

Augur Resources Ltd
ABN 79 106 879 690

ANNUAL REPORT 2012



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Resources Ltd



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Chairman's Letter



Dear Fellow Shareholders

The 2012 Financial Year was a difficult one for financial markets in general and resource stocks in particular, with the junior exploration market substantially shrinking in size as measured by market capitalisation. Despite this your company had great success with the drill bit, building a resource of 1.5MMoz Gold equivalent from a standing start at our 80% owned Wonogiri project, at a very low cost per ounce - a tribute to the project and our team.

As I write this we are seeing an improvement in investor sentiment, which is of course crucial firstly to our health of sector and secondly in enabling the global replacement of resources mined.

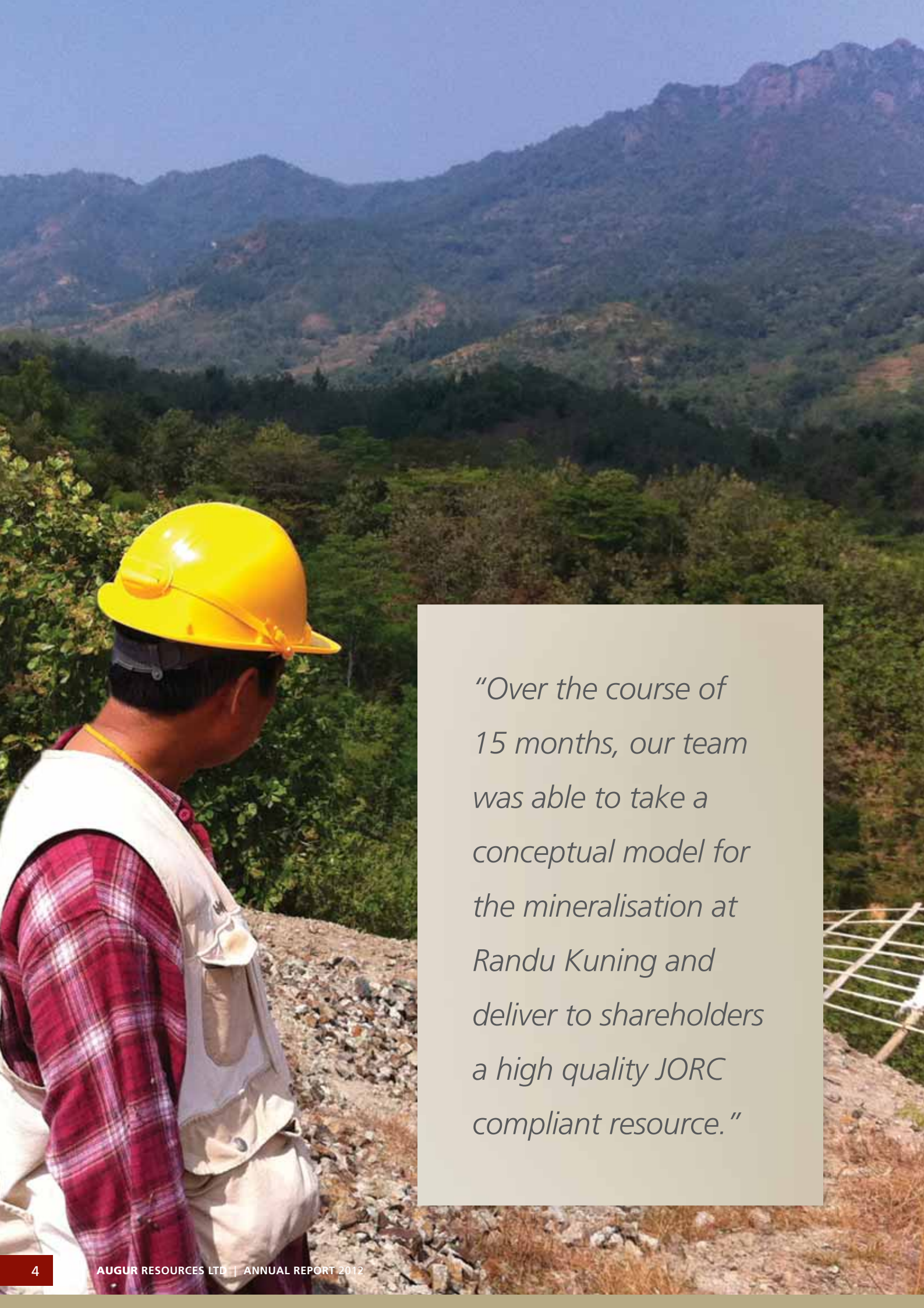
Our aim for the 2013 Financial Year is to substantially complete the technical studies which are a precursor to a decision to mine.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Norman A. Seckold', with a large, stylized flourish at the end.

Norman A. Seckold

Dated this 26th day of September 2012



“Over the course of 15 months, our team was able to take a conceptual model for the mineralisation at Randu Kuning and deliver to shareholders a high quality JORC compliant resource.”

Managing Director's Report



Dear Shareholders

This has been a significant year for your Company with the definition of a major gold/copper deposit at our Wonogiri project in Java, Indonesia. The Company holds an 80% direct ownership interest (achieved in August 2012) in the Wonogiri project.

The deposit, Randu Kuning, was the primary target of our exploration efforts during the year. Our exploration efforts 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.

Over the course of 15 months, our team was able to take a conceptual model for the mineralisation at Randu Kuning and deliver to shareholders a high quality JORC compliant resource.

Importantly too, the resource was discovered at a remarkably modest cost of approximately \$3.05 per gold ounce. This is exceptionally low by industry standards and is a testament to the focus of our exploration team in making every dollar count.

It should also be noted that Randu Kuning is only one prospect within the Wonogiri project. Other targets have been identified and in time these may progress towards adding resources to those already defined.

Wonogiri now offers a tremendously exciting opportunity for the Company and gives rise to a potential development pathway for the Company from explorer to mining company.

Our achievements with the Wonogiri project coincided with some changes to the regulations relating to Indonesian mining projects. Importantly, as Augur holds a 90% (10% held beneficially for our joint venture partner) direct ownership of the Indonesian company which holds the Wonogiri licence, the impact of these regulation changes is largely mitigated and the project continues to receive significant support from the local community and authorities.

With regards to our Australian projects, we now have partners for both the Yeoval and Collierina projects. These projects are considered non-core to our goals. We will continue to monitor progress on these projects.

Our Strategy

Augur has a clear strategy of focusing on advanced gold and copper projects in Indonesia, which have a high probability of being developed in the future.

Augur will deliver growth by building significant resources of gold and copper and where economically viable progressing these to development.

Thank You

Lastly, I would like to thank you for your support during the year. We continue to have plenty to do to maximise the value of your Company and I can assure you that we will continue to work towards achieving those goals as we build a sustainable mineral mining company.

A handwritten signature in black ink, appearing to read 'G. Kensington', written in a cursive style.

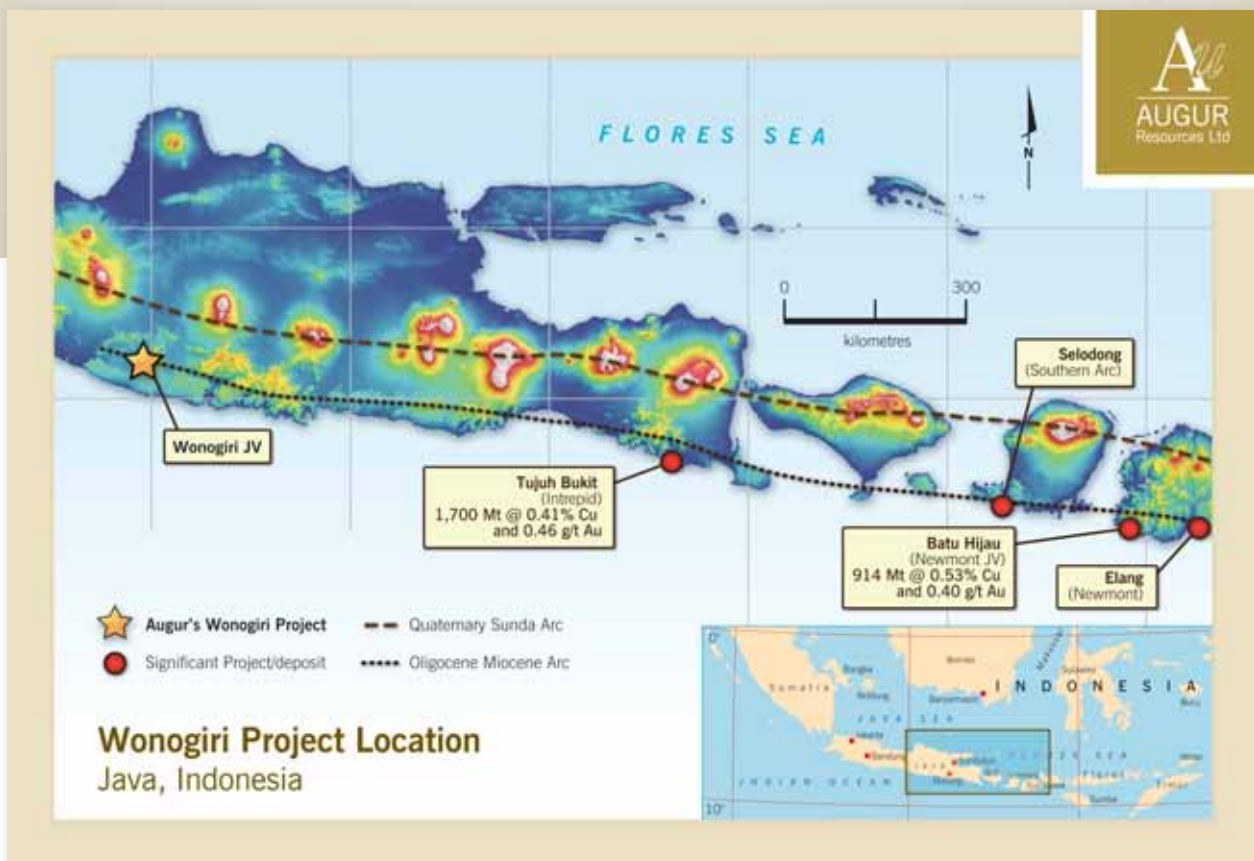
Grant L. Kensington
Managing Director

Dated this 26th day of September 2012

Review of Operations

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 project location and major porphyry deposits on the Oligocene-Miocene Arc. Image shows topography with white indicating highest elevations and dark blue showing areas of near sea level elevations.*

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

Targets: Porphyry gold and copper; Epithermal, near surface gold, copper and silver.

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.

Review of Operations



The project covers a highly prospective 3,928 hectares.

During 2012, Augur's primary focus has been on defining the Randu Kuning gold and copper deposit within the Wonogiri project in central Java, Indonesia.

An extensive drilling campaign was undertaken at the Randu Kuning prospect to build on the success of the previous year's drilling. Since commencing drilling in April 2011, Augur has drilled 50 diamond holes for 15,114 metres within the Wonogiri project area. This focused drilling program led to the definition of the Randu Kuning gold-copper deposit which has a JORC compliant resource estimate containing approximately 1.54 million gold equivalent ounces.

Review of Operations

Key drill results reported from the Randu Kuning prospect during the year include:

Hole	Prospect	Easting	Northing	Dip	Azimuth (Mag)	From (m)	To (m)	Interval (m)	Gold (g/t)	Copper (%)
WDD015	Randu Kuning	486139	9138265	45	90	69.0	189.0	120.0	0.96	0.21
WDD016	Randu Kuning	486139	9138265	45	90	76.0	199.0	123.0	0.61	0.14
WDD018	Randu Kuning	486112 and	9138221	60	90	73.0 278.0	209.0 384.5	136.0 106.5	0.48 0.64	0.14 0.10
WDD019	Randu Kuning	486153 includes	9138210	70	90	41.0 82.0	136.5 87.0	95.5 5.0	0.74 5.08	0.16 0.50
WDD020	Randu Kuning	486107 and	9138267	50	90	43.0 246.0	139.0 275.0	96.0 29.0	0.54 0.63	0.13 0.10
WDD021	Randu Kuning	486098	9138266	50	90	45.5	177.5	132.0	0.75	0.17
WDD030	Randu Kuning	486429 and	9138166	60	270	171.0 245.0	238.0 363.0	67.0 118.0	0.68 0.75	0.19 0.13
WDD045	Randu Kuning	486422 includes	9138064	60	270	156.0 225.0	445.0 242.0	289.0 17.0	0.48 1.10	0.11 0.20
WDD048	Randu Kuning	486343 includes and	9138178	50	270	96.0 119.0 189.0	184.0 130.0 213.0	88.0 11.0 24.0	0.53 1.38 0.58	0.15 0.27 -
WDD050	Randu Kuning	486346 includes	9138071	50	270	106.0 164.0	210.1 196.0	104.1 32.0	1.08 1.66	0.25 0.33



Review of Operations

Randu Kuning Resource Estimate

An independent JORC compliant resource was estimated for the Randu Kuning porphyry deposit during the year. Using a 0.20 g/t gold equivalent cut-off, a total resource of 90.9 Mt at 0.35 g/t gold and 0.10% copper was estimated, with the total Measured and Indicated categories containing a total of 33.7 Mt at 0.55 g/t gold and 0.15% copper.

Class	Million Tonnes	AuEq (g/t)	Au (g/t)	Cu (%)	AuEq Ounces (million)	Au Ounces (million)	Cu Pounds (million)	AuEq Cut-off (g/t) ¹
Measured	8.3	1.45	1.07	0.21	0.389	0.287	-	1.0
	20.4	1.03	0.72	0.17	0.673	0.473	-	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	-	1.0
	3.5	0.81	0.59	0.12	0.092	0.067	-	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	-	1.0
	24.0	0.99	0.70	0.16	0.765	0.540	-	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	-	1.0
	9.2	0.66	0.45	0.11	0.196	0.135	-	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	-	1.0
	33.2	0.90	0.63	0.15	0.962	0.675	-	0.5
	90.9	0.53	0.35	0.10	1.538	1.014	199.6	0.2

The Randu Kuning gold-copper deposit was effectively defined over a period of 15 months after the Company's geological team recognised the potential for extensive porphyry related shallow gold and copper mineralisation. Geophysics, trenching and subsequent drilling identified a near vertical continuum of gold and copper mineralisation.

The Randu Kuning prospect contains a highly altered multiphasal 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 east and to the south. Further drilling is warranted to test these prospective areas.

Metallurgical work was undertaken during the year to test the recoverability of the gold and copper within the main mineralised zone. Results to date have been highly favourable with recoveries of up to 89.0% recovery of gold and 96.1% recovery of copper. Metallurgical work has progressed to the commencement of optimising the concentrates with the aim of producing concentrates of greater than 20% copper. Concentrates of up to 90.6 g/t gold and 21.2% copper were achieved during the initial concentrate optimisation study with recoveries of 60.5% and 57.2% respectively. Further optimisation studies are required to maximise concentrate grades and recoveries.

A prefeasibility study of the Randu Kuning deposit will be undertaken to determine possible options for the development and processing of the mineralisation. This work will include initial pit designs and is expected to be completed by mid 2013.

Review of Operations

Surrounding Prospects

Drilling was also undertaken on several of the prospects proximal to the Randu Kuning deposit. Drilling was undertaken to initially test surface geochemical anomalies as well as coincidental geophysical anomalies.

At the Bukit Piti prospect, a single hole was drilled to test a trench gold anomaly. This hole intersected an extensively 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) were drilled to test anomalous trench results and a coincident geophysical anomaly. The geochemical anomaly at Gawe has been identified over a length of 520 metres with drilling to date only undertaken at the western extent of the anomaly. Each hole drilled during the year 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 planned during 2012/13.

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.

¹Gold Equivalent Calculation

Gold Equivalent results are calculated using a gold price of \$1,198/oz and a copper price of \$6,945/tonne. 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 on page 9, 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
$$\text{AuEq (g/t)} = \text{Au (g/t)} + ((\text{Cu}(\%)) * 6,945) / 38.51).$$

ie: 1.0% Cu = 1.80 g/t Au.



Review of Operations

Collerina (EL 6336 - 100% Augur 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 New South Wales, covering an area of 300 km² 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 2008/09 and an updated resource estimate in 2010/11. 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.

During the year, Augur entered into a farm-out agreement with a subsidiary of ASX listed Metals Finance Limited. 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).

The 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.

Review of Operations

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 28.0 metres at 170ppm scandium and COAC034 included 44.0 metres at 100ppm scandium and 44.0 metres of 0.22ppm platinum.

The Widgeons 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 6311 and ML 811 - 25% Augur)

Targets: Copper-gold and gold porphyry and epithermal deposits.

The Yeoval tenement covers an area of approximately 147 km² 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.

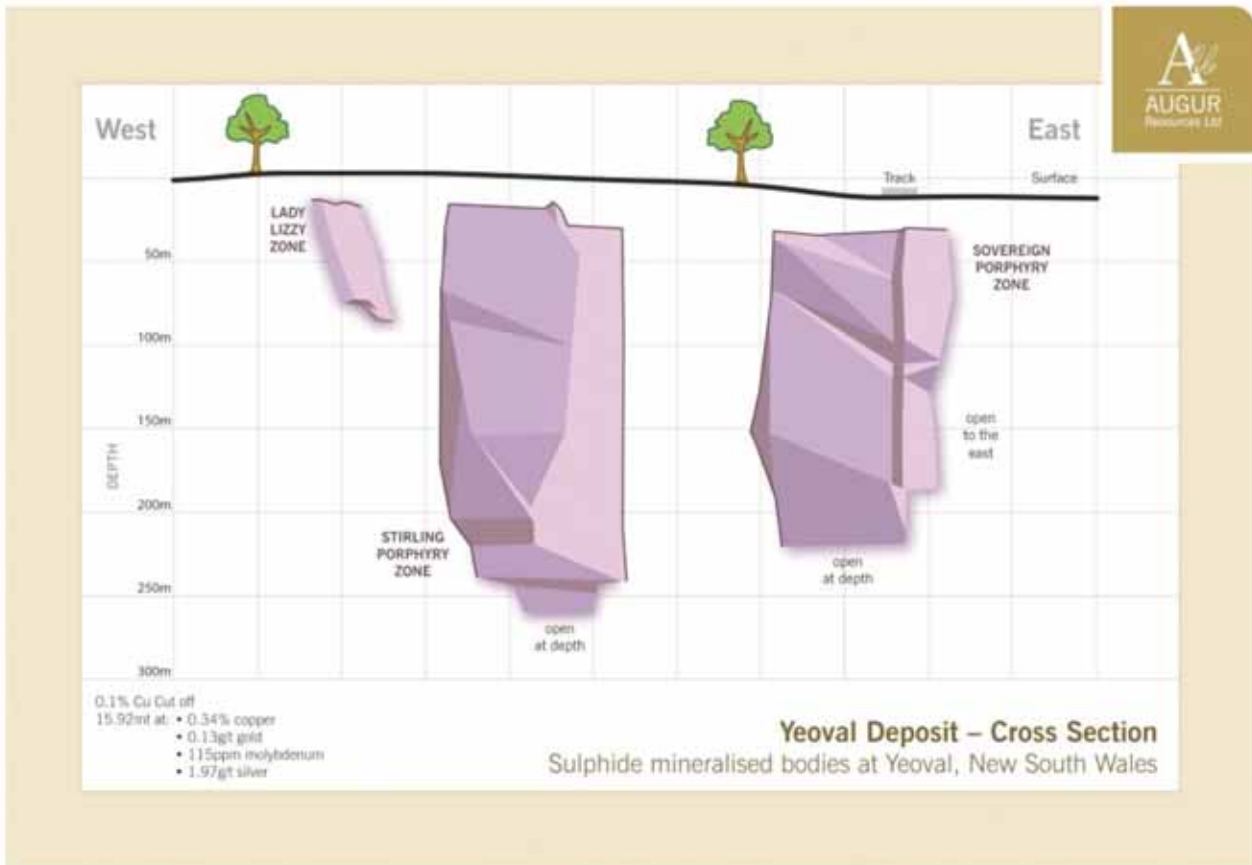
The Yeoval project area hosts numerous near surface copper ± gold occurrences and several small historical mines, within altered Naringla Granodiorite of the Yeoval complex. Prior exploration has targeted shallow outcropping mineralisation. Significant potential exists in areas of shallow alluvial cover.

Augur completed 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:

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

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.

Review of Operations



During the year, Zodiac Resources Pty Limited ('Zodiac') satisfied the farm-in requirements to earn a 75% interest in the Yeoval project. As manager, Zodiac undertook an induced polarisation survey and commenced an initial drilling program. The survey detected the known mineralisation and revealed the presence of several additional chargeability anomalies. The strongest of the individual responses is located 500 metres to the southeast of the known mineralisation. Zodiac targeted this anomaly with two holes one of which intersected uneconomic veinlets of bornite and chalcopyrite with a 1.0 metre interval returning 1.79% copper and 0.8 g/t gold and a further 1.0 metre interval returning 0.87% copper and 1.35 g/t gold.



Review of Operations

Weelah (EL 6309 - 20% Augur)

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

The Weelah tenement (150 km²) is situated on the Cowl Volcanics and a splay of the 'Gilmore Suture', a focus for gold projects in the Lachlan Fold Belt of New South Wales. The Cowl 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 Cowl style mineralisation.

The Weelah project is managed under a joint venture agreement with Meridien Resources Limited, who are the operators of the project. Augur's 20% interest will be free carried to feasibility. No significant work was undertaken on the project during 2012.

Central Jampang Gold-Copper Project (Option to purchase 90% - expired)

The Company had an option to purchase a 90% interest in an Indonesian company, PT Golden Pricindo Indah, which held the Central Jampang Gold-Copper project licences.

During the year, exploration drilling and the interpretation of the exploration resulted in a resource being estimated which did not support continuation with the project. Negotiations to modify the option agreement were commenced; however a favourable outcome was not achieved and Augur allowed the option agreement over the Jampang project to lapse and the Company fully impaired the carrying value of the Jampang project.

Tullamore (EL 6312)

As a result of the focus on the Wonogiri project, subsequent to year end, the Tullamore tenement has been allowed to lapse and the carrying value of the tenement was fully impaired during the year.



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 USD\$1.5 million within the first 12 months of the agreement entered into with PT Oxindo to acquire 51% of the Wonogiri project. Subsequent to year end, Augur completed the required expenditure of US\$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.

Augur entered into a joint venture agreement with Metals Finance Limited ('MFC') over the Collerina project whereby MFC can earn a 51% interest in the Collerina project by conducting and funding the completion of a definitive feasibility study. If development proceeds, funding will be in accordance with each partner's equity interest, or else either party may opt for 10% net profit interest with no contribution to capital.

Zodiac Resources Pty Ltd ('Zodiac') met their initial \$300,000 expenditure commitment to farm-in to the Yeoval project and the terms of the farm-in agreement were modified whereby Zodiac paid Augur \$245,000 and transferred 1,250,000 shares in the ASX listed company Goodrich Resources Ltd to Augur to earn a 75% interest in the project. Augur now holds a 25% free carried interest in the Yeoval project for two years during which time Zodiac will be able to purchase Augur's 25% interest for \$2,000,000. On completion of the farm-in period, Augur will have an option to contribute 25% to expenditure on the project or progress to a free-carried net smelter royalty of 2.5%, limited to \$2,000,000.

On 4 July 2011, the Company completed a placement of 6,143,331 fully paid ordinary shares at 20 cents each, raising \$1,228,666. As part of the brokerage fees, 2,000,000 unlisted options were issued, each exercisable at 20 cents to acquire one fully paid ordinary share by 31 May 2014.

On 24 November 2011, the Company issued 1,000,000 options, each exercisable at 26.05 cents to acquire one fully paid ordinary share by 16 November 2014 as remuneration under the Company's Executive Share Option Plan.

Augur allowed the option agreement over the Jampang project in Indonesia with PT Golden Pricindo Indah to lapse and the Company fully impaired the carrying value of the Jampang project.

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.

Corporate Governance Statement

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

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.

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.

Corporate Governance Statement

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.

Board nominations

Having regard to the current membership of the Board and the size, organisational complexity and scope of operation 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.

Corporate Governance Statement

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.

Corporate Governance Statement

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.

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.

Corporate Governance Statement

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 on the Augur Resources Ltd Group ('Group'), being Augur Resources Ltd ('Augur' or 'the Company') and its controlled entities for the financial year ended 30 June 2012.

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 Marcelo Mora.

Richard Edwards was appointed Company Secretary on 3 September 2012.

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 \$9,853,450 (2011-\$2,141,428 loss).

Review of Operations

A review of the Group's operations for the year ended 30 June 2012 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 2012. No dividends have been paid or declared during the financial year.

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 2012 were as follows:

- Augur completed the required expenditure of USD\$1.5 million within the first 12 months of the agreement entered into with PT Oxindo to acquire 51% of the Wonogiri project. Subsequent to year end, Augur completed the required expenditure of US\$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.
- Augur entered into a joint venture agreement with Metals Finance Limited ('MFC') over the Collerina project whereby MFC can earn a 51% interest in the Collerina project by conducting and funding the completion of a definitive feasibility study.
- Zodiac Resources Pty Ltd ('Zodiac') met their initial \$300,000 expenditure commitment to farm-in to the Yeoval project and the terms of the farm-in agreement were modified whereby Zodiac paid Augur \$245,000 and transferred 1,250,000 shares in the ASX listed company Goodrich Resources Ltd to Augur to earn a 75% interest in the project.
- Augur allowed the option agreement over the Jampang project in Indonesia with PT Golden Pricindo to lapse.
- The placement of 6,143,331 fully paid ordinary shares to raise \$1,228,666. As part of the brokerage fee, 2,000,000 unlisted options were issued.
- The issue of 1,000,000 options as remuneration under the Company's Executive Share Option Plan.

Directors' Report

After Balance Date Events

On 10 July 2012, the Group announced a maiden resource estimate for the Randu Kuning deposit, within the Wonogiri project.

On 29 August 2012, the Company announced that it has met the required expenditure of US\$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.

On 13 September 2012, the Company completed a Share Purchase Plan, resulting in the issue of 10,500,000 fully paid ordinary shares at \$0.04, raising \$420,000. On the same date, the Company completed a placement of 18,593,750 fully paid ordinary shares at \$0.04, raising \$743,750.

No other matters or circumstances have arisen since the end of the financial year, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments

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

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.



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 2 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 Cerro Resources N.L., a precious metals exploration company currently developing a project in Mexico, Planet Gas Limited, a coalbed methane and geothermal exploration and development company operating in Australia, Caspian Oil & Gas Limited, an oil producer and explorer. He is also a director of the unlisted public companies Mekong Minerals Ltd and Nickel Mines Limited.

Other current directorships: Cerro Resources N.L., Planet Gas Limited and Caspian Oil & Gas Limited.

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 3,000,000 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 Bolnisi Gold N.L., Callabonna Uranium Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Copper & Gold plc, Timberline Minerals Inc., and Valdora Minerals N.L. Mr Nightingale is currently a director of Cockatoo Coal Limited, Planet Gas Limited and unlisted public companies Nickel Mines Limited and Equus Resources 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 (Grassberg 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 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, 3,738,334 shares indirectly held and 5,000,000 options indirectly held as at the date of this report.



Directors' Report

Meetings of Directors

Directors	Directors' Meetings	
	N° eligible to attend	N° attended
Norman A. Seckold	5	5
Grant L. Kensington	5	5
Peter J. Nightingale	5	5
Justin C. Werner	5	5

Company Secretary

The Company Secretary as at 30 June 2012 and since listing was Marcelo Mora.

On 3 September 2012, Mr Richard Edwards was appointed as Company Secretary of Augur Resources Ltd. 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 is also Company Secretary of unlisted public company Nickel Mines Limited.

REMUNERATION REPORT - (AUDITED)

Principle of Compensation - (Audited)

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 current and prior periods as remuneration were subject to service conditions due to the nature of the Group's operations.

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 2012 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.

Directors' Report

Details of Remuneration for the Year Ended 30 June 2012 - (Audited)

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director and senior executive of the Company are set out below:

Key management personnel	Short term		Post-employment	Share based payments	Total	Proportion of remuneration related %	Value of options as a proportion of remuneration %
	Salary and fee		Superannuation	Options			
	2012	\$	\$	\$	\$		
Norman A. Seckold	2012	90,000	-	-	90,000	-	-
	2011	90,000	-	-	90,000	-	-
Grant L. Kensington	2012	256,886	23,120	154,257	434,263	-	35.52
	2011	237,156	21,344	116,365	374,865	-	31.04
Peter J. Nightingale	2012	90,000	-	-	90,000	-	-
	2011	90,000	-	-	90,000	-	-
Justin C. Werner	2012	150,000	-	-	150,000	-	-
	2011	37,500	-	-	37,500	-	-
Total	2012	586,886	23,120	154,257	764,263	-	20.18
Total	2011	454,656	21,344	116,365	592,365	-	19.64

Norman A. Seckold and Peter J. Nightingale hold an 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 \$300,000 (2011 - \$300,000). There were no amounts outstanding as at year end (2011 - \$nil).

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

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 three financial years:

	2012	2011	2010	2009
Loss attributable to owners of the Company	\$9,853,450	\$2,141,428	\$1,477,777	\$729,277
Dividends paid	Nil	Nil	Nil	Nil
Change in share price	(\$0.15)	\$0.01	\$0.16	(\$0.06)
Return on capital employed	(153%)	(15%)	(34%)	(14%)

Directors' Report

Managing Director Remuneration - (Audited)

Employee Service Agreement conditions with Grant L. Kensington are as follows:

(a) Duration of the Contract

The service agreement is for a period of three years commencing on 18 February 2010.

(b) Remuneration

- i. Salary - effective from 18 February 2012, \$264,907 plus 9% superannuation of \$23,842 per annum.
- ii. Short term incentives - None.
- iii. Long term incentives - 1,000,000 options as per the Company's Executive Share Option Plan issued annually after each AGM subject to the approval of members.

(c) Termination of Employment

Grant L. Kensington's service agreement may be terminated at any time by the Company giving to the employee not less than six months' prior written notice. In the event of termination, the Company must pay Grant L. Kensington an amount equal to the fee payable for so much of the notice period as the employee is not so retained.

This agreement may be terminated at any time by Grant L. Kensington giving to the Company not less than four weeks' prior written notice.

The Company may terminate Grant L. Kensington's service agreement immediately in certain events including serious misconduct and material breach of contract. On termination of this agreement for the reasons of serious misconduct and material breach of contract Grant L. Kensington is entitled to the fee payable up to, and including, the date of termination.

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 interest 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.

Directors' Report

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

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

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	-	-

Details of options issued by the Company are set out in Note 18 to the financial report. The names of persons who currently hold options are entered in the register of options kept by the Company pursuant to the Corporation Act 2001. The register may be inspected free of charge.

Total Options

The following table provides the total options held by key management personnel:

Key management personnel	As at 30 June 2011	As at 30 June 2011	As at 30 June 2012	As at 30 June 2012
	Directly held	Indirectly held	Directly held	Indirectly held
Grant L. Kensington	2,000,000	-	3,000,000	-
Justin C. Werner	-	5,000,000	-	5,000,000

Shares

The following table provides the total ordinary shares held by key management personnel:

Key management personnel	As at 30 June 2011	As at 30 June 2011	As at 30 June 2012	As at 30 June 2012
	Directly held	Indirectly held	Directly held	Indirectly held
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	830,000	3,738,334	1,455,000	3,738,334
Total	1,456,000	67,446,237	2,081,000	67,446,237

Directors' Report

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 2012 KPMG, the Company's auditor, has not performed other services in addition to their statutory audit duties.

	2012 \$	2011 \$
Statutory Audit		
Auditors of the Company		
Audit and review of financial reports		
KPMG	58,250	25,000
Gould Ralph	-	29,035
	<u>58,250</u>	<u>54,035</u>
Services other than statutory audit		
Other services		
Gould Ralph	-	4,736
Total	<u>58,250</u>	<u>58,771</u>

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.



Grant L. Kensington
Director

Signed at Sydney this 26th day of September 2012 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



I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012, 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.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature in black ink that reads 'S Board' in a cursive, stylized font.

Stephen Board
Partner

Brisbane
26 September 2012

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.

FINANCIAL REPORT 2012



Au
AUGUR
Resources Ltd



Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Notes	Consolidated	
		2012 \$	2011 \$
Other income	4	-	4,545
Administration and consultant expenses		(774,388)	(556,543)
Audit and other professional fees	5	(58,250)	(58,771)
Depreciation and amortisation expenses	5	(108)	(1,384)
Directors' fees and superannuation expenses		(410,469)	(476,000)
Exploration and evaluation expenditure - pre-licence costs		-	(7,034)
Legal fees		(73,399)	(127,395)
Marketing		(66,131)	(35,944)
Share based payments expense		(154,257)	(116,365)
Impairment loss on exploration and evaluation expenditure	14	(8,349,866)	(309,888)
Impairment loss on available for sale investments	12	(33,250)	(9,000)
Loss on sale of exploration and evaluation assets	14	-	(336,759)
Other expenses	5	(16,105)	(143,146)
Operating loss before financing income		(9,936,223)	(2,173,684)
Finance income	4	82,773	32,256
Net finance income		82,773	32,256
Loss before income tax expense		(9,853,450)	(2,141,428)
Income tax	7	-	-
Loss from continuing operations		(9,853,450)	(2,141,428)
Other comprehensive income for the year			
Net change in fair value of available-for-sale financial assets		(25,750)	(9,000)
Net change in fair value of available-for-sale financial assets transfer to the profit and loss		33,250	9,000
Total other comprehensive income		7,500	-
Total comprehensive loss for the year		(9,845,950)	(2,141,428)
Earnings per share			
Basic loss per share (cents per share)	8	(5.56)	(1.64)
Diluted loss per share (cents per share)	8	(5.56)	(1.64)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2012

	Notes	Consolidated	
		2012 \$	2011 \$
Current assets			
Cash and cash equivalents	9	157,421	3,601,724
Trade and other receivables	10	-	24,215
Other assets	11	37,052	38,297
Total current assets		194,473	3,664,236
Non-current assets			
Available for sale financial assets	12	245,250	21,000
Property, plant and equipment	13	1,617	-
Exploration and evaluation expenditure	14	5,700,992	10,892,590
Other assets	15	128,827	142,605
Total non-current assets		6,076,686	11,056,195
Total assets		6,271,159	14,720,431
Current liabilities			
Trade and other payables	16	181,902	106,714
Total current liabilities		181,902	106,714
Total liabilities		181,902	106,714
Net assets		6,089,257	14,613,717
Equity			
Issued capital	17	19,946,161	19,064,928
Options premium reserve	17	1,609,735	1,169,478
Fair value reserve	17	7,500	-
Accumulated losses		(15,474,139)	(5,620,689)
Total equity		6,089,257	14,613,717

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

Attributable to equity holders of the Group	Consolidated				
	Issued capital \$	Fair value reserve \$	Option premium reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2010	7,861,061	-	142,111	(3,575,873)	4,427,299
Total comprehensive income for the year					
Loss for the year	-	-	-	(2,141,428)	(2,141,428)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,141,428)	(2,141,428)
Transaction with owners recorded directly in equity					
Contribution by and distribution to owners					
Ordinary shares issued	11,603,138	-	-	-	11,603,138
Transaction costs on issue of shares	(399,271)	-	-	-	(399,271)
Cost of share based payments	-	-	1,123,979	-	1,123,979
Transfer of expired options	-	-	(96,612)	96,612	-
Balance at 30 June 2011	19,064,928	-	1,169,478	(5,620,689)	14,613,717
Balance at 1 July 2011	19,064,928	-	1,169,478	(5,620,689)	14,613,717
Total comprehensive income for the year					
Loss for the year	-	-	-	(9,853,450)	(9,853,450)
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	7,500	-	-	7,500
Total comprehensive loss for the year	-	7,500	-	(9,853,450)	(9,845,950)
Transaction with owners recorded directly in equity					
Contribution by and distribution to owners					
Ordinary shares issued	1,228,666	-	-	-	1,228,666
Transaction cost on issue of shares - cash	(61,433)	-	-	-	(61,433)
Transaction cost on issue of shares - options issued as consideration	(286,000)	-	286,000	-	-
Share based payments	-	-	154,257	-	154,257
Balance at 30 June 2012	19,946,161	7,500	1,609,735	(15,474,139)	6,089,257

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Notes	Consolidated	
		2012 \$	2011 \$
Cash flows from operating activities			
Cash payments in the course of operations		(1,278,852)	(1,639,194)
Interest received		82,773	32,256
Net cash used in operating activities	20	(1,196,079)	(1,606,938)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(3,658,733)	(2,672,677)
Payment for property, plant and equipment		(1,724)	-
Receipt from the sale of investment		245,000	-
Payments for deposit on acquisition of investments		-	(153,862)
Refund of deposit for acquisition of investment		-	321,763
Net cash used in investing activities		(3,415,457)	(2,504,776)
Cash flows from financing activities			
Proceeds from share issues	17	1,228,666	7,371,334
Transaction costs on share issue	17	(61,433)	(399,271)
Repayment of borrowings to related parties		-	(321,763)
Net cash provided by financing activities		1,167,233	6,650,300
Net increase/(decrease) in cash held		(3,444,303)	2,538,586
Cash at the beginning of the financial year		3,601,724	1,063,138
Cash at the end of the financial year	20	157,421	3,601,724

The above consolidated statement of comprehensive income 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 report of the Company for the year ended 30 June 2012 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily engaged in the acquisition, exploration and development of properties in Indonesia and Australia.

Note 2: Basis of Preparation

Statement of compliance

The consolidated financial report is a general purpose financial report which has 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 report of the Group complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue by the directors on 26 September 2012.

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.

Functional and presentation currency

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

Going concern

The consolidated financial report has 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 \$9,853,450 for the year ended 30 June 2012 and has accumulated losses of \$15,474,139 as at 30 June 2012. The Group has cash of \$157,421 at 30 June 2012 and used \$4,856,536 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2012. The Group raised equity of \$1,228,666 during the year ended 30 June 2012 and subsequent to year end the Group has raised further equity of \$1,163,750.

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 ongoing operation of the Group is dependent upon:

- the Group raising additional funding from shareholders or other parties; and/or
- 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 on the book value of exploration and evaluation expenditure recorded at reporting date.

In the event that the Group does not obtain additional funding and/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 report.

Notes to the Consolidated Financial Statements

Note 2: Basis of Preparation (Cont.)

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.

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 amount recognised in the financial statements are described in the following notes:

- Note 2 - Going concern
- Note 7 - Unrecognised deferred tax asset
- Note 14 - Exploration and evaluation expenditure
- Note 18 - Share based payments

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.

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.

Interest revenue is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

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 the statement of comprehensive income.

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.

Notes to the Consolidated Financial Statements

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.

Property, plant and equipment

Plant and equipment

Plant and equipment is 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

Non-derivative financial assets

Classification

The Group originally 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 transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss when incurred.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Notes to the Consolidated Financial Statements

Note 3: Significant Accounting Policies (Cont.)

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-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.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially 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.

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.

Basis of consolidation

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company 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 financial report 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.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

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.

Notes to the Consolidated Financial Statements

Note 3: Significant Accounting Policies (Cont.)

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.

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the date of the Consolidated Statement of Financial Position.

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

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Cash and cash equivalents

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

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.

Financial instruments

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

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Notes to the Consolidated Financial Statements

Note 3: Significant Accounting Policies (Cont.)

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment of assets

Financial assets

A financial asset 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.

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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. For an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

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.

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 previously recognised 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

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Trade and other payables

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

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

Notes to the Consolidated Financial Statements

Note 3: Significant Accounting Policies (Cont.)

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity investments (except of impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Segment reporting

Determination and presentation of operating segments

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

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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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.

Notes to the Consolidated Financial Statements

Note 3: Significant Accounting Policies (Cont.)

Share-based payment transactions

The grant-date fair value of share-based payment awards is recognised as an expense, with a corresponding increase in equity, over the period that the recipient unconditionally become 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.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

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 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements and 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.

	Consolidated	
	2012 \$	2011 \$
Note 4: Other and Finance Income		
Other income	-	4,545
	-	4,545
Finance income		
Interest income	82,773	32,256
	82,773	32,256
Total other and finance income	82,773	36,801
Note 5: Loss for the Year		
Loss before income tax expense has been determined after:		
Depreciation of non-current assets		
• Plant and equipment	108	1,384
Foreign exchange loss	13,779	116,703
Remuneration of the auditors for		
• Audit and review of financial statements	58,250	54,035
• Other services	-	4,736
Total remuneration of the auditors	58,250	58,771

Notes to the Consolidated Financial Statements

Note 6: Financial Risk Management Objectives and Policies

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. The Group uses different methods to manage and minimise its exposure to risks. These include monitoring levels of interest rate fluctuations to maximise the return of bank balances and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board does the final approval and monitoring of any of these policies and agrees on the policies for managing each of the risks as summarised below.

The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board. The Board approved policies for managing each of the risks identified below, including the setting up of approval limits for purchases and monitoring projections of future cash flows.

Market risks

Interest Rate Risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents for the year ended 30 June 2012. The Group was also exposed to market interest rates on other financial assets in the prior year.

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

	Consolidated	
	2012	2011
	\$	\$
Financial assets		
Cash and cash equivalents	157,421	3,601,724

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.

Notes to the Consolidated Financial Statements

Note 6: Financial Risk Management Objectives and Policies (Cont.)

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

At 30 June 2012, 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 2012 \$	Post tax loss (Higher)/Lower 2011 \$	Total equity (Higher)/Lower 2012 \$	Total equity (Higher)/Lower 2011 \$
+ 1% higher interest rate	17,800	36,017	17,800	36,017
- 0.5% lower interest rate	(8,900)	(18,008)	(8,900)	(18,008)

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 negligible for the periods ended 30 June 2012 and 30 June 2011 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 is only exposed to currency risk 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 \$75,000 (2011 - USD \$75,000).

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

At 30 June 2012, 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 2012 \$	Post tax loss (Higher)/Lower 2011 \$	Total equity (Higher)/Lower 2012 \$	Total equity (Higher)/Lower 2011 \$
+ 10% higher AUD to USD exchange rate	6,711	6,435	6,711	6,435
- 5% lower AUD to USD exchange rate	(3,886)	(3,726)	(3,886)	(3,726)

Notes to the Consolidated Financial Statements

Note 6: Financial Risk Management Objectives and Policies (Cont.)

Liquidity risk

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. At balance date, the Group has available funds of \$157,421 for its immediate use. In addition, during September 2012 the Company received a further \$743,750 from a share placement and \$420,000 from Share Purchase Plan. 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 2012						
Trade and other payables	181,902	(181,902)	(181,902)	-	-	-
30 June 2011						
Trade and other payables	106,714	(106,714)	(106,714)	-	-	-

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

Credit risk

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	
	2012 \$	2011 \$
Cash and cash equivalents	157,421	3,601,724
Financial assets designated as available-for-sale	245,250	21,000
Other financial assets	128,827	142,605
	531,498	3,765,329

Other financial assets for both the year ended 30 June 2012 and 30 June 2011 represent environmental bonds and deposits paid.

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.

Notes to the Consolidated Financial Statements

Note 6: Financial Risk Management Objectives and Policies (Cont.)

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 - fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those instruments valued based on 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 - fair value measurements are those instruments valued based on 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 2012				
Available-for-sale financial assets	245,250	-	-	245,250
30 June 2011				
Available-for-sale financial assets	21,000	-	-	21,000

All available-for-sale financial assets relate to investments held in listed equity securities (designated as Level 1 financial assets).

There have been no transfers between the levels of valuation method for each classification of financial asset held during the year ended 30 June 2012 and 30 June 2011.

Notes to the Consolidated Financial Statements

	Consolidated	
	2012 \$	2011 \$
Note 7: Income Tax		
Current tax expense		
Current year	(458,679)	(2,281,341)
Tax losses not recognised	458,679	2,281,341
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	(9,853,449)	(2,141,427)
Prima facie income tax benefit at the Australian tax rate of 30%	(2,956,035)	(642,428)
Increase in income tax expense due to:		
Non-deductible expenses	2,573,257	37,610
Tax losses not recognised	458,679	2,281,341
Effect of net deferred tax assets not brought to account	(75,901)	(1,676,523)
Income tax expense	-	-
Deferred tax assets have not been recognised in respect of the following items:		
Taxable temporary differences (net)	(379,000)	(2,626,249)
Tax losses	2,044,970	4,197,915
Net	1,665,970	1,571,666
Note 8: Loss Per Share		
Basic and diluted loss per share have been calculated using:		
Loss for the year attributable to equity holders of the Company	(9,853,450)	(2,141,428)

	N° of shares	N° of shares
Weighted average number of ordinary shares		
• Issued ordinary shares at the beginning of the year	171,044,717	109,722,569
• Effect of shares issued on 17 August 2010	-	13,685,347
• Effect of shares issued on 24 November 2010	-	5,972,603
• Effect of shares issued on 14 June 2011	-	889,863
• Effect of shares issued on 4 July 2011	6,092,838	-
Weighted average number of shares at the end of the year	177,137,555	130,270,382

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

Notes to the Consolidated Financial Statements

	Consolidated	
	2012 \$	2011 \$
Note 9: Cash and Equivalents		
Cash at bank	157,421	3,601,724
Note 10: Trade and Other Receivables		
Current		
Net GST receivable	-	24,215
Note 11: Other Assets		
Current		
Prepayments	37,052	38,297
Note 12: Available For Sale Investments		
Investments - available-for-sale at fair value	245,250	21,000

The Company holds 150,000 shares in Meridien Resources Ltd. At 31 December 2011, the directors compared the carrying value of the investment to market value and recorded an impairment loss of \$8,250 as disclosed in the half year report. At 30 June 2012, the directors compared the carrying value of the investment to market value and recorded a gain in fair value of \$7,500 in equity (2011 loss - \$9,000 recorded in profit or loss). This was based on a closing share price of 13.5 cents at 30 June 2012 (2011 - 14 cents).

The Company holds 1,250,000 shares in Goodrich Resources Ltd. At 30 June 2012, the directors compared the carrying value of the investment to market value and recorded an impairment loss of \$25,000 in profit or loss. This based on a closing share price of 18 cents at 30 June 2012.

Note 13: Property, Plant and Equipment

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	13,129
Less accumulated depreciation	(13,237)	(13,129)
Total computer equipment	1,617	-
Total property plant and equipment	1,617	-

Notes to the Consolidated Financial Statements

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

	Consolidated	
	2012 \$	2011 \$

Note 14: Deferred Exploration and Evaluation Expenditure

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

New South Wales	3,193,290	3,739,651
Additions	2,497	100,286
Disposal of asset	(450,000)	(336,759)
Impairment loss	(383,387)	(309,888)
Net book value	2,362,400	3,193,290
Indonesia	7,699,300	1,721,658
Additions	3,605,771	5,977,642
Impairment loss	(7,966,479)	-
Net book value	3,338,592	7,699,300
	5,700,992	10,892,590

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 has been allocated to the Indonesian segment result in Note 23.

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 has been allocated to the NSW segment result in Note 23.

Notes to the Consolidated Financial Statements

	Consolidated	
	2012 \$	2011 \$
Note 15: Other Assets		
Non-current		
Environmental bonds	55,000	55,000
Deposits	73,827	87,605
	<u>128,827</u>	<u>142,605</u>
Note 16: Trade And Other Payables		
Current		
Unsecured liabilities		
Trade creditors	79,487	76,714
Sundry creditors and accruals	102,415	30,000
	<u>181,902</u>	<u>106,714</u>
Note 17: Issued Capital		
177,188,048 (2011 - 171,044,717) fully paid ordinary shares	<u>19,946,161</u>	<u>19,064,928</u>

Notes to the Consolidated Financial Statements

Note 17: Issued Capital (Cont.)

Ordinary shares	2012		2011	
	N° of shares	\$	N° of shares	\$
Balance at the beginning of the year	171,044,717	19,064,928	109,722,569	7,861,061
Shares issued during the period				
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)	-	-
Fully paid ordinary shares issued 17 August 2010 at 16.5 cents	-	-	15,757,576	2,600,000
Transaction costs	-	-	-	(146,500)
Fully paid ordinary shares issued 24 November 2010 at 23 cents	-	-	10,000,000	2,300,000
Fully paid ordinary shares issued 14 June 2011 at 20 cents	-	-	20,300,000	4,060,000
Transaction costs	-	-	-	(203,000)
Fully paid ordinary shares issued 30 June 2011 at 20 cents	-	-	3,556,669	711,334
Transaction costs	-	-	-	(49,771)
Conversion of loan to ordinary shares at 16.5 cents	-	-	11,707,903	1,931,804
Balance at the end of the year	177,188,048	19,946,161	171,044,717	19,064,928

Options	2012		2011	
	N° of options	\$	N° of options	\$
Balance at the beginning of the year	7,000,000	1,169,478	1,540,000	142,111
Options issued during the period - vested	-	-	5,000,000	1,007,613
Options issued during the period - vested	-	90,822	1,000,000	116,365
Expiry of options 27 October 2010	-	-	(540,000)	(96,611)
Options issued during the period - vested	2,000,000	286,000	-	-
Options issued during the period - vested ¹	1,000,000	63,435	-	-
Balance at the end of the year	10,000,000	1,609,735	7,000,000	1,169,478
Options issued during the period - not fully vested ¹	1,000,000	38,565	1,000,000	90,822

¹ The 1,000,000 options issued during the year ended 30 June 2012 have not fully vested but the Company has recognised the benefit earned by the executive from the grant date to 30 June 2012.

Notes to the Consolidated Financial Statements

Note 17: Issued Capital (Cont.)

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.

Terms and conditions - Options

The following options were on issue at 30 June 2012, each exercisable to acquire one ordinary share:

Grant date	Expiry date	Exercise price \$	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Cancelled during the year Number	Balance at end of the year Number	Exercisable at the end of the year Number
18 March 2008	22 October 2012	\$0.120	500,000	-	-	-	500,000	500,000
30 November 2009	14 December 2012	\$0.100	500,000	-	-	-	500,000	500,000
24 November 2010	30 April 2013	\$0.280	5,000,000	-	-	-	5,000,000	5,000,000
24 November 2010	7 December 2013	\$0.390	1,000,000	-	-	-	1,000,000	1,000,000
4 July 2011	31 May 2014	\$0.200	-	2,000,000	-	-	2,000,000	2,000,000
16 November 2011	16 November 2014	\$0.265	-	1,000,000	-	-	1,000,000	-
			7,000,000	3,000,000	-	-	10,000,000	9,000,000

The following options were on issue at 30 June 2011, each exercisable to acquire one ordinary share:

Grant date	Expiry date	Exercise price \$	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Cancelled during the year Number	Balance at end of the year Number	Exercisable at the end of the year Number
27 October 2007	27 October 2010	\$0.200	540,000	-	-	540,000	-	-
18 March 2008	22 October 2012	\$0.120	500,000	-	-	-	500,000	500,000
30 November 2009	14 December 2012	\$0.100	500,000	-	-	-	500,000	500,000
24 November 2010	30 April 2013	\$0.280	-	5,000,000	-	-	5,000,000	5,000,000
24 November 2010	7 December 2013	\$0.390	-	1,000,000	-	-	1,000,000	-
			1,540,000	6,000,000	-	540,000	7,000,000	6,000,000

Notes to the Consolidated Financial Statements

Note 17: Issued Capital (Cont.)

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, as described in Note 3 and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Option premium reserve

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

Note 18: Share Based Payments

During the year ended 30 June 2012, the Company issued 2,000,000 options as part consideration for brokerage fees. In addition, the Company issued 1,000,000 options to Grant L. Kensington under the Company's Executive Share Option Plan.

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.

Grant date	N° of options	Exercise price	Price volatility	Fair value	Risk free rate	Vesting date
18 March 2008	500,000	\$0.120	95%	\$0.044	7.50%	18 March 2009
30 November 2009	500,000	\$0.100	178%	\$0.080	4.00%	30 November 2010
24 November 2010	1,000,000	\$0.390	136%	\$0.207	5.17%	7 December 2011
24 November 2010	5,000,000	\$0.280	134%	\$0.202	5.09%	24 November 2010
4 July 2011*	2,000,000	\$0.200	91%	\$0.143	4.73%	4 July 2011
16 November 2011	1,000,000	\$0.265	93%	\$0.102	4.01%	15 November 2012

* 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.

Notes to the Consolidated Financial Statements

Note 18: Share Based Payments (Cont.)

Movement of options during the year

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
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:

- Weighted average life of the options 1.22 years.
- Underlying share price at 30 June 2012 3.8 cents.
- Included under the share based payment expense in the income statement is \$154,257 (2011 - \$116,365) which relates entirely to equity-settled share-based payment transactions.

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 grantee 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%.

Notes to the Consolidated Financial Statements

Note 18: Share Based Payments (Cont.)

The fair value of the 5,000,000 options granted on 24 November 2010 was \$1,007,613. The Black-Scholes formula model inputs were the Company's share price of 28 cents at the grant date, a volatility factor of 134% based on historical performance, a risk-free interest rate of 5.09% based on the 2 year government bond rate and a dividend yield of 0%.

The fair value of the 1,000,000 options granted on 24 November 2010 was \$207,187. The Black-Scholes formula model inputs were the Company's share price of 28 cents at the grant date, a volatility factor of 136% based on historical performance, a risk-free interest rate of 5.17% based on the 3 year government bond rate and a dividend yield of 0%.

The fair value of the 500,000 options granted on 30 November 2009 was \$40,000. The Black-Scholes formula model inputs were the Company's share price of 7.5 cents at the grant date, a volatility factor of 346% based on historical performance, a risk-free interest rate of 4% based on the 3 year government bond rate and a dividend yield of 0%.

The fair value of the 500,000 options granted on 18 March 2008 was \$22,000. The Black-Scholes formula model inputs were the Company's share price of 7 cents at the grant date, a volatility factor of 95% based on historical performance, a risk-free interest rate of 7.5% based on the 3 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 2012 as part of share-based remuneration expenses was \$154,257 (2011 - \$116,365).

Note 19: 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.

Notes to the Consolidated Financial Statements

	Consolidated	
	2012 \$	2011 \$
Note 20: Cash Flow Information		
Reconciliation of cash		
Cash at bank	157,421	3,601,724
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(9,853,450)	(2,141,428)
Non-cash flows in loss from ordinary activities		
Depreciation	108	1,383
Share based payment expense	154,257	116,365
Impairments	8,383,116	318,888
Loss on disposal of asset	-	336,759
Foreign exchange loss	13,779	116,703
Changes in assets and liabilities		
Trade and other receivables	24,215	75,441
Prepayments	35,903	2,501
Trade and other payables	45,993	(433,550)
Net cash used in operating activities	(1,196,079)	(1,606,938)

Note 21: Related Party Transactions

During the year ended 30 June 2012, Norman A. Seckold and Peter J. Nightingale held an 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 \$300,000 (2011 - \$300,000). There were no amounts outstanding as at year end (2011 - \$nil).

Notes to the Consolidated Financial Statements

Note 22: Key Management Personnel Disclosures

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.

	Consolidated	
	2012 \$	2011 \$
Primary fees/salary	586,886	454,656
Superannuation	23,120	21,344
Share-based remuneration	154,257	116,365
	<u>764,263</u>	<u>592,365</u>

In addition, Norman A. Seckold and Peter J. Nightingale hold interests in Mining Services Trust - refer to Note 21.

Movement in shares

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

Key management personnel	Held at 1 July 2010	Purchased shares	Sales	Held at 30 June 2011
Norman A. Seckold	20,000,000	31,707,903	-	51,707,903
Grant L. Kensington	626,000	-	-	626,000
Peter J. Nightingale	6,000,000	6,000,000	-	12,000,000
Justin C. Werner ¹	240,000	4,328,334	-	4,568,334

¹ Appointed 23 December 2010.

Movement in options

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

Key management personnel	Held at 1 July 2010	Granted during period	Exercised	Held at 30 June 2011
Norman A. Seckold	-	-	-	-
Grant L. Kensington	1,000,000	1,000,000	-	2,000,000
Peter J. Nightingale	-	-	-	-
Justin C. Werner	-	5,000,000	-	5,000,000

Notes to the Consolidated Financial Statements

Note 23: Segment Information

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

Inter-segment pricing is determined on an arm's length basis.

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.

Geographical segments

For the year ended 30 June 2012, 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	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
External revenue	-	-	-	-	-	4,545	-	4,545
Interest income	-	-	-	-	82,773	32,256	82,773	32,256
Interest expense	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	(108)	(1,384)	(108)	(1,384)
Segment loss before income tax	(383,387)	(646,647)	(8,312,494)	(369,652)	(1,157,569)	(1,125,129)	(9,853,450)	(2,141,428)
Other material non-cash items								
Impairment of investments	-	-	-	-	(33,250)	(9,000)	(33,250)	(9,000)
Impairment of exploration and evaluation expenditure	(383,387)	(309,888)	(7,966,479)	-	-	-	(8,349,866)	(309,888)
Loss on sale of asset	-	(336,759)	-	-	-	-	-	(336,759)
Segment assets	2,417,400	3,193,290	3,447,077	7,822,896	406,682	3,704,245	6,271,159	14,720,431
Segment liabilities	-	-	44,887	4,952	137,015	101,762	181,902	106,714

Notes to the Consolidated Financial Statements

Note 23: Segment Information (Cont.)

	Consolidated	
	2012 \$	2011 \$
Reconciliation of reportable segment revenue, profit or loss, assets and non-current assets and other material items:		
Revenues		
Total revenue for reportable segments		
Other revenue	-	4,545
Consolidated revenue	-	4,545
Loss before tax		
Loss before tax for reportable segments	(8,695,881)	(1,016,299)
Other loss before tax	(1,157,569)	(1,125,129)
Consolidated loss before tax	(9,853,450)	(2,141,428)
Assets		
Total assets for reportable segments	5,864,477	11,016,186
Intercompany eliminations	(12,832,405)	(8,958,145)
Other assets	13,239,087	12,662,390
Consolidated assets	6,271,159	14,720,431
Liabilities		
Total liabilities for reportable segments	12,877,292	8,963,097
Intercompany eliminations	(12,832,405)	(8,958,145)
Other liabilities	137,015	101,762
Consolidated liabilities	181,902	106,714

Notes to the Consolidated Financial Statements

Note 23: Segment Information (Cont.)

	Reportable segment totals \$	Adjustments \$	Consolidated totals \$
Other material items 2012			
Interest revenue	-	82,773	82,773
Depreciation and amortisation	-	(108)	(108)
Impairment expense	(8,349,866)	(33,250)	(8,383,116)
Other material items 2011			
Interest revenue	-	32,256	32,256
Depreciation and amortisation	-	(1,384)	(1,384)
Loss on sale of asset	(336,759)	-	(336,759)
Impairment expense	(309,888)	(9,000)	(318,888)

	Consolidated	
	2012 \$	2011 \$

Note 24: Commitments and Contingencies

Annual tenement expenditure commitments required within 12 months to maintain licences

	-	320,000
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There are no contingent assets or liabilities as at the date of this financial report.

Notes to the Consolidated Financial Statements

Note 25: Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2012 the parent and ultimate controlling entity of the Group was Augur Resources Ltd.

	Company	
	2012 \$	2011 \$
Result of the parent entity		
Net loss	(14,390,361)	(10,729,921)
Other comprehensive income	-	-
Total comprehensive loss	(14,390,361)	(10,729,921)
Financial position of the parent entity at year end		
Current assets	159,815	3,628,245
Non-current assets	2,664,267	3,269,290
Total assets	2,824,082	6,897,535
Current liabilities	137,015	106,714
Non-current liabilities	-	-
Total liabilities	137,015	106,714
Net assets	2,687,067	6,790,821
Equity		
Share capital	19,946,161	19,064,928
Investment premium reserve	7,500	-
Option premium reserve	1,609,735	1,169,478
Accumulated losses	(18,875,801)	(13,443,585)
Total equity	2,687,595	6,790,821

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

Notes to the Consolidated Financial Statements

Note 26: Events Subsequent to Reporting Date

On 10 July 2012, the Group announced a maiden resource estimate for the Randu Kuning deposit, within the Wonogiri project.

On 13 September 2012, the Company completed a Share Purchase Plan, resulting in the issue of 10,500,000 fully paid ordinary shares at \$0.04, raising \$420,000 and a placement of 18,593,750 fully paid ordinary shares at \$0.04, raising \$743,750.

On 29 August 2012, the Company announced that it has met the required expenditure of US\$3.5 million to satisfy the expenditure requirements to earn 80% of the Wonogiri project.

No other matters or circumstances have arisen since the end of the financial year, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 27: Group Entities

Particulars in relation to controlled entities:

	Country of incorporation	Company interest in ordinary shares	
		2012 %	2011 %
<i>Parent entity</i>			
Augur Resources Ltd	Australia	-	-
<i>Controlled entities</i>			
Augur Investments Pty Limited	Australia	100	100
Wonogiri Pty Ltd	Australia	100	-
Solindo Pty Ltd	Australia	100	-

Note 28: 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 set out on pages 39 to 70, and the Remuneration Report in the Directors Report, 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 2012 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 2012.
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 26th day of September 2012 in accordance with a resolution of the Board of Directors.

Independent Auditor's Report

To the Members of Augur Resources Ltd



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 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, Notes 1 to 28 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*.

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.

Independent Auditor's Report

To the Members of Augur Resources Ltd



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 2012 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, "Going Concern", in the financial report. The conditions disclosed in Note 2, including the need to raise additional funding from shareholders or other parties and/or 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 2012. 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 2012 complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature of a KPMG representative in black ink.

KPMG
26 September 2012

A handwritten signature of Stephen Board in black ink.

Stephen Board
Partner

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 2012.

Distribution of Equity Securities

Ordinary Shares		
Range	Number of Holders	Number of Shares
1 - 1,000	31	4,276
1,001 - 5,000	69	234,538
5,001 - 10,000	139	1,293,342
10,001 - 100,000	265	12,137,634
100,001 - 9,999,999	147	163,518,258
Total	651	177,188,048

Since listing the Company has issued 177,188,048 fully paid ordinary shares.

The number of shareholders holding less than a marketable parcel is 247.

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:

N°	Ordinary Shares Shareholder	N° of Shares	Total%
1	Permgold Pty Ltd	51,707,903	29.18
2	Rosignol Pty Ltd <Nightingale Family A/C>	12,000,000	6.77
3	HSBC Custody Nominees (Australia) Limited	8,683,963	4.90
4	Company Fifty Pty Ltd <McDonald Super Fund A/C>	6,000,000	3.39
5	Ichiya Co Ltd	4,947,102	2.79
6	Cobungra Holdings Pty Ltd	4,750,000	2.68
7	Bellambi Enterprises Limited	3,333,334	1.88
8	R & C Australia Pty Ltd	3,050,000	1.72
9	HSBC Custody Nominees (Australia) Limited A/C 2	2,750,000	1.55
10	USB Wealth Management Australia Nominees Pty Ltd	2,590,000	1.46
11	1147 Pty Limited <TJ & CJ Mann Super A/C>	2,350,000	1.33
12	Robert Lord	2,300,000	1.30
13	John Wardman & Associates Pty Ltd <The Wardman Super Fund>	2,100,000	1.19
14	PT Bestindo Kwadratama	2,083,333	1.18
15	All States Secretariat Pty Ltd <Allstates Sec Ltd S/F A/C>	2,055,303	1.16
16	ACT2 Pty Ltd	2,000,000	1.13
17	CS Fourth Nominees Pty Ltd	1,871,229	1.06
18	Spinite Pty Ltd	1,700,000	0.96
19	Justin Werner	1,455,000	0.82
20	Krishvin Pty Ltd <Maisuria Family A/C>	1,329,589	0.75
Total		119,056,756	67.20

Additional ASX Information

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	N° of Shares Held	% to Issued Shares
1 Permgold Pty Ltd	51,707,903	29.18
2 Rosignol Pty Ltd <Nightingale Family A/C>	12,000,000	6.77

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

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71 Eagle Street

BRISBANE QLD 4000

Share Registrar

Computershare Investor Services Pty Limited

117 Victoria Street

WEST END QLD 4101

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Solicitors

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