



Important Notice

This Prospectus is dated 23 November 2007 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (Expiry Date). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their

professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Website - Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.augustusminerals.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the

complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.



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Corporate Directory



1. CORPORATE DIRECTORY

Directors

Garry Ralston

Non-Executive Chairman

Mathew Walker

Executive Director

John Wild

Non-Executive Director

Company Secretary

David Parker

Independent Geologist

Malcolm Castle

Consulting Geologist

Agricola Mining Consultants Pty Ltd

P.O. Box 473

SOUTH PERTH WA 6951

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

ASX Code: AUJ

Registered Office

Level 17, Exchange Plaza

2 The Esplanade

PERTH WA 6000

Telephone: (08) 9223 9891

Facsimile: (08) 9221 5107

Email: admin@augustusminerals.com.au

Website: www.augustusminerals.com.au

Solicitors

Steinepreis Paganin

Lawyers and Consultants

Level 4, Next Building

16 Milligan Street

Perth WA 6000

Investigating Accountant

HLB Mann Judd

15 Rheola Street

WEST PERTH WA 6005

Manager to the Offer

Delta Securities

Level 17, Exchange Plaza

2 The Esplanade

PERTH WA 6000



Chairman's Letter



2. CHAIRMAN'S LETTER

23 November 2007

Dear Investor

On behalf of the Directors of Augustus Minerals Limited (**Augustus** or the **Company**), I am delighted to invite you to subscribe for 5,000,000 Shares at an issue price of \$0.50 each to raise \$2,500,000.

This Offer presents investors with the opportunity to share in the future of the Company. Before making any decision on this investment, I recommend that you read this Prospectus carefully.

This Prospectus contains detailed information about the Company and the risks associated with investing in a speculative resource exploration company.

The Company has purchased a 19% interest in Dostyk LLP, which consists of gold and polymetallic deposits in the Maikubensk area of Pavlodar oblast of the Republic of Kazakhstan (**Dostyk Project**).

The Dostyk Project comprises six priority targets with known mineralisation. These six priority targets include the Berezkey and Quartzite Gorka Prospects, Beskayga Gold Prospect, Ushagan Prospect and the Anninskoye and Nickolovskoyr Prospects. The Dostyk Project requires further exploration as discussed in the Independent Geologist's Report in Section 7 of this Prospectus. The proposed exploration activities include additional drilling to further define mineralisation in year one of the exploration program and, depending on the results of such exploration, it is intended that more detailed drill programs will be undertaken on these prospects in year two of the exploration program.

The Company also owns the Mt Palmer Tenements, located approximately 36 kilometres east of Southern Cross and which straddle the old Mt Palmer gold mine (**Mt Palmer Project**). The tenements are located in the Yellowdine Greenstone belt which forms part of the Parker Range terrain.

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 10 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

Should you have any questions, please contact us on (08) 9223 9891.

On behalf of the Directors, I commend this investment opportunity to you and look forward to welcoming you as a Shareholder.

Garry Ralston

Chairman



Investment Overview



3.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Indicative Timetable

Lodgement of Prospectus with ASIC	23 November 2007
Opening Date	30 November 2007
Closing Date	5.00 pm WST on 28 December 2007
Despatch of Holding Statements	11 January 2007
Expected date for listing on ASX	16 January 2007

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

3.3 Objectives

The Company aims to define further mineralisation on the Mt Palmer Tenements and the Dostyk Project and review potential new mineral based projects.

In the short to medium term, the Company intends to undertake the following steps to achieve this objective:

- fund the Company's 19% interest in the ongoing exploration activities being conducted on the Dostyk Project by the Dostyk Partnership Entity's project team managed by Cigma;
- implement a detailed work program on the granted Mt Palmer tenement;
- review exploration data obtained from previous holders of the Tenements; and
- consider and evaluate potential new projects both locally and internationally.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

3.4 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares pursuant to this Prospectus involves a number of risks. These risks are set out in Section 10 of this Prospectus. Some of the key risks include:

• Law on Subsurface Use

Pursuant to the terms and conditions of the Contract, the Dostyk Partnership Entity was obliged to return 50% of the contract area in 2006. As at the date of this Prospectus, the Dostyk Partnership Entity has failed to return 50% of the Contract Area in accordance with the

Contract. The Dostyk Partnership Entity is able to return this area without affecting its proposed drilling program.

In 2006, the Dostyk Partnership Entity also failed to meet its minimum expenditure requirements in respect of the Dostyk Project. This breach of the Dostyk Partnership Entity's obligation under the Contract may be considered an essential violation of the Contract, in which case MEMR is entitled to unilaterally terminate the Contract. During its discussions with the MEMR, the Company has not been advised that the MEMR intends to terminate the Contract.

Both the non-return of 50% of the Contract Area or the failure of the Dostyk Partnership Entity to meet its minimum expenditure requirements for 2006 in accordance with the Contract may be considered as illegal use of the subsurface with legal consequences, including penalties for the Dostyk Partnership Entity or any one of its officials. The conduct of the MEMR indicates that they do not intend to terminate the Contract.

• Expiry of Exploration Period

The exploration period under the Contract expires on 31 December 2007. This exploration period has been extended on 2 previous occasions. The MEMR has the power to grant an extension of the exploration period and the Dostyk Partnership Entity is currently in the process of seeking such an extension. There can be no guarantee that the MEMR will grant an extension to the Dostyk Partnership Entity. The Company has no reason to believe that the extension will not be granted.

• Assignment of Interest in Dostyk Partnership Entity

The transfer of a 19% participatory interest in the Dostyk Partnership Entity from Cigma pursuant to the terms of the Binding Terms Sheet is subject to the receipt of all necessary regulatory approvals in Kazakhstan. There is a risk that it may take a considerable amount of time to obtain such approvals or that such approvals are not given by the relevant government agencies or officials.

The Binding Terms Sheet contains an acknowledgement from Cigma that until such time as the Company is registered as the legal owner of a 19% participatory interest in the Dostyk Partnership Entity, Cigma will hold such interest on trust for the Company. The Company is using its best endeavours to obtain the transfer as soon as possible.

Investors are urged to consider the risks set out in Section 10 of this Prospectus carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company. The risk factors set out in Section 10 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.



3.5 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to provide the Company with additional funding for a detailed work program on the Tenements and position the Company to seek to achieve the objectives set out in Section 3.3 above.

If the minimum subscription of \$2,500,000 is raised from the Offer, these funds, together with the Company's existing cash reserves of approximately \$5,000,000 are intended to be applied as follows:

	Year 1 (\$)	Year 2 (\$)	Total (\$)
Evaluation and exploration – Dostyk Project	2,025,000	2,675,000	4,700,000
Evaluation and exploration – Mt Palmer Project	675,000	975,000	1,650,000
Expenses of Offer	320,000	-	320,000
Administration Costs	275,000	275,000	550,000
Project Generation	50,000	50,000	100,000
Unallocated working capital	105,000	75,000	180,000
Total	3,450,000	4,050,000	7,500,000

3.6 Effect of the Offer

The principal effect of the Offer if fully subscribed will be to:

- increase cash reserves by approximately \$2,115,000 after deducting estimated expenses of the Offer; and
- increase the number of Shares on issue from 39,000,001 as at the date of this Prospectus to 44,000,001 Shares.

3.7 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on issue at date of Prospectus ¹	39,000,001
Shares now offered ²	5,000,000
Total Shares on issue at completion of the Offer	44,000,001
Options	Number
Options on issue at date of Prospectus ³	6,000,000
Options to be issued to CRC upon successful listing of the Company on ASX ⁴	4,000,000
Total Options on issue at completion of the Offer	10,000,000

Notes:

¹ Refer to Investigating Accountant's Report in Section 8 of this Prospectus for further information.

² The rights attaching to the Shares are summarised in Section 11.1 of this Prospectus.

³ The terms and conditions of the Options are summarised in Section 11.2 of this Prospectus.

⁴ The options to be issued to CRC will be exercisable at \$0.25 each on or before 30 July 2010. Please refer to the summary of the terms and conditions of the letter agreement between the Company and CRC in Section 11.3(c) of this Prospectus.

3.8 Restricted Securities

Subject to the Company being admitted to the Official List, certain of the Shares on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow.



Details of the Offer



4. DETAILS OF THE OFFER

4.1 The Offer

Pursuant to the Offer, the Company invites applications for 5,000,000 Shares at an issue price of \$0.50 each to raise \$2,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

4.2 Applications

Applications for Shares under the Offer must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.50 per Share. Applications for Shares must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares. Completed Application Forms and accompanying cheques must be mailed to:

Security Transfer Registrars Pty Ltd

PO Box 535
APPLECROSS WA 6953

or delivered to:

Security Transfer Registrars Pty Ltd

770 Canning Highway
APPLECROSS WA 6153

Cheques should be made payable to "Augustus Minerals Limited – Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

4.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

4.4 Allotment

Subject to ASX granting approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is

less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

4.5 Minimum Subscription

The minimum subscription to be raised pursuant to the Offer is \$2,500,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

4.6 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

4.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.



Details of the Offer



4.8 Not Underwritten

The Offer is not underwritten.

4.9 Manager to The Offer

The Company has appointed ACNS Capital Markets Pty Ltd t/a Delta Securities (**Delta Securities**) as Manager to the Offer. Pursuant to the agreement between the Company and Delta Securities, the Company will pay to Delta Securities a fee of \$50,000 plus GST for its services as Manager to the Offer. For a summary of the agreement, please refer to Section 11.3(f) of this Prospectus.

4.10 Commissions Payable

The Company reserves the right to pay a commission of up to 5% (inclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

4.11 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, holders of Shares will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

4.12 Privacy Statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.13 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser.



Company and Project Overview



5. COMPANY AND PROJECT OVERVIEW

5.1 Background

Augustus Minerals Ltd was incorporated on 29 November 2006 by the three founding Directors. The Company was set up for the primary purpose of acquiring and investing in resource based projects in Australia and overseas. Since incorporation, the Company has acquired a 100% interest in the Mt Palmer Project in Western Australia and a 19% interest in the Dostyk Project in the north-eastern area of Kazakhstan.

The Company intends to use the funds raised from the Offer to:

- fund the Company's 19% interest in the ongoing exploration activities being conducted on the Dostyk Project by the Dostyk Partnership Entity's project team managed by Cigma;
- implement a detailed work program on the granted Mt Palmer tenement;
- review exploration data obtained from previous holders of the Tenements; and
- consider and evaluate potential new projects both locally and internationally.

5.2 Details of the Mt Palmer Project

The Company acquired a 100% interest in the Mt Palmer Tenements in July 2007. Full details of the terms upon which the Company acquired the Mt Palmer Tenements are contained in the Solicitor's Report on Tenements in Section 9 of this Prospectus.

The Mt Palmer Tenements are located in the Yellowdine Greenstone belt which forms part of the Parker Range terrain. This area hosts major gold and base metal deposits at Southern Cross, Marvel Lock and Forrestania among many others.

Extensive gold anomalism in the Yellowdine region and particularly on the ground held by Augustus is associated with the banded iron/chert wherever it has been sampled, both in outcrop and depth. This is particularly the case north and south of the Mt Palmer mine. At South Heaney's Find, which is extensively soil covered, soil geochemistry results for gold were subdued but scattered anomalous gold intersections were returned from RAB holes. The greenstone in this area appears to be interlayered with granite and the resulting destruction of magnetic signatures makes location of specific structural and banded iron targets difficult. However there does appear to be structural complexity in this area suggesting significant potential for gold mineralisation.

The western side of Lake Julia also appears to be shallowly underlain by greenstones which have not been explored. An indication of the potential is given by the gold anomalism located by Broken Hill Metals in lake sediments. Alluvial gold has also been located below Lake Julia.

5.3 Location and Tenure of the Mt Palmer Project

E77/987 and E77/1290 are centred about 8km south of Yellowdine on the Great Eastern Highway, 36km east of Southern Cross. The tenements cover a north-south strip of ground about 1.6km wide and 14km long and straddle the old Mt Palmer gold mine which is excised from the current ground.

Granted Exploration Licence E77/987 covers 5 sub blocks (15.85 km²) and the application for E77/1290 covers 3 sub blocks (9.51km²) bringing the total project area to 25.09km².

5.4 The Mt Palmer Project - The Company's Strategy

The Mt Palmer Project requires a comprehensive compilation of data to identify possible gaps in exploration and identify under-tested targets. It is the Company's intention that particular attention will be given to South Heaneys Find and the greenstones below the western side of Lake Julia. The interpretation of detailed, low level aeromagnetics and superimposition of gold anomalism should identify further targets for exploration.

5.5 Dostyk Partnership Entity

The Dostyk Partnership Entity was initially registered as a legal entity in the form of a limited liability partnership on 5 November 1998. The sole participant of the Dostyk Partnership Entity was Eureka Mining Public Limited Company (**Eureka**) until 29 May 2007, when the Dostyk Partnership Entity was re-registered due to acceptance of a new participant, Cigma Metals Corporation (**Cigma**).

The Dostyk Partnership Entity is registered with the Kazakhstan Justice Department as being involved in the following business activities:

- geological study and operations on determination of possibilities of commercial production and the processing of minerals;
- the production, processing, storage, transportation, export and sale of minerals, concentrates, gold and other valuable products on the world markets and for the world market prices;



Company and Project Overview



- the design, elaboration, construction, repair and exploitation of objects, which are necessary for carrying out the abovementioned activities;
- carrying out other types of activities connected with exploration and production of minerals, including the import and export of equipment, the supply of necessary plants, materials, transport facilities and other property; and
- other activities that are not prohibited by the legislation of Kazakhstan.

Pursuant to Article 71 of the Law of the Republic of Kazakhstan “On Subsurface and Subsurface Use” #2828 dated 27 January 1996 (**Law on Subsurface**), the state of Kazakhstan has a pre-emptive right to acquire an alienated participating interest in the Dostyk Partnership Entity. On 14 June 2007, the Dostyk Partnership Entity received the permission of Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (**MEMR**) to enable Cigma to hold a 90% Participating Interest in the Dostyk Partnership Entity. Such approval also confirmed that the MEMR had agreed to waive the acquisition of the alienated 90% participating interest in the authorised capital of the Dostyk Partnership Entity.

On 22 October 2007, the Company acquired a 19% interest in the Dostyk Partnership Entity. Full details of the terms upon which the Company acquired an interest in the Dostyk Partnership Entity are contained in Section 11.3(b) of this Prospectus. Once the Company has been registered as the legal owner of a 19% interest in the Dostyk Partnership Entity, the participatory interest of each of the participants will be as follows:

Cigma – 71%

Company – 19%

Eureka – 10%

Additional details on Cigma are set out in Section 6.3 of this Prospectus.

Foundation Agreement

In accordance with the legislation of Kazakhstan, Cigma and Eureka entered into a Foundation Agreement on 25 January 2007 (**Foundation Agreement**). As a new participant to the Dostyk Partnership Entity, the Company will also need to sign the Foundation Agreement in accordance with Kazakhstan law.

The Foundation Agreement contains the following material terms and conditions:

- (a) (**Amount of Authorised Capital**): the amount of authorised capital for the Dostyk Partnership Entity is KZT 38,466,000;
- (b) (**Participating Interest**): the participants may sell or otherwise dispose of its participating interest in the Dostyk Partnership Entity to other participants or third parties only with the prior consent of the other participant in the Dostyk Partnership and provided that such other participant has a pre-emptive right to purchase such participating interest in accordance with the legislation of Kazakhstan;
- (c) (**Charter of the Partnership**): the formation procedure and the authority of the Dostyk Partnership Entity's bodies are set out in the Charter of the Partnership (**Charter**). The Dostyk Partnership Entity must carry out the types of activities indicated in the Charter;
- (d) (**Order on Distribution of Net Income**): the distribution of net profit is carried out in accordance with the decision of the participants at a general meeting; and
- (e) (**Governing Law**): the Foundation Agreement is governed by the laws of Kazakhstan.

Subsurface Use Contract

On 11 October 2001, the MEMR and the Dostyk Partnership Entity signed a Contract for Conducting Exploration and Production of Identified Gold and Polymetallic Deposits in Maikubensk area of Pavlodar Oblast in the Republic of Kazakhstan (under the Licence series MG#785 dated 8 January 1996) (**Contract**).

Under the Contract, the Dostyk Partnership Entity has the following obligations:

- the Dostyk Partnership Entity must notify MEMR immediately in the case of any commercial discovery. In addition, the Dostyk Partnership is required to prepare a work program for the evaluation of the resource within 12 months of any such commercial discoveries;
- the Dostyk Partnership Entity must observe technological scheme and projects, securing safety of its personnel and population;
- the minimum volume of financing during the exploration period involves the expenditure of US\$0.1 million in 2001, US\$0.3 million in 2002, US\$0.7 million in 2003, US\$ 1.6 million in 2004, US\$800,000 in 2006 and US\$1.3 million in 2007; and
- the subsurface user is obliged to deduct annually the amount of \$1,000 to a liquidation fund during its first 5 years of exploration and production to a special deposit account in any bank on the territory of Kazakhstan.



Company and Project Overview



The use of this liquidation fund is carried out by the subsurface user under the permission of MEMR, and with the approval of the Committee of Geology.

Under Article 45-2 of the Law on Subsurface Use in the case of essential violation of commitments by the subsurface user, MEMR is entitled to unilaterally terminate the Contract. The non-execution of any commitments under the Contract may be considered to be an essential violation. Such violation of contractual commitments under the Contracts can lead to penalties for officials and the Dostyk Partnership Entity.

Licence

On 8 January 1996, a licence was granted to the Dostyk Partnership Entity for the right of subsurface use in Kazakhstan for a period of 25 years (**Licence**). This period included a 5 year exploration period and a 20 year production period. On 8 January 2001, the exploration period under the Licence expired. Since this time, the Dostyk Partnership Entity has applied, and been granted, a number of extensions for the exploration period. As at the date of this Prospectus, the exploration period is due to expire on 31 December 2007.

Pursuant to the Licence, the Dostyk Partnership Entity as the subsurface user has the following obligations:

- minimum expenditure commitments during the 5 year exploration period of US\$5 million with commitments of US\$1 million for each year;
- payments connected with the use of subsurface, land plots, conditions of return of land plots should be stated in the Contract with the authorised body; and
- the volume of investments to region infrastructure and social sphere should be stated in the Contract with the authorised body.

5.6 Details of the Dostyk Project

The Dostyk Partnership Entity holds the right of subsoil use for exploration and subsequent extraction of the identified gold and polymetallic deposits in the Maikubensk area of Pavlodar oblast in the Republic of Kazakhstan (**Dostyk Project**). The Dostyk Project covers 14,000 square kilometres and is located in the north-eastern area of Kazakhstan near to the borders of Russia, Mongolia and the People's Republic of China (**China**).

Infrastructure is complete with roads and railways crossing the region. The region has been mined for gold, copper, coal, iron ore and other minerals. Oil pipelines with boosters with power up to 1,150kw cross the project area. There are still significant operating mines within the project

area, though excluded from the license, and the geological trends run into the Dostyk Project area.

Approximately 30 deposits have been noted and previous drilling has intersected highly significant drill intersections of zinc, copper, gold and other elements.

5.7 Dostyk Project Areas

Berezkey Prospect and Quartzite Gorka

The Berezkey prospect is part of a large (6km x 2km) gold-copper-porphyry system consisting of three major prospects, Berezkey, Quartzite-Gorka, which in turn include a number of other mineralisation zones.

The Berezkey target is characterised by three mineralisation zones with a total length of over 4km and widths ranging from 1 to 2 km. The zones have been previously drill tested to depths over 350m and are still open at depth. Significant mineralisation was recorded by the earlier diamond drill holes.

Berezkey Central

In 1996, 11 core holes were drilled for a total of 2131 metres at Berezkey Central. Six of eleven drill holes intercepted porphyry Cu-Au mineralization, which is open in three directions.

Berezkey

The Berezkey and Quartzite Gorka targets potentially represent one large gold-copper porphyry system 7km by 1.5km. Within this system previous workers identified and partly explored six mineralised zones, each 400m to 1,000 long and 100 to 500m wide. As to date all zones are open in strike and depth direction.

Results for the first 3 drill holes at the Berezkey target may represent a large gold – copper – molybdenum mineralised porphyry system.

Quartzite Gorka

The Quartzite Gorka prospect is a North South striking copper - gold occurrence. Quartzite Gorka has approximately 2.5km of strike and is up to 100m wide, averaging approximately 50m. The mineralised body is structurally controlled by NNE trending faults, which cut the northerly trending zone of mineralisation. Three drill holes were completed on the prospect.

The Quartzite Gorka and the Berezkey Central targets are separated by approximately 4 Km. Based on the previous geological mapping, soil anomalism and drilling



Company and Project Overview



these targets may form part of the same intrusion and mineralising event.

Beskauga Gold Prospect

The Beskauga occurrence is located, 25km south-east of Kalkaman in the North east of the tenement area.

Mineralization of the Beskauga target is confined to steeply dipping zones of pyritic-sericitic-silicified upper ordovician granodiorite, consisting of pyrite, molybdenum, and chalcopyrite and has been traced by drilling to depths of over 200 metres.

Ushtagan Prospect

The Ushtagan prospect represents a quartz-sulphide occurrence and is located in a deeply eroded volcanic area consisting of volcano-plutonic formations of Early Devonian age. Rocks in the prospect are subject to variable hydrothermal alteration and brecciation with quartz-tourmaline and quartz-sericite (\pm kaolin, tourmaline) metasomatites. Mineralized zones represent pyritized metasomatites enclosing a linear stockwork in which quartz-tourmaline, quartz-sulphide and quartz-chalcedony veinlets are widespread. The amount of these veinlets varies from 1 to 7 and thickness is from thread-like to 3-5cm. The largest of them are elongated subconformably to the strike of the host structure.

Anninskoye and Nicklovskoye Prospects

The Anninskoye and Nickolvskoye Prospects occur in the Aleksandrovskaya group and geographically are situated on eastern flank of Souvenir-Aleksandrovskaya mineralization zone, 8km ENE from Aleksandrovskoye deposit.

The occurrences are massive pyrite zones with distinct zones of oxidation and secondary sulphide enrichment, which are accompanied with sericite-quartz and sericite-chlorite-quartz metasomatism of lower ordovician volcanites represented by almond-shaped basaltoid-spillites and quartz albitophyres (keratophyres), which are overlain to the east under Devonian volcanites. Analogous geological situation is registered 1.5km to the north, where lithological complexes, host for Nikolaevskoye deposit, are also covered in the east by Devonian volcanites. An intense IP anomaly (up to 9.8%), which may be caused by hidden pyrite ore layers, is located in the covered area. The Anninskoye occurrence is also distinguished by anomalous IP values (up to 6%) and indicate a northern dip of the zone.

5.8 The Dostyk Project - The Company's Strategy

The Dostyk Project comprises six priority targets with known mineralisation, namely the Berezkey and Quartzite Gorka Prospects, Beskayga Gold Prospect, Ushagan Prospect and the Anninskoye and Nickolvskoye Prospects. These prospects require further exploration as discussed in the Independent Geologist's Report in Section 7 of this Prospectus. The proposed exploration activities includes additional drilling to further define mineralisation in year one of the exploration program and, depending on the results of such exploration, it is intended that more detailed drill programs will be undertaken on these prospects in year two of the exploration program.

5.9 Details of Kazakhstan

Kazakhstan is a resource-rich country, rich in oil and natural gas, zinc, copper, bauxite, gold, silver, chrome, uranium and other metals. It is also a vast country, stretching from Russia and the Caucasus in Europe to China and Mongolia in Asia. Kazakhstan is also home to oil located in the Atyrau and Caspian Sea region.

Kazakhstan's metallurgical sector is a major producer of a large number of metals from domestic and imported raw materials. Its metal mining sector produces bauxite, chromite, copper, iron, lead, and zinc ores, and its metallurgical sector produced such metals as beryllium, bismuth, cadmium, copper, ferroalloys, lead, magnesium, rhenium, steel, titanium, and zinc. The country has significant production of other nonferrous and industrial mineral products, such as arsenic, barite, gold, molybdenum, phosphate rock, and tungsten. The country is a large producer of mineral fuels, which included coal, natural gas, oil, and uranium.

The Dostyk region has been producing gold and base metals for many years. The project area is the host of more than 130 known mineral occurrences and deposits.

5.10 Why focus on gold and base metals, particularly copper and zinc?

The projects are prospective for gold and base metals, particularly copper and zinc mineralisation. While the Company does not limit its exploration activities to gold and base metals exploration, it believes these resources will be the focus of the Company's exploration on the tenements.



Company and Project Overview



The Company intends to focus on gold and base metals as:

- gold and base metals prices have increased over the last two years as a result of an increase in demand; and
- the Independent Geologist's Report set out in Section 7 of this Prospectus confirms the potential for gold and base metal mineralisation on the Company's projects, which will form the basis of the Company's exploration activities.

5.11 Project Generation

The Company will consider and evaluate potential resource based projects in Australia and overseas with a view to increasing the number of projects held by the Company. The Company has not yet determined any specific criteria for identification of these projects.



Board and Management



6. BOARD & MANAGEMENT

6.1 Directors and Company Secretary

Mr Garry Ralston

Non-Executive Chairman

Mr Garry Ralston will serve as non-executive Chairman of the Company and be based in Perth, Western Australia.

Mr Ralston has been directly involved in the banking and finance industry for over 35 years. Mr Ralston was a co-founder and, until recently, a director of Finance and Systems Technology (FAST) which is one of Australia's premier mortgage aggregators. Mr Ralston is also a director and co-founder of Select Mortgage Services.

Mr Ralston was, until recently, a director of the ASX listed company Tomahawk Energy Ltd (THK) and was the founding chairman of Enviromission Limited (formerly Prudential West Pty Ltd), a company listed on ASX.

Mr Mathew Walker

Executive Director

Mr Mathew Walker will serve as executive Director of the Company. Mr Walker is a director of boutique investment banking and corporate advisory firm ACNS Capital Markets Pty Ltd trading as Delta Securities and has extensive experience in the provision of corporate advice and public company management. Specialising in the mining sector, Mr Walker has served as executive chairman or executive managing director for public companies with mining interests in North America, Africa, Australia and Central Asia. Mr Walker currently serves as Managing Director of Windy Knob Resources Limited and as chairman of Trajan Minerals Limited. Mr Walker also holds a Bachelor of Business from the University of Technology, Sydney and is a member of the Australian Institute of Company Directors.

Mr Jonathon Wild

Non-Executive Director

Mr Jonathon Wild has been in marketing and advertising for the last 14 years across a range of categories. His last role was as the General Manager of Brand and Advertising across Telstra.

Mr. Wild has held a board position with the Australian Association of National Advertisers (AANA). The AANA represents the advertising community's rights to commercial freedom of speech.

Mr David Parker B.Comm SA Fin

Company Secretary

Mr David Parker has completed a Bachelor of Commerce at Curtin University, is a Senior Associate of the Financial Services Institute of Australasia and is currently completing a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

Mr David Parker worked as a business analyst in London between 1999 and 2000, then worked for a national broking firm between 2001 and 2004. Mr Parker joined Delta Securities in 2004, as a member of the corporate department and as an investment manager. Mr David Parker is the company secretary of ASX listed Windy Knob Resources Ltd, Sunset Energy Ltd and the company secretary and a non-executive director of Trajan Minerals Ltd.

6.2 Management and Consultants

The Company is aware of the need to have sufficient management to handle the exploration of the Mt Palmer Project and Dostyk Project. As the Company's projects require more specific expertise, the Board will continually monitor the management roles in the Company and look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

6.3 Cigma Metals Corporation – Majority Interest Holder in the Dostyk Project

Cigma Metals Corporation is the majority interest holder in the Dostyk Project. Cigma has relevant experience in Kazakhstan and has managed the exploration activities on the Dostyk Project during 2007. Cigma has engaged competent persons with experience both in Kazakhstan and in similar geological deposits.

Cigma is a mineral exploration company focusing on the exploration and development of its 3 exploration properties totalling 740 square kilometres in the Tomsk Oblast region of Siberia in Russia, and approximately 14,000 square kilometres in the Dostyk region of Kazakhstan. All the exploration properties were selected based on their proximity to well-developed infrastructure, known mineral occurrences and historical records of gold and base metals production. Cigma's stock trades under the code "CGMX.PK" on the NASD OTC Pink Sheets in the United States of America, and under the code "C9KA.F" on the Frankfurt Stock Exchange.



Board and Management



Cigma has entered into a memorandum of understanding with its current joint venture partner Geosphera in Tomsk, Russia, over the 600 square kilometre Tashminsky gold and polymetallic project. The Tashminsky project area is located approximately 75km from the large regional centre of Tomsk. Previous work on the Tashminsky license has resulted in the discovery of 5 mineralised zones, including the Turuntaevo zinc deposit. The Turuntaevo zinc deposit will be the focus of exploration for the Tashminsky project area. Cigma is awaiting a license transfer to continue these negotiations.

Cigma is currently exploring for gold in Russia and has an 80% interest in the Tugojakovsk and Haldeiskaja exploration licenses totalling 740 square kilometres, situated close to the city of Tomsk in the Tomsk Oblast region of Siberia in Russian. The Haldeiskaja licence area shares its eastern boundary with the Tashminsky project area.

6.4 Corporate Governance

The Company's main corporate governance policies and practices are outlined below:

6.4.1 The Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

6.4.2 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

6.4.3 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

6.4.4 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is the subject of a Shareholder resolution in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$250,000 per annum.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

6.4.5 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.



Board and Management



6.4.6 Audit committee

The Company will not have a separate constituted audit committee.

6.4.7 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

6.4.8 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.



Independent Geologist's Report



Malcolm Castle

Consulting Geologist

Agricola Mining Consultants Pty Ltd

P.O. Box 473, South Perth, WA 6951

Phone: 08 9368 4923

Fax: 08 9368 4932

Mobile: 04 1234 7511

Email: mjcastle@optusnet.com.au

ABN: 84 274 218 871

19 November 2007
The Directors
Augustus Minerals Ltd
Level 17, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sirs,

**Re: INDEPENDENT GEOLOGIST'S REPORT ON THE DOSTYK PROJECT in KAZAKHSTAN
and the Mt PALMER PROJECT in WESTERN AUSTRALIA**

I have been commissioned by Augustus Minerals Ltd (ACN 122 911 399) ("Augustus") to provide an independent technical report on the company's projects in Kazakhstan and Western Australia. This report is to be included in a Prospectus to be lodged by Augustus with the Australian Securities and Investments Commission, offering for subscription a maximum of 5,000,000 Shares at an issue price of \$0.50 per Share (the "Prospectus"), to raise up to a maximum of \$2,500,000 (before costs associated with the issue) on or about 21 November 2007. The funds raised will be used for the purpose of exploration and evaluation of the mineral properties held by Augustus.

This is not an independent evaluation report, and as such, serves only to comment on the geological setting and proposed exploration programs on the properties, I have not been asked to comment on the potential economic value or financial considerations pertaining to the value of Shares or assets held by Augustus in relation to these properties.

Augustus is focusing on the Dostyk Project in Kazakhstan which is prospective for base metals and on the gold potential of the Mt Palmer tenements in Western Australia. The proposed exploration and development programs are consistent with good industry and technical practice for the evaluation of the mineral potential of the areas.

Details in respect to the legal status and tenure of the tenements comprising the Projects have not been considered in this report but are outlined elsewhere in the Prospectus.

DECLARATIONS

Relevant codes and guidelines

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the ASIC and ASX Limited ("ASX"), which pertain to Independent Expert Reports. Where mineral resources have been referred to in this Report, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004. The report complies with section 716(2) of the Corporations Act 2001 where consent is required if unpublished statements have been attributed to third parties.

Under the definition provided by the ASX and in the JORC Code, these properties are classified as 'exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Augustus.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to Augustus, along with a written request to identify any material errors or omissions prior to lodgement.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM, MSME

Malcolm Castle has over 40 years experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc (Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr Castle is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), Member of the Society for Metallurgy and Mining Engineering ("MSME") and has the appropriate relevant qualifications, experience, competence and independence to be considered as "Expert" and "Competent Person" the Australian Valmin and JORC Codes.

Independence

I am not, nor intend to be a director, officer or other direct employee of Augustus and have no material interest in the Projects or Augustus. The relationship with Augustus is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM, MSME

GCertAppFin (Sec Inst)



Independent Geologist's Report



Dostyk Project, Kazakhstan

The Dostyk mining area covers 14,000 km² in central Kazakhstan comprising five selected base metal drill targets. Historic drilling of 4,641m in 19 bore holes was completed prior to Celtic's acquisition of Eureka Mining Plc's acquisition.

The Dostyk mining area is in a well developed industrial region of Kazakhstan. Dostyk's properties comprise the Mykubinsk exploration and mining licence (MG 785) covering an area of 14,189 km² a period of 25 years with minimum expenditure commitment of US\$5 million.

The geology of the Dostyk properties comprises mainly volcanic and sedimentary rocks varying in age from Carboniferous to Ordovician. Both licence areas are traversed by the central Kazakhstan deep fault and

a number of complimentary fault systems. Granitoid intrusives are also seen in the area. There are numerous known occurrences of VMS, porphyry, epithermal/mesothermal gold and sedex style mineralisation located by soviet regional exploration activity.

Location And Tenure

The Dostyk project is located in the North Eastern area of Kazakhstan near to the Russian, Mongolian and Chinese border and covers 14,000 km². Infrastructure is complete with roads and railways crossing the region (Figure 1).

The Dostyk region has been producing gold and base metals for many years. The project area is the host of more than 130 known mineral occurrences and deposits (Figure 2).



Figure 1 -Kazakhstan with the Dostyk project area shown by red star

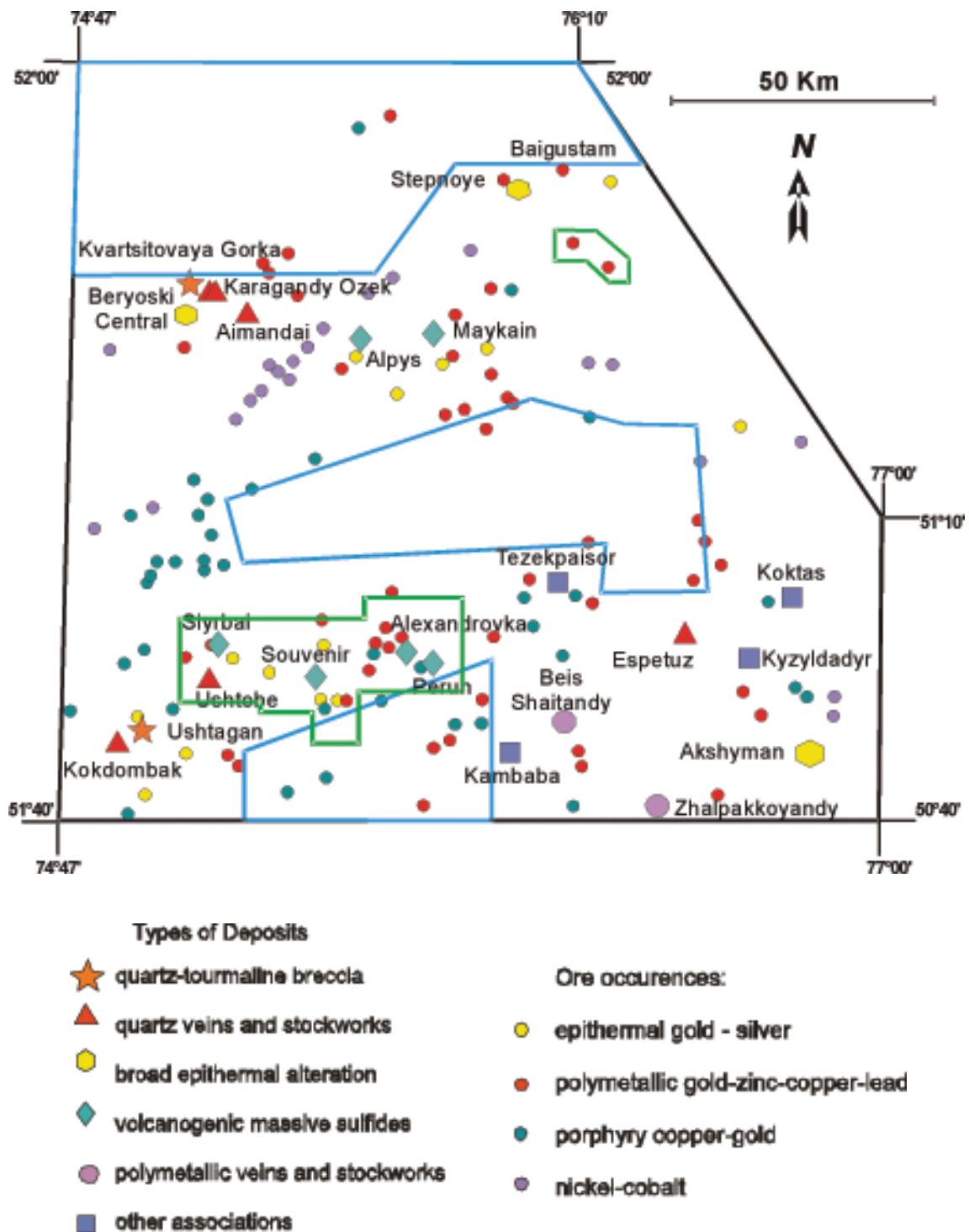


Figure 2 – Types of Deposits on Dostyk project

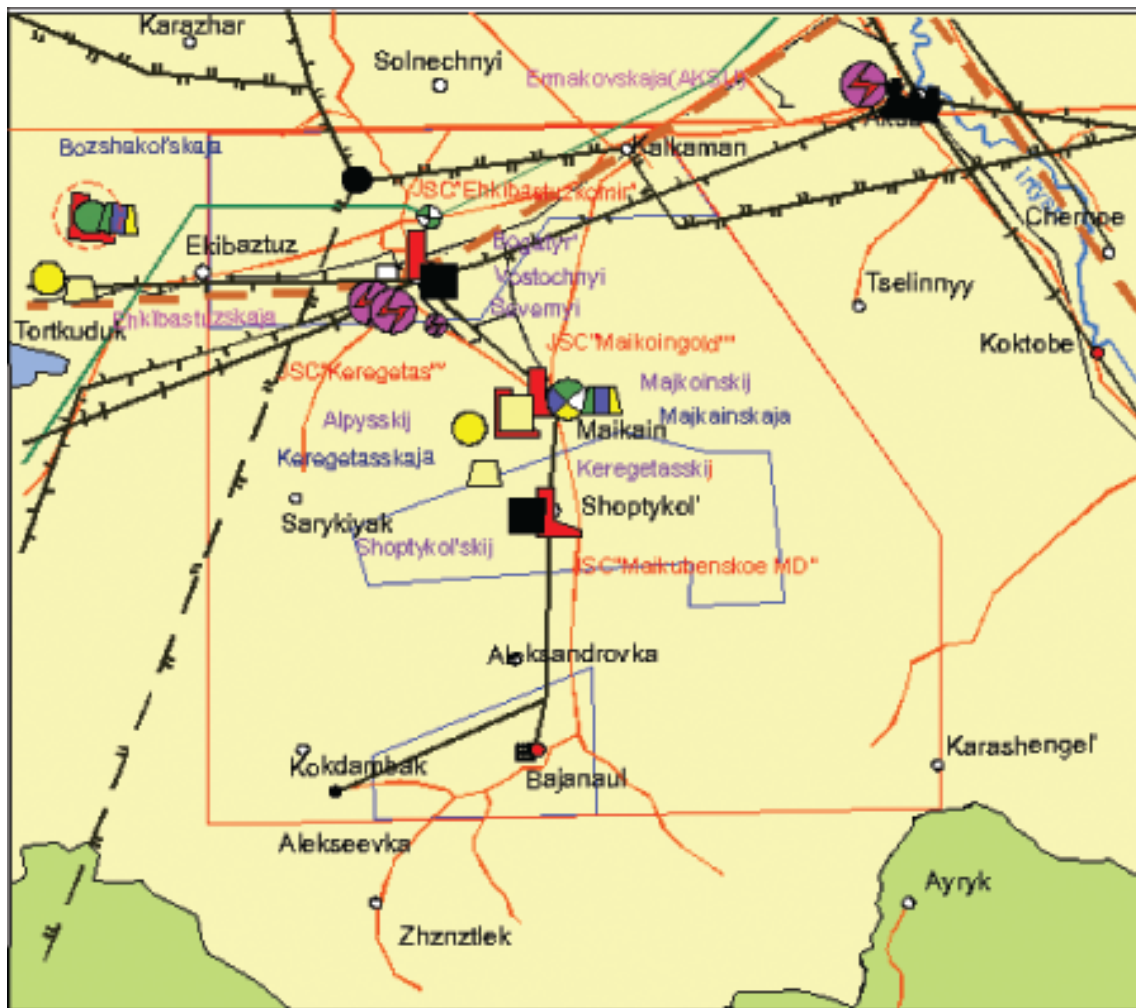


Figure 3 - Infrastructure showing roads, rail links and power lines over the project area.



Kazakhstan Background

Kazakhstan is a resource-rich country, rich in oil and natural gas, Zinc, Copper, Bauxite, Gold, Silver, Chrome, Uranium and other metals. It is also a vast country, stretching from Russia and the Caucasus in Europe to China and Mongolia in Asia. Kazakhstan is also home to the big oil of the 21st century located in the Atyrau and Caspian Sea region.

Kazakhstan is the second largest country in land area after Russia to form from the republics of the FSU. It ranks second only to Russia among the countries of the FSU in its quantity of mineral production and is endowed with large reserves of a wide range of metallic ores, industrial minerals, and fuels. Its metallurgical sector is a major producer of a large number of metals from domestic and imported raw materials. Its metal mining sector produced bauxite, chromite, copper, iron, lead, and zinc ores, and its metallurgical sector produced such metals as beryllium, bismuth, cadmium, copper, ferroalloys, lead, magnesium, rhenium, steel, titanium, and zinc. The country had significant production of other nonferrous and industrial mineral products, such as arsenic, barite, gold, molybdenum, phosphate rock, and tungsten. The country was a large producer of mineral fuels, which included coal, natural gas, oil, and uranium.

Geological Setting

The Dostyk region has been mined for gold, copper, coal, iron ore and base metals. Oil pipelines with boosters and power lines up to 1,150 kW cross the project area. Significant mines are in operation within the region outside the licence area and the geological trends are interpreted to run into the project area.

In the central part of Dostyk license a series of large strata bound lead-zinc (with associated gold, silver and copper) mineralized zones has been documented covering an area of 10,000 metres by 10,000 metres. The mineralisation is hosted by a Devonian limestone formation where Zinc mineralisation is controlled by jasperoid-like horizons. The open-ended length of each of the mineralised horizons on each area is approximately 700 metres to 1000 metres ranging from 15 to 30m wide. Based on limited drilling and series of trenches the reported weighted average grades are calculated to be 0.73% to 0.97% zinc, 0.4% to 0.67% lead, 0.2 to 0.8g/t gold, 1 to 73g/t silver and 0.05%-0.1% copper.

Approximately 130 deposits have been noted and previous drilling has intersected significant drill intersections of zinc, copper, gold and other elements. Based on a

literature search of the project area a total of six targets were selected for further exploration. These targets are Berezkey, Quartzite-Gorka, Ushtagan, Nickolaevskoye 2, Annino and Beskauga.

Berezkey Prospect

The Berezkey prospect is part of a large (6km x 2km) gold-copper-porphyry system consisting of three major prospects, Berezkey, Quartzite-Gorka, which in turn include a number of other mineralisation zones.

The Berezkey target is characterised by three mineralisation zones with a total length of over 4km and widths ranging from 1 to 2 km. The zones have been previously drill tested to depths over 350m and are still open at depth. Significant mineralisation was recorded by the earlier diamond drill holes.

At Berezkey Central, the altered Ordovician host rocks consist of diorites intruding andesitic lavas and tuffaceous sediments. These formations are interpreted as having been formed in an island arc environment similar to gold-rich porphyry deposits found in the circum-pacific area.

Berezkey Central

In 1996, 11 core holes were drilled for a total of 2131 metres at Berezkey Central. Six of eleven drill holes intercepted porphyry Cu-Au mineralization, which is open in three directions.

Drilling consisted of two fences of drill holes 400 meters apart. Five drill holes spaced approximately 100 meters apart were drilled along each fence. A single drill hole B5 located 125 meters north of the fence of drill holes intercepted 209 meters of porphyry Cu-Au mineralization, including 74 meters of 0.74% Cu, 0.5 g/t Au, and 0.06% Mo.

The Berezkey Central drilling target was based on a gold geochemical anomaly outlined by shallow drilling and a gradient I.P. anomaly. Cu-Au porphyry mineralization was discovered adjacent to the east flank of the I.P. anomaly. The center of the I.P. anomaly was responding to a zone of barren pyrite mineralization.

The area drilled is located at the south end of a 1.5 km by 7 km area of northeast trending propylitic, argillic and phyllic alteration. Geologic mapping and geochemical surveys (Au, Cu, Mo) by exploration teams in the 1960-70's showed that the geochemical anomalies are widespread over the entire area.



Independent Geologist's Report



	Location		From	To	Interval	Cu%	Au g/t	Mo%
B5	North	DH	12.8	221.8	209.0	0.37	0.28	0.03
includes			26.8	100.8	74.0	0.78	0.50	0.06
B1	North	Line	14.0	222.0	208.0	0.29	0.30	0.004
includes			23.0	89.2	66.2	0.46	0.53	0.004
B2	North	Line	16.1	135.2	119.1	0.18	0.15	0.009
B4	North	Line	14.0	185.0	171.0	0.10	0.08	0.003
B8	South	Line	9.2	205.5	191.3	0.13	0.13	0.008
B10	South	Line	152.5	203.0	50.5	0.16	0.03	0.01

Berezkey Central – Historical Drill Hole Assays

Scattered widely spaced drilling at several anomalies were also carried out. A drill hole testing a geochemical anomaly at Berezkey East about 1 km east of the 1996 drilling intercepted 50 meters of 1.2 g/t Au from 207 to 259 metres.

Berezkey

The Berezkey and Quartzite Gorka targets potentially represent one large gold-copper porphyry system 7km by 1.5km. Within this system previous workers identified and partly explored six mineralised zones, each 400m to 1,000 long and 100 to 500m wide. As to date all zones are open in strike and depth direction.

Results for the first 3 drill holes at the Berezkey target may represent a large gold – copper – molybdenum mineralised porphyry system.

Hole ID	North	East	RL	Depth m	Azi	dip	From	To	Intreval	Au g/t	Cu %	Hole ID
BZ 1	51°34, 242	75 °05, 356	240	300	291	70	0	300	300	0.3		
							220.1	300	79.9	0.41		
							220.1	290.5	70.4	0.37		
							290.5	300	9.5	0.69		
							116.1	236.2	120.1		0.2	
							236.2	300	63.8		0.1	
							47.6	55	7.4			0.02
							139	144.1	5.1			0.03
BZ 2	51°34, 210	75 °05, 452	240	232.6	291	70	1	119	118	0.3		
							119	139.7	20.7	Mod.Py		
							139.7	232.6	92.9	0.27		
						incl	218.6	232.6	14	0.4	0.1	
BZ 3	51°34, 285	75 °05, 376	241	421	291	70	0	421	421	0.23		
							390.5	416	25.5	0.44		
							398	416	18		0.18	

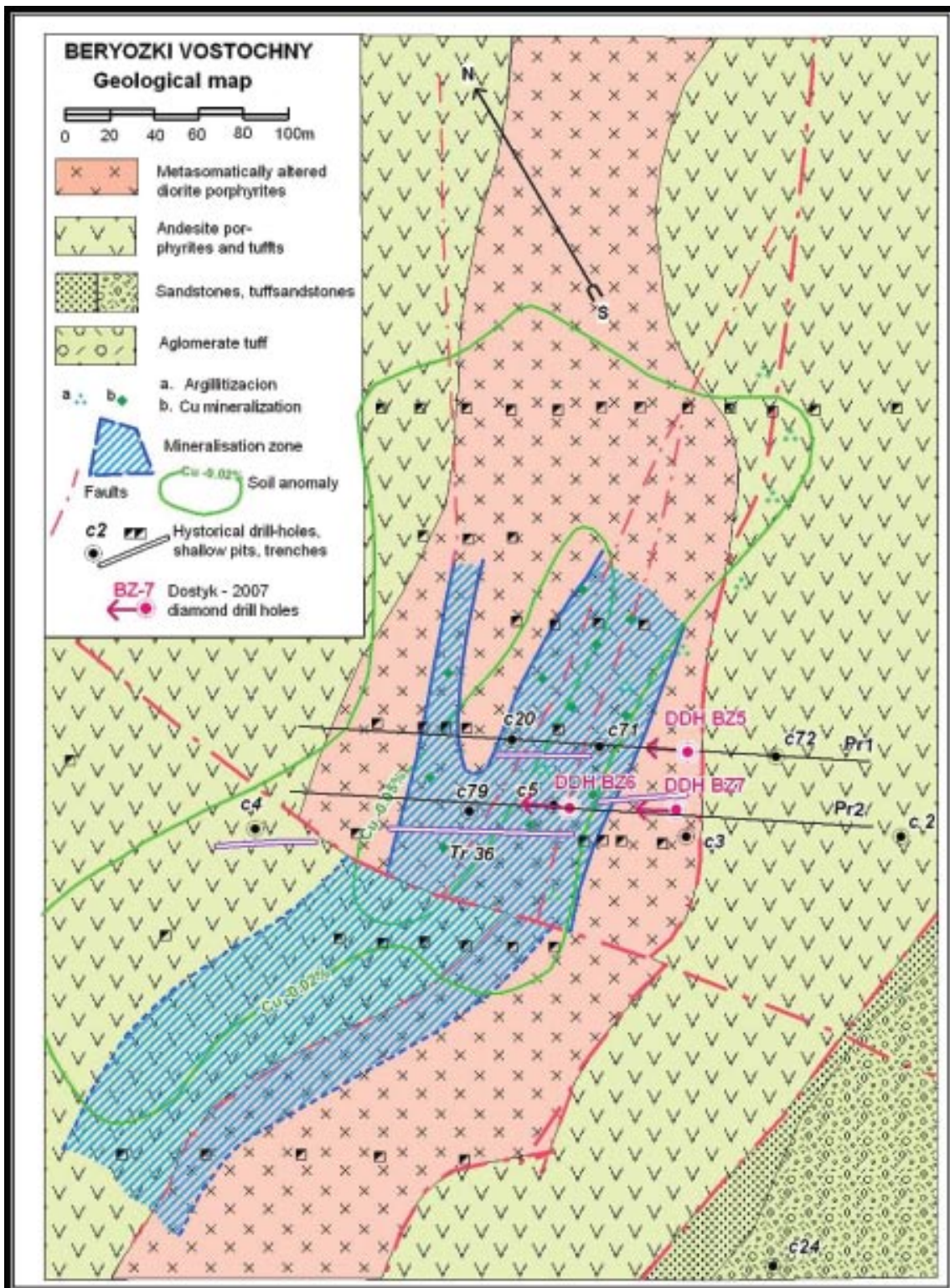


Figure 4 - Berezkey Drill Results.



Independent Geologist's Report



Quartzite Gorka

The Quartzite Gorka prospect is a North South striking copper - gold occurrence. Quartzite Gorka has approximately 2.5km of strike and is up to 100m wide, averaging approximately 50m. The mineralised body is structurally controlled by NNE trending faults, which cut the northerly trending zone of mineralisation. Three drill holes were completed on the prospect.

The Quartzite Gorka and the Berezkey Central targets are separated by approximately 4 Km. Based on the previous geological mapping, soil anomalism and drilling these targets may form part of the same intrusion and mineralising event.

Hole ID	North	East	RL	Depth m	Azi	dip	From	To	Intreval	Au g/t	Cu %
Q 1	51°36, 456	75 °07, 116	233	300	50	70	0	300	300	0.39	
							155.4	300	146.6	0.52	
							155.4	233.4	78	0.87	
							155.4	218	62.6	0.98	
							155.4	200.5	45.1		0.39
Q 2	51°36, 486	75°07, 061	233	300	50	70	0.7	300	299.3	0.27	
							187	228.6	41.6	0.65	
							30.3	109	78.7		0.23
Q 3	51°36, 438	75°07, 198	233	280.1	50	70	0	280.1	280.1	0.3	
							0	110.8	110.8	0.43	
							22	45	23	1.02	0.6

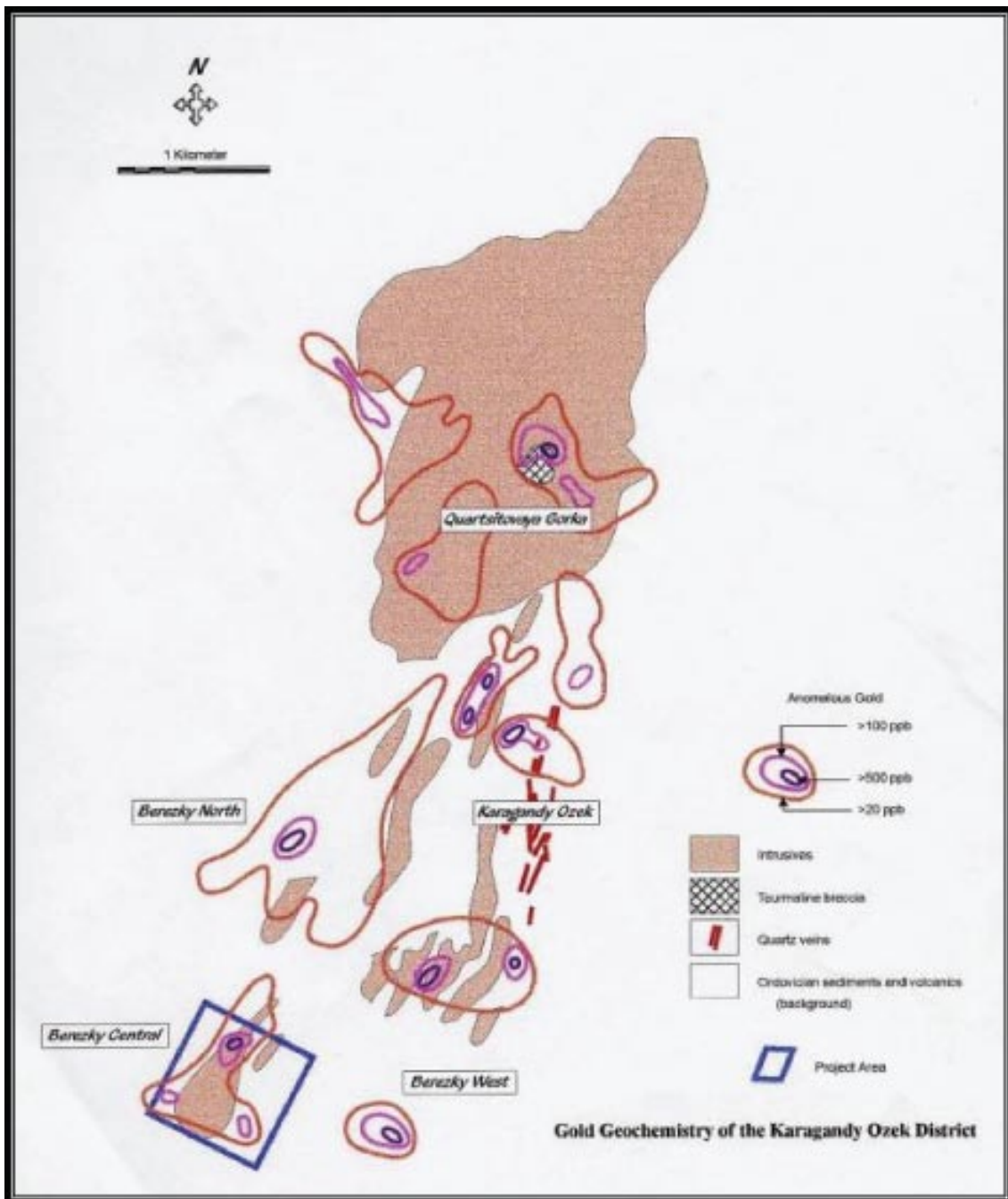


Figure 5: Gold Geochemistry of the Karagandy Ozek District



Independent Geologist's Report



Beskauga Gold Prospect

The Beskauga occurrence is located, 25km south-east of Kalkaman in the North east of the tenement area.

Mineralization of the Beskauga target is confined to steeply dipping zones of pyritic-sericitic-silicified Upper Ordovician granodiorite, consisting of pyrite, molybdenum, and chalcopryrite and has been traced by drilling to depths of over 200 meters.

Historical drilling of 20 holes for 3818 meters resulted in gold grades of 0.2 to 1.2 g/t with a single sample of 0.3 meters for 32.4 g/t.

Detail geological and geophysical surveys included lithochemical survey on a 100x50m grid, electrical survey by IP method, gravimetrical and magnetic survey were carried out up to the 1990s. Two geochemical halos of copper (up to 0.1%), molybdenum (up to 0.04%) and silver (up to 2.0g/t) and IP anomalies (southern and northern) where earlier reconnaissance drilling was carried out were outlined. Interpretation of geochemical data indicates the halos are elongated. However, the earlier reconnaissance drilling at the northern mineralised zone targeted a different orientation. As a result, the drill holes 6,7 and 8 were probably drilled along strike of mineralization zone at thickness from 8.6 up to 44.0m with assay values of gold from 0.3 up to 0.6g/t.

Proposed Work

Prospecting will be carried out on basis of available geological materials at a scale 1:1 000 and 1:10 000. The evaluation of the object is supposed by inclined diamond drilling at big thickness of overburden. The main task of works will be appraisal of litho geochemical anomaly and IP anomaly. The first drill hole (azimuth of drilling 100°, inclination angle 60°, depth 250m) is supposed to drill for appraisal of eastern flank of the complex halo. The second drill hole will be located 100m north from the drill hole No.8, azimuth of drilling 180°, inclination angle 60°, depth 250m. The third - 200-250m east from the first drill hole.

In total the following is provided on Beskauga prospect in 2006-07:

- Diamond drilling – 750m.
- Core sampling 750m x 70% = 530samples.
- Linear-point sampling of core 225:3=75samples.

Ushtagan Prospect

The Ushtagan prospect represents a quartz-sulphide occurrence and is located in a deeply eroded volcanic area consisting of volcano-plutonic formations of Early Devonian age. Rocks in the prospect are subject to variable hydrothermal alteration and brecciation with quartz-tourmaline and quartz-sericite (\pm kaolin, tourmaline) metasomatites. Mineralized zones represent pyritized metasomatites enclosing a linear stockwork in which quartz-tourmaline, quartz-sulphide and quartz-chalcedony veinlets are widespread. The amount of these veinlets varies from 1 to 7 and thickness is from thread-like to 3-5cm. The largest of them are elongated subconformably to the strike of the host structure.

The stages of mineral development is quartz-sericite (\pm kaolin) which developed prior to the mineralizing stage; quartz-tourmaline followed with pyrite development in the early mineralising stage; quartz-pyrite-polymetal veinlets and quartz-chalcedony veinlets represent the strongest mineralisation. Free gold is concentrated generally in quartz (57%), rarely in feldspars (13%) and sulphides (30%) with refractory mineralisation in pyrite (21-22%).

Mineralised boundaries are indistinct and can only be recognized from assay results. The mineralization zone has been traced along the strike and up to depth of 300m from surface.

Previous Exploration

Geological surveying and prospecting in the area have been carried out since 1950. Lithochemical surveys and electrical geophysical exploration with induced polarization and magnetic surveys were carried out with reconnaissance drilling. The latest work was carried out in 1987-90.

In 1996 remapping of the mineralized area at the Ushtagan prospect was completed and trenches were resampled to aid in the reappraisal of the occurrence. Relatively rich mineralised zones were located including trench No. 2 with weighted average grade of gold is 3.47g/t over a thickness of 8m; trench No. 3 with weighted average grade of 3.1g/t over a thickness of 13m; trench No. 35 with weighted average grade of 2.98 g/t over 10m width, and 2.11g/t over a thickness of 12m; trench No. 38 with weighted average grade of 1.84 g/t over a thickness of 17m; trench No. 43 with weighted average grade of 2.05 g/t over a thickness of 26m.



12 drill holes were completed in 1996 on 7 cross sections at 100m spacing in the central part and 150m in the flanks. Total drilling was 3020 metres. All the drill holes were oriented to the east (with the exception of drill hole U-4) and were drilled at 60° declination. The direction of drilling was chosen without taking into account results of previous works, therefore the boreholes were probably drilled down-dip of gold-bearing zones, though according to data of drill holes C1-C5, the dip is steeply eastern.

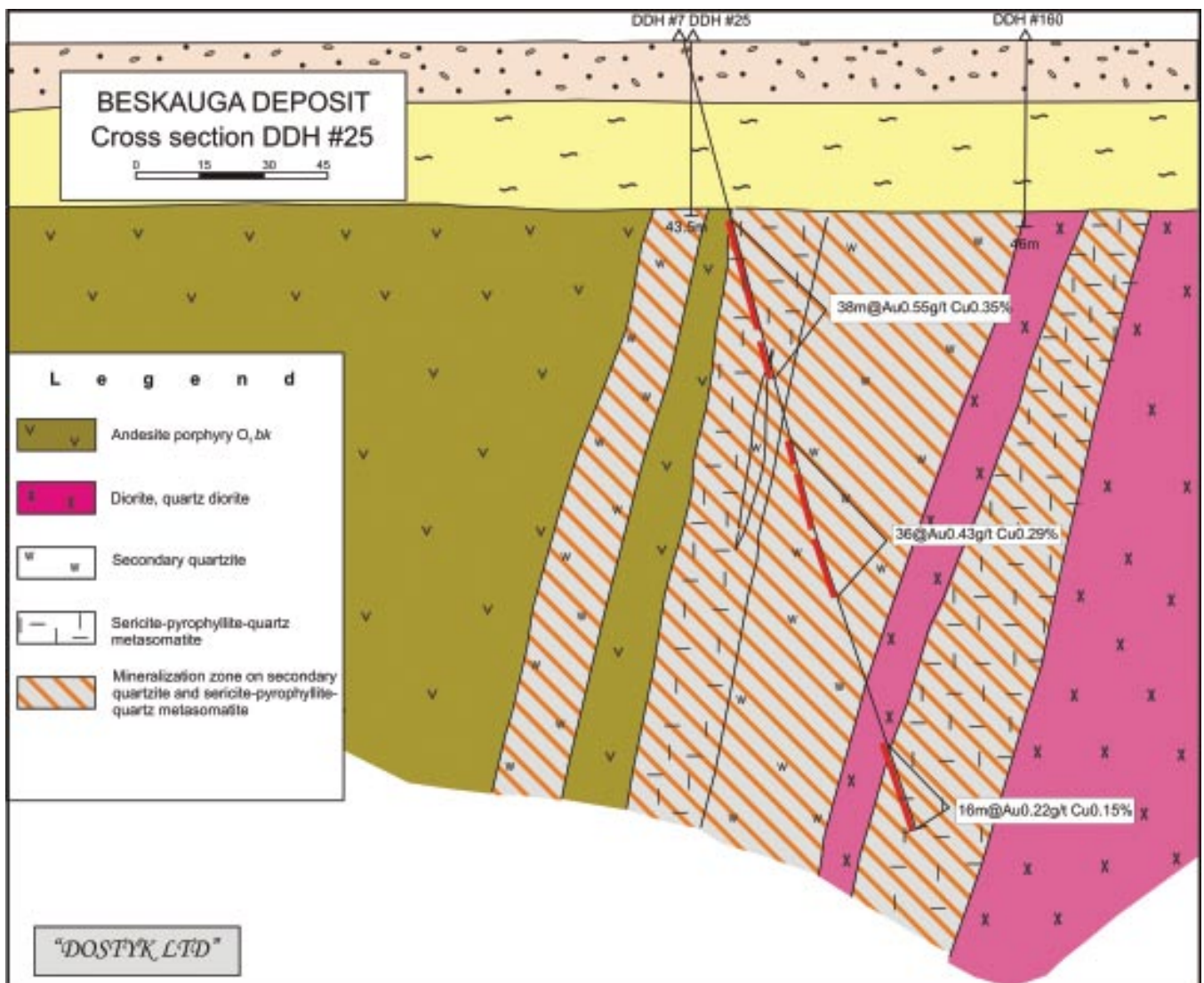


Figure 6: Beskauga Deposit Cross Section DDH #25

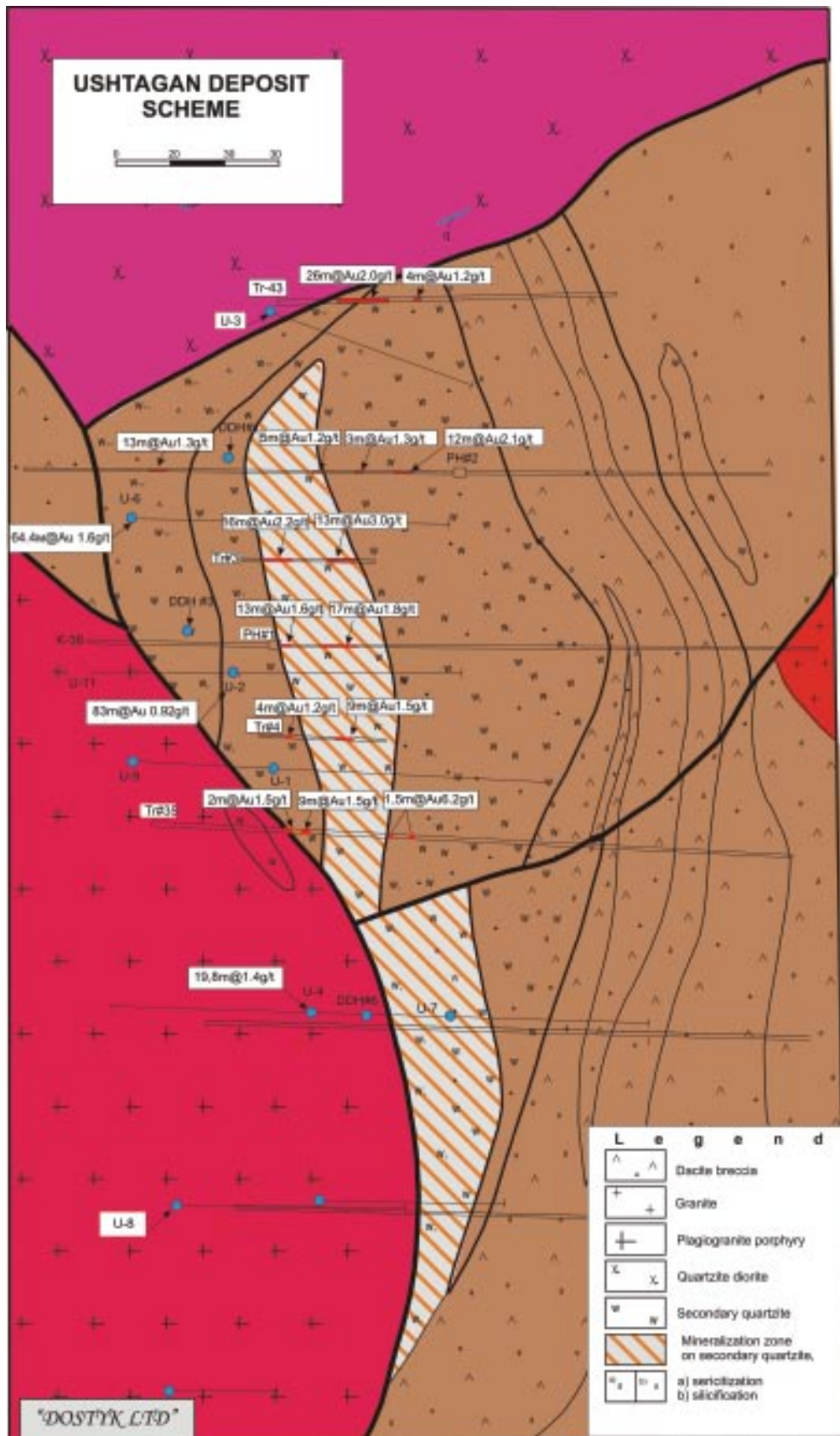


Figure 7: Ushtagan Deposit Scheme



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The mineralization zone was traced up to depth of 300m by boreholes drilled in 1996. The highest grades of gold are registered in the central part of the occurrence, in drill holes U6 (35.9 g/t for 1m), U2 (4.6 g/t for 1m and 5.9 g/t for 1m). The most extensive intervals with value assays of gold were returned from drill holes U6 (1.6 g/t over 64.4m), U2 (0.92 g/t over 83.0m), U4 (1.4 g/t over 19.8m). The thickest and highest assay intervals occur in the central part of the prospect. On the southern flank of the prospect, mineralisation split into a range of smaller zones with assays of gold of 14.62g/t over 1m, 1.28g/t over 21m, 2.67g/t over 3m, 1.68g/t over 3.1m, and 1.89g/t over 1.6m. Below 200m, mineralisation gradually split into a range of smaller pitching zones.

Mineralization zones on the northern flank indicated thickness in trenches reached 2.0m with assays of 2.5% copper and 2.5g/t gold. Trenches were recently cleaned and sampled and the presence of two malachite mineralization zones belonging to the north-western faults was confirmed. These zones extend for 200 to 400 metres with widths of 0.5 to 3.3 metres. Copper assay of 0.15 to 0.3%, and gold assays of 0.1 to 0.7g/t were returned.

Further Work Proposed

Most of the earlier exploration activity has been carried out in the central part of the Ushtagan prospect by previous workers and further work will concentrate on the southern and northern continuation of mineralization zones. Drilling on the flanks will be determined from the results of surface mapping, sampling and trenching. Additional drilling will be required in the Central part and the first two drill holes will be located on the cross section of drill hole K-38, drill

holes No. Ù-11 – Ù-2 at an angle of -60° and azimuth of 215-225°. The drill holes are designed to intersect the mineralization zone at depth of 40-60m and 120-160m. In total 11 drill holes are required.

Anninskoye And Nickolovskoye Prospects

The Anninskoye and Nickolovskoye Prospects occur in the Aleksandrovskaya group and geographically are situated on eastern flank of Souvenir-Aleksandrovskaya mineralization zone, 8km ENE from Aleksandrovskoye deposit.

The occurrences are massive pyrite zones with distinct zones of oxidation and secondary sulphide enrichment, which are accompanied with sericite-quartz and sericite-chlorite-quartz metasomatism of Lower Ordovician volcanites represented by almond-shaped basaltoid-spillites and quartz albitophyres (keratophyres), which are overlain to the east under Devonian volcanites. Analogous geological situation is registered 1,5km to the north, where lithological complexes, host for Nikolaevskoye deposit, are also covered in the east by Devonian volcanites. An intense IP anomaly (up to 9.8%), which may be caused by hidden pyrite ore layers, is located in the covered area. The Anninskoye occurrence is also distinguished by anomalous IP values (up to 6%) and indicate a northern dip of the zone.

The occurrence is poorly studied at present time. There is no unique concept about the structure of mineralization field, location of mineralization bodies in cross section, conditions of their location until now. Mineral constitution hasn't been studied completely, particularly for precious metals (gold, silver) and other accompanying minerals.



Figure 8a: Copper carbonate from surface workings at Anninskoye and Nickolovskoye Prospects



Figure 8b: Native copper ribbons in Core from Anninskoye and Nickolovskoye Prospects

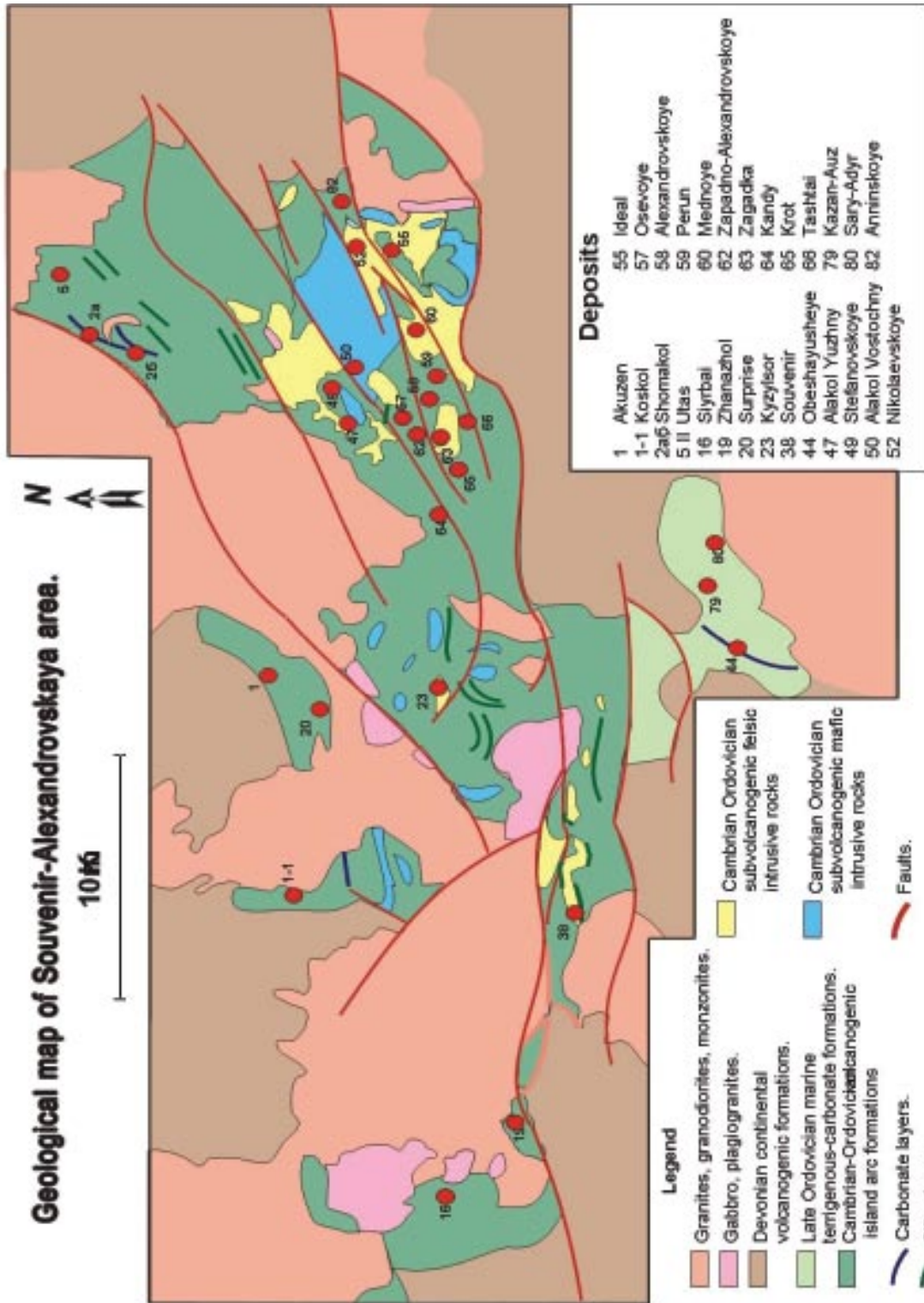


Figure 9: Geology map of the Alexandrovskaya area with the Nickolovskoye and Anninskoye targets circled



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The Nikolaevskoe and Anninskoye deposits are part of a 15km long massive-volcanic-sulfide mineralization system. In 19th century rich copper ores were mined to a 30m in a shallow pit. Previous workers during the Soviet era drilled a diamond drill hole which reported an intercept from surface to a depth of 36 meters showing a mineralised zone grading including 3 to 4% copper, 3 to 4% lead and 3% zinc. 15 samples from the previous waste dumps in 2007. All samples assayed gold from 0.5 to 12g/t, averaging 5.5g/t.

Previous Exploration

It is known from poor archival data, that exploitation of the occurrence commenced in 1856. Exploitation was carried out by two audits and a shaft to a depth of 25m. Assay value of rich copper ore achieved up to 23.4%. Copper from rich ore was smelted at the Aleksandrovsky plant. Statistics of mined ore and metals is not known.

Prospecting works in the area were carried out from 1915. The only serious exploration of the occurrence, with use of trench and drilling, was conducted in 1953-54. Exploration included topographical and geological mapping at a scale 1:1000 over 0.25km²). The latest work was based substantially on small prospecting shafts on a grid 40x40m, by 1-3m depth. Five trenches to a depth up to 3.5-4.0m were completed, 14 inclined boreholes (75-80°) to a depth from 60.0 to 170.0m (1610m in total) are drilled. The mineralization zone can be traced by trenches 200-250m along strike. Drilling exploration is carried out on basis of a southern dip of the ore body, only drill hole No.134 is inclined to the south, to cross

drill hole No. 133. Only two drill holes - No. 133 and 185 - appeared mineralized. Exploration works of this period were incomplete and the morphology of the ore body and its location are not defined.

In 1972-74 on the Anninskoye occurrence, detail geological and geophysical prospecting used magnetic, electrical, gravimetrical and lithogeochemical surveys. Trenches and prospecting shafts were completed.

Electrical survey IP was conducted at the grid 200x40m. Anninskoye occurrence was distinguished by IP anomaly with intensity up to 4-6%. Lithogeochemical survey indicated an extensive (over 2.3km) complex anomaly of Cu, Pb, Zn, Ag, Ba, Mo and Bi in the south-west. Important conclusion in the report on results of works conducted in 1972-74 is that the mineralization dips in a northern direction and there are several mineralized zones present. To confirm this idea, a cross section consisting of 4 drill holes by 250m depth was proposed.

Future Exploration

The analysis of earlier work on the mineralized occurrence, its geological location and genetic type support the considerable potential and warrant further exploration of the mineralised body and its extensions.

In total, on the Anninskoye prospect, has a minimum of 750m of strike potential. Directional survey with interval 20m across the trend is proposed for future drill holes. Besides drilling, prospecting and reconnaissance are proposed.

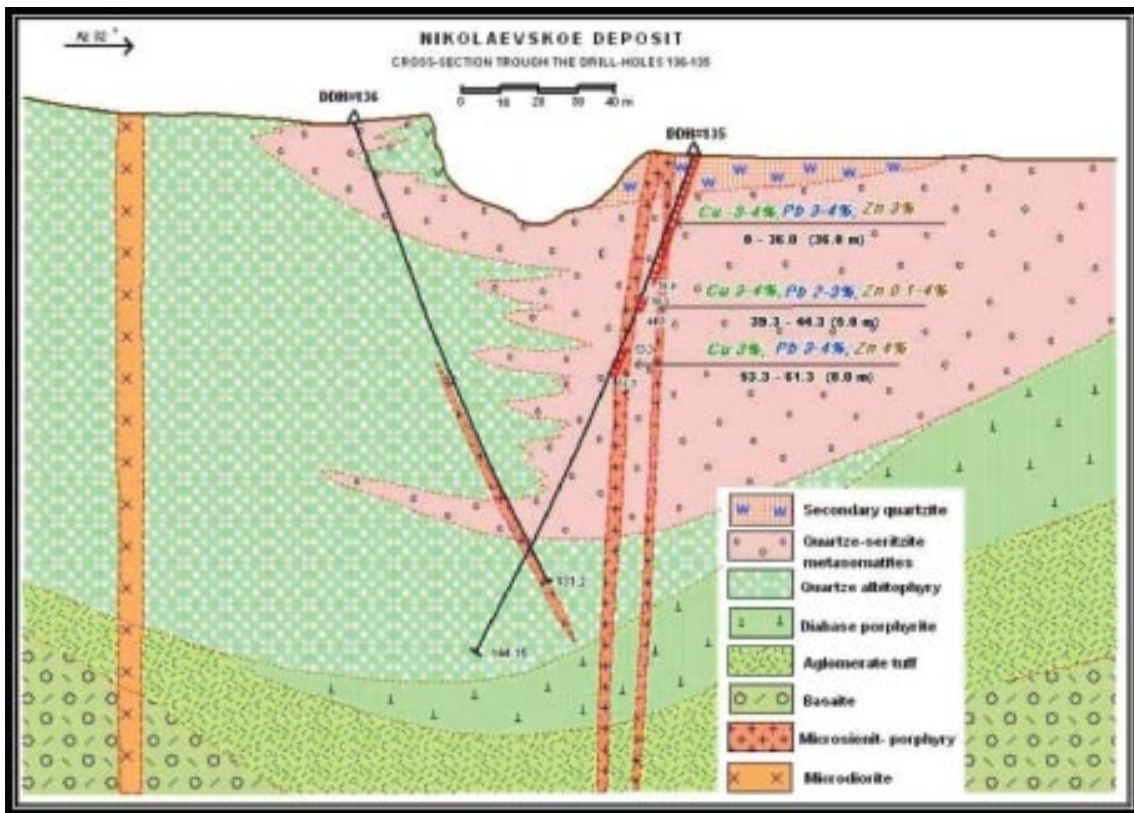


Figure 10: Nikaevskoe Deposit Cross section through the drill holes 136-135

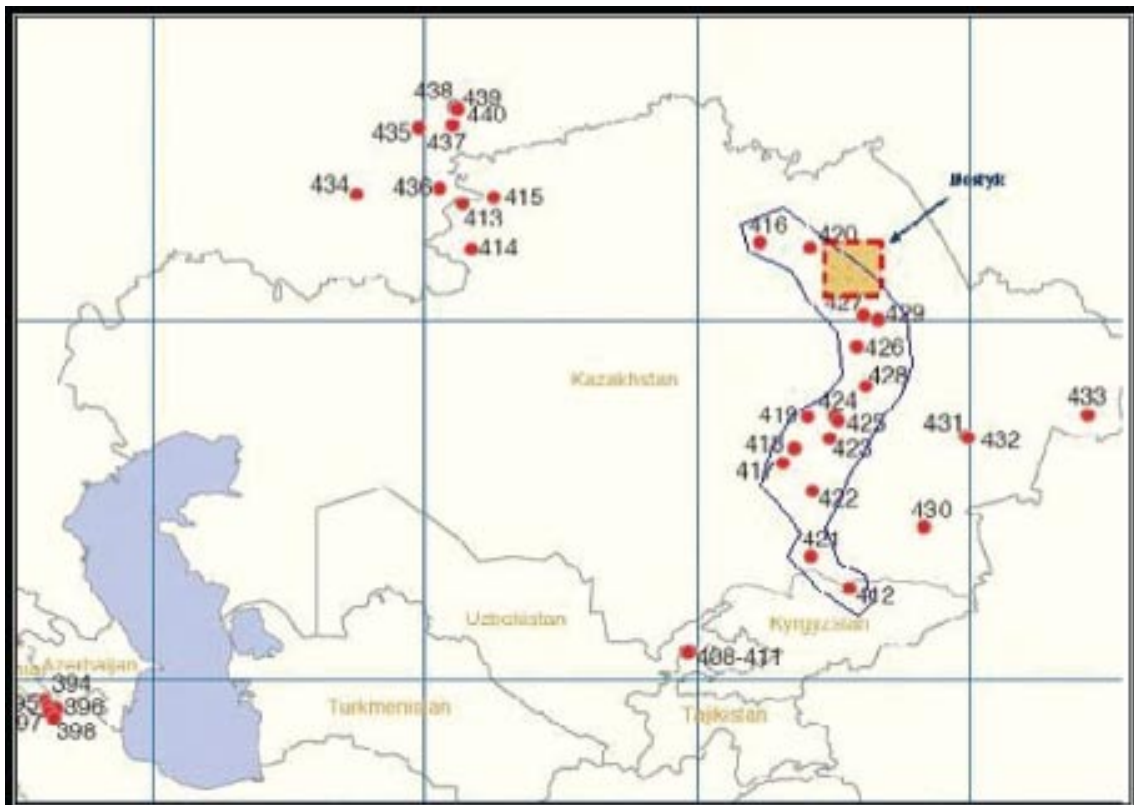


Figure 11: Porphyry deposits in Kazakhstan showing grade comparisons



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Map No.	Name Deposit	M Tons	Cu %	Au ppm	Ag ppm	Mo %
409	Saryshagan	324	0.27	0.024	0	0.007
411	Almalyk	6080	0.39	0.37	2.2	0.0023
412	Varvarinskoye	20.8	0.57	1.9	0	0
414	Benkala	309	0.42	0.07	0	0.03
416	Kyzyltu	65.8	0.48	0	0	0.015
417	Taldy-Bulak	540	0.27	0.5	0	0
418	Karatas	29	0.44	0	0	0.024
419	Borly	94.4	0.34	0.3	3.4	0.011
420	Boshchekul	178	0.66	0.27	2.3	0.01
421	Chatyrkul	90.7	0.6	0	0	0
422	Kazkymyskoye	375	0.41	0.059	0.79	0.007
423	Kounrad	272	0.4	0.015	0.62	0.01
424	Kepcham	35.8	0.34	0	0	0.018
425	Kenkuduk	23.7	0.34	0	0	0.017
426	Ozernoye	194	0.36	0	0	0.005
427	Koktasdzhal	57	0.62	0.72	3.8	0
428	Besshoky	139	0.52	0	0	0.002
429	Nurkazgan	213	0.81	0.26	2.5	0.01
430	Koksai	320	0.55	0.12	1.24	0.049
431	Aidarly	1110	0.38	0.014	1.5	0.0099
432	Aktogai	3200	0.39	0.029	1.1	0.008
433	Kyzylkain	542	0.3	0	0	0.005

Figure 11: Porphyry deposits in Kazakhstan showing grade comparisons

The Mt Palmer Project – Western Australia

The tenements are located in the Yellowdine Greenstone belt which forms part of the Parker Range terrain. This area hosts major gold and base metal deposits at Southern Cross, Marvel lock and Forrestania among many others.

Extensive gold anomalism in the Yellowdine region and particularly on the ground held by Augustus is associated with the banded iron/chert wherever it has been sampled, both in outcrop and depth. This is particularly the case north and south of the Mt Palmer mine. At South Heaney's Find, which is extensively soil covered, soil geochemistry results for gold were subdued but scattered anomalous gold intersections were returned from RAB holes. The greenstone in this area appears to be interlayered with granite and the resulting destruction of magnetic signatures makes location of specific structural and banded iron targets difficult. However there does appear to be structural complexity in this area suggesting significant potential for gold mineralization.

Quartz veins, hosting the Mt Palmer mine, have been extensively drilled to the north and south and have returned scattered higher grade gold values.

The western side of Lake Julia also appears to be shallowly underlain by greenstones which have not been

explored. An indication of the potential is given by the gold anomalism located by Broken Hill Metals in lake sediments. Alluvial gold has also been located below Lake Julia.

Location And Tenure

E77/987 and E77/1290 are centred about 8km south of Yellowdine on the Great Eastern Highway, 36km east of Southern Cross. The tenements cover a north-south strip of ground about 1.6km wide and 14km long and straddle the old Mt Palmer gold mine which is excised from the current ground.

Granted Exploration Licence E77/987 covers 5 sub blocks (15.85 km²) and application E77/1290 covers 3 sub blocks (9.51km²) bringing the total project area to 25.09km².

Regional Setting Of The Parker Range

The Southern Cross Greenstone Belt is a highly sheared and metamorphosed remnant of a once larger greenstone sequence, now largely shaped by the emplacement of elongate domal syn-tectonic granitoid bodies. The original stratigraphic sequence probably consisted of basal quartz sandstone, overlain by tholeiitic basalt with BIF passing upward into more magnesian phases with related mafic/ultramafic intrusives and capped by a thick greywacke-shale sequence.



Deformation of the belt was by compression between rising domes and shearing movement of lithological sequences. This progressive deformation produced sheath folds, layer parallel ductile shear zones and discrete faults. Gold mineralisation occurs in all structural elements related to the shearing movements during and following peak metamorphism. A consistent regional lithological layering, which is believed to have stratigraphic significance, is evident from the distribution of rock types around the granite domes.

In a few localities, at the lowermost stratigraphic level is a thin interval of quartz-muscovite schist and quartzite which occurs in sheared contact with the gneissic granitoid on the western side of the Ghooli Dome. It is possible this is a basal sedimentation unit deposited on a stable basement, however this relationship has never been established. This unit is overlain in a structural sense by a thick mafic unit. Wherever unequivocal pillow facings have been documented in massive relatively undeformed tholeiitic basalt, they show facing away from the granite domes. This supports the gross stratigraphic interpretation. However, detailed mapping supported by detailed magnetics, has shown the presence of many isoclinal folds within the mafic unit, especially in the layer-parallel shear zones.

Detailed mapping shows that in the Southern Cross-Marvel Loch area there appears to be a general pattern of:

- Pillowed tholeiitic basalt with thin jaspilite layers at a lower stratigraphic level.
- Komatiite, probably with interflow sedimentary units, which hosts at least one intrusive sill showing varied peridotite, pyroxenite and gabbro phases.

Overlying the mafic unit is a thick unit of pelitic metasediments presumably metamorphosed greywacke and shale. Where not disturbed by faulting, the contact between the mafic and sedimentary unit is characterised by interlayered ferruginous chert and chlorite-garnet schist with sulphides.

At Mt Caudan this horizon is massive sulphide. This iron-rich layer is interpreted to be a volcanogenic transitional unit between the mafic and sedimentary sequence, with exhalative features. The continuity of this same thick upper metasedimentary sequence well to the south into the Forrestania area is clearly established.

Structural Setting

All the complex structures are found in the Southern Cross-Marvel Loch-Parker Range mafic belt segment

of the greenstone belt. The Caudan anticline is a tightly pressed doubly-plunging fold in the distinctive horizon at the top of the mafic sequence. This structure probably should be considered a sheath fold. Northward this contact is replicated by isoclines and shears, before being cut out by granite in the core of the regional synform. Within the mafic sequence between Marvel Loch and Southern Cross is a north-closing, steeply south plunging, reclined isocline (probably a syncline) outlined by an intrusive mafic sill. Related mineral lineations in this segment plunge generally 60 degrees south.

An important shear zone extending from Frasers mine to Marvel Loch mine lies along the eastern limb of this isocline, above the lowermost tholeiitic basalt. This shear zone is characterised by quartz-chlorite-biotite alteration and gold mineralisation.

West of the Greenmount Fault, the mafic sequence that extends well to the south is east facing and generally without internal isoclines. A partially sheared out, south-closing isocline (probably a steep north-plunging syncline) occurs in the Greenmount area and is interpreted as deformation against the dextral Greenmount Fault. The Greenmount Fault forms the contact between the mafic sequence and the upper sedimentary sequence, as far south as Edwards Find. At Edwards Find, east of the fault, the contact between the mafic and sedimentary units seems to revert to a stratigraphic contact and is folded into a north-plunging isoclinal anticline.

Mineralisation Styles

On the regional scale, lithology is the primary control on mineralisation. There is no evidence for any Craton-scale structures that may have controlled or influenced mineralisation. Almost all the significant gold deposits occur in, or on the contact of, the major mafic sequence. The British Hill deposit, on the western side of the Parker Dome is the only notable occurrence in the upper sedimentary sequence. The stratigraphically lower tholeiitic phase of the major mafic sequence hosts some gold deposits, but these are generally small and sparse. Examples include Bells Find and Mt Palmer, both of which are quartz veins in basalt; with little alteration. All of the important deposits are associated with the high-magnesian, komatiitic and ultramafic amphibolites. All can be described as quartz-sulphide lodes in shear zones, with variable biotite-chlorite-carbonate-silica-diopside alteration and varying degrees of gold mineralisation in the altered wallrocks.



Independent Geologist's Report



Most deposits are principally located at contacts between different rock types, or in interflow sediments and jaspilites within the mafic-ultramafic rocks. An important stratigraphic horizon for gold mineralisation is the iron-rich chemogenic unit on the top of the major mafic unit, as it transitions into the metasediments. This horizon hosts deposits at Jaccoletti, Great Victoria and Mt Holland. Within the preferred host rock, there is generally a structural control of mineralisation. However a consistent structural pattern is not evident and some deposits seem to have no obvious structural control. From a structural point of view, three types of deposit are recognised in the region.

- Deposits in localised shears and cross fractures in regional antiforms. Examples include Nevoria, Great Victoria, Yilgarn Star, Harris Find, Edwards Find and probably Copperhead.
- Deposits in layer-parallel (or slightly oblique) ductile shear zones. There does appear to be a continuous shear zone along the eastern side of the major mafic intrusive that defines the regional syncline between Southern Cross and Marvel Loch. Examples include Frasers, Double-G, Triad, Lenneberg, Marvel Loch and probably Hopes Hill and Corinthia to the north. Most of the deposits around the Parker Dome seem to be of this structural type, but not necessarily related to the same shear zone.
- Deposits in discrete transgressive transpressional fault zones that relate to the main phase of deformation. These deposits show characteristics of dilational fissure filling. Examples include Transvaal, Greenmount and Devlins Reward.

In summary gold mineralisation is related to all the elements of deformation that occurred at the peak of deformation and metamorphism. These elements include reclined anticlines, ductile layer-parallel shears and transgressive brittle fractures. Gold mineralisation is consistent with hydrothermal fluid flow during metamorphic dewatering, at the culmination of the main tectono-thermal event and precipitation in structural sites especially where there was a ductility contrast between different lithologies within the magnesian phases of the major mafic sequence.

Local Geology Of The Mt Palmer Area

The tenements occur in the Southern Cross Terrain of the Archaean Yilgarn Craton in a narrow, north trending, greenstone belt, on the eastern side of the Ghooli Dome granitoid. The greenstone, referred to as the Yellowdine greenstone belt, is about 2km wide and contains pillowed basalts, now mafic amphibolites, cherts and minor ultramafics, west of and below the western side of Lake

Julia. Quartz-mica schists - possibly from sheared granites - are believed to occur below the eastern side of the lake and granites east of the lake. The banded iron/chert forms some prominent outcrops at Mt Palmer and to the north but aeromagnetics indicate the unit is probably continuous along the tenements. Pegmatites, comagmatic with the Ghooli Dome, and narrow quartz veins are widespread in the greenstones.

Magnetics show several dolerite dykes trending ENE across the tenements. Where exposed, the western contact between the greenstones and the Ghooli Dome consists of interleaved granite and amphibolite.

Much of the tenements are covered by Quaternary soil, alluvium, scree, wind blown sand or lake sediments. There is minor laterite in the North West.

At the historical Mt Palmer Mine on M77/406 (excised from the current ground) two principal auriferous quartz veins trending N-S and containing irregularly distributed coarse gold, were mined between 1935 and 1944 for 4950kg at a grade of 15.7g/t. North of the project area two minor historical gold prospects, at North Heaney and South Heaneys Find, occur on the chert/banded iron unit.

Previous Exploration

Exploration on M77/177, held by Broken Hill Metals Ltd in 1986 to 1991, covered salt lakes on the eastern side of E77/987 and included a ground magnetic survey and 50x100m hand auger soil sampling. The magnetics reflect the zone of underlying basalts and banded irons, trending slightly obliquely to the eastern boundary of the tenement and flanked on the east less magnetic material, possibly sheared greenstone or granites. The soil geochemistry returned a line of anomalies to 50ppb gold in lake sediments, which may result from leakage of gold from a shear or quartz reef running N-S parallel to the trend of the Mt Palmer auriferous reefs.

Delta Gold Limited and other explorers held M77/386 from 1984 to 1992 along the western side of E77/987 and exploration included minor rock chip and drainage sampling, mapping and aeromagnetics. The rock chips sampling from outcropping banded iron returned gold values to 4g/t and drainage samples to 20ppb gold.

Exploration by Resolute Exploration Ltd from 1996 to 1999 on E77/703, now partly covered by the northern end of E77/987, included 10 soil samples from along the edge of the lake and aeromagnetics. The soil samples returned maximum values of 12 and 52ppb gold.



Australian Goldfields and others explored the ground from 1994 to 2000 with mapping, rock chip sampling (19), soil sampling (381) around Heaneys Find. The rock chip samples returned best values of 4.7 and 1.8g/t gold from the programme and the pedogenic carbonate soil samples on 200x50 and 100x50m located five anomalous zones to 8ppb gold along the granite greenstone contact. Forty seven RAB holes were drilled to test these anomalies and extensive zones of quartz, calc-silicate alteration were located and the maximum gold assay was 43ppb.

Work around the cluster of minor workings at South Heaney's Find by Mawson Pacific and others from 1988 to 1999 consisted of approximately 20 drainage samples which returned a maximum of 166ppb gold. RAB holes were re-sampled and grid geochemistry completed but results are unclear. Three traverses of BLEG sampling were taken across a weak magnetic anomaly in Lake Julia. The maximum value returned was 14ppb gold. Soil geochemistry (145 samples) to the west of the Mt Palmer mine targeted the nickel potential of a thin ultramafic. Results were not above background. Three RAB holes were drilled in the area, one south of the mine intersected 2.98g/t gold between 15 and 16m. Four RC holes, two to the north and two to the south all returned anomalous gold with the best intersection of 4m @ 5.11g/t. Sixteen aircore holes, to test bedrock below Lake Julia, were drilled across the paleochannel in a traverse 2km long. The deepest holes contained about 68m of clays and then granitic sands to basement at about 88m. Gold grades in the sands were 0.1-0.2 g/t gold with a maximum value of 15.5g/t over 1m in one hole. Much of the western side of the channel is underlain by greenstones.

Extensive RC drilling north and south from the Mt Palmer workings located patchy low grade intersections with occasional higher grades including 2m at 24.25g/t and 8m at 3.15g/t gold.

The six km of strike from 2km north of the Mt Palmer to Meiers Find were tested by 200x40m soil auger sampling. A number of gold/arsenic anomalies were tested by 66 RAB holes which returned a best intersection of 18m @ 0.2g/t gold.

Extensive auger, RAB and RC drilling on tenements covering the Mt Palmer mine, and partly covered by E77/987 by Broken Hill Metals between 1973 and 2000, returned many anomalous gold values with the best being 7m at 3.16g/t. Drilling showed the banded iron/chert to consist of numerous thin individual units.

Recommendations For Further Work And Budget

The Dostyk Project comprises six priority targets with known mineralisation. These six priority targets include the Berezkey and Quartzite Gorka Prospects, Beskayga Gold Prospect, Ushagan Prospect and the Anninskoye and Nickolovskoyr Prospects. These projects require further exploration as discussed in the proposed exploration activities covered throughout this report. This proposed exploration activities includes follow up drilling to further define mineralisation in year one, which could lead to more detailed drill programs regarding these prospects in year two depending on results from the year one exploration program.

The Mt Palmer project requires a comprehensive compilation of data to identify possible gaps in exploration and identify under-tested targets. Particular attention should be given to South Heaneys Find and the greenstones below the western side of Lake Julia. Acquisition and interpretation of detailed, low level aeromagnetics and superimposition of gold anomalism should identify further targets for exploration.



Independent Geologist's Report



Total Exploration Budget - EL 77/987 – Mt Palmer			
	Yr 1	Yr2	TOTAL
Data review & Administration	\$100,000	\$75,000	\$200,000
Field Support	\$50,000	\$175,000	\$275,000
Mapping	\$75,000	\$25,000	\$100,000
Soil Geochemistry	\$100,000	\$75,000	\$225,000
Ground EM Surveying		\$50,000	\$50,000
Low Level Areomagnetism	\$75,000		\$75,000
Shallow Drilling (RAB)	\$100,000	\$200,000	\$350,000
Deep Drilling (RC/DD)	\$100,000	\$200,000	\$750,000
Sampling/Assaying	\$75,000	\$125,000	\$200,000
Desktop Studies		\$50,000	\$50,000
Total	\$675,000	\$975,000	\$1,650,000

Total Exploration Budget - Dostyk Project			
	Yr 1	Yr2	TOTAL
Data review & Administration	\$250,000	\$250,000	\$200,000
Field Support	\$250,000	\$250,000	\$275,000
Mapping	\$100,000	\$100,000	\$100,000
Shallow Drilling (RAB)	\$400,000	\$325,000	\$350,000
Deep Drilling (RC/DD)	\$850,000	\$1,500,000	\$750,000
Sampling/Assaying	\$175,000	\$200,000	\$200,000
Desktop Studies		\$50,000	\$50,000
Total	\$2,025,000	\$2,675,000	\$4,700,000

Total Exploration Budget - Combined Mt Palmer and Dostyk			
	Yr 1	Yr2	TOTAL
Mt Palmer	\$675,000	\$975,000	\$1,650,000
Doystk	\$2,025,000	\$2,675,000	\$4,700,000
Total	\$2,700,000	\$3,650,000	\$6,350,000

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Glossary Of Technical Terms

aeolian

Formed or deposited by wind.

aerial photography

Photographs of the earth's surface taken from an aircraft.

aeromagnetic

A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.

airborne geophysical data

Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.

aircore

Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.

alluvial

Pertaining to silt, sand and gravel material, transported and deposited by a river.

alluvium

Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.

alteration

The change in the mineral composition of a rock, commonly due to hydrothermal activity.

amphibolite facies

An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.

andesite

An intermediate volcanic rock composed of andesine and one or more mafic minerals.

anomalies

An area where exploration has revealed results higher than the local background level.

anticline

A fold in the rocks in which strata dip in opposite directions away from the central axis.

antiformal

An anticline-like structure.

Archaean

The oldest rocks of the Precambrian era, older than about 2,500 million years.

assayed

The testing and quantification of metals of interest within a sample.

Au

Chemical symbol for gold.

auger sampling

A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.

axial plane

The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.

basalts

A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.

polymetallics

A non-precious metal, usually referring to copper, lead and zinc.

bedrock

Any solid rock underlying unconsolidated material.

BIF

A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.

BLEG sampling

Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.

brittle

Rock deformation characterised by brittle fracturing and brecciation.



Independent Geologist's Report



Cainozoic

An era of geological time spanning the period from 65 million years ago to the present.

carbonate

Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO₃. Essential component of limestones and marbles.

chert

Fine grained sedimentary rock composed of cryptocrystalline silica.

chlorite

A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.

clastic

Pertaining to a rock made up of fragments or pebbles (clasts).

clays

A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.

colluvium

A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.

conduits

The main pathways that facilitate the movement of hydrothermal fluids.

conglomerate

A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.

copper

A reddish metallic element, used as an electrical conductor on the basis of brass and bronze.

dacite

An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.

depletion

The lack of gold in the near-surface environment due to leaching processes during weathering.

diamond drill hole

Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.

dilational

Open space within a rock mass commonly produced in response to folding or faulting.

dolerite

A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.

DoIR

Department of Industry and Resources, WA.

ductile

Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.

dykes

A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.

en-echelon

Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.

erosional

The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.

fault zone

A wide zone of structural dislocation and faulting.

feldspar

A group of rock forming minerals.

felsic

An adjective indicating that a rock contains abundant feldspar and silica.

folding

A term applied to the bending of strata or a planar feature about an axis.

foliated

Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.

**follow-up**

A term used to describe more detailed exploration work over targets generated by regional exploration.

g/t Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.

gabbro

A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.

geochemical

Pertains to the concentration of an element.

geophysical Pertains to the physical properties of a rock mass.

GIS database

A system devised to present partial data in a series of compatible and interactive layers.

gneissic

Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.

granite

A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.

granoblastic

A term describing the texture of a metamorphic rock in which the crystals are of equal size.

granodiorite

A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.

greenschist

A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.

greenstone belt

A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.

greywackes

A sandstone like rock, with grains derived from a dominantly volcanic origin.

GSWA

Geological Survey of Western Australia.

gypsum

Mineral of hydrated, or water-containing, calcium sulphate. halite Impure salt deposit formed by evaporation.

hangingwall

The mass of rock above a fault, vein or zone of mineralization.

hematite

Iron oxide mineral, Fe₂O₃.

hinge zone

A zone along a fold where the curvature is at a maximum. hydrothermal fluids Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.

igneous

Rocks that have solidified from a magma.

induced polarisation (IP) IP is a geophysical imaging technique used to identify subsurface materials, such as ore.

infill

Refers to sampling or drilling undertaken between pre-existing sample points.

insitu

In the natural or original position.

interflow

Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.

intermediate

A rock unit which contains a mix of felsic and mafic minerals.

intrusions

A body of igneous rock which has forced itself into pre-existing rocks.



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intrusive contact

The zone around the margins of an intrusive rock.

ironstone

A rock formed by cemented iron oxides.

isoclinal

A series of folds that dip in the same direction at the same angle.

joint venture

A business agreement between two or more commercial entities.

komatiitic

Magnesium-rich mafic to ultramafic extrusive rock.

laterite

A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.

lead

A metallic element, the heaviest and softest of the common metals.

lineament

A significant linear feature of the earth's crust, usually equating a major fault or shear structure.

lithological contacts

The contacts between different rock types.

lithotypes

Rock types.

magnetite

A mineral comprising iron and oxygen which commonly exhibits magnetic properties.

metamorphic

A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.

metasedimentary

A rock formed by metamorphism of sedimentary rocks.

MMI

The collection of soil samples and their analysis, using weak extractive reagents, to determine the relative

abundance of loosely attached trace elemental ions, which frequently define the position of primary mineralization.

monzogranite

A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.

Moz

Millions of ounces.

Mt

Million Tonnes.

mylonite

A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.

nickel

Silvery-white metal used in alloys.

nickel laterite

Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.

open pit

A mine working or excavation open to the surface.

Orthoimage

A geographically located composite plan using aerial photography as a base.

outcrops

Surface expression of underlying rocks.

palaeochannels

An ancient preserved stream or river.

pegmatite

A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.

pisolitic

Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.



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playa lake

Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.

polymictic

Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.

porphyries

Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.

ppb

Parts per billion; a measure of low level concentration.

Proterozoic An era of geological time spanning the period from 2,500 million years to 570 million years before present.

pyroxenite

A coarse grained igneous intrusive rock dominated by the mineral pyroxene.

quartz reefs

Old mining term used to describe large quartz veins.

quartzofeldspathic

Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.

quartzose

Quartz-rich, usually relating to clastic sedimentary rocks.

RAB drilling

A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.

rafts

A relatively large block of foreign rock incorporated into an intrusive magma.

RC drilling

A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.

regolith

The layer of unconsolidated material which overlies or covers insitu basement rock.

residual

Soil and regolith which has not been transported from its point of origin.

resources

Insitu mineral occurrence from which valuable or useful minerals may be recovered.

rhyolite

Fine-grained felsic igneous rock containing high proportion of silica and felspar.

rock chip sampling

The collection of rock specimens for mineral analysis.

saline

Salty

saprock

Zone of weathered rock preserved within the weathered profile.

saprolite

Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.

satellite imagery

The images produced by photography of the earth's surface from satellites.

schist

A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.

scree

The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.

sedimentary

A term describing a rock formed from sediment.



Independent Geologist's Report



sericite

A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.

shale

A fine grained, laminated sedimentary rock formed from clay, mud and silt.

sheared

A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.

sheet wash

Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.

silcrete

Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.

silica

Dioxide of silicon, SiO₂, usually found as the various forms of quartz.

sills

Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.

silts

Fine-grained sediments, with a grain size between those of sand and clay.

soil sampling

The collection of soil specimens for mineral analysis.

stocks

A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.

strata

Sedimentary rock layers.

stratigraphic

Composition, sequence and correlation of stratified rocks.

stream sediment sampling

The collection of samples of stream sediment with the intention of analysing them for trace elements.

strike

Horizontal direction or trend of a geological structure.

subcrop

Poorly exposed bedrock.

sulphide

A general term to cover minerals containing sulphur and commonly associated with mineralization.

supergene

Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.

syenite

An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.

syncline

A fold in rocks in which the strata dip inward from both sides towards the axis.

talc

A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.

tectonicPertaining to the forces involved in or the resulting structures of movement in the earth's crust.

tholeiitic

A descriptive term for a basalt with little or no olivine.

thrust fault

A reverse fault or shear that has a low angle inclination to the horizontal.

tremolite

A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.

ultramafic

Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.

**veins**

A thin infill of a fissure or crack, commonly bearing quartz.

volcaniclastics

Pertaining to clastic rock containing volcanic material.

volcanics

Formed or derived from a volcano.

zinc

A lustrous, blueish-white metallic element used in many alloys including brass and bronze.



Investigating Accountant's Report



0711 AUG012 COR

CE/NGN/CDC

23 November 2007

The Directors, Augustus Minerals Limited

Level 17

Exchange Plaza

2 The Esplanade

PERTH WA 6000

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 23 November 2007 ("Prospectus") for the issue by Augustus Minerals Limited ("Company") of 5,000,000 ordinary shares at an issue price of 50 cents each, to raise \$2,500,000 before the expenses of the issue.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position of the Company

Structure Of Report

This Report has been divided into the following sections:

- 1 Background information;
- 2 Scope of report;
- 3 Historical financial information;
- 4 Subsequent events;
- 5 Statements; and
- 6 Declaration.

1. Background Information

The Company was registered on 29 November 2006 for the primary purpose of acquiring and investing in resource based projects. Since registration the Company has acquired a 100% interest in the Mt Palmer project in Western Australia and a 19% interest in the Dostyk Project on the north-eastern area of Kazakhstan. Further details in relation to each of these projects are outlined in Section 5 of the Prospectus.

HLB Mann Judd was appointed as the Company's auditors on 19 April 2007 and issued an unqualified audit report on the period from registration to 30 June 2007 on 20 November 2007.

As at the date of this Prospectus, the issued share capital of the Company is 39,000,001 ordinary fully paid shares. The following table summarises share capital movements since registration.

HLB Mann Judd (WA Partnership)

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>

Partners: Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms



1. Background Information (Continued)

Date		Number Issued	Issued Price	\$
29 November 2006	Issued on registration	1	\$1.00	1
14 May 2007	Seed Capital	6,000,000	\$0.02	120,000
15 June 2007	Seed Capital	7,500,000	\$0.10	750,000
23 July 2007	Seed Capital	21,000,000	\$0.25	5,250,000
7 August 2007	Acquisition of Tenements	1,500,000	\$0.02	30,000
23 October 2007	Seed Capital	3,000,000	\$0.25	750,000
Shares on issue at the date of this Report		39,000,001		6,900,001

We understand that the funds raised by the issue of shares under the Prospectus will be applied as follows:

- Fund the company's 19% interest in the ongoing exploration activities being conducted on the Dostyk Project by the Dostyk Partnership Entity's project team managed by Cigma Metals Corporation ;
- Implement a detailed work program on the granted Mt Palmer Tenements;
- Continue to review potential resource based projects both locally and internationally;
- Provide working capital for the Company to meet its general administration and operating costs; and
- Meet the expenses of the issue.

2. Scope Of Report

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- a) the Historical Financial Information, comprising the historical Balance Sheet as at 31 October 2007 and the historical Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period from 1 July 2007 to 31 October 2007 as set out in Appendix 1 to this Report; and
- b) the Proforma Financial Information comprising the proforma Balance Sheet as at 31 October 2007 and the proforma Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period then ended.

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This report should be read in conjunction with the full prospectus.

The Historical Financial Information as set out in Appendix 1, has been extracted from the financial statements of the Company for the period ended 31 October 2007. We performed a review of the historical financial information and the proforma information of the Company as at 31 October 2007 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

Our review of the historical financial information and the proforma information of the Company was carried out in accordance with Australian Auditing Standards and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Historical Financial Information and Proforma Financial Information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- i) support by another person, corporation or an unrelated entity has not been assumed;
- ii) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- iii) the going concern basis of accounting has been adopted.



3. Historical Financial Information

Set out in Appendix 1 (attached) are:

- i) The Balance Sheet of the Company as at 31 October 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period from 1 July 2007 to 31 October 2007; and
- ii) The proforma Balance Sheet of the Company as at 31 October 2007 and proforma Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period then ended as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 October 2007:
 - a) the issue by the Company pursuant to this Prospectus of 5,000,000 ordinary shares at an issue price of 50 cents each, raising \$2,500,000;
 - b) the payment of a Facilitation Fee comprising US\$50,000 (AUD\$55,000) cash and the issue of 4,000,000 options to consultants exercisable at 25 cents on or before 30 July 2010 valued at \$825,000 using the Black & Scholes option valuation model under the CRC Letter Agreement; and
 - c) the payment and write off to the contributed equity account of prospectus costs, not already paid or previously provided, of an estimated \$320,000 (net of GST) as follows:

	Total (\$)
ASIC Fees	2,010
ASX Fees	41,253
Broker Commissions	125,000
Advisors Fees	100,000
Printing & Distribution	13,000
Miscellaneous	38,737
	320,000

- iii) Notes to the historical financial information.

4. Subsequent Events

In our opinion, there have been no material items, transactions or events subsequent to 31 October 2007 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. Statements

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- i) the Historical Financial Information of Augustus Minerals Limited as at 31 October 2007 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period from 1 July 2007 to 31 October 2007; and
- ii) the Proforma Financial Information of Augustus Minerals Limited as at 31 October 2007 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period ended 31 October 2007, as if the transactions referred to in Section 3 (ii) of this Report had occurred during that period.

6. Declaration

- HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$5,000). HLB has received nil since registration, but will receive fees for audit services provided to the Company on commercial terms, in relation to the audit of the financial statements for the period from registration to 30 June 2007.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- Neither HLB, nor any of its employees or associated persons have any interest in Augustus Minerals Limited or the promotion of the Company.
- Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- HLB has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. The inclusion of this report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully

HLB MANN JUDD



N G NEILL Partner



Investigating Accountant's Report



APPENDIX 1

Augustus Minerals Limited

Balance Sheet As At 31 October 2007

	Notes	Reviewed (\$)	Unaudited Proforma (\$)
CURRENT ASSETS			
Cash and cash equivalents	2	5,153,584	7,278,584
Other receivables	3	53,351	53,351
TOTAL CURRENT ASSETS		5,206,936	7,331,936
NON-CURRENT ASSETS			
Mineral exploration and evaluation expenditure	4	1,163,652	1,163,652
TOTAL NON-CURRENT ASSETS		1,163,652	1,163,652
TOTAL ASSETS		6,370,588	8,495,588
CURRENT LIABILITIES			
Trade and other payables		113,533	113,533
TOTAL CURRENT LIABILITIES		113,533	113,533
TOTAL LIABILITIES		113,533	113,533
NET ASSETS		6,257,055	8,382,055
EQUITY			
Issued capital	5	6,522,101	8,702,101
Reserves		83,163	908,163
Accumulated losses		(348,209)	(1,228,209)
TOTAL EQUITY		6,257,055	8,382,055

This balance sheet should be read in conjunction with the accompanying notes.

Augustus Minerals Limited

Income Statement For The Period From 1 July 2007 To 31 October 2007

	Reviewed (\$)	Unaudited Proforma (\$)
Revenue from ordinary activities	85,641	85,641
Directors remuneration	(54,583)	(54,583)
Other expenses from ordinary activities	(167,771)	(167,771)
Facilitation Fee	-	(880,000)
Loss from ordinary activities before income tax	(136,713)	(1,016,713)
Income tax expense relating to ordinary activities	-	-
Loss from ordinary activities after income tax expense	(136,713)	(1,016,713)

This balance sheet should be read in conjunction with the accompanying notes.

**APPENDIX 1 (continued)****Augustus Minerals Limited****Cash Flow Statement For The Period From 1 July 2007 To 31 October 2007**

	Reviewed (\$)	Unaudited Proforma (\$)
Cash Flows From Operating Activities		
Interest received	85,259	85,259
Payments to suppliers and employees	(326,535)	(326,535)
Net Cash Used In Operating Activities	(241,276)	(241,276)
Cash Flows From Investing Activities		
Payments to acquire exploration interests	(1,113,652)	(1,113,652)
Net Cash Used In Investing Activities	(1,113,652)	(1,113,652)
Cash Flows From Financing Activities		
Proceeds from issue of shares	5,980,000	8,480,000
Prospectus and share issue costs	(315,000)	(635,000)
Payment of Facilitation Fee	-	(55,000)
Net Cash Provided By Financing Activities	5,665,000	7,790,000
Net Increase In Cash Held	4,310,072	6,435,072
Cash at the beginning of the financial period	843,512	843,512
Cash At The End Of The Financial Period	5,153,584	7,278,584

This balance sheet should be read in conjunction with the accompanying notes.

Augustus Minerals Limited**Statement Of Changes In Equity for The Period From 1 July 2007 To 31 October 2007**

	Contributed Equity (\$)	Reserves (\$)	Accumulated Losses (\$)	Total Equity (\$)
As at 1 July 2007	852,101	83,163	(211,496)	723,768
Subsequent share issues	6,030,000	-	-	6,030,000
Share issue expenses	(360,000)	-	-	(360,000)
Loss for the period	-	-	(136,713)	(136,713)
As at 31 October 2007	6,522,101	83,163	(348,209)	6,257,055
Issue of shares pursuant to prospectus	2,500,000	-	-	2,500,000
Share issue expenses	(320,000)	-	-	(320,000)
Facilitation Fee	-	825,000	(880,000)	(55,000)
Proforma total	8,702,101	908,163	(1,228,209)	8,382,055

This balance sheet should be read in conjunction with the accompanying notes.



Investigating Accountant's Report



Augustus Minerals Limited **Notes To The Financial Statements For The Period** **From 1 July 2007 To 31 October 2007**

1. Summary Of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below:

Basis of accounting

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Statement of compliance

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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

("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO are classified as operating cash flows.

Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or



Augustus Minerals Limited
Notes To The Financial Statements For The Period
From 1 July 2007 To 31 October 2007

1. Summary Of Significant Accounting Policies
(continued)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Recoverable amount

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a

pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.

Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The expenditure relating to that area of interest is carried forward as an asset in the Balance Sheet so long as the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation 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 expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Trade and other payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 days of recognition.

Issued capital

Issued capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.



Investigating Accountant's Report



Augustus Minerals Limited
Notes To The Financial Statements For The Period
From 1 July 2007 To 31 October 2007

1. Summary Of Significant Accounting Policies (continued)

Proforma transactions

The proforma Balance Sheet, Statement of Changes in Equity and Cash Flow Statement have been derived from the historical financial information as at 31 October 2007 adjusted to give effect to the following significant events and transactions by the Company subsequent to 31 October 2007:

- the issue by the Company pursuant to this Prospectus of 5,000,000 ordinary shares at an issue price of 50 cents each, raising \$2,500,000;
- the payment of a Facilitation Fee comprising US\$50,000 (AUD\$55,000) cash and the issue of 4,000,000 options to consultants exercisable at 25 cents on or before 30 July 2010 valued at \$825,000 using the Black & Scholes option valuation model under the CRC Letter Agreement; and
- the payment and write off to the contributed equity account of prospectus costs, not already paid or previously provided, of an estimated \$320,000 (net of GST).

Augustus Minerals Limited

	Reviewed (\$)	Unaudited Proforma (\$)
2. Cash And Cash Equivalents		
Balance as at 31 October 2007	5,153,584	5,153,584
Shares issued pursuant to prospectus	-	2,500,000
Share issue costs	-	(320,000)
Facilitation Fee	-	(55,000)
	5,153,584	7,278,584
3. Other Receivables		
GST Receivable	53,351	53,351
	53,351	53,351
4. Mineral Exploration And Evaluation Expenditure		
Mt Palmer Project	51,800	51,800
Dostyk Project	1,111,852	1,111,852
	1,163,652	1,163,652
5. Issued Capital		
Issued and paid up share capital		
Shares issued:		
39,000,001 fully paid shares	6,900,001	6,900,001
5,000,000 fully paid shares issued at 50 cents each pursuant to this Prospectus	-	2,500,000
Share issue costs	(377,900)	(697,900)
Balance at end of period – 39,000,001 ordinary shares (Pro-forma: 44,000,001 fully paid)	6,522,101	8,702,101
Movements in number of fully paid ordinary shares since registration:		
	Details	Number (\$)
Balance as at 31 October 2007	39,000,001	6,900,001
Shares to be issued pursuant to the Prospectus	5,000,000	2,500,000
Proforma balance (excludes share issue costs)	44,000,001	9,400,001
6. Options		
	Number	Number
Issued to directors exercisable at 25 cents on or before 30 November 2010 (unlisted)	6,000,000	6,000,000
Issued to consultants pursuant to this prospectus, exercisable at 25 cents on or before 30 July 2010 (unlisted)	-	4,000,000
	6,000,000	10,000,000



Augustus Minerals Limited
Notes To The Financial Statements For The Period
From 1 July 2007 To 31 October 2007

7. Contingencies And Commitments

Details of planned expenditure commitments are outlined in Section 3.5 and 7 of the Prospectus and the Investigating Geological Report included in the Prospectus. The Directors are not aware of any other contingencies.

8. Related Party Transactions

The names of persons who were Directors of Augustus Minerals Limited at any time during the financial period are Mr Garry Ralston, Mr Mathew Walker and Mr John Wild.

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Section 11 of the Prospectus.



Solicitor's Report on Tenements



16 Milligan Street
Perth WA 6000
GPO Box 2799
Perth WA 6001

Telephone +61 8 9321 4000
Facsimile +61 8 9321 4333
Web www.steinpag.com.au

20 November 2007

The Board of Directors
Augustus Minerals Limited
Level 25, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

This report is prepared for inclusion in a prospectus to be issued by Augustus Minerals Limited on or about 23 November 2007 for the issue of 5,000,000 shares in the capital of the Company at an issue price of 50 cents per share to raise \$2,500,000 (**Prospectus**).

1. ASSETS

As at the date of this report, Augustus Minerals Limited (**Augustus Minerals** or **Company**), has entered into an agreement with Corporate & Resource Consultants Pty Ltd (**CRC**), Bruce Robert Legendre (**Legendre**) and TE Johnston & Associates Pty Ltd (**Johnston**) (together the **Vendors**), pursuant to which the Vendors have agreed to sell and the Company has agreed to purchase interests in one granted mining tenements and one application for the grant of a mining tenement located in Western Australia. The granted mining tenement and application for a mining tenement are collectively referred to in this report as the **Mt Palmer Tenements**.

A schedule of the Mt Palmer Tenements is attached to and forms part of this report (**Schedule**). Part I of the Schedule contains a list of the Mt Palmer Tenements. Part II of the Schedule contains a summary of the material terms of the agreements relating to the Mt Palmer Tenements. Part III of the Schedule contains a summary of the status of the native title claims existing over the Mt Palmer Tenements.

2. SEARCHES

For the purposes of this report, we have conducted searches and made enquiries in respect of the Mt Palmer Tenements as follows:

- (a) we have reviewed searches of the Mt Palmer Tenements in the registers maintained by the Western Australian Department of Industry and Resources (**DIR**). These searches were conducted on 29 October 2007;
- (b) we have obtained a register of extracts from the Register of Native Title Claims maintained by the National Native Title Tribunal (**NNTT**) in respect of native title claims identified by the NNTT in searches of the Mt Palmer Tenements. This material was obtained on 20 November 2007; and
- (c) we have reviewed the material agreement relating to the Mt Palmer Tenements (**Tenement Sale Agreement**) and summarised the material terms (details of which are set out in Part II of the Schedule).

The Company's rights in respect of the Mt Palmer Tenements depends on the enforceability of the Tenement Sale Agreement and the parties to the Tenement Sale Agreement complying with and fulfilling the terms and conditions of such agreement. We have advised the Company to lodge a caveat in respect of any Mt Palmer Tenements where the Company is not recorded as the registered holder to protect its equitable interest in the Mt Palmer Tenements.

On the basis of the searches conducted and our review of the Tenement Sale Agreement, subject to the enforceability of such agreement, we consider that this report (and the Schedule) provides an accurate statement as to the status of the Mt Palmer Tenements as at the date the relevant searches were obtained.

3. OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out below, we are of the view that, as at the date of the relevant searches:

- (a) the details of the Mt Palmer Tenements included in this report are accurate as to the status of the Mt Palmer Tenements and the Company's interest in the Mt Palmer Tenements;
- (b) where title to a Tenement has not been granted or an application for extension of a term of a Tenement is pending, that fact is disclosed in the Schedule;
- (c) all applicable rents due under the *Mining Act 1978 (WA)* (**Mining Act**) in respect of the Mt Palmer Tenements have been paid, unless otherwise noted in the Schedule; and
- (d) the valid grant of the current application for one of the Mt Palmer Tenements which may affect native title will

require compliance with the applicable processes of the *Native Title Act 1993* as amended by the *Native Title Amendment Act 1998 (Cth)* (which are together referred to as the **NTA**).

4. TENEMENTS

The Mt Palmer Tenements comprise one exploration licence granted and one exploration licence applied for under the Mining Act. The Company has sought ministerial consent for the transfer of the Mt Palmer Tenements to the Company. Such consent has not yet been obtained.

The holder of an exploration licence is entitled to enter the land and undertake operations for the purposes of exploration for minerals. An exploration licence granted or applied for before 10 February 2006 remains in force for a term of 5 years. The Minister for State Development (**Minister**) may extend the term by a further period or periods of 1 or 2 years. Exploration licences granted or applied for after 10 February 2006 have a term of 5 years and may be extended for a further 5 years followed by a further period or periods of 2 years.

An exploration licence, or a legal or equitable interest in or affecting an exploration licence, cannot be assigned during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on assignment.

Exploration licences are described by graticular blocks, which range in area from approximately 2.8 square kilometres to 3.3 square kilometres. The holder of an exploration licence granted or applied for before 10 February 2006 must relinquish not less than half of the blocks comprising the licence at the end of the third year. A further relinquishment of not less than half of the remaining blocks is required at the end of the fourth year. The holder of an exploration licence granted or applied for after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year.

Prior to the expiration of the term of any of the exploration licences set out in the Schedule, an application can be made to convert it to one or more mining leases providing the application is accompanied by a notice of intent to commence productive mining operations or a "mineralisation report" prepared by a qualified person and a statement setting out information about proposed mining operations. A mining lease accompanied by a "mineralisation report" will only be approved where the Director Geological Survey considers that there is a



Solicitor's Report on Tenements



reasonable prospect that the mineralisation identified will result in a mining operation.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years. The underlying exploration licence will continue in force beyond its term if the holder has made an application for a mining lease over the area of the licence.

The Mt Palmer Tenements are granted subject to various conditions prescribed by the Mining Act including payment of rent, compliance with minimum expenditure and meeting reporting requirements. The Mt Palmer Tenements are also subject to statutory requirements of certain other Acts, including Aboriginal heritage legislation, environmental protection legislation and rights in water legislation. These standard conditions are not detailed in the Schedule.

5. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Mt Palmer Tenements.

We have not undertaken searches to ascertain if any Aboriginal sites or objects have been registered in the vicinity of the Mt Palmer Tenements as there is no obligation under the relevant legislation to register sites or objects. Further, the exact location of Aboriginal sites can not be ascertained from these searches.

The Company must ensure that it is in compliance with the Commonwealth and Western Australian legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, the Company would need to conduct heritage surveys to determine if any Aboriginal areas or objects exist within the area of the Mt Palmer Tenements. Any interference with these sites must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

5.1 Commonwealth Legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth)* (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Mt Palmer Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant

Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

5.2 Western Australian Legislation

Granted tenements are subject to an endorsement requiring the holder to comply with the requirements of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons.

The Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered and the WA Heritage Act protects all registered and unregistered sites.

6. NATIVE TITLE – LEGISLATION

6.1 Generally

On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (no.2) (1992) 175 CLR 1 (Mabo #2)* that the common law of Australia recognises a form of native title which reflects the entitlements of Aboriginal people to their traditional lands in accordance with their traditional laws and customs. In order to succeed in a native title claim the persons making such claim must show that they enjoy certain customary rights and privileges in respect of a particular area of land and that by these rights and privileges they have a connection with that land.

In *Mabo #2*, the High Court held that native title could be extinguished through loss of traditional connection with the land or by legislative or executive actions which are inconsistent with the continued right to enjoy native title. In particular, native title may be extinguished by the State:

- (a) granting a title or interest in land, such as a freehold or leasehold title; or
- (b) appropriating or reserving and using land for a public purpose such as public works,

which is inconsistent with the continued right to enjoy native title in respect of the same land.

Extinguishment may be whole or partial depending upon the nature of the State's action. The principles concerning extinguishment have been developed in subsequent High Court and Federal Court decisions.

The grant of a mining tenement only partially extinguishes native title rights and interests. Under Section 44H of the NTA and at common law, the rights held under mining tenements will prevail over any inconsistent native title rights. In the case of exploration licences, recent court decisions have held that there is considerable scope for the co-existence of native title rights and the exploration licensee's rights.

The Commonwealth Parliament responded to the Mabo decision by passing the *Native Title Act 1993 (Cth)*. This Act enabled a State Parliament to validate any mining tenements granted prior to its commencement which might otherwise have been invalid. The Native Title Act 1993 was extensively amended by the *Native Title Amendment Act 1998 (Cth)*.

6.2 Western Australia

The Western Australian Parliament has enacted the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 (WA)* which adopts the NTA.

The majority of the High Court concluded in the recent Ward decision (8 August 2002) that, among other things:

- (a) native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- (b) native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the underlying land tenure in respect of the Mt Palmer Tenements in order to determine the extent of extinguishment for the purposes of this report.

7. NATIVE TITLE – CLAIMS

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Court will then refer the application to the Native Title Registrar for the registration test.

If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims maintained by the National Native

Title Tribunal (**Register**). Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. If a claim fails to meet the Registration Test, this only means that the native title claimants do not have access to the future act procedures under the NTA. It does not mean that the claim has been dismissed or discontinued. An unregistered claim must still be heard and determined by the Federal Court.

The Mt Palmer Tenements relate to land which is currently the subject of four unregistered native title claims. These claims are identified in Part III of the Schedule. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future.

In any event, the existence of native title is not the main issue for the Company as the purchaser of the Mt Palmer Tenements. The main issue is the existence of a registered native title claim. That effectively requires the Company to observe the provisions of the NTA in proceeding with its applications for Mt Palmer Tenements. The reason for this is that an act which affects native title rights such as the grant of a mining tenement may be invalid unless there has been compliance with the provisions of the NTA. Until the native title claim has been determined by the Federal Court the existence of native title will be uncertain. Prudence dictates that native title should be assumed to exist over all claimed land other than freehold, "exclusive possession" leasehold or vested reserve until the claim has been determined.



Solicitor's Report on Tenements



8. NATIVE TITLE – VALIDITY OF TITLES

8.1 Tenements granted since 23 December 1996

The following Tenement has been granted since 23 December 1996:

Holder	Tenements
Bruce Robert LEGENDRE (30%) Corporate & Resource Consultants Pty Ltd (60%) TE Johnston & Associates Pty Ltd (10%)	E77/987

Mining tenements granted since 23 December 1996 may be invalid if they were granted over land other than freehold, "exclusive possession" leasehold or vested reserve and the applicable processes prescribed by the NTA were not complied with.

So in summary, on the basis that the procedural requirements of the NTA were complied with prior to its grant, this Tenement is valid so far as native title is concerned.

8.2 Future Tenement Grants

The following Tenement is a current application:

Holder	Tenements
Bruce Robert LEGENDRE (30%) Corporate & Resource Consultants Pty Ltd (60%) TE Johnston & Associates Pty Ltd (10%)	ELA77/1290

The Right to Negotiate

The valid grant of the current application for Tenement which may affect native title requires compliance with the provisions of the NTA.

The NTA regulates all future actions (such as the grant of a mining tenement) which affect native title rights. These actions are known as "future acts". A future act will be valid if it falls within one of a number of categories of land dealings specified in the NTA provided that there is compliance with the applicable procedural requirements: NTA Part 2, Division 3, Subdivisions B-P.

Accordingly, if the grant of the current application for Tenement affects native title, the grant will be a future act and will be valid only if there has been compliance with the relevant requirements of the NTA. In order to determine whether the grant of the current application will affect native title, a determination must be made as to

whether native title exists in the area. This will require a hearing by the Federal Court (or a consent determination) as to the existence of native title, which could take years. However, in the interim, the validity of the grant of the current application for Tenement can be assured if the State and the applicant for the Tenement comply with the requirements of the NTA on the assumption that native title does in fact exist in the area.

These requirements are known as the "right to negotiate procedures". They are contained in Part 2 Division 3 Subdivision P of the NTA. They involve the notification and advertising of a proposed grant, negotiation by the State and the applicant for the Tenement with any registered native title claimants and, if agreement cannot be reached, determination by the National Native Title Tribunal.

Western Australia

The valid grant of the Tenement which may affect native title requires full compliance with the usual procedures under the State's mining legislation in addition to compliance with the provisions of the NTA.

The NTA provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the NTA. These areas are principally areas covered by pastoral leases. The Western Australian State Government has not yet introduced such a law.

In the case of low impact mining tenements, the State may nominate that the NTA expedited procedure applies. As a general practice, the State of Western Australia nominates the expedited procedure in relation to exploration licences. If the registered native title claimants do not object to the expedited procedure within four months after receiving notification of the proposed act, the grant may proceed. If they do object and the objection is upheld by the National Native Title Tribunal, the right to negotiate procedure applies.

The DIR has also released a policy to facilitate the grant of exploration licence applications outside the right to negotiate procedure. The DIR has indicated its intention to grant exploration licences where the applicant is willing to enter into a standard Aboriginal heritage protection agreement (HPA). HPA's have been negotiated between the State, mining and exploration representative bodies, and Aboriginal representative bodies. The policy appears to be effective in achieving the grant of exploration licences.

9. QUALIFICATIONS

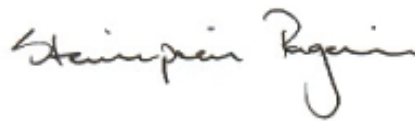
While the status of the Mt Palmer Tenements is dealt with in the Schedule, we point out, by way of summary, that:

- (a) we have assumed the accuracy and completeness of all tenement searches and other information or responses which were obtained from the relevant department or authority. We cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the searches of the Mt Palmer Tenements;
- (b) with respect to the Mt Palmer Tenements, we have assumed the accuracy and completeness of the information which we have received from the various departments;
- (c) the holding of the Mt Palmer Tenements is subject to compliance with the terms and conditions and the provisions of the Mining Act;
- (d) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (e) with respect to the application for the grant of a Mt Palmer Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (f) where compliance with the requirements necessary to maintain a Mt Palmer Tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;
- (g) references in the Schedule to any area of land are taken from details shown on searches obtained from the DIR. It is not possible to verify the accuracy of those areas without conducting a survey;
- (h) where Ministerial consent to any agreement or dealing referred to in Part II of the Schedule is being or will be sought, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused; and
- (i) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Mt Palmer Tenements between the date of the searches and the date of the Prospectus.

10. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



STEINEPREIS PAGANIN



Solicitor's Report on Tenements



TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
E77/987	Bruce Robert Legendre Corporate & Resource Consultants Pty Ltd TE Johnston & Associates Pty Ltd	60/200ths 120/200ths 20/200ths	27/11/2006	26/11/2011	5 Blocks	\$550.55	\$15,000	-	1-7	WC95/27 – Gubrun (unregistered) WC97/100 – Kalamala Kabu(d)n People (unregistered) WC99/29 – Central West Goldfields People (unregistered) WC00/7 – Ballardong People (unregistered)
ELA77/1290	Bruce Robert Legendre Corporate & Resource Consultants Pty Ltd TE Johnston & Associates Pty Ltd	30/100ths 60/100ths 10/100ths	(04/07/2005)	-	3 Blocks	N/A	No Expenditure Required Yet	-	8	WC95/27 – Gubrun (unregistered) WC97/100 – Kalamala Kabu(d)n People (unregistered) WC99/29 – Central West Goldfields People (unregistered) WC00/7 – Ballardong People (unregistered)

Key to Tenement Schedule

E – Exploration Licence

ELA – Exploration Licence Application

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Part III of this Report for the status of the native title claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus. References to numbers in the “Notes” column refers to the notes following this table.



Notes:

1. The licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
2. The licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
3. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion.
4. All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Industry and Resources (DoIR). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DoIR.
5. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
6. Unless the written approval of the Environmental Officer, DoIR is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
7. Description of Land NOT included in the grant of the Licence: Mining Lease 77/406.
8. Description of Land NOT included in the grant of the Licence: Prospecting Licences 77/3546 and 77/3547 and Exploration Licence 77/1041.

PART II

MATERIAL CONTRACT SUMMARIES

Agreement for Sale of Mining Tenements

On 1 May 2007, the Company entered into a Agreement for the Sale of Mining Tenements with Corporate & Resource Consultants Pty Ltd (**CRC**), Bruce Robert Legendre (**Legendre**) and TE Johnston & Associates Pty Ltd (**Johnston**) (together the **Vendors**), to acquire interests in E77/987 and ELA77/1290 (**Mt Palmer Tenements**) (**Tenement Sale Agreement**).

The consideration paid by the Company under the Tenement Sale Agreement is as follows:

- (a) a non-refundable sum of \$20,000 cash to be paid to CRC at execution of the Agreement;
- (b) the issue of 900,000 Shares at a deemed issue price of \$0.02 each to CRC;
- (c) the issue of 450,000 Shares at a deemed issue price of \$0.02 each to Legendre; and
- (d) the issue of 150,000 Shares at a deemed issue price of \$0.02 each to Johnston.

The tenement application cannot be transferred to the Company until such time as it is granted. As such, the Vendors will hold the mining tenement application on trust for the Company until it is granted.

PART III

STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	STATUS	RNTC STATUS	IN MEDIATION
WC95/27	WAD2/98	Gubrun	Active	Not Registered	No
WC97/100	WAD6216/98	Kalamaia Kabu(d)n People	Active	Not Registered	Yes
WC99/29	WAD65/98	Central West Goldfields People	Active	Not Registered	Yes
WC00/7	WAD6181/98	Ballardong People	Active	Not Registered	Yes



Risk Factors



10. RISK FACTORS

10.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Risks Specific to the Dostyk Project

10.2 Risks Associated with Operating in a Foreign Country

Given that one of the Company's projects is based in Kazakhstan, the Company is subject to the risks associated in operating in that country. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

The Republic of Kazakhstan gained independence from the Soviet Union in 1991. In 1995-1996, there was an increase in economic reform and privatisation which resulted in a substantial shift of assets to the private sector and liberalised foreign trade. Kazakhstan has established an industrial policy designed to diversify the economy away from an over-dependence on the oil and raw minerals sector by developing light industry.

Changes to Kazakhstan's mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability. In particular, while there are currently no restrictions on the foreign ownership of mining companies in Kazakhstan, there can be no assurance that the requirements of the various governments in respect of foreign ownership and control of mining companies will not change. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what

extent any such developments or changes may have a material adverse effect on the Company's operations.

The Dostyk Partnership Entity might also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

10.3 Kazakhstan Legal Environment

Kazakhstan's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Binding Terms Sheet between the Company and Cigma and other legal arrangements will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.

10.4 Expiry of Exploration Period

The exploration period under the Contract expires on 31 December 2007. This exploration period has been extended on 2 previous occasions. The MEMR has the power to grant an extension of the exploration period and the Dostyk Partnership Entity is currently in the process of seeking such an extension. There can be no guarantee that the MEMR will grant an extension to the Dostyk Partnership Entity. The Company has no reason to believe that the extension will not be granted.



Risk Factors



10.5 Title

The Company only holds a 19% interest in the Dostyk Partnership Entity, not the legal title to the Dostyk Project. In addition, until such time as the Company is registered as the legal owner of the Participatory Interest, Cigma will hold the Participatory Interest on trust for the Company. Further details are set out in the summary of the Binding Terms Sheet contained in Section 11.3(b) of this Prospectus.

10.6 Reliance on third parties

Given the Company does not presently hold legal title to its interest in the Dostyk Partnership Entity and the Dostyk Project is governed by the Foundation Agreement, the Company is reliant on third parties (being Cigma and Eureka) to comply with the terms and conditions of the Foundation Agreement and conditions attaching to the Dostyk Project. Should a third party breach the terms of the Foundation Agreement or any conditions attaching to the Dostyk Project, the Company's interest in the Dostyk Partnership Entity may be adversely affected.

10.7 Assignment of Interest in Dostyk Partnership Entity subject to Government Approval

The transfer of a 19% participatory interest in the Dostyk Partnership Entity from Cigma pursuant to the terms of the Binding Terms Sheet is subject to the receipt of all necessary regulatory approvals in Kazakhstan. There is a risk that it may take a considerable amount of time to obtain such approvals or that such approvals are not given by the relevant government agencies or officials.

The Binding Terms Sheet contains an acknowledgement from Cigma that until such time as the Company is registered as the legal owner of a 19% participatory interest in the Dostyk Partnership Entity, Cigma will hold such interest on trust for the Company. In addition, Cigma has agreed to use its best endeavours to obtain all regulatory approvals necessary to transfer a 19% participatory interest in the Dostyk Partnership Entity to the Company as soon as possible.

10.8 Law on Subsurface Use

Under Article 45-2 of the Law on Subsurface Use in the case of essential violation of commitments by the subsurface user, MEMR is entitled to unilaterally terminate the Contract between MEMR and the Dostyk Partnership Entity. Since the current legislation of Kazakhstan does not contain the definition of essential violation,

the determination of whether such failure to return the Contract Area constitutes an essential violation will depend on the decision of MEMR. As a result, the failure of the Dostyk Partnership Entity to comply with any of its obligations under the Contract may be considered to be an essential violation pursuant to the Law on Subsurface Use. Such violation of contractual commitments under the Contract can lead to penalties for officials and the Dostyk Partnership Entity.

Pursuant to the terms and conditions of the Contract, the Dostyk Partnership Entity was obliged to return 50% of the contract area in 2006, excluding the area upon which mineral occurrences are identified. As at the date of this Prospectus, the Dostyk Partnership Entity has failed to return 50% of the Contract Area in accordance with the Contract. The Dostyk Partnership Entity is able to return this area without affecting its proposed drilling program.

In 2006, the Dostyk Partnership Entity failed to meet its minimum expenditure requirements in respect of the Dostyk Project. This breach of the Dostyk Partnership Entity's obligation under the Contract may be considered an essential violation of the Contract, in which case MEMR is entitled to unilaterally terminate the Contract. During its discussions with the MEMR, the Company has not been advised that the MEMR intends to terminate the Contract.

Under Article 122 of the Code of the Republic of Kazakhstan on Administrative Offences dated 30 January 2001, the illegal use of subsurface which violates the right of state property for subsurface is considered to be an administrative violation. As such, the non-return of 50% of the Contract Area or the failure of the Dostyk Partnership Entity to meet its minimum expenditure requirements for 2006 in accordance with the Contract may be considered as illegal use of the subsurface with legal consequences, including penalties for the Dostyk Partnership Entity or any one of its officials. The conduct of the MEMR indicates that they do not intend to terminate the Contract.

10.9 Kazakhstan Tax Environment

The tax environment in the Republic of Kazakhstan is constantly changing and subject to inconsistent application, interpretation and enforcement. There has been a number of new tax and foreign currency laws and regulations introduced in recent years. Such laws are not always written clearly which means that their application and interpretation is often subject to the opinions of the local tax inspectorate. The non-compliance



Risk Factors



with Kazakhstan laws and regulations can lead to the imposition of punitive damages in respect to penalties and interest. There is a risk that future tax investigations may raise issues, which the Company may have believed it was not subject to and, as a result, have failed to provide for in their financial statements. Such tax assessments could result in taxes, penalties and interest being applied against the Company.

The Kazakhstan tax authorities may challenge the methodology by which companies calculate taxes such as corporate income tax, royalties and VAT, including the possible tax implications arising from transfer pricing adjustments and income. Should the tax authorities dispute the manner in which the Dostyk Partnership Entity has calculated its taxes, the amount claimed by such authorities, and which the Companies may have to pay, could be material.

Other Risks Specific to the Company

10.10 Exploration Success

The mineral tenements of the Company as described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company described in the Independent Geologist's Report contained in Section 7 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

10.11 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter

significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

10.12 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

10.13 Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Industry & Resources in Western Australia from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.



Risk Factors



10.14 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

10.15 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

10.16 Contractual Risks

The Company has entered into a Binding Terms Sheet as summarised in Section 11.3(b) of this Prospectus. The ability of the Company to achieve its objectives will depend on the performance by each of the parties of their obligations under this agreement. If a party defaults in the

performance of their obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

General Risks

10.17 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

10.18 Market Conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

10.19 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 29 November 2006, the



Risk Factors



Company does not have any operating history, although it should be noted that the Company's directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

10.20 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants. This is more so given that some of the Company's assets are located in Kazakhstan.

10.21 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

11. ADDITIONAL INFORMATION

11.1 Ordinary Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine

how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

11.2 Options

As at the date of this Prospectus, the Company has 6,000,000 unlisted Options on issue. The Options on issue are exercisable at \$0.25 each on or before 30 July 2010.

11.3 Material Contracts

(a) Sale of Tenements Agreement

Refer to the summary set out in Part II of the Solicitor's Report on Tenements in Section 9 of this Prospectus.

(b) Binding Terms Sheet

The Company entered into an agreement with Cigma Metals Corporation (**Cigma**) dated on or about 29 June 2007 to purchase a 19% participatory interest (**Participatory Interest**) in Dostyk Limited Liability Partnership (**Dostyk Partnership Entity**) in relation to the Dostyk Project (**Binding Terms Sheet**), which consists of gold and polymetallic deposits in the



Additional Information



Maikubensk area of Pavlodar oblast of the Republic of Kazakhstan (**Dostyk Project**).

Pursuant to the Binding Terms Sheet, Cigma agreed to assign the Participatory Interest to the Company (**Acquisition**) in consideration for the payment of US\$1,000,000 to Cigma or its nominee. The Binding Terms Sheet was subject to a number of conditions precedent, each of which have now been satisfied.

The Binding Terms Sheet was varied by a letter agreement executed on or about 22 October 2007 between the Company and Cigma (**Variation Agreement**), pursuant to which the parties acknowledged that it may take considerable time for Cigma to obtain all necessary regulatory approvals in Kazakhstan for the transfer of the Participatory Interest to the Company. As such, the terms of the Binding Terms Sheet were varied as follows:

- (i) the Company will provide Cigma with US\$1,000,000 in cleared funds within 2 business days of execution of the Variation Agreement and settlement of the Acquisition will be deemed to have occurred at that time and accordingly, the Company will be the beneficial owner of the Participatory Interest;
- (ii) until such time as the Company is registered as the legal owner of the Participatory Interest and provided with the evidence detailed in the Binding Terms Sheet, Cigma will hold the Participatory Interest on trust for the Company. Cigma also represents and warrants that it is the legal and beneficial owner of the Participatory Interest and no other party (other than the Company) has any right to that Participatory Interest; and
- (iii) Cigma will use its best endeavours to obtain all regulatory approvals necessary for the transfer of the Participatory Interest to the Company and obtain all of the documentation referred to in (b) above as soon as possible.

(c) CRC Letter Agreement

On 26 June 2007 the Company entered into an agreement with Corporate & Resource Consultants Pty Ltd (**CRC**) appointing them to negotiate the acquisition of a joint venture interest for the Company with Cigma Metals in the Dostyk Project located in the Republic of Kazakhstan (**Opportunity**).

CRC, having identified the opportunity, will assist the Company by providing:

- (i) an introduction to the transaction and the provision of available information to allow the Company to properly assess the opportunity (this includes a provision of an information package); and
- (ii) assistance in relation to the due diligence and negotiation with the relevant parties.

The Company agrees to reimburse CRC any

reasonable travel and accommodation expenses associated with this transaction.

On the successful listing of the Company on ASX, CRC and/or its nominee will be paid US\$50,000 and issued 4,000,000 options exercisable at 25 cents on or before 30 July 2010.

(d) Executive Services Agreement

On 1 August 2007, the Company entered into a services agreement with Mr Mathew Walker (**Services Agreement**) effective as from 1 January 2007. Under the Services Agreement, Mr Walker is engaged by the Company to provide services to the Company in the capacity of Executive Director.

Mr Walker is to be paid an annual remuneration of \$100,000 plus statutory superannuation. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Services Agreement continues for a period of 2 years, with an option to extend for a further 1 year term, unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Company must give notice of termination, or alternatively, payment in lieu of service. In addition, Mr Walker is entitled to all unpaid remuneration and entitlements up to the date of termination.

(e) Administration Agreement

On 1 September 2007, the Company entered into an agreement with ACNS Capital Markets Pty Ltd trading as Delta Securities (**Delta Securities**) defining the terms of engagement for the provision of administration services by Delta Securities as an independent contractor.

The term of engagement will commence on the date that the Company lists on the ASX and may be terminated by either party at any time with 30 days written notice.

Delta Securities will provide the following services to the Company for a monthly fee of \$4,000 plus GST:

- (i) accounts payable and receivable;
- (ii) monthly bookkeeping;
- (iii) personal receptionist during business hours with a designated company phone line, and;
- (iv) general administrative services including mail, fax and email.

Delta Securities may be requested to make available the following additional services at an hourly rate of \$35 plus GST.



(f) Manager to the Offer

On 1 November 2007, the Company entered into an agreement with Delta Securities appointing them to manage the Company's proposed raising of \$2,500,000 by issuing 5,000,000 shares at 50 cents per Share (**Offer**).

As manager to the Offer (**Manager**), the role of Delta Securities may include the following primary tasks:

- (i) assisting the Company with completion of the Offer and its subsequent listing on the ASX;
- (ii) assisting with the communications strategy in relation to the Offer; and
- (iii) providing such other assistance to the Company with the Offer as agreed from time to time.

Delta Securities proposes to charge \$50,000 (plus GST) with respect to the performance of its services as Manager to the Offer. The Company shall reimburse Delta Securities for all reasonable out of pocket expenses incurred by Delta Securities in carrying out its services as Manager to the Offer, with the prior consent of the Company being obtained prior to incurring any costs in excess of \$5,000.

If this agreement is terminated on or before the date that the Company lists on ASX for any reason attributable to the Company, a termination fee must be paid to Delta Securities within 3 days of \$5,000.

(g) Deeds of Indemnity, Insurance and Access

The Company has entered into, or will enter into, a Deed of Indemnity, Insurance and Access with each of its Directors.

Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

11.4 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares as set out in the table below:

Director	Shares	Options ¹
Mr Garry Ralston	750,000 ²	1,000,000
Mr Mathew Walker	2,000,000	4,000,000
Mr Jonathon Wild	500,000	500,000

Notes:

¹ Options are exercisable at \$0.25 each on or before 30 July 2010.

² Mr Ralston holds his Shares through a jointly controlled entity, Mr Garry Ralston and Mrs Toni Ralston as trustees of the Ralston Superannuation Fund Account.

Mr Walker is a director of, and the holder of a 5% interest in, Delta Securities. A summary of the Administration Services Agreement and the Manager to the Offer Mandate Agreement between the Company and Delta Securities is set out in Section 11.3(e) and (f) respectively.

11.5 Remuneration

The Company's Constitution provides that the remuneration of Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for Directors has been set at an amount not to exceed \$250,000 per annum.

As at the date of this Prospectus, the Directors are entitled to the following fees on an annual basis (excluding superannuation):

Director	Remuneration (\$)
Mr Garry Ralston	45,000
Mr Mathew Walker ¹	100,000
Mr Jonathon Wild	30,000

Notes:

¹ Pursuant to the terms of the Executive Services Agreement between the Company and Mathew Walker, as summarised in Section 11.3 of this Prospectus, Mr Walker will receive annual remuneration of \$100,000 plus superannuation.

In addition to the cash remuneration paid to the Directors as set out above, the Directors were issued with the Options listed in the table in Section 11.4 as non-cash remuneration and an incentive to maximise returns to Shareholders. The terms of the Options are set out in Section 11.2 of this Prospectus.

The remuneration of executive directors will be determined from time to time by the Board having regard to the nature and extent of their responsibilities.

11.6 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director or proposed Director;
- (b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promoter of the Company; or
- (d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or



Additional Information



(iii) the offer of Shares under this Prospectus, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

HLB Mann Judd has acted as Investigating Accountant and has prepared an Investigating Accountant's Report which is included in Section 8 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$5,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has not received any other fees from the Company, however HLB Mann Judd will receive audit fees for audit services provided to the Company on commercial terms.

Malcolm Castle has acted as Independent Geologist and has prepared an Independent Geologist's Report which is included in Section 7 of this Prospectus. The Company estimates it will pay Malcolm Castle \$8,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Malcolm Castle has not received any other fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and has prepared a Solicitor's Report on Tenements which is included in Section 9 of this Prospectus. The Company estimates it will pay Steinepreis Paganin \$40,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin have received fees for legal services provided to the Company on commercial terms.

ACNS Capital Markets Pty Ltd trading as Delta Securities has acted as Manager to the Offer. The Company estimates it will pay Delta Securities \$50,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Delta Securities has received monthly fees from the Company in respect of administration services it has provided to the Company pursuant to the Administration Services Agreement summarised in Section 11.3(e) of this Prospectus.

11.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 8 of this Prospectus in the form and context in which the report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Malcolm Castle has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 7 of this Prospectus in the form and context in which the report is included. Malcolm Castle has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 9 of this Prospectus in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the Company's Share Registry in this Prospectus. Security Transfer Registrars Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

11.8 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$320,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount (\$)
ASIC fees	2,010
ASX fees	41,253
Broker Commissions	125,000
Advisers Fees	100,000
Printing and Distribution	13,000
Miscellaneous	38,737
TOTAL	320,000



11.9 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.10 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at admin@augustusminerals.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.augustusminerals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

11.11 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

11.12 Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.



Directors' Authorisation



12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Mr Garry Ralston

For and on behalf of

AUGUSTUS MINERALS LIMITED

13. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$

means an Australian dollar.

Application Form

means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC

means Australian Securities & Investments Commission.

ASX

means ASX Limited (ABN 98 008 624 691).

ASX

Listing Rules means the official listing rules of ASX.

Board

means the board of Directors as constituted from time to time.

Binding Terms Sheet

means the Binding Terms Sheet between the Company and Cigma (as varied) and as summarised in Section 11.3 of the Prospectus.

Cigma

means Cigma Metals Corporation.

Closing Date

means the closing date of the Offer as set out in Section 3.2 of this Prospectus (subject to the Closing Date being extended or the Offer being closed early).

Company or Augustus

means Augustus Minerals Limited (ACN 122 911 399).

Constitution

means the constitution of the Company.

Corporations Act

means the Corporations Act 2001 (Cth).

CRC

means Corporate & Resource Consultants Pty Ltd.

Directors

means the directors of the Company at the date of this Prospectus.

Dostyk Partnership Entity

means Dostyk Limited Liability Partnership.

Dostyk Project

means the Maikubensk area of Pavlodar oblast located in the Republic of Kazakhstan which consists of gold and polymetallic deposits.

Eureka

means Eureka Mining Public Limited Company.

Exposure Period

means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Foundation Agreement

means the Foundation Agreement dated 25 January 2007 between Cigma and Eureka.

Governing Agreement

means an agreement entered into between Cigma, Eureka Mining PLC and the Dostyk Partnership Entity in relation to the Dostyk Project.

Induced Polarisation or IP

means a geophysical imaging technique used to identify subsurface materials, such as ore.

Law on Subsurface Use

means the Law of the Republic of Kazakhstan "On Subsurface and Subsurface Use" #2828 dated 27 January 1996.

MEMR

means Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.

Mt Palmer Tenements

means E77/987 and E77/1290.

Mt Palmer Project

means the area consisting of the Mt Palmer Tenements.



Glossary

**Offer**

means the offer of Shares pursuant to this Prospectus as set out in Section 4 of this Prospectus.

Official List

means the official list of ASX.

Official Quotation

means official quotation by ASX in accordance with the ASX Listing Rules.

Option

means an option to acquire a Share.

Projects

means the Mt Palmer Project and Dostyk Project.

Prospectus

means this prospectus.

Share

means a fully paid ordinary share in the capital of the Company.

Share Registry

means Security Transfer Registrars Pty Ltd (ABN 95 008 894 488).

Shareholder

means a holder of Shares.

WST

means Western Standard Time observed in Perth, Western Australia.

AUGUSTUS MINERALS LTD ACN 122 911 399

APPLICATION FORM

Before completing this Application Form, you should read the Prospectus dated 23 November 2007 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

I/We apply for:

Shares at \$0.50 per Share = AUD\$ in AUGUSTUS MINERALS LTD or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of:

A\$ For the above Shares

Full name (PLEASE PRINT)

Title	Given Name(s)	Surname
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Unit	Street Number	Street Name or PO Box/ Other Information
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

City/ Suburb/ Town	State	Post code
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Contact Details

Contact Name	Telephone number – Business hours	Telephone number – After hours
<input type="checkbox"/>	(<input type="checkbox"/>) <input type="checkbox"/>	(<input type="checkbox"/>) <input type="checkbox"/>

CHESS HIN (where applicable)

Tax File Number, ABN or Exemption

Applicant #1	Applicant #2	Applicant #3
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CHEQUE DETAILS

Drawer	Cheque Number	BSB	Account Number	Amount of cheque
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Drawer	Cheque Number	BSB	Account Number	Amount of cheque
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Declaration and Statements:

By lodging this Application Form:
I/We declare that all details and statements made by me/us are complete and accurate;
I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;
I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;
I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct

derivative of the Application Form before applying for Shares.
I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in AUGUSTUS MINERALS LTD and that no notice of acceptance of the application will be provided.
TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 23 NOVEMBER 2007 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.
INSTRUCTIONS TO APPLICANTS
(See application instructions overleaf) This Application Form relates to the Offer of 5,000,000 Shares in AUGUSTUS MINERALS LTD pursuant to the Prospectus dated 23 November 2007.

BROKER STAMP/ ADVISOR CODE

SHARE REGISTRAR USE ONLY

AUGUSTUS MINERALS ACN 122 911 399

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

PAYMENT

Applications for Shares must be accompanied by the application money of 50 cents per Share (in Australian currency). Cheques should be made payable to Augustus Minerals Ltd – SHARE OFFER ACCOUNT and crossed "Not Negotiable".

LOGGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:	or	Delivered to:
Augustus Minerals Ltd		Augustus Minerals Ltd
C/- Security Transfer Registrars Pty Ltd		C/- Security Transfer Registrars Pty Ltd
PO Box 535		770 Canning Highway
APPLECROSS WA 6953		APPLECROSS WA 6153

Applications must be received by no later than 5.00pm WST on the Closing Date, 28th December 2007.

BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are already a Broker Sponsored participant in this system, you may complete this section or forward a signed Application Form to your sponsoring broker for completion prior to lodgement. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to AUGUSTUS MINERALS LTD. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s). Do not use the name of the trust	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith, or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son

AUGUSTUS MINERALS ACN 122 911 399

APPLICATION FORMS

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Insert the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

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If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

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Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to AUGUSTUS MINERALS LTD. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

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Joint holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s). Do not use the name of the trust	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
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Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
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