

31 January 2014

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(8 pages by email)

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED  
31 DECEMBER 2013  
(ASX: AUK)**

**HIGHLIGHTS**

- Completion of initial \$3.0 million placement to Indonesia's Rajawali Group
- Work re-commenced on the Wonogiri project
- Grant Kensington resigns as Managing Director, to remain on the Board as Non-Executive Director

Following shareholder approval at the Annual General Meeting of Augur Resources Ltd ('Augur' or 'the Company') Augur issued 60,000,000 new fully paid ordinary shares to PT. Archi Indonesia ('PT Archi'), a nominee of the Rajawali Group ('Rajawali'), at \$0.05 per share for total cash consideration of \$3,000,000. In addition, Augur granted PT Archi an option to subscribe for a further 50,536,400 fully paid ordinary shares for \$3,750,000. Upon completion of this further subscription, Augur will cause its subsidiary, Wonogiri Pty. Ltd to sell a 35% interest in its subsidiary PT Alexis Perdana Mineral ('PT Alexis') to Rajawali for \$50,000. Wonogiri Pty Ltd is the 90% owner of PT Alexis and PT Alexis is the holder of the licence covering the Wonogiri project.

The issue price of the 60,000,000 shares represented a 150% premium to the 5 day VWAP and a 184% premium to the 30 day VWAP the Company's shares at the time of the transaction was announcement in September 2013.

The injection of funds into the Company will be used for to complete a scoping study of the Randu Kuning gold-copper deposit, further exploration and for ongoing working capital.

## **Rajawali Group**

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 have a 52.6% share in Archipelago Resources plc, owners of the Toka Tindung gold mine, which produced 139,012 AuEq ounces in 2012 at a cash cost of US\$635 (net of silver credits) and a 57.1% ownership of Indo Mines Limited, owners of the Jogjakarta iron project in Java.

## **KEY PROJECTS**

Augur is a resource development company, with a focus on the Wonogiri gold and copper project in Indonesia. Augur also has interests in a number of exploration projects in central New South Wales.

### **Wonogiri Project (Augur 80%)**

Augur holds an 80% interest in the Wonogiri project which is located in central Java. Detailed exploration by the Company has defined the Randu Kuning gold-copper porphyry deposit. The resource consists of 1.54 Moz AuEq and remains open at depth and to the east and south. A number of additional advanced targets have also been identified at Wonogiri.

Wonogiri is one of the latest major discoveries in the highly mineralised Indonesian archipelago. Between 2009 and 2012, modern exploration techniques have been applied to define a highly altered wall rock porphyry gold-copper deposit at Randu Kuning. In July 2012, Augur announced the maiden JORC compliant resource of 90.9 million tonnes ('Mt') at 0.53 g/t AuEq (0.35 g/t gold and 0.10% copper), using a cut-off of 0.2 g/t AuEq (see ASX release dated 10 July 2012). The mineralisation remains open with significant potential at depth and to the east and south. The resource estimate includes oxide, transition and sulphide components of the deposit. The sulphide component accounts for 95.7% of the estimated resource tonnes and this has been the focus of much of the ongoing metallurgical studies.

Metallurgical testing has been highly favourable with recoveries of over 89.0% of gold and 95.0% of copper. Concentrates of up to 90.6 g/t gold and 21.2% copper have been achieved during initial concentrate optimisation studies. Lower head grade material (head grade: gold grade 0.62g/t and copper grade of 0.19%) also returned favourable results with recoveries of 90.1% for gold and 93.8% for copper.

Testing has indicated that the optimum grind size is approximately 106 micrometres (80% passing 106 µm) with gold recovery of 90.1% achieved and copper recovery of 93.8%. Finer grinding resulted in no change to the gold recovery. Metallurgical studies have focused on the sulphide portion of the deposit. Additional metallurgical testing is being planned for the oxide component of the deposit.

The surface area above the Randu Kuning deposit has no forestry restrictions. Randu Kuning is only one of a number of gold and copper prospects at Wonogiri. Details of the resource estimate for Randu Kuning are as follows:

JORC Resource Category	Resource (Mt)	AuEq (g/t)	Gold Grade (g/t)	Copper Grade (%)	AuEq (Moz)	Gold (Moz)	Copper (Million Pounds)	Cut-off Grade (AuEq g/t) <sup>1</sup>
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
	<b>28.3</b>	<b>0.84</b>	<b>0.56</b>	<b>0.15</b>	<b>0.765</b>	<b>0.513</b>	<b>132.7</b>	<b>0.2</b>
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
	<b>5.3</b>	<b>0.66</b>	<b>0.45</b>	<b>0.11</b>	<b>0.113</b>	<b>0.078</b>	<b>42.8</b>	<b>0.2</b>
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
	<b>33.7</b>	<b>0.81</b>	<b>0.55</b>	<b>0.15</b>	<b>0.878</b>	<b>0.591</b>	<b>175.4</b>	<b>0.2</b>
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
	<b>90.9</b>	<b>0.53</b>	<b>0.35</b>	<b>0.10</b>	<b>1.538</b>	<b>1.014</b>	<b>199.6</b>	<b>0.2</b>

**Resource estimate of the Randu Kuning deposit within the Wonogiri project.**

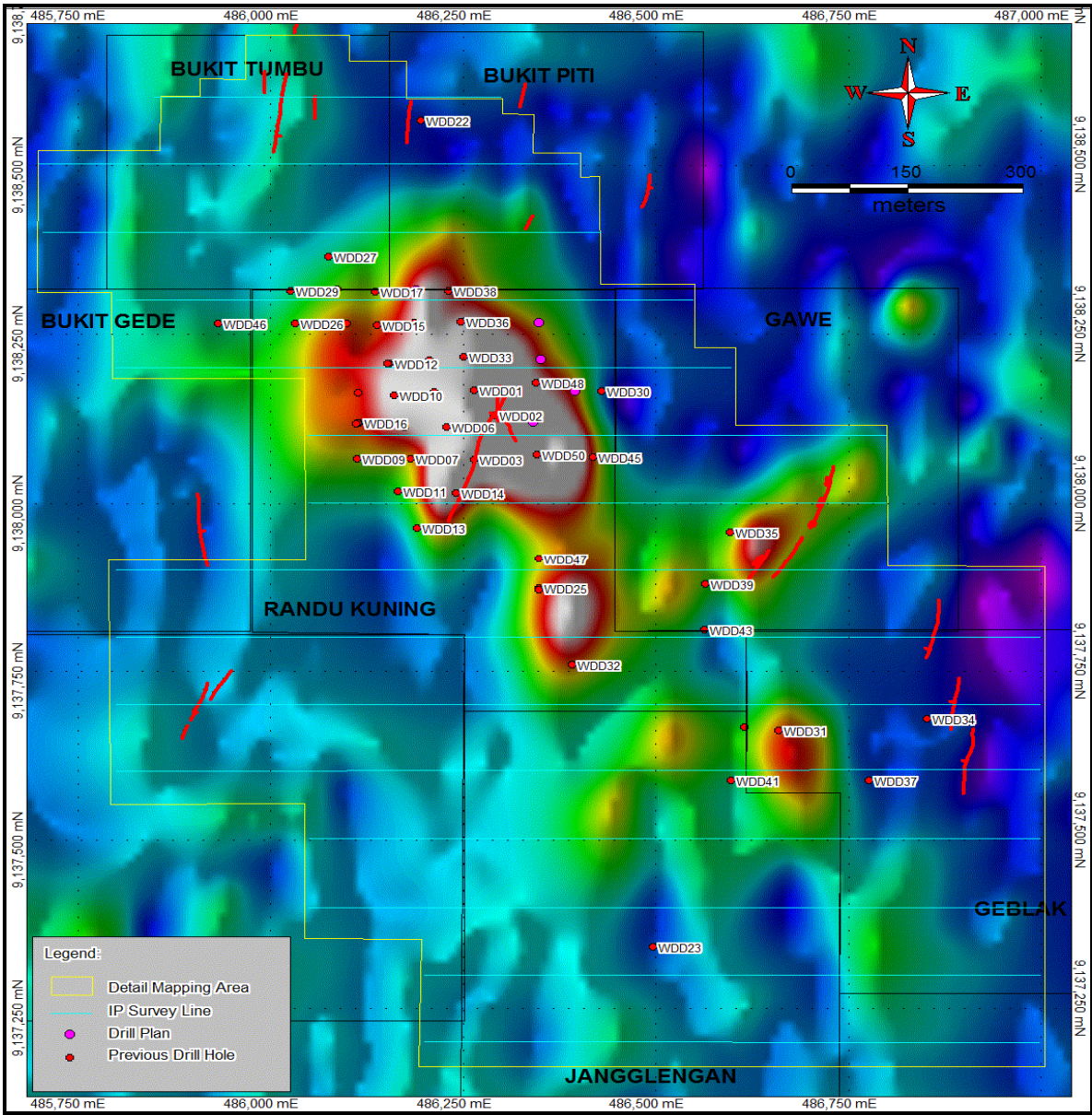
**All figures are rounded and summation differences in totals are due to rounding.**

The 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.

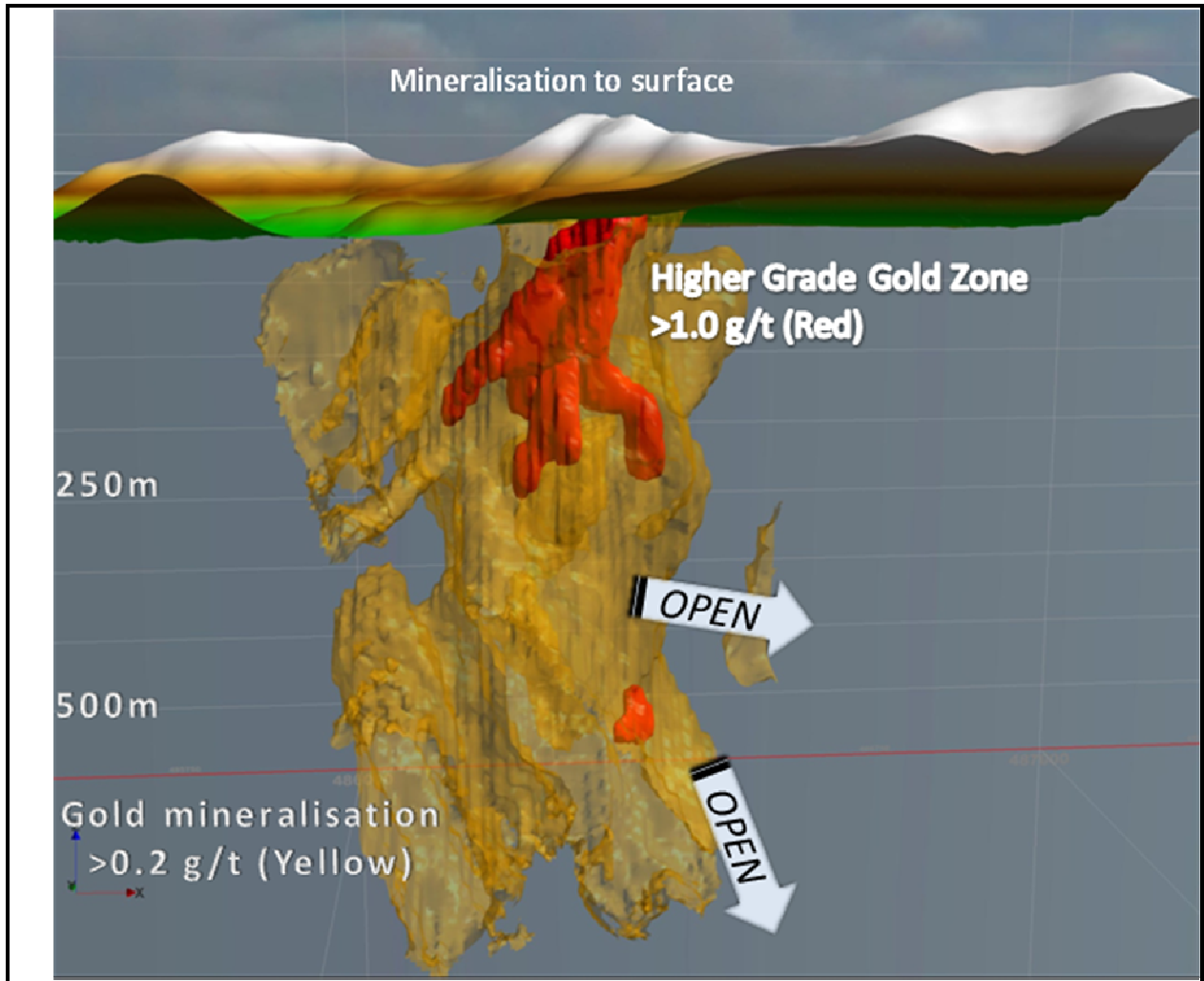
In addition to the Randu Kuning deposit, the Wonogiri project contains a number of additional exploration targets and modelling is underway with the aim of defining additional drill targets. Further geophysical programs will be developed which will be aimed at testing targets in the vicinity of Randu Kuning.

The exploration activities to be undertaken in 2014 include:

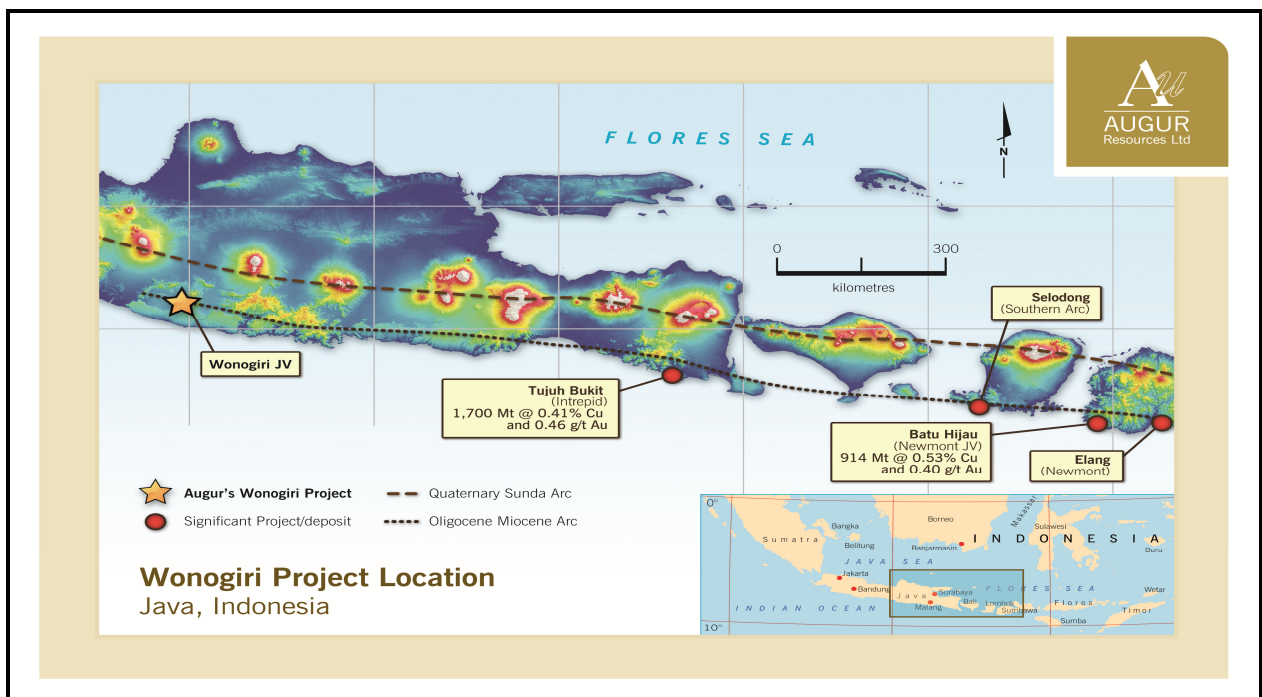
- Detail mapping on all potential target areas outside the Randu Kuning deposits.
- Induced polarisation ('IP') geophysical survey over 130 hectares to delineate additional targets outside the Randu Kuning deposit.
- Infill drilling at Randu Kuning to extend known zones of mineralisation and upgrade the resource estimates.
- Drilling on targets delineated by IP in combination with detail mapping outside the Randu Kuning prospect.



Wonogiri additional exploration areas



The Randu Kuning mineralised zone in 3D, showing the near surface high grade zone. Mineralisation occurs from surface to over 500 metres below surface.



Wongiri project location

Following the recapitalisation of the Company during the quarter the work required to complete the scoping study at Wonogiri was recommenced and the results of this study are expected to be completed during the current quarter.

## AUSTRALIAN PROJECTS

The central and western region of NSW hosts a number of world class deposits including the Cadia, Ridgeway and Northparkes deposits. Augur has completed JORC compliant resource estimates for deposits at the Collerina project (total resource estimate of 16.3 Mt at 0.93% nickel and 0.05% cobalt comprising of 4.4 Mt at 0.99% nickel and 0.06% cobalt of Indicated Resource and 11.9 Mt at 0.91% nickel and 0.05% cobalt of Inferred Resource using a 0.7% nickel cut-off) and at the Yeoval project (Inferred Resource estimate 12.9 million tonnes at 0.38% copper, 0.14 g/t gold, 120ppm molybdenum and 2.2 g/t silver using a 0.2% copper cut-off).

### Collerina (EL 6336 - 100% Augur)

The Collerina project is located 40 kilometres south of Nyngan in central NSW, covering an area of 300 km<sup>2</sup> within the Fifield Platinum Province. The tenement contains the Homeville nickel-cobalt deposit, which was discovered by Augur in 2008.

An initial scoping study of the Homeville deposit found that a net present value of the project of \$50.9 million based on a 12.5% discounted cash flow and an operation producing the nickel equivalent of 5,150 tonnes per annum over a period of 10 years. Nickel Equivalent is defined below.

Two scenarios were evaluated to determine the operational inputs that had the greatest sensitivity to the project economics. Key project parameters used for each scenario were:

Attribute	Units	Scenario 1	Scenario 2
ROM throughput	Tonnes per annum	470,000	950,000
Total resource	Million tonnes	4.7	14.3
Life of operation	Years	10	15
Nickel	%	1.18	0.95
Cobalt	%	0.045	0.045
Overburden/ore ratio	Ratio of tonnes/tonnes	0.75	0.75
Nickel Equivalent produced	Tonnes per annum	5,150	8,500

The estimations for the total capital cost for Scenario 1 were \$105.1 million and a nickel equivalent cash cost of \$6.04 per pound. Augur is currently reviewing options for the Homeville deposit.

#### **Yeoval (EL 6311 and ML 811 - 25% Augur)**

Kimberly Diamonds Limited's subsidiary Goodrich Resources Limited ('Goodrich') is the manager of the Yeoval project. Yeoval is a porphyry copper-gold system with near surface mineralisation. The Yeoval tenement covers an area of approximately 147 km<sup>2</sup> within the Lachlan Belt of New South Wales.

No significant results were received during the quarter.

Augur is free carried on the Yeoval project until May 2014.

#### **Weelah (EL 6309 - 20% Augur)**

The Weelah tenement (150 km<sup>2</sup>) covers a Joint Venture between Augur and Stonewall Resources Ltd ('Stonewall'). It 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. Augur has an interest of 20% in the project. Stonewall are operators of the project. No significant work was reported on the project during the quarter.

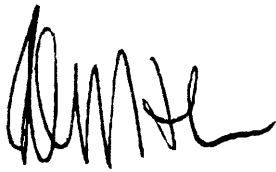
Augur is free carried on the Weelah project to feasibility.

#### **RESIGNATION OF GRANT KENSINGTON AS MANAGING DIRECTOR**

The Company announces that Grant Kensington has resigned his position as Managing Director to focus on other business opportunities. He will remain on the Board as a Non-Executive Director. Mr Kensington has been Augur's Managing Director since February 2008, overseeing the Company's change of primary focus to its current operations in Indonesia. The Directors acknowledge and thank Mr Kensington for his valuable work in the role of Managing Director.

For further information, please contact Peter Nightingale on +61 2 9300 3310.

Yours sincerely



**Peter Nightingale**

**Director**

## **Statement of Compliance**

The information in this report that relates to Mineral Resources and Exploration Results 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.

Mineralisation cut-off used for the Wonogiri project is 0.2 g/t gold and/or 0.2% copper with a maximum contiguous dilution interval of 4.0 metres. Sample intervals are generally either 1.0 metre or 2.0 metres. Assaying has been completed by PT Intertek Utama Services, a subsidiary of Intertek Group Inc. Blanks and/or independent standards are used in each sample batch at approximately each 10 sample interval.

### **1 Gold Equivalent Calculation**

Where reported, Gold Equivalent results are calculated using a gold price of US\$1,198/oz and a copper price of US\$6,945/t. Silver is excluded from the gold equivalent calculation as no metallurgical testing of the recovery properties of silver from this project has occurred. In calculating Gold Equivalents for the drill results in the table above, gold and copper recoveries are assumed to be 100%. As previously reported, metallurgical testing has resulted in mean recoveries from sulphide material of over 82.5% for gold and 94% for copper. It is the Company's opinion that all metals used in the equivalent calculation have a reasonable potential to be recovered in the event that material from the Wonogiri project was to undergo processing.

The gold equivalent calculation used is  $AuEq (g/t) = Au (g/t) + ((Cu (\%)*6,945)/38.51)$

(i.e.: 1.0% Cu = 1.80 g/t Au)

### **2 Nickel Equivalent Calculation**

Where reported, Nickel Equivalent results are calculated using a nickel price of \$9/lb and a cobalt price of \$13/lb. In calculating Nickel Equivalents, nickel and cobalt recoveries are assumed to be 100%. It is the Company's opinion that all metals used in the equivalent calculation have a reasonable potential to be recovered in the event that material from the Homeville project was to undergo processing.

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