

28 October 2016

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(10 pages by email)

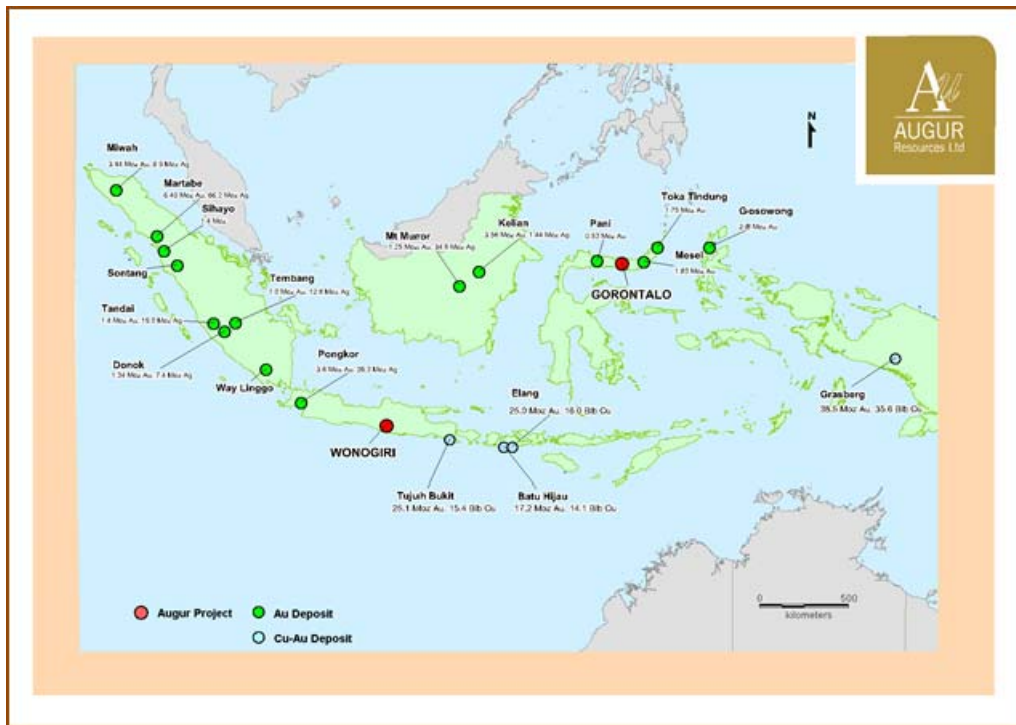
**REPORT ON ACTIVITIES FOR THE QUARTER ENDED  
30 SEPTEMBER 2016  
(ASX: AUK)**

**HIGHLIGHTS**

- Completion of an updated Randu Kuning resource estimate to comply with JORC 2012 guidelines.
- Completion of an updated internal scoping study to evaluate production of gold-copper concentrate via gravity + flotation process flowsheet.
- Commencement of a geotechnical drilling program at Wonogiri as part of completing an Indonesian feasibility study. The study will be submitted to the Central Government to support change of the Wonogiri IUP from exploration to production.
- Approval of an IUP aggregate for an area selected for development of a stand-alone quarry adjacent to the proposed Randu Kuning gold-copper mine open-pit.
- Commencement of baseline environmental studies to change the status of the aggregate IUP from exploration to production will commence during the December 2016 quarter.
- Continuation of metallurgical testwork to evaluate the potential to increase the contained copper grade in a sulphide concentrate through pyrite suppression. This work will also conduct locked-cycle flotation tests to better determine actual processing parameters.

## PROJECTS

Augur Resources Ltd ('Augur' or the 'Company') is a resource development company, with a focus in Indonesia on the advanced Wonogiri Gold and Copper project in Central Java and exploration properties in Gorontalo, North Sulawesi. Augur also has an interest in the Collierina project in central New South Wales, which contains the Homeville nickel-cobalt deposit.



*Location map of the Company's Indonesian projects.*

## INDONESIAN PROJECTS

### Wonogiri Project (Augur - 45%)

At the Wonogiri project, which is located in central Java, Augur is advancing the Randu Kuning Gold-Copper porphyry deposit. Based on the updated JORC 2012 compliant resource estimate that was released during the quarter (see ASX announcement 9 September 2016), at 0.2g/t AuEq<sup>1</sup> cut-off grade the total contained resource is 81.56 million tonnes at 0.38g/t Au and 0.11% copper. This represents 1.15 million ounces of AuEq consisting of 996.5 thousand ounces of gold and 190 million pounds of copper. The deposit remains open at depth.

Resource Class	Tonnes (million)	AuEq (g/t)	Au (g/t)	Cu (%)	AuEq (million ounces)	Au (million ounces)	Cu (million pounds)	Cut off (AuEq g/t)
Measured	21.59	0.77	0.69	0.15	0.534	0.479	71.2	0.2
Indicated	3.08	0.58	0.56	0.09	0.057	0.055	6.1	0.2
Inferred	56.89	0.31	0.25	0.09	0.567	0.457	112.6	0.2
<b>Total</b>	<b>81.56</b>	<b>0.44</b>	<b>0.38</b>	<b>0.11</b>	<b>1.15</b>	<b>0.996</b>	<b>190.0</b>	<b>0.2</b>

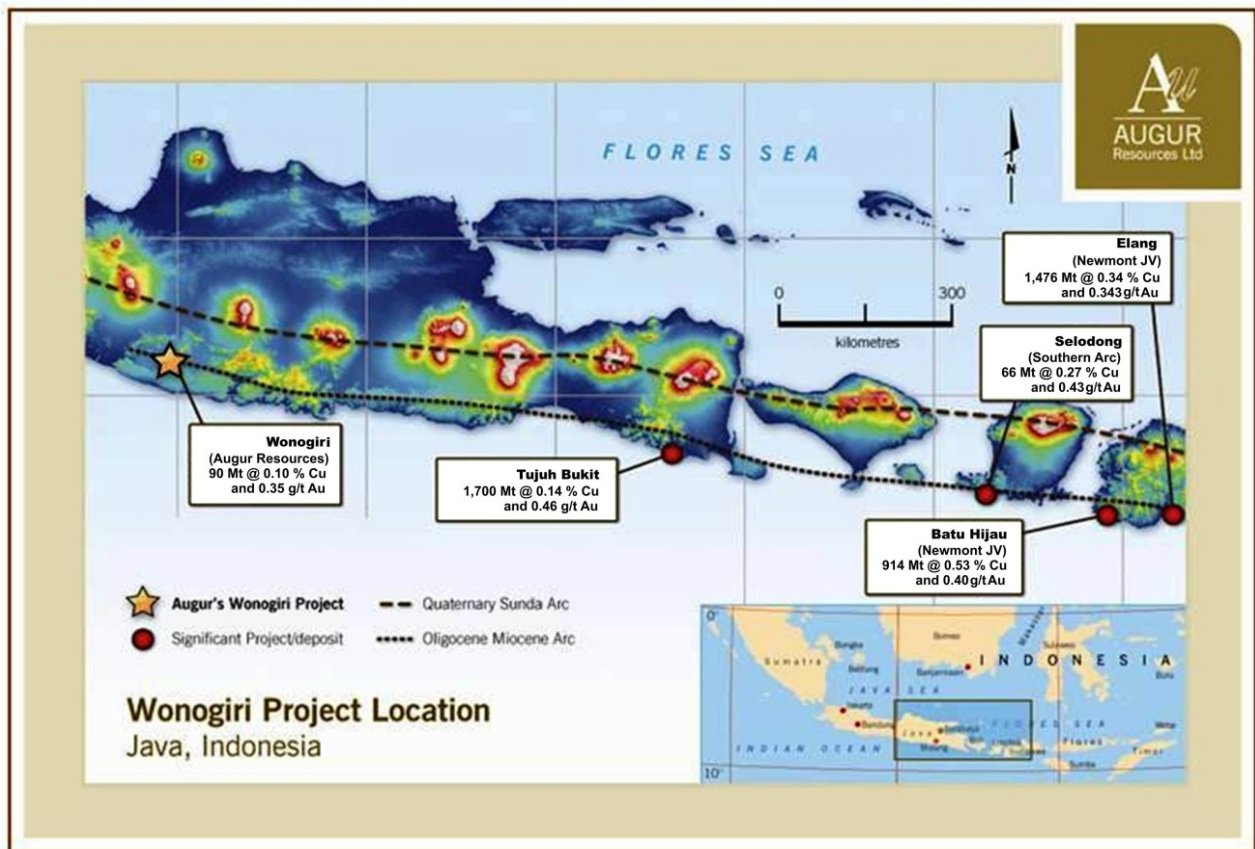
*JORC 2012 resource estimate of the Randu Kuning deposit within the Wonogiri project.*

Category	cog g/t AuEq	Tonnes Millions	g/t AuEq	g/t Au	% Cu
MEASURED	1.0	4.88	1.36	1.28	0.23
	0.9	6.10	1.28	1.20	0.22
	0.8	7.73	1.18	1.11	0.21
	0.7	10.00	1.09	1.01	0.20
	0.6	12.74	0.99	0.91	0.18
	0.5	15.65	0.91	0.83	0.17
	0.4	18.54	0.84	0.76	0.16
	0.3	20.58	0.79	0.72	0.16
	0.2	21.59	0.77	0.69	0.15
INDICATED	1.0	0.25	1.37	1.39	0.16
	0.9	0.31	1.28	1.29	0.15
	0.8	0.43	1.16	1.17	0.15
	0.7	0.60	1.04	1.04	0.14
	0.6	0.92	0.90	0.89	0.12
	0.5	1.67	0.74	0.73	0.11
	0.4	2.43	0.65	0.64	0.10
	0.3	2.91	0.60	0.58	0.09
	0.2	3.08	0.58	0.56	0.09
INFERRED	1.0	0.10	1.37	1.49	0.09
	0.9	0.19	1.15	1.18	0.13
	0.8	0.80	0.92	0.91	0.13
	0.7	1.10	0.87	0.86	0.12
	0.6	1.90	0.78	0.75	0.12
	0.5	3.64	0.67	0.62	0.12
	0.4	8.59	0.54	0.47	0.12
	0.3	22.07	0.42	0.35	0.11
	0.2	56.89	0.31	0.25	0.09
TOTAL	1.0	5.22	1.36	1.29	0.23
	0.9	6.61	1.27	1.20	0.22
	0.8	8.95	1.16	1.09	0.20
	0.7	11.70	1.06	1.00	0.19
	0.6	15.57	0.96	0.89	0.17
	0.5	20.95	0.85	0.79	0.16
	0.4	29.56	0.73	0.67	0.14
	0.3	45.56	0.60	0.53	0.13
	0.2	81.56	0.44	0.38	0.11

The previous JORC resource comprised 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 updated Resource statement was completed by Computer Aided Geoscience of Brisbane, Australia which also completed the initial JORC resource statement.

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.



*Wonogiri project location and major porphyry deposits on the Oligocene-Miocene Arc.*

### **Scoping and Feasibility Studies**

During the quarter Augur announced the completion of an internal Scoping Study (see ASX announcement 30 August 2016). The Scoping Study updated the original Scoping Study done on the Randu Kuning deposit in 2014, taking into account the significantly enhanced project economics resulting from the aggregate potential of the project, metallurgical studies and current costings for fuel and equipment.

Based on the positive results of the Scoping Study, which confirmed the potential for the development of the deposit at Randu Kuning, the Company will complete an Indonesian feasibility study that has been worked on through 2016.

## ***Wonogiri Metallurgical Studies***

Additional testwork was started mid-September 2016 to further evaluate the potential to increase the copper grade within a copper and gold concentrate by pyrite suppression during flotation processing. Optimising recovery of gold (and silver) through initial gravity concentration and intensive leaching will also be investigated. The completed testwork has also importantly confirmed that Randu Kuning tailings material will be non-acid forming and will be a net acid consumer. As such there will be no acid mine drainage concern for the process tailings.

Once a baseline flowsheet is established, locked cycle tests will commence. These tests will indicate what recoveries and concentrate grades might be expected under actual operating conditions. The work is being completed at Pt. Geoservices in Cikarang, West Java under the supervision of consultant Dr. Mark Steemson.

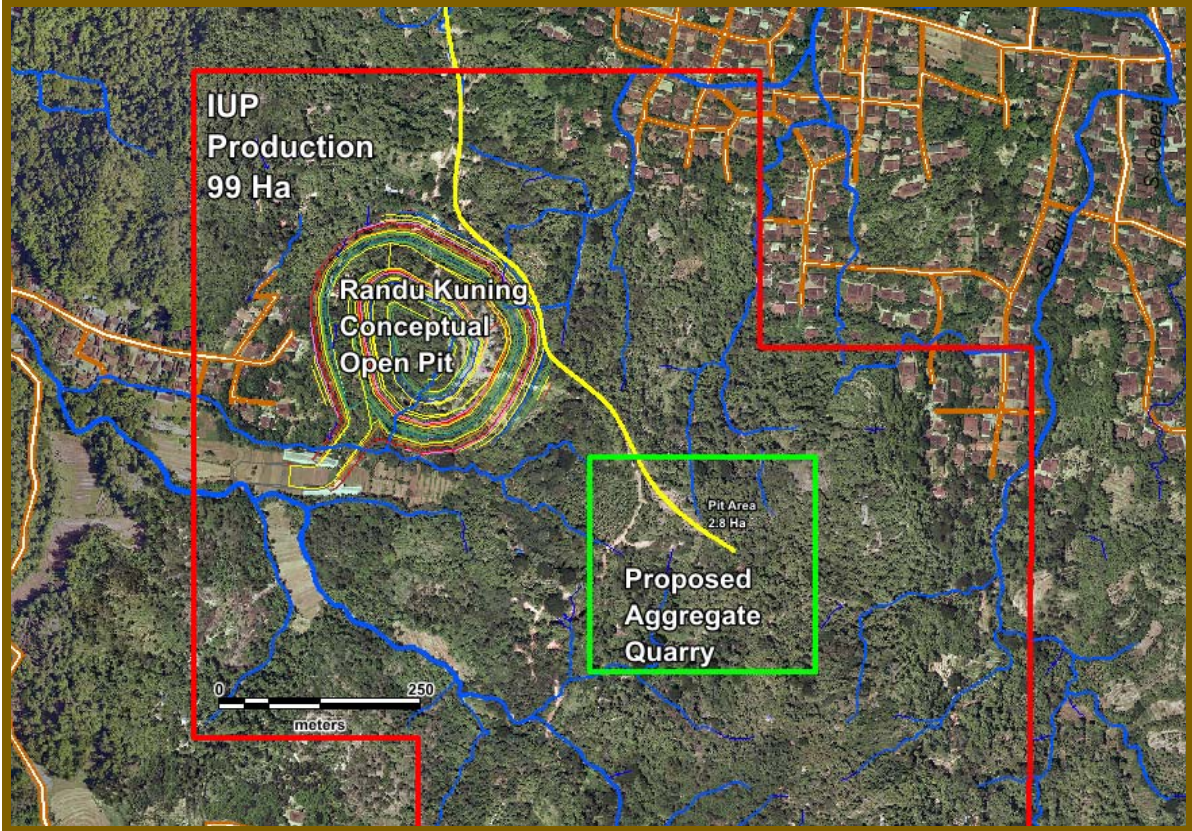
The Company is also assessing the availability and suitability of second-hand processing plants for use at the Wonogiri project. Under the current Indonesian Mining Law, the export of less than 99.99% copper is not permitted unless direct approval from the Indonesian Government is obtained and export tariffs paid. As such the Company is in discussions with several groups in regards to offtake of Wonogiri concentrate.

## ***Aggregate Evaluation***

The Central Java Provincial Government recently issued an exploration IUP for aggregate to the Joint Venture company. The area of the IUP covers both the Randu Kuning gold-copper deposit area and an area identified for a stand-alone quarry development adjacent to the deposit. The next step is to obtain an IUP production licence to allow for quarry development. This requires completion of a base-line environmental study and a feasibility study, both of which will commence during the December 2016 quarter.

Based on a previously completed regional market survey and initial economic analysis of Randu Kuning waste rock aggregate indicates possible EBITDA margins per tonne of Rp40,000 – Rp50,000 (US\$3 – US\$4) per tonne from an extremely low capital expenditure startup operation (circa US\$1.5M), a scoping study is currently in progress (see ASX release dated 23 November 2015).

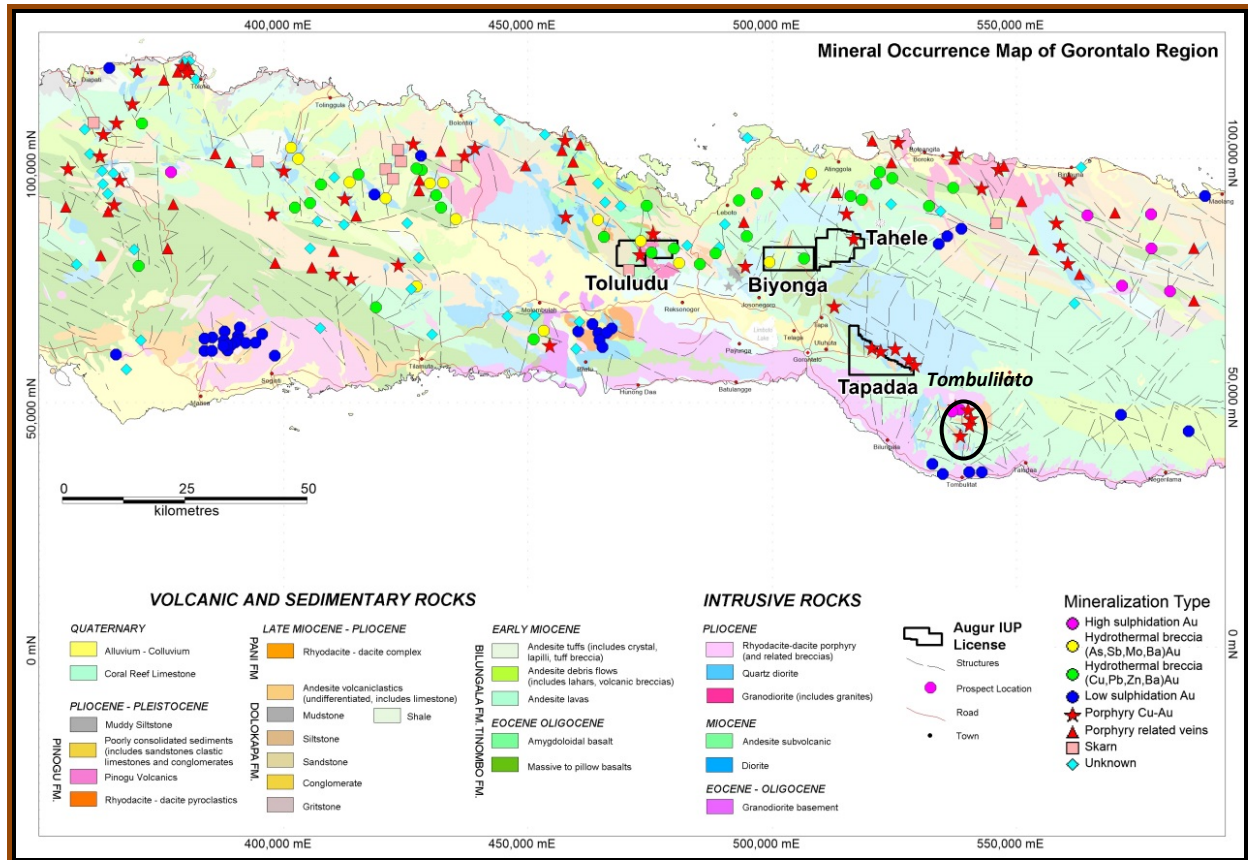
The aim is to generate early cash flow from a low capex and opex aggregate operation which can be used to fund the development of the Randu Kuning deposit. An initial stand-alone quarry development will also allow for development of aggregate market contacts prior to a significant increase in aggregate production from the Randu Kuning waste rock.



*Map showing location of proposed aggregate quarry area adjacent to the Randu Kuning gold-copper conceptual open pit. The outline of the proposed aggregate IUP production are also indicated.*

The Company is currently evaluating proposals from interested parties who may provide quarry development, production management and offtake marketing services.

## Gorontalo Properties (Augur - 80%)



**Geologic map of the Gorontalo region showing Augur's IUP property locations and also locations of known mineral occurrences. The Tombulilato porphyry copper-gold deposit area currently in feasibility is also shown.**

Due to exploration results and revised National Park boundaries the Biyonga and Tahele IUP's have been submitted for relinquishment. Consequently the Company will not have to pay further holding costs. However, the Toluludu and Tapadaa IUP's have recently been extended by the Central Government until July 2018 allowing for two more years of exploration activity before being converted to production status. No exploration activities were undertaken at these projects during the quarter.

## **AUSTRALIAN PROJECTS**

The central and western region of NSW hosts a number of world class deposits including the Cadia, Ridgeway and Northparkes deposits.

### **Homeville (Augur - 100% subject to farm-out agreement)**

At the Collerina project, located 40 kilometres south of Nyngan, Augur has defined a JORC compliant resource estimate for the Homeville nickel-cobalt deposit of 16.3 Mt at 0.93% nickel and 0.05% cobalt comprised of 4.4 Mt of Indicated Resource at 0.99% nickel and 0.06% cobalt and 11.9 Mt of Inferred Resource at 0.91% nickel and 0.05% cobalt of (using a 0.7% nickel cut-off)<sup>2</sup>.

Initial counter-current atmospheric leach testwork at the Homeville deposit returned excellent overall recoveries of 90% nickel and 96% cobalt with a low overall acid consumption of 710 kg/tonne ore.

Augur is currently undertaking a scoping study for a 5,000 tonnes per annum nickel plant producing a mixed nickel-cobalt precipitate ('MSP') at 59% nickel content, although no further work has been undertaken on the study during the quarter.

### **Yeoval**

As advised in the previous quarter the Company had been notified that the licence was be relinquished by the majority joint venture partner and the relinquishment was finalised in the September quarter.



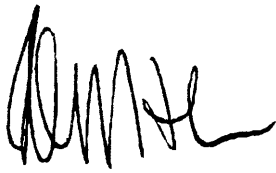
## CORPORATE ACTIVITIES

### Research & Development Tax Incentive

As previously advised during the quarter the Company engaged Chartered Accountants Economos Pty Ltd ('Economos') to conduct a review of the R&D Tax Incentive refund claims made by Augur for the 2014 and 2015 financial years, which Augur made based on its previous tax agent's advice. Those reviews have now concluded and Economos's advice is that the claims were based on incorrect advice and that all expenditures claimed do not meet the criteria of eligible R&D expenditure. Consequently, Augur is in the process of finalising a voluntary tax amendment and repayment arrangement with the Australian Taxation Office that will allow the Company to continue with the ongoing development of its projects, including the short term development of an aggregate operation at Wonogiri which is anticipated will generate positive cash flows for the Augur Group.

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

Yours sincerely



**Peter J. Nightingale**

**Director**

pjn8641

### 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 Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey is employed by the Company and 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

#### **<sup>1</sup> Gold Equivalent Calculation for the Randu Kuning JORC 2012 Compliant Resource**

Where reported in relation to the Wonogiri mineral resource estimate, Gold Equivalent results are calculated using a gold price of US\$1,250/oz and a copper price of US\$5,500/t. Silver is excluded from the gold equivalent calculation. In calculating Gold Equivalents for the JORC 2012 resource estimate, gold and copper recoveries are assumed to be 85%. As previously reported, metallurgical testing has resulted in mean recoveries from sulphide material of over 90% 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  $AuEq = (Au_{g/t} * \$40.20 * 85\% + Cu_{ppm} * \$0.0055 * 85\%) / (\$40.20)$

(i.e.: 1.0% Cu = 1.36 g/t Au)

## **<sup>2</sup> 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.