

ASX and MEDIA RELEASE

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Option Agreement to Purchase up to 90% of the Central Jampang Gold Project in Indonesia

The Directors of Augur Resources Ltd ('Augur' or 'the Company') are pleased to advise that Augur Investments Pty Limited, a wholly owned subsidiary of the Company, has entered into an agreement with PT BEST Clean Energy ('PT BEST') to acquire an option to purchase a 90% interest in an Indonesian based company PT Golden Pricindo Indah ('Golden'), which holds Izin Usaha Pertambangans ('IUPs') or mining business licences covering the central Jampang gold project area in south-western Java.

JAMPANG GOLD PROJECT

The Jampang gold project is located approximately 150 kilometres south of Jakarta.



Location of the Central Jampang Gold Project, West Java, Indonesia.

The general geology of the area consists of Miocene/Oligocene andesite and dacite rocks overlain by recent volcanic tuffs. Historical mapping and drilling, indicates that gold bearing veins consistent with epithermal or mesothermal style mineralisation exist in the area.

Whilst the area covered by the IUPs has undergone historical gold mining, limited modern exploration has been conducted with the exception of a three year program undertaken between 1996 and 1999 by Canadian mining company Mispac Resources Inc ('Mispac').

Mispac identified a major structural trend with numerous gold occurrences and zones of significant alteration within the project licence area. Mispac undertook approximately 32,000 metres of drilling on their Jampang leases, focused on a large alteration zone at the Cigaru prospect which covers the northern half of the licences. Within the Cigaru prospect a number of gold bearing zones were identified from the drilling. These zones remain open at depth and along strike.

Furthermore, Mispac undertook geophysical surveys at Cigaru subsequent to their main drilling program and identified anomalies associated with the known mineralisation and four additional anomalies which either have not been drill tested or have had only limited drill testing.

Mispac were planning to undertake further work at Jampang but were hampered in raising sufficient funds due to negative sentiment in the market in light of the 1997 Bre-X scandal, the Asian financial crisis and the prevailing price of gold.

Augur will commence a due diligence review of all the data as well as a drilling program aimed at establishing a JORC compliant resource. Augur has two years to complete its due diligence review of the project licence area.

In addition, Augur Investments Pty Limited has also entered into a profit sharing agreement with Golden to cooperatively manage a small gold processing plant within the Jampang IUP. The agreement allows for small scale processing (up to 100 ton per day) to occur at the site with profit sharing over a period of up to three years. Golden will commence refurbishment of the plant and recommence processing of stockpiled material and shallow oxide material.

Agreement Summary

The transaction will result in the issue by the Company of 10 million shares and 5 million options and an upfront payment of US\$250,000. After this payment is made, Augur will have a conditional 2 year option to purchase 90% of Golden.

The option may be exercised by a further payment of US\$9,000,000 within two years if Augur is satisfied, after conducting due diligence of the technical, legal, financial and tax situation of Golden and its licences. The final payment will be reduced to US\$8,000,000 in the event that the gold processing plant fails to reach production within two years.

Augur has agreed to provide US\$1,000,000 in working capital to aid in the refurbishment and operating costs of the gold processing plant. Augur will share half of any profits generated from the sale of gold over the next 2 years in the event that Augur exercises the purchase option or 3 years in the event that Augur doesn't exercise the purchase option.

For further information, please contact Grant Kensington on +61 2 9300 3310.

Yours sincerely



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