control of Augur

(g) the potential benefits resulting from the Proposed Placements, including access to funding to enable ongoing exploration and development of the prospective Wonogiri project

(h) share market trading in Augur shares subsequent to the announcement of the Proposed Placements

(i) the position of non-associated Augur shareholders before and after implementation of the Proposed Placements

(j) other qualitative and strategic issues associated with the Proposed Placements and the extent to which, on balance, they may advantage or disadvantage existing Augur shareholders not associated with Rajawali.

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8 RG 111.39.

Limitations and reliance on information

37 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

38 Our report is also based upon financial and other information provided by Augur and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

39 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Proposed Placements from the perspective of Augur shareholders not associated with Rajawali. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

40 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.

41 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

42 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

43 In forming our opinion, we have also assumed that the information set out in the Notice of Meeting is complete, accurate and fairly presented in all material respects.

III Profile of Augur

Overview

44 Augur is engaged in the evaluation and exploration of minerals in Indonesia and Eastern Australia, with a focus on gold, copper and nickel projects. Augur's key project is the Wonogiri gold-copper project in central Java, Indonesia, with gold equivalent resources of 1.54 million ounces. In addition Augur has three projects in New South Wales, including the Collerina project which contains the Homeville nickel cobalt deposit and the Yeoval project which contains the Yeoval Mine copper, gold, silver and molybdenum deposit.

Wonogiri project

45 The Wonogiri project covers a highly prospective 3,928 hectares in central Java, Indonesia. The project lies within the tectonically complex Sunda-Banda Magmatic Arc which is characterised by multiple phases of volcanic activity and extensive deformation. Significant gold and copper mineralisation is found along this arc, including some of the world's largest copper and gold deposits.

46 Augur holds an effective 80% majority ownership of the Wonogiri licence. The Wonogiri project has quality infrastructure supporting the project with it located approximately 30 kilometres (km) to the south of the provincial city of Solo. The surrounding area has grid power, a large dam and numerous river and stream systems.

47 In the north of the project area, a significant area of alteration has been identified as having potential for gold and copper porphyry mineralisation and epithermal gold and silver mineralisation. This alteration zone may be more extensive than indicated at surface, as the alteration zone appears to continue under the surrounding shallow sediments and soil. The Randu Kuning gold-copper porphyry deposit, which is detailed below, is located in this zone.

Randu Kuning deposit

48 The Randu Kuning deposit is the most advanced of the Wonogiri prospects. Augur has completed a total of 50 diamond holes for 15,114 metres since acquiring the project in 2011. Drilling has targeted sulphide gold-copper mineralisation associated with a multiphasal, highly altered wall rock porphyry system. Mineralisation is associated with copper and gold sulphide bearing quartz stockworking veins and as disseminated mineralisation within multiple microdiorite and diorite intrusives.

49 The gold and copper mineralisation exists from surface to over 400 metres true vertical depth. Mineralisation remains open at depth, to the west and to the south. Further drilling is required to test these prospective areas.

50 During the year to 30 June 2013 (FY13), an initial resource was estimated using the results from 2 historical holes and the majority of the 50 diamond holes drilled by Augur. The initial Joint Ore Reserves Committee (JORC) compliant resource currently stands at 1.54 million ounces gold equivalent, containing over 1 million ounces of gold and almost 200 million pounds of copper, a summary of which is as follows:

Augur – Randu Kuning gold copper deposit					
	Cut off grade Gold Eq g/t	Million tonnes	Gold 000 Oz	Copper million pounds	Gold equivalent 000 Oz
Measured	1.0	8.3	287	39.4	389
	0.5	20.4	473	85.1	673
	0.2	28.3	513	132.7	765
Indicated	1.0	0.6	21	2.5	27
	0.5	3.5	67	17.5	92
	0.2	5.3	78	42.8	113
Inferred	1.0	0.3	12	0.2	14
	0.5	9.2	135	6.4	196
	0.2	57.1	423	22.9	660
Total	1.0	9.3	320	42.1	430
	0.5	33.2	675	109.0	961
	0.2	90.9	1,014	198.4	1,538

Note:
Rounding may exist in the above.

51 With the initial resource identified, Augur primarily focused much of FY13 on further metallurgical testing and commencing a scoping study to define options for advancing the Randu Kuning gold and copper deposit. Metallurgical testing of the sulphide material to date has been highly encouraging, with the recoverability of the gold and copper within the main mineralised zone showing favourable results. Recoveries of up to 89.0% recovery of gold and 96.1% recovery of copper have been achieved from samples taken within the sulphide zone.

Australian projects

Collerina project (100% Augur)

52 The Collerina project is located 40 km south of Nyngan in central NSW, covering an area of 150 km^2 within the Fifield Platinum Province. The tenement contains the Homeville nickel-cobalt deposit, which was discovered by Augur in 2008, as well as other prospects such as Yathella (nickel / cobalt), Swanson's Trouble (gold) and Widgelands (copper).

53 Augur announced the initial JORC compliant resource estimate for the Homeville nickel-cobalt deposit within the Collerina tenement during 2009 and an updated resource estimate in 2011. The current JORC compliant indicated and inferred resource for the Homeville deposit has been estimated at 16.3 Mt at 0.93% nickel and 0.05% cobalt based on a cut-off of 0.7% nickel.

54 ASX listed Metals Finance Limited can earn 51% of the Collerina project by conducting and funding the completion of a definitive feasibility study within 18 months of the agreement date (a period which has since expired). If development proceeds, parties will fund in accordance with each partners equity interest. The agreement allows either party the option to not contribute to capital but maintain a 10% net profit interest. Metals Finance Limited undertook further metallurgical testing of the Homeville deposit during FY13, with results yet to be received.

Yeoval project (25% Augur)

55 The Yeoval project covers an area of approximately 147 km^2 within the Lachlan Belt of New South Wales. The Yeoval project area hosts numerous near surface copper / gold occurrences and several small historical mines, within altered naringla granodiorite of the Yeoval complex. Prior exploration has targeted shallow outcropping mineralisation and significant potential exists in areas of shallow alluvial cover.

56 Following the successful FY08 and FY09 drill programs, Augur completed an initial JORC compliant inferred resource estimate for the Yeoval copper-gold-molybdenum-silver deposit in 2009. A summary of the inferred resource estimate is as follows:

Augur – Yeoval copper gold molybdenum silver deposit inferred resources

Copper cut-off (%)	Million tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Silver (g/t)
0.10	15.9	0.34	0.13	115.3	1.97
0.20	12.9	0.38	0.14	120.1	2.20
0.25	9.9	0.42	0.15	129.0	2.47
0.30	7.3	0.48	0.17	140.9	2.75
0.40	4.5	0.56	0.19	161.8	3.26
0.50	2.5	0.65	0.22	192.3	3.83
0.75	0.5	0.88	0.26	285.3	5.25

57 The operator of the project is Zodiac Resources Pty Limited, a subsidiary of Kimberly Diamonds Limited. Augur is free carried on the project until May 2014. On completion of the free carried period, Augur will have an option to contribute 25% to expenditure on the project or progress to a free carry net smelter royalty of 2.5%, limited to $2,000,000.

Weelah (20% Augur)

58 The Weelah tenement (150 km^2) is situated on the Cowal Volcanics and a splay of the Gilmore Suture, a focus for gold projects in the Lachlan Fold Belt of New South Wales. The Cowal Gold Mine owned by Barrick Gold Corporation, shares its perimeter with the Weelah tenement. The Weelah project is managed under a Joint Venture agreement with Stonewall Resources Ltd (Stonewall). Stonewall are the operators of the project. Augur’s 20% interest will be free carried to feasibility.

Financial performance

59 The financial performance of Augur for the three years ended 30 June 2013 (FY13), is set out below:

Augur – statement of financial performance

	FY11 $000	FY12 $000	FY13 $000
Other income	5.0	-	-
Interest income	32.3	82.8	108.2
Interest expenses	-	(33.3)	-
Net interest income	32.3	49.5	108.2
Administration and consultants’ expenses	(556.5)	(774.4)	(453.2)

Directors fees and superannuation expenses	(476.0)	(410.5)	(334.5)
Legal fees	(127.4)	(73.4)	(119.0)
Share based payments expense	(116.4)	(154.3)	(38.6)
Impairment losses	(318.9)	(8,349.9)	(73.8)
Loss on sale of exploration assets	(336.8)	-	-
Other general operating costs	(246.7)	(140.6)	(117.0)
Total expenses	(2,178.7)	(9,903.1)	(1,136.1)
Loss before tax	(2,141.4)	(9,853.5)	(1,028.0)
Income tax expense	-	-	-
Loss after tax	(2,141.4)	(9,853.5)	(1,028.0)

Note:
Rounding may exist in the above.

60 As a gold and base metals exploration and development company, Augur capitalises the majority of its exploration expenditure. Reported losses reflect employee and administrative expenses as well as impairment losses, partially offset by interest income on monies on deposit.

Financial position

61 The financial position of Augur as at 30 June 2012 and 2013 is set out below:

Augur – statement of financial position

As at	30 Jun 12 $000	30 Jun 13 $000
Cash and cash equivalents	157	327
Trade and other receivables	-	5
Prepayments	37	36
Total current assets	194	369
Available for sale financial assets	245	18
Property, plant and equipment	2	1
Exploration and evaluation expenditure	5,701	6,305
Other assets	129	55
Total non-current assets	6,077	6,379
Total assets	6,271	6,748
Trade and other payables (current liability)	182	591
Total liabilities	182	591
Net assets	6,089	6,157

Note:
Rounding may exist in the above.

62 As shown above the majority of balance sheet assets are represented by capitalised exploration and evaluation expenditure.

Share capital and performance

63 As at the date of this report, Augur had 205.3 million fully paid ordinary shares on issue. In addition Augur had 4 million options on issue at exercise prices of $0.20 to $0.39 per share (all of which are currently well out of the money).

Significant shareholders

64 As at 30 June 2013 the significant shareholders in Augur were Permgold Pty Ltd with 25.4% of the Augur shares on issue and Rosignol Pty Ltd with 6.0% of the shares on issue, both of which are director related entities.

Share price performance

65 The price of Augur shares from 1 January 2010 to 30 September 2013 (being the last day of trading prior to the announcement of the Proposed Placements) is summarised below:

Augur – share price performance

	High $	Low $	Close $	Monthly volume 000
Quarter ended				
March 2010	0.200	0.090	0.180	3,369
June 2010	0.250	0.145	0.180	3,087
September 2010	0.205	0.150	0.185	2,156
December 2010	0.350	0.185	0.260	5,638
March 2011	0.300	0.190	0.235	2,654
June 2011	0.280	0.180	0.195	2,780
September 2011	0.480	0.190	0.280	16,978
December 2011	0.300	0.105	0.130	2,955
March 2012	0.140	0.070	0.081	5,946
June 2012	0.086	0.033	0.038	3,766
September 2012	0.070	0.039	0.045	3,202
December 2012	0.045	0.024	0.036	1,645
Month ended				
January 2013	0.035	0.030	0.030	882
February 2013	-[(1)]	-[(1)]	-[(1)]	-[(1)]
March 2013	0.040	0.025	0.035	4,385
April 2013	0.036	0.030	0.030	409
May 2013	0.027	0.019	0.019	775
June 2013	0.018	0.013	0.013	4,135
July 2013	0.020	0.013	0.018	441
August 2013	0.020	0.011	0.018	801
September 2013	0.022	0.016	0.022	490

Notes:
2 No trading data available for February 2013.
Source: Bloomberg.

66 The following chart illustrates the movement in the share price of Augur from 1 January 2010 to 30 September 2013 (being the last day of trading prior to the announcement of the Proposed Placements) in comparison to the S&P / ASX All Ordinaries Gold Index:

Augur – share price history[(1)]

1 January 2010 to 30 September 2013

Note:

3 Based on closing prices. The S&P / ASX All Ordinaries Gold Index has been rebased to Augur's last traded price on 1 January 2010.

Source: Bloomberg and LEA analysis.

67 Consistent with gold resource companies generally, and in particular gold exploration companies, the Augur share price has declined substantially in recent times. This sector decline is primarily directly attributable to the reduction in the gold price from its peak in 2011 of around US$1,900 per ounce, to the current price around US$1,300 per ounce (a 31% decline). While gold prices remain above those prevailing in 2010, there has been a significant increase in both capital and operating costs for mining gold over this period, and hence the economics of gold are now arguably more difficult than in periods of lower gold prices.

68 We have been advised that the earlier significant increase in the Augur share price in 2011 arose following the signing of a Memorandum of Understanding to acquire an 80% interest in the Wonogiri project in December 2010, and the subsequent announcements of the results of the drilling program which indicated significant mineralisation associated with the Randu Kuning porphyry system.

Liquidity in Augur shares

69 The liquidity in Augur shares based on trading on the ASX over the 12 month period prior to 1 October 2013 is set out below:

Augur – liquidity in shares

			No of shares traded	Implied level of liquidity[1]	
				Period[2]	Annual[3]
Period	**Start date**	**End date**	**000**	**%**	**%**
1 month	1 September 13	30 September 13	490	0.24	2.87
3 months	1 July 13	30 September 13	1,732	0.84	3.38
6 months	1 April 13	30 September 13	7,052	3.44	6.87
1 year	1 October 12	30 September 13	17,253	8.40	8.40

Note:
4 Weighted average number of shares outstanding (WANOS) was 205,282,000 during each period.
5 Number of shares traded during the period divided by WANOS.
6 Implied annualised figure based upon implied level of liquidity for the period.

70 In the 12 month period prior to the announcement of the Proposed Placements total share market turnover equalled 8.4% of the issued share capital of Augur, indicating a low level of market liquidity.

71 Trading subsequent to the announcement of the Proposal Placements has continued to be infrequent, with a modest improvement in the share price to around $0.03 per share.

IV Valuation of Augur shares prior to the Proposed Placements

Valuation methodology

72 ASIC Regulatory Guide 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share allotments, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

73 As noted in section III, the project portfolio of Augur is still in the exploration and development stage. In particular the most advanced project, the Randu Kuning deposit at Wonogiri, is currently subject to a scoping study to determine in part how best to advance the economics of the project. Accordingly, valuation methodologies based on cash flows and/or earnings are not appropriate in the circumstances of Augur.

74 In considering a valuation of Augur prior to the Proposed Placements we have therefore had regard to:-

(a) a comparison of the implied value of the Randu Kuning resource (on a $/oz. AuEq. basis) with corresponding values attributed by sharemarket investors based on trading in other listed gold exploration/development companies

(b) the value of Augur implied by the proposed allotments to Rajawali pursuant to the Proposed Placements, together with the value implied by the allotment of the Initial Shares (in the event that Rajawali does not exercise the Additional Consideration option). In particular we have considered the implied values attributable to the JORC resource at Randu Kuning (after allowance for value attributable to the other projects in the Augur portfolio)

(c) the value of the Randu Kuning deposit indicated from the scoping study work undertaken to date

(d) the previous equity capital raising undertaken by Augur in September 2012.

Comparison with listed companies

75 To assess the implied values based on the Proposed Placements to Rajawali we have considered comparative implied values for other gold exploration / development companies that have determined a JORC resource, based on the values attributed to such companies by sharemarket investors.

76 Given the lack of ASX listed companies with gold and copper assets in Indonesia at similar stages of development to the Wonogiri project, we have initially considered those exploration / development companies listed on the ASX with a market capitalisation of around $5 million to $10 million (excluding exploration / development companies without JORC gold resources). To enhance comparability, companies with the following attributes were also excluded:

(a) other resources – companies with significant non gold or copper resources[9]

(b) level of development – companies at a more advanced development stage than the Wonogiri project; and

(c) ownership of a mill or processing facilities – which the Wonogiri project does not own.

77 Details of exploration / development companies for which we have determined the implied value per ounce of resource placed on the respective companies by the sharemarket are set out in Appendix C. In summary, our analysis indicates that the implied enterprise value per tonne based on current sharemarket trading for exploration / development companies averages $7.39 per ounce of gold (or gold equivalent), with a median of $6.42 per ounce of gold (or gold equivalent).

78 Sharemarket trading in companies reflects portfolio interests therein. In considering a controlling interest in Wonogiri for the purpose of this report we note:

(a) a significant number of acquisitions of interests in projects in the exploration/development phase are made by way of farm-in arrangements (i.e. the interests of existing owners in the project are diluted rather than acquired)

(b) projects in the exploration/development stage still require potentially significant expenditures in order to determine the economic feasibility of the project

(c) projects that reach the economic feasibility stage then require (generally) substantial expenditures to bring the project into commercial production.

79 In the circumstances the extent to which a third party would pay a premium to acquire a controlling interest in a project is arguable. For the purpose of our report, we have adopted a premium in the range of nil to 20%.

80 We also note the inherent limitations in assessing value based on an analysis and comparison of exploration/development projects (e.g. different locations, ore bodies, access to infrastructure, etc).

[9] Noting that companies with silver and copper resources were converted to gold equivalent resources.

81 Given the above, for the purpose of our report, we have adopted values for gold exploration/development companies/projects in the range of $6.25 per oz to $7.75 per oz (AuEq) (broadly equivalent to the median based on comparable listed companies of $6.42 per oz (AuEq) and a premium of nil to 20%).

Implied allotment value

Value implied by Proposed Placements

82 The Proposed Placements involve both the sale of a 35% direct interest in the Wonogiri project and the issue of shares in Augur. In order to compare the Proposed Placements against the market-derived value per resource ounce we have determined the implied value per resource ounce for the Wonogiri project which provides the same value for the Augur shares before the Proposed Placements and for the effective value per share provided by the Proposed Placements (net of the value associated with the direct interest acquired).

83 As part of this process, we have had regard to the NSW projects of Augur. In respect of these projects we note:

(a) they do not represent a primary focus of Augur and are all subject to joint venture partner arrangements with third parties, who in each instance are the operators of the ventures

(b) the most advanced of these projects, the Homeville nickel-cobalt deposit at Collerina, has recently been the subject of a scoping study which indicates that the deposit is not economic at current nickel prices

(c) further exploration drilling is required at Yeoval (Augur 25% interest) to determine the economics of the project, the commitment for which is dependent on the third-party operator until May 2014

(d) no significant exploration activity in the immediate to short term is planned for the Weelah project (Augur 20% interest), with potential relinquishment of the tenement under consideration.

84 Based on the above, for allocation purposes we have assumed a value for the NSW projects of not more than $250,000.

85 We have adopted an iterative process and have determined the required comparable implied value of the Wonogiri project to be $5.68 per resource ounce, as shown below:

Prior to Proposed Placements	
Resources (000 ounces)	1,504
Value per oz ($)	5.68
Indicated value of 100% of Wonogiri project ($000)	8,543
Augur interest in Wonogiri project	80%
Indicated value of Augur interest ($000)	6,834
Adopted value of NSW projects ($000)	250
Indicated value of Augur ($000)	7,084

Existing shares on issue (000)	205,282
Indicated value per share ($)	0.035

Proposed Placements	
	$000
Indicated value of direct 35% interest in the Wonogiri project (at $5.68/oz)	2,990(1)
Acquisition payment by Rajawali	(50)
Implied consideration shortfall	2,940
Balance of Rajawali subscription monies attributed to shares acquired	3,810(2)
Shares issued pursuant to Proposed Placements (000)	110,536
Indicated payment price per share ($)	0.035

Note:

7 Being 35% of $8.543 million.

8 Being $6.75 million share subscription monies less prima facie $2.94 million shortfall on acquisition of direct interest in Wonogiri project.

86 We note that the implied value of $5.68 per resource ounce for the Wonogiri project that provides for the same value per Augur share for the effective share consideration under the Proposed Placements as the per share value before the Proposed Placements and is less than our market-derived value per resource ounce (range $6.25 to $7.75), being some 9% below the low end of our range.

The Initial Shares

87 In the event that Rajawali does not exercise the Additional Consideration option, we have also considered the implied value of the Wonogiri project based on the allotment of the Initial Shares.

88 Augur currently has 205.28 million shares on issue. The allotment price of $0.05 per share of the Initial Shares therefore implies a pre-allotment value for Augur of $10.26 million.

89 For the purpose of our report, we have therefore determined an implied value for the Augur 80% interest in the Wonogiri project based on the allotment of the Initial Shares of $10.0 million, calculated as follows:

	$000
Implied value of Augur based on Initial Shares allotment price	10,260
Less value attributed to NSW projects	(250)
Implied value of Augur 80 % interest in Wonogiri project	10,010

90 The Initial Shares component of the Proposed Placements therefore implies a value for a 100% interest in the Wonogiri project of $12.5 million. The JORC resource at Wonogiri is 1.54 million oz (AuEq). The implied value based on the Initial Shares allotment price is therefore $8.31 per oz. We note that this exceeds our market-derived value range of $6.25 to $7.75 per oz.

Summary

91 For the purpose of our report, we have therefore adopted an implied value for the Wonogiri project of $5.68 per oz[10]. This implied value compares to a discovery cost of the resource estimated by Augur at $3.05 per oz., indicating the extent to which the value added by Augur based on the successful exploration program to date is reflected in the proposed transactions with Rajawali.

Randu Kuning scoping study

92 As noted above, a scoping study of the Randu Kuning deposit is underway to determine possible options for the development and processing of the mineralisation. To date this has considered open-cut mining with associated on-site processing, over a mine life of around 10 years.

93 Based on the options examined to date, capital costs associated with the required processing facilities and related mine infrastructure negatively impact on the feasibility of the project.

94 For the purpose of our report therefore we do not consider the scoping study to be a valuation reference point from which to assess the Proposed Placements to Rajawali.

2012 capital raising

95 Augur last undertook an equity capital raising in September 2012, subsequent to the announcement of the initial JORC resource in respect of Randu Kuning. The capital raising was at $0.04 per share and comprised:

(a) a security purchase plan (SPP) under which existing Augur shareholders subscribed for 10.5 million shares raising $420,000

(b) private placements to a range of Australian and overseas investors of a total of 17.59 million shares raising $703,750.

96 We note that the level of participation under the SPP comprised less than 10% of eligible shareholders at the time.

97 We note that a price of $0.04 per share corresponds to a value per resource ounce for the Wonogiri project of some $6.46 per oz[11].

98 Given the subsequent significant fall in both the gold price and the share prices at which junior resources companies have traded generally, we consider that the implied value per resource ounce of $5.68 under the Proposed Placements is reasonably consistent with the 2012 capital raising implied value, being a discount of only some 12%.

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10 Noting that this implied value would be significantly higher (some $8.31 per oz) if Rajawali decided not to proceed beyond the Initial Shares component.

11 205.28 million shares at $0.04 is $8.21 million, less $250,000 for the NSW projects leaves $7.96 million. This implies a value of $9.95 million for 100% of the Wonogiri project, divided by 1.54 million ounces gives $6.46 per resource ounce.

V Evaluation of the Proposed Placements

Evaluation approach

99 In LEA's opinion, the most appropriate basis on which to evaluate the Proposed Placements is to assess the overall impact on Augur shareholders not associated with Rajawali and to form an opinion as to whether, on balance, the advantages of the Proposed Placements outweigh the disadvantages.

100 In considering the respective advantages and disadvantages implicit in the Proposed Placements we have had regard to the following factors.

The need for an equity capital raising

101 As set out in Section III Augur has a portfolio of exploration and development projects, the most prospective of which is the Wonogiri project in central Java, Indonesia. Exploration to date has defined the Randu Kuning gold-copper porphyry deposit, with a JORC resource of 1.54 million oz. (AuEq). This project remains open at depth and to the east and south. In addition, a number of advanced targets have also been indentified at Wonogiri.

102 A scoping study in respect of Randu Kuning is currently underway, with substantial work in relation to the study having been completed. Based on work undertaken to date, the capital costs associated with the commencement of mining negatively impact on the economics of the project. Identification and subsequent definition of further resources either at Randu Kuning and/or at one or more of the adjacent prospects would therefore potentially significantly improve the feasibility of Wonogiri.

103 To date Augur has met related financial commitments in respect of Wonogiri primarily from prior equity capital raisings. The Proposed Placements provide further equity funding that is expected to allow:

(a) completion of the current Randu Kuning scoping study

(b) further exploration of both the Randu Kuning deposit and the adjacent prospective targets identified at Wonogiri.

Comparison with recent share market prices

104 We have set out in section III a summary of share market trading in Augur shares. In the three month period prior to the announcement of the Proposed Placements (up to 30 September 2013) Augur shares traded between \$0.022 per share and \$0.011 per share. The volume weighted average price (VWAP) during this period was \$0.016 per share.

105 Accordingly, the indicated price of \$0.035 per share pursuant to the Proposed Placements, together with the Initial Shares price of \$0.05 per share, both represent a significant premium to the recent market prices of Augur shares.

106 We also note that these issue prices represent, in our opinion, a significant premium to the price at which Augur would otherwise be able to raise additional equity capital of a size equivalent to that of the Proposed Placements. In this regard we note that the proposed

allotment of approximately 110.5 million new shares to Rajawali[12] represents a 54 % increase in the existing capital base of Augur. Capital raisings of such size generally occur at a

significant discount to the listed market price of a company's shares immediately prior to the announcement of the capital raising.

Assessment of Proposed Placements prices

107 Pursuant to RG 111, when assessing the fairness of the Proposed Placements the value of the Augur shares to be allotted must be assessed on a 100% controlling interest basis (notwithstanding that Rajawali will only acquire a significant (but not controlling) interest in Augur).

108 Under RG 111 the Proposed Placements are fair if the value of the assets acquired (i.e. the cash subscription for the shares) is equal to or greater than the value of the consideration paid, being the value of the shares to be allotted.

109 In the circumstances of Augur we have assessed the fairness of the Proposed Placements by a comparison of the values attributed by sharemarket investors based on trading in other listed gold exploration / development companies (which we have adopted as a value reference point for Wonogiri/Augur in the absence of the Proposed Placements) with the implied value of the resource at Wonogiri (on a $/oz. AuEq. basis) based on the cash subscriptions by Rajawali.

110 This comparison is set out below:

Implied value of Wonogiri / Augur	Low $/oz	High $/oz	Mid-point $/oz
Proposed Placements to Rajawali	5.68	5.68	5.68
Sharemarket trading in comparable companies[1]	6.25	7.75	7.00
Extent to which the Proposed Placements value is less than the value based on sharemarket trading in comparable companies	(0.57)	(2.07)	(1.32)

Note:
9 Based on a 100% controlling interest value.

111 As the implied value based on the Proposed Placements to Rajawali is below comparable implied values based on sharemarket trading in other listed gold exploration/development companies, we are of the opinion that the consideration to be subscribed by Rajawali for the shares to be allotted under the Proposed Placements is below the value of Augur shares prior to the Proposed Placements. Accordingly, the Proposed Placements to Rajawali are not fair when assessed under RG 111.

112 In this regard, we note that pursuant to the Proposed Placements:

(a) control of Augur does not pass to Rajawali under the proposed transactions, as the Rajawali shareholding will not exceed 35% upon completion (although Rajawali will emerge as the largest shareholder in Augur subsequent to completion of the Proposed Placements)

12 This assumes the allotment of Augur shares under both the Initial Shares and Additional Consideration components.

(b) Augur's enlarged board of five directors will include one director nominated by Rajawali (who will act in a non-executive capacity)

(c) Augur's existing shareholders retain all their shares under the Proposed Placements and are not being deprived of the potential opportunity to realise a takeover premium in the future.[13]

113 Accordingly, in our opinion it would not be commercially realistic in the circumstances to expect that Rajawali would pay a full control premium for the shares in Augur to be allotted to it pursuant to the Proposed Placements.

114 As noted in section IV, we have assessed the effective allotment price under the Proposed Placements as reflecting a (minimum) discount of around 9% to a controlling interest value of Augur. We consider this implied discount in the circumstances of Augur to be reasonable.

The likelihood of an alternative funding proposal

115 Augur and its advisers have been considering funding options for the further exploration and development of the Wonogiri project for a number of months. We understand that whilst a number of parties expressed initial interest in the investment opportunity, the proposal from Rajawali represented the only definitive proposal that reflected commercial terms which the Augur directors considered reasonable in the circumstances.

116 We have been advised by the Directors of Augur that no formal alternative proposals have been received subsequent to the announcement of the Proposed Placements. Furthermore, given the process undertaken that preceded the Proposed Placements, the Directors do not expect a superior funding proposal to emerge prior to the shareholder meeting to approve the Proposed Placements.

Strategic tie-up with Rajawali

117 We have been advised that in discussions / negotiations in relation to the Proposed Placements, management have identified the following potential benefits associated with Rajawali becoming a significant shareholder in Augur:

(a) the top-up rights provided to Rajawali under the Agreement prima facie provide underlying support for future capital raisings likely to be undertaken by Augur

(b) the support and presence of Rajawali is likely to assist in developing and securing finance for both the Wonogiri project and other Indonesian based projects that Augur may pursue in future

(c) the investment by Rajawali will enable Augur to comply with Indonesian government regulations requiring an increasing percentage of local Indonesian ownership of Indonesian based projects following a project being in production for five years.

13 However a third-party seeking to make a takeover offer would effectively need to persuade Rajawali to accept its offer in order to obtain control of Augur.

Impact on control

118 If the Proposed Placements are approved there will be an impact on the voting power and ownership of Augur. Rajawali will obtain a relevant interest of up to 35% in Augur as follows[14]:

	Augur shares on issue	Shares held by Rajawali	
	Million	Million	%
Existing shares on issue	205.3	-	
Proposed Placements			
Initial Shares	60.0	60.0	
Additional Consideration	50.5	50.5	
Shares on issue post Proposed Placements	315.8	110.5	35.0

Note.
1 Assumes no other share issues by Augur.

119 In respect of this significant interest which will arise pursuant to the proposed allotments, non-associated Augur shareholders should also note that the Agreement provides Rajawali with top-up rights to enable it to maintain an interest in Augur at 22.62% for a period of three years following the allotment of the Initial Shares.

120 In addition, subsequent to the allotment of the Initial Shares, Rajawali will have the right to appoint a representative in a non-executive capacity on to an enlarged Board of Augur of five directors.

121 Accordingly, whilst pursuant to the Proposed Placements Rajawali will gain a significant voting interest in Augur, it will not control the board (at either an executive or total member level) nor will it control the day-to-day operations of Augur.

122 However, it should be noted that whilst Rajawali will not control Augur, it will be able to veto special resolutions (other than related party transactions in which it has an interest) due to the size of its shareholding and voting power.

Alternatives to the Proposed Placements

123 Due to Augur's prevailing need for equity funding to advance the exploration and development of its project portfolio (in particular at Wonogiri), if the Proposed Placements are not approved (and in the absence of an appropriate alternative proposal) it is likely that Augur will need to undertake an institutional/high net worth placement and/or rights issue. Such a placement or rights issue is likely to be priced at a discount (which could be significant) to the listed market price of Augur shares at the time. In contrast, Rajawali is paying a significant premium to the market price of Augur shares prior to the announcement of the Proposed Placements.

[14] On completion of the Proposed Placements, Rajawali will also have an effective direct interest of 35% in the Wonogiri project through its shareholding in PT Alexis.

124 However we note that a pro-rata rights issue would not be dilutionary to Augur's existing shareholders, assuming shareholders have the financial capacity and associated level of investor interest to participate in any issue, given the current market conditions for junior resource companies.

Dilution of existing shareholder interests

125 If the Proposed Placements are approved the interests of non-associated Augur shareholders will be diluted, as they will collectively hold only 65 % of Augur shares after the share allotments to Rajawali (as opposed to their current collective shareholding of 100%).

126 However, given the project portfolio equity funding requirements of the company, it should be noted that Augur non-associated shareholders are likely to be diluted in any event, as Augur is likely to require an alternative source of additional equity capital if the Proposed Placements do not proceed.

Likelihood of receiving a future takeover offer

127 If the Proposed Placements are approved the likelihood of receiving a takeover offer in future is diminished as any potential bidder would need to persuade Rajawali to accept its offer in order to obtain control of Augur[15]. This situation is likely to prevail for a (minimum) period of three years from the date of completion of the Proposed Placements, given the top-up rights in favour of Rajawali provided for in the Agreement.

128 However Permgold Pty Ltd (a company associated with Augur Chairman Norman Seckold) currently owns approximately 25.4% of Augur, which is sufficient to block a full takeover by another party in any event.

Summary

129 Based on the above we summarise below the advantages and disadvantages of the Proposed Placements:

Advantages

(a) the equity investment of (up to) $6.75 million will provide Augur with funding to assist in the completion of the scoping study for the prospective Randu Kuning gold-copper project and subsequent related ongoing development of the project

(b) the effective allotment price under the Proposed Placements, together with the Initial Shares placement price of $0.05 per share, are both at a significant premium to the VWAP at which shares in Augur traded prior to the announcement of the Proposed Placements

(c) management have identified a number of potential benefits associated with Rajawali becoming a significant shareholder in Augur

(d) prima facie the Proposed Placements remove the short to medium term need for a potential alternative capital raising and the associated potential dilution risk that may have been reflected in the recent share market price of Augur

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[15] However should Rajawali decide to sell or receive an attractive offer for its interest it is likely that non-associated Augur shareholders will have the opportunity to participate in any takeover premium being offered.

Disadvantages

(e) the Proposed Placements are not fair when assessed under RG111 (reflecting the fact that Rajawali will only acquire a significant, not a controlling interest in Augur)

(f) if the Proposed Placements are approved Rajawali will have a significant voting interest of 35% in Augur (but will not control either the Board or the day-to-day operations of the company) and will also have an effective 52.11% interest in the Wonogiri project

(g) the interests of Augur shareholders not associated with Rajawali will be diluted in both the company and the Wonogiri project if the Proposed Placements are approved (however, non-associated shareholders are likely to be diluted in any event at some stage)[16].

(h) if the Proposed Placements are approved the likelihood of receiving a takeover offer in future is arguably diminished, as any potential bidder would effectively need to persuade Rajawali to accept its offer in order to obtain control of Augur.

Implications if Proposed Placements do not proceed

130 In the event that the Proposed Placements do not proceed there are a number of implications for Augur shareholders not associated with Rajawali including:

(a) there will be a need to consider equity capital raising alternatives

(b) based on the process undertaken that led to the Proposed Placements, we have been advised that such capital raising alternatives are unlikely to reflect a price higher than or equal to $0.05 per share

(c) it is uncertain as to whether an equivalent sum of equity capital of $6.75 million could be raised

(d) to the extent that any capital raisings included a pro-rata rights issue, this would be likely to have a negative effect on the Augur share price in the short term.

Conclusion

131 As indicated above there are a number of advantages and disadvantages associated with the Proposed Placements. However, based on the above, on balance we consider the likely advantages of the Proposed Placements from the perspective of Augur shareholders not associated with Rajawali significantly outweigh the likely disadvantages.

132 In addition there are a number of negative implications for Augur shareholders not associated with Rajawali in the event the Proposed Placements do not proceed.

133 Accordingly we have concluded that the Proposed Placements are not fair but are reasonable to Augur shareholders not associated with Rajawali.

16 An alternative equity issue would be likely to be significantly more dilutionary, if priced at a discount to the listed market price (consistent with the majority of equity capital raisings).

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Notice of Meeting to be sent to Augur shareholders in connection with the Proposed Placements.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $35,000 plus GST.

9 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.

2 This report was prepared by Mr Holt and Mr Hall, who are each authorised representatives of LEA. Mr Holt and Mr Hall have over 25 years and 10 years experience respectively in the provision of valuation advice.

Declarations

3 This report has been prepared at the request of the Directors of Augur to accompany the Notice of Meeting to be sent to Augur shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Placements are fair and reasonable to Augur shareholders not associated with Rajawali.

Interests

4 We have considered the matters described in ASIC RG 112 (Part C) and confirm that there are no circumstances that would constitute a conflict of interest or would impair our ability to provide objective independent assistance on this engagement. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 LEA prepared an IER for Augur in 2009 in connection with a significant change in shareholding at the time. Other than the preparation of that report, LEA has had no prior business or professional relationship with Augur or Rajawali prior to the preparation of this report.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Augur agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Augur which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Notice of Meeting.

ASX listed gold company implied value per tonne of resource

1 Given the lack of ASX listed companies with gold and copper assets in Indonesia at similar stages of development to the Wonogiri project, we have initially considered those exploration / development companies listed on the ASX with a market capitalisation of around $5 million to $10 million (excluding exploration / development companies without JORC gold resources). To enhance comparability, companies with the following attributes were also excluded:

(a) other resources – companies with significant non gold or copper resources[17]

(b) level of development – companies at a more advanced development stage than the Wonogiri project; and

(c) ownership of a mill or processing facilities – which the Wonogiri project does not own.

2 Details of the exploration / development companies for which we have determined the implied value per ounce of resource placed on the respective companies by the sharemarket, are shown below.

Listed gold companies implied value per ounce of resource

Company	Location	Enterprise value (EV) A$m	Market Cap A$m	Resources 000 Oz	Market cap / resource A$/Oz	Enterprise value / resource A$/Oz
Mungana Goldmines	Australia	15.7	8.2	3,431.4	2.39	4.57
Aphrodite Gold	Australia	9.8	7.2	1,396.0	5.12	7.03
Primary Gold	Australia	7.7	9.4	1,185.0	7.93	6.51
Crater Gold Mining	Papua New Guinea	7.5	10.9	1,085.0	10.06	6.91
Kalnorth Gold Mines	Australia	6.9	5.1	1,171.5	4.35	5.90
Alchemy Resources	Australia	5.5	7.1	300.1	23.52	18.37
White Rock Minerals	Australia	3.7	6.6	728.7	9.09	5.13
Castle Minerals	Africa / Australia	3.3	5.0	279.6	17.78	11.92
Arc Exploration	Indonesia	1.4	4.6	227.0	20.19	6.32
Rift Valley Resources	Africa	1.1	4.6	890.0	5.16	1.22
				Average	10.56	7.39
				Median	8.51	6.42

17 Noting that companies with silver and copper resources were converted to gold equivalent resources.

Appendix C

Glossary

Term	Meaning
Additional Consideration	An option to Rajawali that will enable it to subscribe for an additional 50,536,400 shares in Augur for $3.75 million (an effective issue price of $0.0742 per share)
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Augur	Augur Resources Limited
Corporations Act	*Corporations Act 2001 (Cth)*
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year ending 30 June
IER	Independent expert's report
Initial Shares	The issue to Rajawali of 60 million shares in Augur at an issue price of $0.05 per share, raising a total of $3.0 million
JORC	Joint Ore Reserves Committee
km	Kilometres
LEA	Lonergan Edwards & Associates Limited
NPV	Net present value
Oz	Ounce
Proposed Placements	The Initial Shares and the Additional Consideration transactions
PT Alexis	PT Alexis Perdana Mineral
Rajawali	Rajawali Group
RG 111	Regulatory Guide 111 – *Content of expert reports*
the Agreement	The binding Subscription Agreement with the Rajawali Group in relation to the proposed issue of approximately 110.5 million ordinary shares in Augur to Rajawali
VWAP	Volume weighted average trading price
WANOS	Weighted average number of shares

AUGUR
Resources Ltd

www.augur.com.au

AUGUR
Resources Ltd
ABN 79 106 879 690

Proxy Form

I/We ____

of ____

being a member/members of Augur Resources Ltd HEREBY APPOINT

____

or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Members of the Company to be held at 9.00 am on 29 November 2013 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate voting boxes below:

RESOLUTION	**FOR**	**AGAINST**	**ABSTAIN**
1. To adopt the Remuneration Report	☐	☐	☐
2. To re-elect Mr Peter Nightingale as Director of the Company	☐	☐	☐
3. To approve the Proposed Issue of 60,000,000 shares	☐	☐	☐
4. To approve the Proposed Issue of 50,536,400 shares	☐	☐	☐
5. To approve the Proposed Disposal of Interest in PT Alexis Perdana Mineral	☐	☐	☐

Important information for Resolution 1 if the Chairman of the Meeting is your proxy or is appointed as your proxy by default.

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 1 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolution 1, the Chairman of the Meeting will not cast your votes on Resolution 1 and your votes will not be counted in computing the required majority if a poll is called on this resolution. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the voting box above (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolution 1.

The Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 1 (except where I/we have indicated a different voting intention) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel.

Signature of Securityholder(s) *This section must be completed.*

Dated this ____________ day of ______________________ 2013.

Signatures of Securityholder(s) ______________________ ______________________

Individual Securityholder(s)
Sole Director and Company Secretary
or Director and Director/Company Secretary

Proxy Instructions

1. A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
2. Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. All joint holders must sign.
5. All executors of deceased estates must sign.
6. Voting exclusions:

   The Company will disregard any votes cast on Resolution 3, 4 and 5 by:

   - Rajawali and any of its Associates.

   However, the Company need not disregard a vote if:

   - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
   - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
7. The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the ASX Limited at 7.00 pm Sydney time on 27 November 2013 are taken, for the purposes of the Annual General Meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.
8. Proxy Forms must be received at the Company's registered office, Level 2, 66 Hunter Street, Sydney, NSW, 2000, or by facsimile on (61-2) 9221 6333, not less than 48 hours before the time appointed for holding the meeting.