

Managing Director's Address

Augur Resources has focussed primarily on the advanced projects at Yeoval and Collierina during the year. The objective for both projects has been to identify and determine JORC estimates of mineralisation. To achieve this outcome Augur Resources undertook intensive drilling programs at Yeoval, north of Orange, and Collierina, south of Nyngan, during the year. I would now like to summarise work undertaken and update shareholders on the progress of these projects.

Drilling at Yeoval Mine prospect during the year was successful in identifying two high grade copper-gold-silver mineralised zones. The results from this drilling program can be regarded as the best results achieved from any historical drilling program in the Yeoval area. Results have included 90m at 0.9% copper, 0.14 g/t gold, 0.02ppm molybdenum and 3.7 g/t silver in hole YA011 and 50m at 0.54% copper, 0.48 g/t gold 0.03% molybdenum and 4.3 g/t silver in YA008. Within these broader zones are a number of significant 1% plus copper intersections with associated gold, silver and in a number of cases molybdenum.

A total of 4234m was drilled at Yeoval during the year.

In addition, Augur reported the intersection of copper and gold mineralisation 280m southeast of previous drilling in holes YA017 and YA019. This mineralisation is significant because it shows that mineralisation exists under an area of cover. This may have a positive impact on future resource estimates. As a consequence Augur will undertake further exploration in this area during 2008/09 to identify the extent of the mineralisation.

The JORC resource estimate for the mineralisation at Yeoval Mine prospect continues to progress well. We expect the resource estimate to be completed during the first quarter of 2009. Re-sampling of the eastern holes drilled in the early 1970's by North Broken Hill / Hastings has been completed and this program has confirmed the copper results as reported at that time. One significant upside of the re-sampling program has been the gold results. Contained gold is significantly higher than that previously reported for holes in the eastern zone. This appears to be due to two factors: the selective sampling used by previous explorers and the sensitivity of the laboratory analysis used in the 1970's.

Other prospects within the Yeoval tenement have been advanced, including the Goodrich area where Augur Resources purchased the Goodrich Mine lease during the year. A detailed review of the area has commenced. This has included an initial modelling of mineralisation at Goodrich itself and the identification of two probable intrusive related bodies south of Goodrich with anomalous copper in soils and anomalous copper, gold and silver in rock chips.

With regards to the Collierina project, we announced the maiden resource for the Homeville nickel-cobalt deposit during the year. The initial resource estimate is 12.2Mt at 0.91% nickel and 0.06% cobalt. There is a very strong indication that the size of the resource could be significantly increased with less than 30% of the associated magnetic anomaly included in the resource.

As a precaution for the possibility of mineralisation occurring further eastward beyond the Collierina tenement, Augur Resources applied for, and was awarded, a small tenement to cover this possibility.

While the nickel price has retreated from the very high prices seen during 2006 and 2007, we expect long-term demand for nickel will improve once the current instability in the global financial markets improves.

It should be noted that the Collierina tenement is still highly prospective for both copper and gold and we will focus on these commodities within the tenement over the next year.

Gold exploration is now the focus of exploration at Wallaby Rocks after the exploration team, including Jacob Rebek, Rob McLennan and Tully Richards, reviewed the potential of the area. Widespread silica alteration with some gold anomalism in rock chips and an area of epithermal alteration has been identified during the year at Wallaby Rocks.

At Tullamore, a review of previous exploration, geological mapping and rock chipping has identified two gold anomalous areas that require further exploration.

At Weelah, drilling has highlighted intrusive rocks, similar to those found near the Cowal gold deposit. An induced polarisation survey is planned to further define drill targets.

Augur Resources will focus on developing the Yeoval and Collierina projects along with gold projects at Tullamore, Wallaby Rocks and Weelah.

Our exploration strategy remains focussed on our key projects and we will continue to prioritise targets within these project areas to maximise our success. Over the next twelve months our broad exploration strategy is to:

1. define two or three economic porphyry copper-gold resources within the immediate Yeoval area which could potentially be processed at a single processing plant;
2. Further define the Homeville nickel-cobalt resource at Collierina;
3. Advance the gold prospects at Tullamore, Wallaby Rocks and Weelah.

Augur Resources continues to focus on expenditure. Exploration and administration of all tenements has been brought in-house. This is proving to be cost effective. One of the benefits of the global financial instability is that it may reduce some of the cost pressures that we have experienced over the last year, in particular fuel related costs.

Future funding requirements are being reviewed and measures to meet our requirements will be addressed. Depending on the state of the international financial crisis, Augur will look at raising capital in the first half of 2009 to allow for the further advancement of the Yeoval porphyry deposits, the Homeville deposits and several of our other promising targets. The capital raising may occur as a rights issue, a placement or a combination. Despite the international financial crisis, we consider that support for our two quality advanced projects will remain.

I would like to take this time to thank all our shareholders for their ongoing support. I would also like to thank the technical staffs who has contributed significantly to the performance of the company over the year including Mr Jacob Rebek, Mr Tully Richards, Rob McLennan and Malcolm Drummond.

Lastly but not least I would like to thank the Board for their strong direction and guidance during the year.

Grant Kensington
Managing Directors

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