



PROSPECTUS 2007

AUSMINERALS LIMITED

ACN 099 336 866



## Prospectus 2007

### Ausminerals Limited

ACN 099 336 866



FOR THE ISSUE OF 15 MILLION  
SHARES AT AN ISSUE PRICE OF  
20 CENTS EACH TO RAISE A MINIMUM  
OF \$3 MILLION (OFFER) WITH THE  
ABILITY TO RAISE AN ADDITIONAL  
\$2 MILLION IN OVERSUBSCRIPTIONS.



Cameron Stockbrokers Limited  
Sponsoring Broker  
ABN 38 090 472 012  
AFSL 246 705

#### Important Information

This is an important document and should be read in its entirety. Many of the mineral properties described in this Prospectus are at the exploration and evaluation stage and accordingly investment in the shares offered by this Prospectus should be regarded as speculative in nature. Please consult your professional advisor(s) if you have any questions.

## CORPORATE DIRECTORY

### Directors

Mr Christopher Valttila  
*Non Executive Chairman*

Mr Erwin Bouverie  
*Managing Director*

Mr Wayne Wilson  
*Non Executive Director*

### Registered Office and Principal Place of Business

11/35 Old Northern Road  
Baulkham Hills  
NSW 2153

Telephone: +61 2 9639 9599  
Facsimile: +61 2 9639 9566  
[www.ausminerals.com.au](http://www.ausminerals.com.au)

### Solicitors to the Offer

Baker & McKenzie  
Level 27, 50 Bridge Street  
Sydney  
NSW 2000

### Share Registry

Registries Limited  
Level 2, 28 Margaret Street  
Sydney  
NSW 2000

### Sponsoring Broker

Cameron Stockbrokers Limited  
Level 5, Swire House, 10 Spring Street  
Sydney  
NSW 2000

Proposed ASX Trading Symbol: AUE

### Company Secretary

Mr Trevor Stone

### Consulting Geologist

Mr Stanley Wollen  
138 Moffats Road  
Swan Bay  
NSW 2324

### Investigating Accountant

PKF Corporate Advisory Services (NSW) Pty Ltd  
Level 10, 1 Margaret Street  
Sydney  
NSW 2000

### Auditor

PKF Chartered Accountants  
Level 10, 1 Margaret Street  
Sydney  
NSW 2000

### Mining Tenement Services

Emerald Tenement Services  
25 Charles Street  
South Perth  
WA 6151

Olliver Geological Services Pty Ltd  
PO Box 24  
Chalk Hill Road, McLaren Vale  
SA 5171

## HIGHLIGHTS

### Gold and Nickel Projects, Leonora/ Laverton Region, Western Australia

- Existing heap-leach gold processing plant available at the Randwick area for use once refurbishment has been completed.
- Randwick exploration areas are close to historical or existing resource locations of nickel and gold mineralisation in the Leonora/Laverton region.
- Historical and recent drilling results at Randwick indicate that gold is near surface in some locations which could result in lower mining costs.

### Uranium and Base Metal Project, South Australia

- South Australian project area has similar paleovalley system as found in uranium deposits.
- Unlike other State governments, in South Australia a mining lease or retention lease may be granted by the government for mining operations (other than exploratory operations) for the recovery of radioactive minerals including uranium.

### Limestone and Feldspar Project, Timboon, Victoria

- Limestone quarry has 7.1 million tonnes of proven reserves.
- Existing processing plant provides cashflow.
- Potential capacity to facilitate the processing of additional industrial minerals.

### Technical Strengths

- Well qualified and experienced Board of Directors who have between them have:
- Hands-on experience in minerals exploration, mining and production.
- Senior board, operational and management experience at public company level.

### Projected Exploration Expenditure

Total projected exploration expenditure of up to \$1 million over two years if the Minimum Subscription is raised.

### Investment Risks

- The business of the Ausminerals Group involves mining exploration and investment in mining tenements which are at the exploration and evaluation stage. Investments in the Shares offered by this Prospectus should be considered speculative in nature.
- The Ausminerals Group's interest in a number of the mining tenements referred to in this Prospectus are in the form of call options and if exercised will require the issue of further shares in Ausminerals. One of the consequences is that your interest in Ausminerals will be diluted.
- The key risk factors associated with an investment in the Ausminerals Group are set out in Section 9 of this Prospectus and further details in relation to the options are set out in Sections 1.15, 3.3 and 10.2.

## IMPORTANT NOTICE

This Prospectus is dated 16 October 2007 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date.

Neither the ASIC nor ASX Limited ("ASX") take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this Prospectus should seek advice 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 the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. 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.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. Applicants should consider the risk factors identified in section 9 that could affect the financial performance of the Ausminerals Group in light of their personal circumstances and seek professional advice before deciding to invest. The Offer does not take into account the investment objectives, financial situation or particular needs of the investor. The Shares which are the subject of this Prospectus should be considered speculative.

No person named in this Prospectus nor any other person guarantees a return on capital investment, payment of dividends, repayment of capital or the future value of the Shares, the performance of the Ausminerals Group, or the return on any investment

Any information or representation that is not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors of the Company in connection with the Offer. No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus.

Shares will not be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made by the Company within seven (7) days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation.

## Website — Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at the Company's website; [www.ausminerals.com.au](http://www.ausminerals.com.au) and at the Broker's website; [www.camstock.com.au](http://www.camstock.com.au). The offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The *Corporations Act 2001 (Cth)* ("*Corporations Act*") prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the offer period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at [admin@ausminerals.com.au](mailto:admin@ausminerals.com.au). By making an application, the applicant declares that they were given access to the Prospectus, together with an Application Form.

## Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgment of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of 7 days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred upon Applications received in the Exposure Period

## Glossary

Some terms and abbreviations used in this Prospectus have defined meanings, which are set out in the Glossary at the end of this Prospectus.

## INDICATIVE TIMETABLE

Lodgement of Prospectus	16 October 2007
Offer Opens	24 October 2007
Offer Closes	21 December 2007
Allotment of Shares	4 January 2008
<b>Expected Date for Quotation</b>	<b>14 January 2008</b>

### NOTES:

1. Ausminerals reserves the right to close the Offer earlier or later, and without prior notice. Applicants are encouraged to submit Applications as soon as possible after the Offer opens.

2. These dates are indicative dates only. The date the Shares are expected to be issued and/or commence trading on the Official List of ASX may vary with any change in the date the Offer closes.

## CAPITAL STRUCTURE

### Capital Structure at Completion of Offer

Shares	Minimum Subscription	% of Shares	Maximum Subscriptions	% of Shares
Existing Shareholders – Board and Management	30,387,200	51.6	0,387,200	44.1
Existing Shareholders – Pre-IPO Investors	12,449,292	21.2	12,449,292	18.1
Shares to be issued to Vendors <sup>"</sup>	1,000,000	1.7	1,000,000	1.5
Share Offered to the Public (by this Offer)	15,000,000	25.5	25,000,000	36.3
<b>Total Shares on Issue at completion of Offer 10 December 2007</b>	<b>58,836,492</b>	<b>100.0</b>	<b>68,836,492</b>	<b>100.0</b>

<sup>"</sup> These shares relate to the Wilson / Crew contract summarised at Section 10.2 (Material Contracts) of this Prospectus.

### Summary of Possible Dilution if Cool Sand Option and/or Gold Hill Option are exercised

The Ausminerals Group's interest in many of the tenements referred to in this Prospectus are in the form on a call option from the registered holders. The Cool Sand Option and the Gold Hill Option cover many of the tenements which are described in this Prospectus. The consideration payable by Ausminerals, if it decides to exercise either or both of the options, includes issuance of shares in Ausminerals. Ausminerals will comply with its obligations under the Listing Rules in relation to a further issue of shares. No assurance can be given by the Ausminerals Group that either or both of the options will be exercised.

Set out below is a summary of the capital structure of Ausminerals if either or both of the Cool Sand Option and/or Gold Hill Option are exercised and shares in Ausminerals are issued. Further details of the options and the capital structure are set out in Sections 1. 15, 3.3 and 10.2.

### Minimum Subscription

	% of Shares on Issue at Completion of Offer	% of Shares on Issue after exercise of Cool Sand Option only	% of Shares on Issue after exercise of Gold Hill Option only	% of Shares on Issue after exercise of both Cool Sand Option and Gold Hill Option
Share Offered to the Public (by this Offer)	25.5	23%	23.4%	21.4%

### Maximum Subscription

	% of Shares on Issue at Completion of Offer	% of Shares on Issue after exercise of Cool Sand Option only	% of Shares on Issue after exercise of Gold Hill Option only	% of Shares on Issue after exercise of both Cool Sand Option and Gold Hill Option
Share Offered to the Public (by this Offer)	36.3	33.4%	33.4%	30.9%

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## CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors it is my pleasure to invite you to subscribe under this Prospectus to become a shareholder in Ausminerals Limited ("Ausminerals"), an emerging gold, nickel and uranium exploration company and industrial minerals production and exploration company.

The Ausminerals Group's proposed projects include the gold and nickel projects in the Leonora/Laverton Region of Western Australia, uranium and base metal projects in South Australia and limestone and feldspar projects in Timboon, Victoria.

The Ausminerals Group's gold and nickel projects in WA are located in the Leonora/Laverton region which has been the subject of significant gold and nickel discoveries. The Ausminerals Group's SA uranium and base metals project is located on a paleovalley system similar to those which have hosted uranium discoveries by other mining companies in the region. Ausminerals considers this project to be highly prospective given the exploration results reported in the area, and intends to commence exploration early in 2008. Exploration methods will include gravity surveys, drilling, chip sampling, metallurgical testing and sample analysis. The Ausminerals Group currently operates a limestone processing operation in Victoria. Its feldspar resources will initially be processed at the same processing plant in Victoria when mining of the feldspar resources in South Australia commences.

The Directors are well experienced in mining, mineral production and marketing in Australia and overseas, and accordingly the Directors are confident that the Ausminerals Group is well placed for the expansion of its projects over the next 2 years and looking toward its long term prospects. The Board's combined experience extends through the full cycle of mineral discovery, from the grass roots stage through exploration, feasibility studies, metallurgical assessment, plant design and construction, production and marketing. The Directors' industry relationships will provide the Ausminerals Group with engineering and geological expertise and experience for utilisation in future projects.

This Prospectus offers investors the opportunity to invest in the issue of 15,000,000 Shares at an issue price of 20 cents each to raise a minimum of \$3,000,000, with the ability to raise an additional \$2 million in oversubscriptions.

The funds raised by this Prospectus will be used to further explore and develop the Leonora/Laverton, Western Australia gold and nickel projects and the Lake Frome South Australia uranium and base metal project.

I look forward to welcoming you as a shareholder of Ausminerals Limited.

Yours sincerely,



Christopher Valttila  
Chairman

## DETAILS OF THE OFFER

### 1.1 The Offer

This Prospectus offers investors the opportunity to invest in the issue of 15,000,000 Shares at an issue price of 20 cents each to raise a minimum of \$3,000,000, with the ability to raise an additional \$2 million in oversubscriptions.

All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with existing Shares.

Details of the rights attaching to the Shares are set out in Section 10.1 of this Prospectus.

All application monies are payable in full on application.

### 1.2 Ausminerals Group - Corporate Structure

The Ausminerals Group comprises of:

- Ausminerals Limited;
- Kurdeez Lime Pty Limited;
- Australasian Gold Pty Limited;
- Victorian Agricultural Lime Pty Limited; and
- Uranium Resources Pty Limited.

Details of the projects that the Ausminerals Group intends to consider exploring are set out in detail in Sections 3, 4 and 5. The historical financial information of the Ausminerals Group is set out in Sections 6 and 7.

### 1.3 Capital Structure

Table 1 below sets out the capital structure of Ausminerals at the Maximum Subscription.

Shares	Maximum Subscription	% of Shares
Existing Shareholders (including Vendors)	43,836,492	63.7%
Public (by this Offer)	25,000,000	36.3%
<b>Total Shares on Issue at completion of Offer</b>	<b>68,836,492</b>	<b>100.0</b>

Table 2 below sets out the capital structure of Ausminerals at the Minimum Subscription.

Shares	Minimum Subscription	% of Shares
Existing Shareholders (including Vendors)	43,836,492	74.5%
Public (by this Offer)	15,000,000	25.5%
<b>Total Shares on Issue at completion of Offer</b>	<b>58,836,492</b>	<b>100.0</b>

## 1.4 Minimum Subscription 1 - 5 Maximum Subscription

The Minimum Subscription to the Offer is 15,000,000 Shares at an issue price of 20 cents per Share raising \$3 million before expenses of the Offer.

No Shares will be issued pursuant to this Prospectus until the Minimum Subscription has been achieved. Should the Minimum Subscription not be reached within four months after the date of this Prospectus, all application monies will be dealt with in accordance with the Corporations Act.

The Company believes that the Minimum Subscription is sufficient working capital to achieve its objectives as set out in this Prospectus.

The Company may accept a further application of 10 million Shares at an issue price of 20 cents per share (\$2,000,000) as oversubscriptions to raise up to \$5 million.

## 1.6 Use of Proceeds

It is intended to apply funds raised from the Offer in the two years following listing on ASX as follows:

Use of Funds	Minimum Subscription		Maximum Subscription	
	Year 1 (\$)	Year 2 (\$)	Year 1 (\$)	Year 2 (\$)
Total raised in this Offer	3,000,000		5,000,000	
Exploration expenditure				
WA Gold/Nickel Tenements	425,000	250,000	600,000	800,000
SA Uranium Tenement	100,000	100,000	200,000	225,000
Industrial Mineral Tenements (refer Section 2)	25,000	Nil	25,000	Nil
Acquisition costs of tenements (including stamp duty)*	200,000		550,000	
Expenses of the Issue, including broker fees	600,000		710,000	
Retire debt	400,000		400,000	
Purchase Drilling Equipment			500,000	
Working capital	400,000	500,000	390,000	600,000
<b>Total</b>	<b>2,150,000</b>	<b>850,000</b>	<b>3,375,000</b>	<b>1,625,000</b>

\* The acquisition costs cash payment set out in this table assumes that the Cool Sand Option will be exercised in the first year. No assurance can be given that Ausminerals will exercise this option. Details of the full consideration payable on the options held by Ausminerals regarding the tenements is described in Section 10.2.

Following the completion of the Offer, the Company will have sufficient working capital to carry out its objectives over the next two years.

Further details of the Company's issued capital are contained in the Investigating Accountant's Report in Section 6.

## DETAILS OF THE OFFER

### 1.7 Underwriting

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The Offer is not underwritten.

### 1.8 Dividend Policy

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The Company anticipates that significant expenditure is required in the exploration and development activities proposed by the Ausminerals Group. These activities are expected to dominate the two years following the Offer. Therefore, the Company does not expect to declare any dividends during that period.

### 1.9 Allotment and Allocation of Shares

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Subject to ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as practicable after the Offer is closed and the Application Forms and Application Monies have been received for the Minimum Subscription of Shares, following which Statements of Shareholdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants. Any interest that accrues will be retained by the Company and not be paid to Applicants.

The Directors have the right to allocate Shares under the Offer. The Company may reject any Application or allocate any Applicant fewer Shares than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

The Company reserves the right not to proceed with the Offer, to close the Offer early or to extend the Offer or accept late Application Forms.

### 1.10 Applicants Outside Australia

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The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether

any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

### 1.11 ASX Listing

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Within 7 days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be granted Quotation. If approval for Quotation is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares and will repay all Application Monies without interest as soon as practicable. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered under this Prospectus. ASX, its officers and employees, take no responsibility for the contents of this Prospectus.

### 1.12 CHES

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Ausminerals will apply to participate in the Clearing House Electronic Sub-register System (CHES), operated by ASX Settlement and Transfer Corporation Pty Limited (ASTC) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHES, the Company will operate an electronic issuer-sponsored Sub-register and an electronic CHES sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHES, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHES sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register. A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time however a charge may be incurred for additional statements.

## 1.13 Enquiries in Relation to the Offer

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This Prospectus provides information for potential investors in the Ausminerals Group, and should be read in its entirety.

*If, after reading this Prospectus, you have any questions about any aspect of an investment in the Ausminerals Group, please contact your stockbroker, accountant or independent financial adviser.*

## 1.14 How to Apply

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Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus. The Application Form must be completed in accordance with the instructions set out in the Application Form.

*Completed Application Forms and accompanying cheques should, at any time after the Opening Date, be posted to one of the addresses below:*

Ausminerals Limited 11/35 Old Northern Road Baulkham Hills NSW 2153	Registries Limited Level 2, 28 Margaret Street Sydney NSW 2000
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Cheques must be made payable to "Ausminerals Limited Share Applications Account" and crossed "Not Negotiable".

Applications must be for a minimum of 10,000 Shares (\$2,000), thereafter in multiples of 1,000 Shares, and can only be made by completing the Application Form attached to this Prospectus.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

An original, completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Application will not be treated as having applied for more Shares than as indicated by the amount of the cheque for the application monies.

No brokerage or stamp duty is payable by Applicants in respect of Applications for Shares under this Prospectus.

## 1.15 Escrow Provisions

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Shares on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such shares may be required to be held in escrow for up to 24 months, during which time they may not be transferred, assigned or otherwise disposed of. These agreements will be entered into in accordance with the Listing Rules. Based on their experience, the Directors expect that a substantial majority of the Shares on issue at the date of this Prospectus will be subject to escrow restrictions.

## 1.16 Capital Structure following exercise of Options over Tenements

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The Ausminerals Group's interest in many of the tenements referred to in this Prospectus are in the form of a call option to acquire the rights from the registered holders. The Cool Sand Option and the Gold Hill Option cover many of the tenements which are described in this Prospectus. The consideration payable by Ausminerals, if it decides to exercise either or both of the options, includes issuance of shares in Ausminerals. Ausminerals will comply with its obligations under the Listing Rules in relation to a further issue of shares. No assurance can be given by the Ausminerals Group that either or both of the options will be exercised.

## DETAILS OF THE OFFER

Set out below is a summary of the capital structure of Ausminerals if either or both of the Cool Sand Option and/or Gold Hill Option are exercised and shares in Ausminerals are issued.

### Capital Structure following exercise of Cool Sand Option

The Cool Sand Option covers the tenements set out in Sections 3.3 and 10.2 of this Prospectus and must be exercised by Ausminerals by no later than 31 March 2008. Further details are set out in Section 10.2 regarding this option.

#### Minimum Subscription\*

Shares	Maximum Subscription	% of Shares	Number of Shares following exercise of Cool Sand Option	% of Shares following exercise of Cool Sand Option
Existing Shareholders – Board and Management	30,387,200	51.6	30,387,200	46.9
Existing Shareholders – Pre-IPO Investors	12,449,292	21.2	12,449,292	19.2
Shares to be issued to Vendors*	1,000,000	1.7	1,000,000	1.5
Share Offered to the Public (by this Offer)	15,000,000	25.5	15,000,000	23.0
Shares to be issued to the vendors under the Cool Sand Option			6,000,000	9.3
<b>Total Shares on Issue following exercise of Cool Sand Option</b>	<b>58,836,492</b>	<b>100</b>	<b>64,836,492</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

#### Maximum Subscription\*

Shares	Maximum Subscription	% of Shares	Number of Shares following exercise of Cool Sand Option	% of Shares following exercise of Cool Sand Option
Existing Shareholders – Board and Management	30,387,200	44.1	30,387,200	40.6
Existing Shareholders – Pre-IPO Investors	12,449,292	18.1	12,449,292	16.6
Shares to be issued to Vendors*	1,000,000	1.5	1,000,000	1.3
Share Offered to the Public (by this Offer)	25,000,000	36.3	25,000,000	33.4
Shares to be issued to the vendors under the Cool Sand Option			6,000,000	8.0
<b>Total Shares on Issue following exercise of Cool Sand Option</b>	<b>68,836,492</b>	<b>100</b>	<b>74,836,492</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

### Capital Structure following exercise of Gold Hill Option

The Gold Hill Option covers the tenements set out in Sections 3.3 and 10.2 of this Prospectus and must be exercised by Ausminerals within 3 months from the date the conditions precedents are satisfied. Further details are set out in Section 10.2 regarding this option.

#### Minimum Subscription\*

Shares	Maximum Subscription	% of Shares	Number of Shares following exercise of Gold Hill Option	% of Shares following exercise of Gold Hill Option
Existing Shareholders – Board and Management	30,387,200	51.6	30,387,200	47.5
Existing Shareholders – Pre-IPO Investors	12,449,292	21.2	12,449,292	19.5
Shares to be issued to Vendors*	1,000,000	1.7	1,000,000	1.6
Share Offered to the Public (by this Offer)	15,000,000	25.5	15,000,000	23.4
Shares to be issued to the vendors under the Gold Hill Option			5,148,193	8.0
<b>Total Shares on Issue following exercise of Gold Hill Option</b>	<b>58,836,492</b>	<b>100</b>	<b>63,984,685</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

#### Maximum Subscription\*

Shares	Maximum Subscription	% of Shares	Number of Shares following exercise of Gold Hill Option	% of Shares following exercise of Gold Hill Option
Existing Shareholders – Board and Management	30,387,200	44.1	30,387,200	40.6
Existing Shareholders – Pre-IPO Investors	12,449,292	18.1	12,449,292	16.6
Shares to be issued to Vendors*	1,000,000	1.5	1,000,000	1.3
Share Offered to the Public (by this Offer)	25,000,000	36.3	25,000,000	33.4
Shares to be issued to the vendors under the Gold Hill Option			6,023,193	8.0
<b>Total Shares on Issue following exercise of Gold Hill Option</b>	<b>68,836,492</b>	<b>100</b>	<b>74,859,685</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

## DETAILS OF THE OFFER

### Capital Structure following exercise of both the Cool Sand Option and Gold Hill Option

The Cool Sand Option covers the tenements set out in Sections 3.3 and 10.2 of this Prospectus and must be exercised by Ausminerals by no later than 31 March 2008. Further details are set out in Section 10.2 regarding this option.

#### Minimum Subscription\*

Shares	Minimum Subscription	% of Shares	Number of Shares following exercise of both the Cool Sand Option and the Gold Hill Option	% of Shares following exercise of both the Cool Sand Option and the Gold Hill Option
Existing Shareholders – Board and Management	30,387,200	51.6	30,387,200	43.4
Existing Shareholders – Pre-IPO Investors	12,449,292	21.2	12,449,292	17.8
Shares to be issued to Vendors*	1,000,000	1.7	1,000,000	1.4
Share Offered to the Public (by this Offer)	15,000,000	25.5	15,000,000	21.4
Shares to be issued to the vendors under the Cool Sand Option		0	6,000,000	8.6
Shares to be issued to the vendors under the Gold Hill Option		0	5,148,193	7.4
<b>Total Shares on Issue following exercise of both the Cool Sand Option and Gold Hill Option</b>	<b>58,836,492</b>	<b>100</b>	<b>69,984,685</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

#### Maximum Subscription\*

Shares	Minimum Subscription	% of Shares	Number of Shares following exercise of both the Cool Sand Option and the Gold Hill Option	% of Shares following exercise of both the Cool Sand Option and the Gold Hill Option
Existing Shareholders – Board and Management	30,387,200	44.1	30,387,200	37.6
Existing Shareholders – Pre-IPO Investors	12,449,292	18.1	12,449,292	15.4
Shares to be issued to Vendors*	1,000,000	1.5	1,000,000	1.2
Share Offered to the Public (by this Offer)	25,000,000	36.3	25,000,000	30.9
Shares to be issued to the vendors under the Cool Sand Option		0	6,000,000	7.4
Shares to be issued to the vendors under the Gold Hill Option		0	6,023,193	7.4
<b>Total Shares on Issue following exercise of both the Cool Sand Option and Gold Hill Option</b>	<b>68,836,492</b>	<b>100</b>	<b>80,859,685</b>	<b>100</b>

\* There may be small discrepancies between the individual line items and the total number for each column and row. This is due to rounding errors.

## 1.17 Risk Factors

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The business of the Ausminerals Group involves mining exploration and investment in mining tenements which are at the exploration and evaluation stage. Accordingly, investments in the Shares offered by this Prospectus should be considered speculative in nature. The key risk factors are set out in Section 9 of this Prospectus and include:

- > Exploration Risk
- > Title to Tenements
- > Commodity Price Volatility and Exchange Rate Risk
- > Share Market Conditions

## 1.18 Privacy Disclosure

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Ausminerals will collect personal information in relation to each Applicant as provided on an Application Form ("*Personal Information*") for the purposes of processing the Application Form and, should the Application be successful, to administer your security holding in the Company ("*Purposes*") as required by law.

Ausminerals may also use the Personal Information for these Purposes and may disclose the Personal Information for these Purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

As required by law, Personal Information about you may also be used and disclosed to persons inspecting the security register, including bidders for your securities in the context of take-overs, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

Your Personal Information will be handled in accordance with the *Privacy Act 1988* (Cth). You may contact us at any time to request access to Personal Information about you that is held by Ausminerals.

## DIRECTORS AND OFFICERS

### 2.1 Board of Directors



**Mr Chris Valttila**  
LLB  
Non Executive Chairman

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Mr Valttila is a Director and owner of Baltic Pacific Pty Ltd, which trades in industrial minerals and develops industrial mineral projects mainly in the Asia Pacific and Europe regions. He is currently involved in industrial minerals projects in China and Europe.

In 2001 Mr Valttila was appointed as a Non Executive Director with Minerals Corporation Limited, a public Australian minerals company which at that time had interests in kaolin, feldspar, garnet and toll processing of various minerals. He resigned from the company in 2002.

Mr Valttila has over 20 years of experience in the exploration and mining industries. He is a past Chairman of Cellier Oy Finland, part of the French Cellier SA engineering group specializing in technology for minerals processing, and has over 30 years experience in industrial minerals and the pulp and paper industry in Asia Pacific and Northern Europe. He was part of senior management focusing on financing and development for industrial projects with Ekono Oy, a large diversified engineering group in Finland that is now part of Jaako Poyry. Mr Valttila was formerly a Director owner of a joint venture company with Nokia Oy, Finland which established and operated a mineral processing plant in the region.

Mr Valttila holds a Bachelor of Jurisprudence from the University of NSW. He has post graduate qualifications in International Law from the University of Helsinki, Finland.

Mr Valttila is fluent in English, German, Finnish and Swedish.



**Mr Erwin Bouverie**  
Managing Director

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Mr Bouverie has 26 years' experience in developing projects from the grass roots stage through exploration, feasibility studies, metallurgical assessment, plant design and construction, production and marketing, including hands-on experience in minerals exploration, mining and production.

More recently in the last 10 years he has been involved in gold and base metals exploration and processing in the Leonora/Laverton region of Western Australia.

Mr Bouverie has ASX listed public company experience as an executive director and held senior marketing and operational management positions with Minerals Corporation Limited, an ASX listed public company, from its establishment in 1982 until his resignation at the end of 2001.

In 2002, Mr Bouverie acquired the Kurdeez lime operations. At that time the operations were making a substantial loss. Since Mr Bouverie's operational involvement and management those operations are now cash flow positive.

Mr Bouverie has acquired and managed the Ausminerals Group's projects over the past 5 years, focusing on an operational strategy of bringing projects into early production.

## 2.2 Company Secretary



Mr Wayne Wilson

### Non-Executive Director

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Mr Wilson has been involved in the Mining Industry for more than 40 years, commencing in 1964 as a cadet mine manager. Positions held during this period include Mine Superintendent at Rhonda Collieries Pty Ltd from 1982 to 1985, and Mine Manager, Deputy General Manager and General Manager at Oakleigh Coal Mines in the 1990s.

Mr Wilson is a director of Burnett Coal Pty Limited which holds 49% of the Monto Coal Project in partnership with Macarthur Coal Pty Limited. He is also Managing Director of Ausfel Pty Limited, which recently owned exploration licenses for gold and uranium in South Australia. Those licences have been acquired by the Ausminerals Group and are described elsewhere in this Prospectus.



Mr Trevor Stone

F CPA

### Company Secretary

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Trevor has a broad range of experience at a senior level accumulated over the past 25 years, including as Finance Manager, Director, Company Secretary and Public Officer in large organisations.

In 1984, Mr Stone was appointed as CFO of Australian Aerospace Ltd (formerly Eurocopter International Pacific Limited). He was responsible for the establishment of all financial systems, integration of logistics and product support activities, and satisfying full financial reporting requirements to all shareholders. Mr Stone also played a major role in the company's commercial development, overseeing the expansion of operations to Melbourne, Brisbane and Auckland.

Mr Stone has acted as Ausminerals Limited's Group Accountant and Company Secretary since August 2006. During that time he has worked closely with the Directors and Auditors preparing the company's accounts, and on other related matters.

## COMPANY AND PROJECTS

### 3.1 Background

Ausminerals was incorporated in February 2002 as a proprietary company limited by shares. On 21 September 2007, the Company changed its type to become a public company limited by shares.

Ausminerals holds, directly or through subsidiaries, the core assets of the Ausminerals Group.

### 3.3 Project Summary

The type of interest the Ausminerals Group has in the various tenements referred to in this Prospectus can be grouped as follows:

- tenements where the title is registered to the Ausminerals Group;
- tenements where the Ausminerals Group has a 51 % interest through a joint venture;
- tenements where the Ausminerals Group has an option to acquire the interest from the registered holders, subject to certain conditions precedent being met.

The tables below show the type of interest the Ausminerals Group has for each individual tenement. Further details of the type of licence, registration status and expiry dates are set out in Section 5 by the Independent Reports on the Mining Tenements. Details of the geology are set out in Section 4 in the Consulting Geologist's Report.

(a) Tenement titles registered to Ausminerals Group:

Randwick, Gold and Nickel Projects, Western Australia	Uranium and Base Metals Projects, South Australia	Timboon Limestone and Feldspar, Victoria
P37/7526 (pending approval)	ML5994 - FELDSPAR	WA467 – LIMESTONE
P37/7527 (pending approval)	ML5995 - FELDSPAR	
P37/7528 (pending approval)	EL3294 – URANIUM/FELDSPAR	
	EL3556 – URANIUM/BASE METALS	

(b) Tenements over which Ausminerals has a 51 per cent interest as part of the Randwick Joint Venture (refer to details at Section 10.2 regarding the joint venture agreement):

Gold and Nickel Projects, Western Australia

Randwick

P37/6384	P37/6385	P37/6386	P37/6387	P37/6388	M37/1218
P37/6121	P37/6122	P37/6123	P37/6124	P37/6125	P37/6126
P37/6127	P37/6128	P37/5732	M37/1280	M37/1281	P37/7186
P37/7187	P37/7188	P37/7189	P37/7190	P37/7191	P37/7192

### 3.2 Objectives

The main purpose of the Offer is to finance exploration of:

- gold and nickel tenements in Leonora, Western Australia; and
- uranium and base metal tenements in South Australia.

The major commodity focus of the Ausminerals Group is gold, nickel, uranium, feldspar and limestone. Its limestone operation is an existing and operating business of the Ausminerals Group.

The Ausminerals Group has interests in the tenements detailed throughout this Prospectus.

(c) Tenements over which Ausminerals holds the Gold Hill Option (refer to details at Section 10.2 regarding the terms of the option). At the date of this Prospectus, the condition precedent to this Gold Hill Option has not been satisfied. In order for the condition precedent to be satisfied, Robert Gabb must execute his counterpart of the Gold Hill Option agreement and Wanbanna Pty Limited must execute its counterpart of the Gold Hill Option agreement. Ausminerals Group can provide no assurances that either party will sign the Gold Hill Option agreement:

Gold and Nickel Projects, Western Australia  
Randwick

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M37/0220

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This tenement is subject to the following caveats:

- (i) in favour of Erwin Bouverie (absolute caveat);
- (ii) in favour of Central Gold Pty Limited; and
- (ii) in favour of Eagle Mining Pty Ltd.

Ausminerals is in the process of lodging a caveat to protect its interests over this tenement.

(d) Tenements over which Ausminerals holds the Wilson/Crew Option  
(refer to details at Section 10.2 regarding the terms of the option):

Gold and Nickel Projects, Western Australia  
Mt Malcom

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M37/1197

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14 Mile Well

M39/977	P39/4335	P39/4336	P39/4337	P39/4338	P39/4339
P39/4472	P39/4473	P39/4474	P39/4475	P39/4476	P39/4477
P39/4478					

(e) Tenements over which Ausminerals holds the Cool Sand Option  
(refer to details at Section 10.2 regarding the terms of the option):

Gold and Nickel Projects, Western Australia  
Randwick

P37/5702	P37/5709	P37/6820	P37/6596	P37/6663	P37/6715	P37/6721
P37/5704	P37/5710	P37/6874	P37/6597	P37/6678	P37/6716	P37/6722
P37/5705	P37/6822	P37/6821	P37/6598	P37/6679	P37/6717	P37/6723
P37/5706	P37/6423	P37/6460	P37/6620	P37/6681	P37/6718	P37/6725
P37/5707	P37/6424	P37/6465	P37/6621	P37/6681	P37/6719	P37/6726
P37/5708	P37/6425	P37/6594	P37/6623	P37/6714	P37/6720	P37/6727
P37/6748	P37/6749	P37/6750	P37/6751	P37/6752	P37/6753	P37/6754
P37/6806	P37/6807	P37/6808	P37/6814	P37/6815	P37/6816	P37/6817
P37/6818	P37/6819					

### 3.4 Gold and Nickel Projects, Western Australia

#### (a) Randwick

The Randwick district of Leonora/Laverton, Western Australia is a district with potential for further economic discoveries. Ausminerals has:

- a 51 % interest in 24 tenements covering over 1800 hectares, with the ability to increase its interest to 70% through exploration expenditure (refer to Section 11.2(e) for further details of the joint venture);
- options to purchase a further 59 tenements from Cool Sand Supplies Pty Limited in the same area (refer to Section 10.2(c) for further details of the options);
- options to purchase, subject to the condition precedent being satisfied, a further 1 tenement from the Gold Hill Joint Venture partners in the same area (refer to Section 10.2 for further details of the options); and
- an agreement to provide management services by Australasian Gold Pty Limited in the tenements subject to the Gold Hill Joint Venture (refer to Section 11.2(b) for further details).

Six tenements subject to options to purchase from Cool Sand Supplies Pty Ltd expire on 23 October 2007. It is Ausminerals' intention to lodge an application for the renewal of those tenements by 19 October 2007.

The tenements described above are located in close proximity to the Navigator Resources Limited (" *Navigator* ") GME Resources Limited (" *GME* ") and Minara Resources Limited (" *Minara* ") operations. Navigator have recently announced their gold exploration results. GME are exploring for nickel. Minara Resources Limited have been mining nickel and cobalt in the Leonora/Laverton area for a number of years.

The Ausminerals Group's Randwick tenements are located approximately 47 kilometres north east of the town of Leonora and cover an area of over 10,000 hectares. The area includes the Gold Hill deposit.

Previous exploration in this area by the Ausminerals Group has outlined distinct ore bodies with reported gold grades from previous drilling of different ore bodies, at 13 meters at 10.3 grams per ton; 5 meters at 2.85 grams per ton; 2 meters at 10.82 grams per ton, 2 meters at 12.1 grams per ton; and 10 meters at 3.24 grams per ton. Ausminerals considers that these promising results indicate the potential for an economically viable mine, particularly considering that economic productions of other mines have grades of approximately 1.7 grams per ton.

Drilling conducted in August 2006 resulted in further encouraging results of 4 meters at 35 grams per ton. Drill cuttings from this significant result have been further investigated by metallurgical test work to determine the suitability for gold extraction by heap-leach methods, resulting in recoveries of up to 95% as determined by bottle-roll tests. Further test work is currently being undertaken to establish the best method of extraction. Additional drilling will be carried out to determine the extent of the resource at this particular site.

The Ausminerals Group has an agreement for the use of the gold processing plant at Gold Hill to process ore should it decide to use a heap-leach method of extraction. The plant requires some refurbishment for it to be operational.

Ausminerals will use the capital raised by the Offer to expand its current exploration programme in the Leonora/Laverton area. Exploration methods will include gravity and magnetic surveys, chip sampling, drilling, sample analysis and metallurgical studies.

#### (b) Mt Malcolm and 14 Mile Well

In April 2007, Ausminerals entered into an option agreement with Scott Walter Dixon and Ross Frederick Crew to acquire tenements located approximately 50 kilometres east of Leonora, known as the Malcolm King and 14 Mile Well projects. The option has not yet been exercised. Details of the option agreement are set out in section 11.2(d).

##### (i) Mt Malcom

The Malcolm King Project in the Mt Malcolm area holds potential for discovery of economic gold and base-metal mineralisation. It is a geologically interesting prospect that covers the old Malcolm King gold mine and the Midas gold mines, which produced approximately 3045 ounces of gold from 3050 tons of ore. The prospect located in this area has a known gold mineralisation over a distance of approximately 2 kms. The area requires further evaluation.

Ausminerals intends to spend capital raised to explore this project area using methods which will include gravity and magnetic surveys, chip sampling, drilling, sample analysis and metallurgical studies.

(ii) 14 Mile Well

The 14 Mile Well area is considered to have an excellent potential for the discovery of an economical ore body. The area is covered by 12 prospecting licence applications held by the Ausminerals Group. Minimal exploration work has been carried out in this area.

The Ausminerals Group intends to explore the 14 Mile Well project area using methods including gravity and magnetic surveys, chip sampling, drilling, sample analysis and metallurgical studies.

(iii) Options

In deciding whether to exercise its options, Ausminerals will consider exploration results received from recent field work on the properties under option and results obtained from future exploration activities undertaken during the option period.

### 3.5 Uranium & Base Metals, South Australia

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The Ausminerals Group's uranium and base metals projects are comprised of an Exploration Licence (EL3556) covering the paleo-channel in the Lake Frome area, near to the Curnamona Energy Limited uranium project. The Honeymoon Uranium project, which is owned by Uranium One of Canada, lies along the same paleovalley system as the eastern units of the exploration licence.

Ausminerals believes that this is a project with a potentially exciting future for the company based on exploration results in the surrounding areas. Further details are included at pages 15 and 16 of the Consulting Geologist's Report.

The Ausminerals Group intends to commence exploration in the Lake Frome area after listing is achieved. Methods to be utilized will include gravity surveys, drilling, geophysical down-hole logging and chemical analysis.

Unlike other State governments, in South Australia a mining lease or retention lease may be granted by the government for mining operations (other than exploratory operations) for the recovery of radioactive minerals including uranium. Currently there are three uranium mining leases that have been issued by the South Australian State government. One of the key conditions for the granting of those leases is the environmental criteria. No assurances can be given that the Ausminerals Group will be granted a uranium mining licence.

### 3.6 Timboon Limestone and Feldspar, Victoria

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Ausminerals Group owns processing facilities at Timboon in Victoria which incorporate earthmoving, crushing and screening, gas fired drying, bagging and bulk storage facilities. The limestone quarry is located on this 260 acre freehold property in prime dairy country approximately 3 km from Timboon. The property and processing facilities have recently been independently valued by Andrew Nock Pty Limited at \$5.9 million.

The operation currently supplies the agricultural and stock feed manufacturing industries. New products are being developed for marketing into higher value niche markets, some of which are expected to be ready for sale by the end of 2007.

Limestone is used in a variety of industries including for animal feed, glass and fibreglass, adhesives, plastics and rubber compounding, industrial fillers, chemical processing, water treatment, and for the treatment of acid soils which is a continuing problem affecting Australia. Feldspar is widely used in applications such as for glass manufacturing, fibreglass, fillers and extenders in applications such as paints, plastics and powder coatings, and in sanitaryware and tableware.

The Ausminerals Group intends to utilise the processing facilities for the processing of feldspar for ceramic applications in the Melbourne area. The Ausminerals Group intends to source the feldspar from its South Australian mining leases ML5994 and ML5995.

Stan Wollen  
138 Moffats Road  
Swan Bay NSW 2324  
Australia  
Telephone 0425 215 289  
Email: [wollen@hunterlink.net.au](mailto:wollen@hunterlink.net.au)

10 October 2007

The Directors  
Ausminerals Limited  
11/35 Old Northern Road  
Baulkham Hills  
NSW 2153

Dear Sirs,

#### CONSULTING GEOLOGIST'S REPORT

This report has been prepared by Stan Wollen for inclusion in a Prospectus dated 12 October 2007 for an issue of 15 million shares at an issue price of 20 cents each to raise a minimum of \$3 million (Offer) with the ability to raise an additional \$2 million in oversubscriptions.

Ausminerals Ltd has acquired interests in 5 groups of mining and exploration tenements in Western Australia and Victoria. The tenements in Western Australia are located in areas known to host economic mineralisation for both gold and base metals. For the purpose of this report, a reference to the Ausminerals Group means a reference to the Company and the other members of the Ausminerals Group.

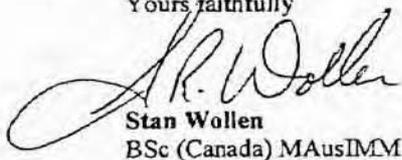
The report has been prepared in accordance with the Code and Guidelines for Assessment and/or Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("Valmin Code"), which is binding upon Members of the Australian Institute of Mining and Metallurgy (AusIMM) and the rules and guidelines issued by such bodies as the ASJC and ASX Limited (ASX).

The consulting geologist, Mr Stanley Wollen, has visited all the prospects. Ausminerals has warranted to the consulting geologist that full disclosure has been made of all known relevant material, whether in its possession or not, and that this information is complete, accurate and true, and Ausminerals has allowed this information to be disclosed for this report.

It is the opinion of the consulting geologist that:

- the exploration and mining properties described in this report warrant the proposed exploration and development plans and expenditure as summarised for each area. However, the proposed plans may be subject to modification according to the results as exploration proceeds; and
- Ausminerals has integrated defined and satisfactory programs of exploration in relation to the Company's stated aims.

Yours faithfully



Stan Wollen  
BSc (Canada) MAusIMM

Consulting Geologist

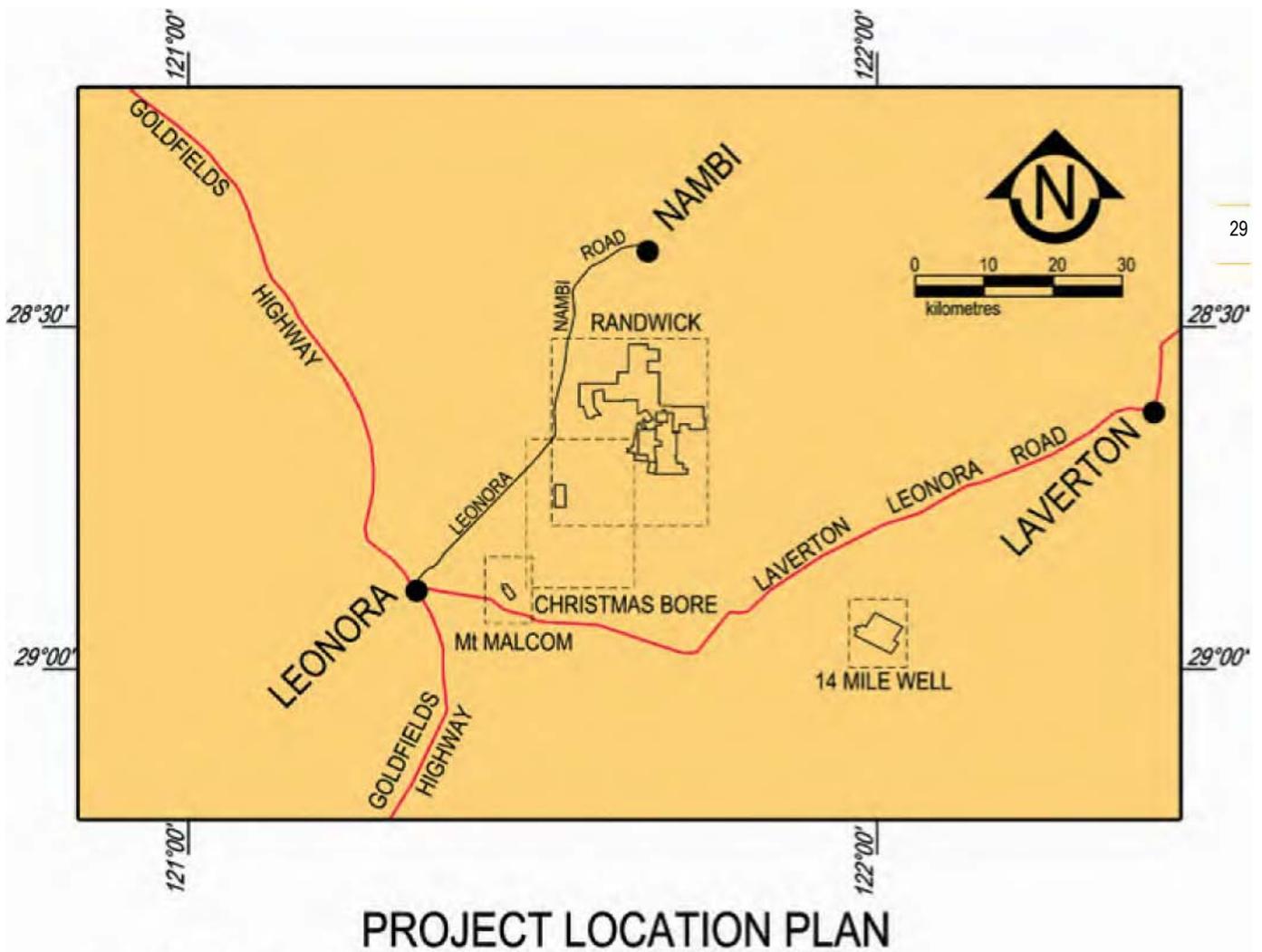
## CONSULTING GEOLOGIST'S REPORT

### THE AUSMINERALS GROUP PROJECTS

The majority of the Ausminerals Group's gold and nickel project areas are centred in the Leonora/Laverton region in the Eastern Goldfields of Western Australia. This area is predominantly covered by granted tenements and is in close proximity to the historical or existing resource locations of nickel and gold mineralisation. Exploration activity in the adjacent tenements is very busy and several drill rigs are currently exploring these areas. Some exploration programs, which are well advanced which will facilitate timely completion of exploration plans by Ausminerals Group.

Exploration areas near to Ausmineral's South Australian project areas have been the subject of recent gold and uranium discoveries. One uranium project is expected to commence production in 2008 and a proposal has been announced for the construction of another uranium pilot plant adjacent to Ausminerals Group's Exploration License No. 3556.

An important project lies in the rich dairy area of south Victoria, near Timboon. The Timboon project is an operating limestone quarry, which produces a range of limestone products and blends of agriculture products from imported raw materials such as gypsum.



## CONSULTING GEOLOGIST'S REPORT

### PROJECT SUMMARY

In this report references to the Ausminerals Group's project areas include some or all of the tenements included in those areas as defined below.

WESTERN AUSTRALIA			WESTERN AUSTRALIA
RANDWICK GOLD/NICKEL			14 MILE WELL GOLD
P37/5702	P37/6596	P37/6806	M39/977
P37/5704	P37/6597	P37/6807	P39/4335
P37/5705	P37/6598	P37/6808	P39/4336
P37/5706	P37/6620	P37/6814	P39/4337
P37/5707	P37/6621	P37/6815	P39/4338
P37/5708	P37/6623	P37/6816	P39/4339
P37/5709	P37/6663	P37/6817	P39/4472
P37/5710	P37/6678	P37/6818	P39/4473
P37/5732	P37/6679	P37/6819	P39/4474
P37/6121	P37/6681	P37/6820	P39/4475
P37/6122	P37/6714	P37/6821	P39/4476
P37/6123	P37/6715	P37/6822	P39/4477
P37/6124	P37/6716	P37/6874	P39/4478
P37/6125	P37/6717	P37/7186	
P37/6126	P37/6718	P37/7187	MT. MALCOLM GOLD
P37/6127	P37/6719	P37/7188	
P37/6128	P37/6720	P37/7189	M37/1197
P37/6384	P37/6721	P37/7190	
P37/6385	P37/6722	P37/7191	
P37/6386	P37/6723	P37/7192	
P37/6387	P37/6723	P37/7526	
P37/6388	P37/6725	P37/7527	
P37/6418	P37/6726	P37/7528	
P37/6423	P37/6727	M37/0220	
P37/6424	P37/6748	M37/1218	
P37/6425	P37/6749	M37/1280	
P37/6448	P37/6750	M37/1281	
P37/6457	P37/6751		
P37/6460	P37/6752		
P37/6465	P37/6753		
P37/6594	P37/6754		
SOUTH AUSTRALIA			VICTORIA
ML5994 - FELDSPAR			WA467 - LIMESTONE
ML5995 - FELDSPAR			
EL3294 - URANIUM/FELDSPAR			
EL3556 - URANIUM/BASE METALS			

# RANDWICK GOLD and NICKEL PROJECT, LEONORA, WESTERN AUSTRALIA

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## Location, Access and Title

The Randwick Gold Project, which is located about 47 kilometres northeast of the town of Leonora, comprises a large area that is centred on the old Randwick Gold Mine area. The mining tenements are within the Mt Malcolm District of the Mount Margaret Field of Western Australia (see Locality and Location plans on pages xx and yy of the Prospectus). Access is obtained by good graded road north from Leonora to Mertondale, 30 kilometres to the north-northeast and thence 15 kilometres east by a well maintained station track to the centre of the tenements. A well established donga hut camp is located on a hillside close to the Gold Hill cyanide leach operation, which is currently on care and maintenance.

## History of Mining and Production

Kelly, 1854 records that production from the Randwick Gold Field began in 1897 and ceased in 1941. During this period, 10,291 tonnes of ore were reportedly produced and yielded 306 kilograms (9,869 ounces) of fine gold at an average grade of 29.83 grams per tonne.

These production figures are not in agreement, either with Maitland, 1919 who recorded 9,994 tonnes produced to 1918, more than 1,800 tonnes higher than Kelly's total to that time, or with Hobson and Miles, 1950 who recorded a total of 13,077 tonnes mined.

The West Australian Mines Department, Statistics Branch records indicate that between 1941 and 1981 a total of 1,153.4 tonnes of ore (mainly old dump material from the Mighty Splash Mine) were treated and yielded 3.86 kilograms of fine gold at an average grade of 3.35 grams per tonne.

## Previous Exploration

Exploration of the Randwick project area has been for gold. The area was initially prospected and mined at the beginning of the 20th century, when the workings at 'Queen Mary' and 'Anglo Saxon' were operated.

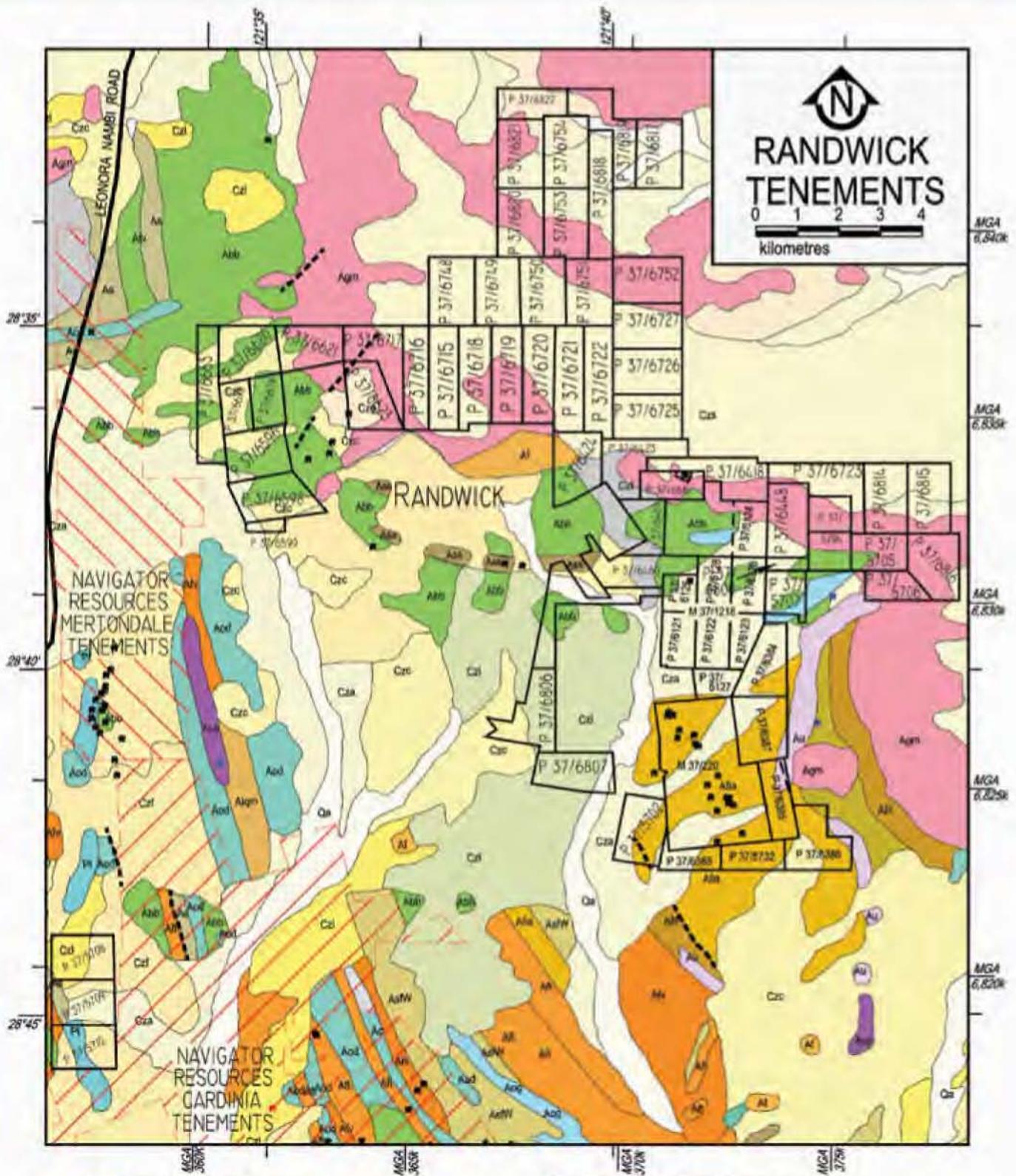
In more recent times various groups have explored the project area. These include companies such as Western Mining Corporation (1977) and Aztec Exploration Limited (1983). The exploration included rock chip sampling and costeaning. These programs did not produce enough encouragement for further development of the area in spite of the high grades mined from the old workings in the early 1900's.

Six major exploration programmes have been completed since 1982. In 1982 Freeport of Australia Incorporated (Freeport) completed a program, which included 8 reverse circulation (RC) drill holes totaling 706 metres. This work was confined to the Mighty Splash prospect. Between 1983 and 1985 Haoma North West N.L. (Haoma) completed geological mapping, aerial photography, gridding, ground magnetics and drilled 4 RC holes totaling 268 metres and 6 diamond drill holes totaling 558.6 metres through Jacia Natural Resources Consultants. Between 1985 and 1986, the project area was explored by B.P. Minerals Australia (BP) for the "Agnew Joint Venture Partners". Exploration included ground magnetics and I.P. surveys, geological mapping, surface sampling, petrological studies, preliminary metallurgical testing and drilling 108 holes totaling 7,317.9 metres.

Eagle Mining NL completed a regional exploration of the Gold Hill Area by geological and exploration drilling. The Gold Hill Joint Venture formed in 1997 was responsible for the development of the open pit at Gold Hill. Since then the Ausminerals Group has completed some field observation work and several drilling programs.

Some intersections from recent drilling recorded the following assay results:

Drill Hole LCRC 76:	17 metres @ 2.4 g/t Au
Drill Hole LCRC 116:	13 metres @ 10.3 g/t Au (includes 1 m @ 61.8 g/t & 1 m @ 59 g/t)
	14 metres @ 2.22 g/t Au
Drill Hole LCRC 117:	5 metres @ 2.85 g/t Au
Drill Hole LCRC 118:	2 metres @ 3.96 g/t Au
Drill Hole LCRC 119:	15 metres @ 0.73 g/t Au
Drill Hole LCRC 123:	5 metres @ 1.84 g/t Au
Drill Hole LCRC 124:	14 metres @ 2.01 g/t Au
Drill Hole LCRC 125:	7 metres @ 2.48 g/t Au



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| <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #c8e6c9; border: 1px solid black; margin-right: 5px;"></span> Aba Metabasalt +/- metadolomite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Ac Chert and banded chert; metamorphosed</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffe0b2; border: 1px solid black; margin-right: 5px;"></span> Al Metamorphosed felsic extrusive rocks, fine-grained</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffcdd2; border: 1px solid black; margin-right: 5px;"></span> Alie Meta-andesite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffccbc; border: 1px solid black; margin-right: 5px;"></span> Ail Metamorphosed felsic pyroclastic +/- volcaniclastic rocks</li> <li><span style="display: inline-block; 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height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Aswv Welcome Well Complex: Volcaniclastic conglomerate, sandstone and tuff</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Ass Sandstone and/or siltstone, metamorphosed</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Au Metamorphosed ultramafic rock, undivided or unassigned</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Aup Peridotite; metamorphosed</li> </ul> | <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Cza Clay, silt and sand; pebbly in places; colluvial, distal</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Czc Gravel, talus, sand; colluvial, proximal</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Czd Colluvial sand and gravel derived from quartzofeldspathic rock</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Ccl Lastic duricrust, massive and rubby</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Csp Sand plain</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Ccl Ferruginous buckshot gravel flats and small tree-rimmed clay pans</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Pl Rounded boulders and claystone derived from tillite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #e0e0e0; border: 1px solid black; margin-right: 5px;"></span> Ca Clay, silt, sand and gravel in and near active stream channels; alluvial</li> </ul> | <ul style="list-style-type: none"> <li><span style="color: red; font-weight: bold;">✖</span> Operational Gold Mine</li> <li><span style="color: blue; font-weight: bold;">✖</span> Other Operational Mine</li> <li><span style="color: black; font-weight: bold;">✖</span> Non Operational Mine</li> <li><span style="border-bottom: 1px solid black; width: 20px; display: inline-block; margin-right: 5px;"></span> Tenement boundary</li> <li><span style="border-bottom: 1px dashed red; width: 20px; display: inline-block; margin-right: 5px;"></span> Adjoining Developments</li> <li><span style="border-bottom: 1px dotted red; width: 20px; display: inline-block; margin-right: 5px;"></span> Fault Line</li> </ul> |
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Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007  
 Based on data produced by Department of Industry and Resources, Western Australia

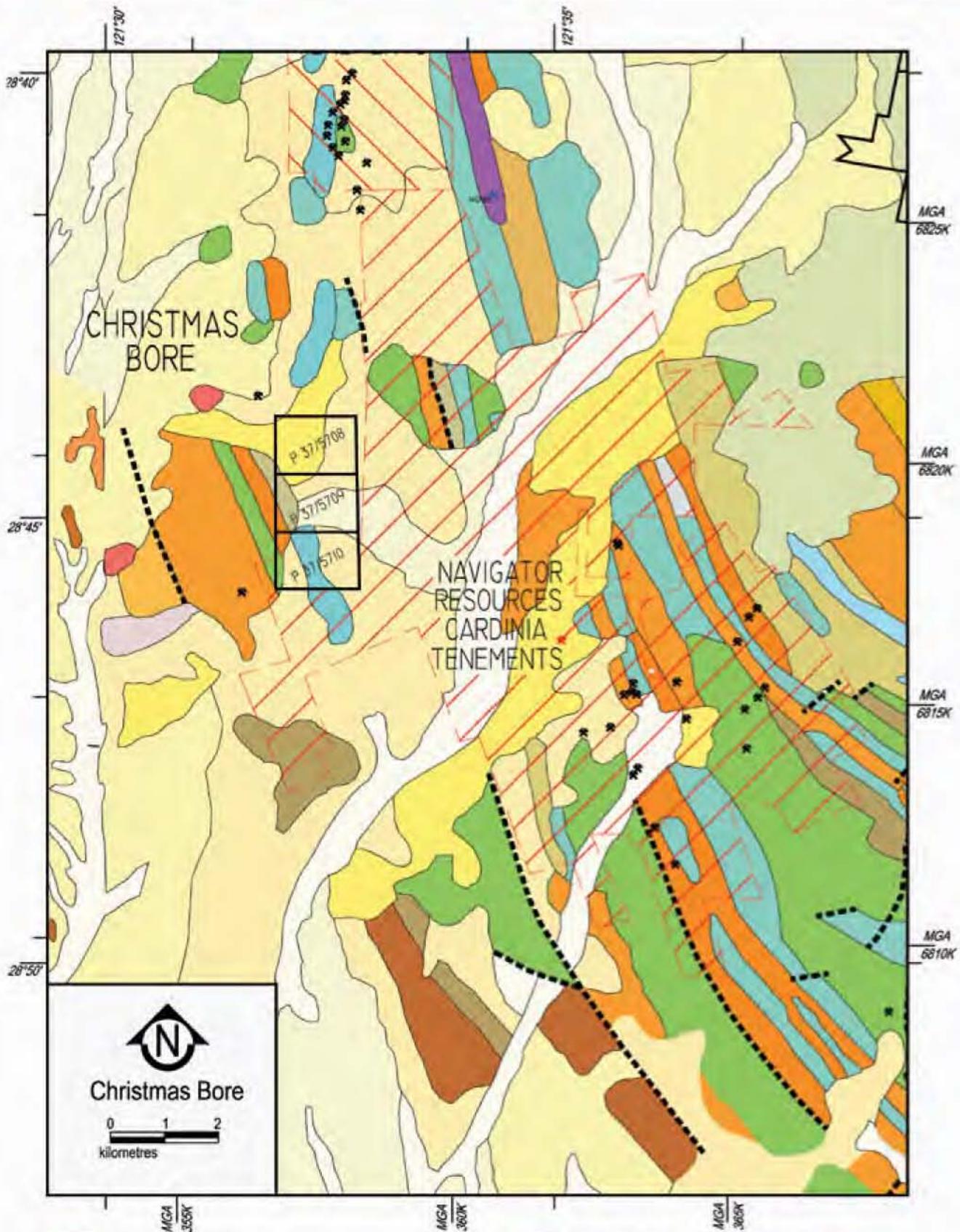


Abb	Metabasalt +/- metadolomite
Al	Metamorphosed felsic extrusive rocks, fine-grained
Atp	Metamorphosed intrusive felsic porphyry
Afp	Metamorphosed felsic pyroclastic +/- volcanoclastic rocks
Alv	Metamorphosed felsic volcanic or volcanoclastic rocks
Aod	Metadolomite +/- metabasalt +/- metagabbro
Aog	Metagabbro, undivided; massive, equigranular or porphyritic
As	Metasedimentary rock, undivided
Asc	Polymictic conglomerate; metamorphosed
As/W	Welcome Well Complex: Volcanoclastic conglomerate, sandstone and tuff.
Ass	Sandstone and/or siltstone, metamorphosed

Cza	Clay, silt and sand; pebbly in places; colluvial, distal
Czc	Gravel, talus, sand; colluvial, proximal
Czf	Pebbly colluvium and alluvium derived from laterite
Czi	Detritus and talus, derived from banded iron-formation
Czj	Lateritic duricrust, massive and rubbly
Pi	Rounded boulders and claystone derived from tillite
Qa	Clay, silt, sand and gravel in and near active stream channels; alluvial

- Operational Gold Mine
- Other Operational Mine
- Non Operational Mine
- Tenement boundary
- Adjoining Developments

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## CONSULTING GEOLOGIST'S REPORT

### RANDWICK GOLD and NICKEL PROJECT, LEONORA, WESTERN AUSTRALIA (cont.)

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#### Regional Geology

Major contributions have been made to the understanding of the Archean stratigraphy and structure of this district by Clarke, 1925; Noldart and Bock, 1960; Thom and Barnes, 1977; Gee et al, 1981; and Hallberg, 1982 and 1985. The regional geology of the area that includes and immediately surrounds the project areas is adapted from the Prospectus prepared for Randwick NL.

#### Tectonic Setting

The structural development of the rocks within the tenements has been influenced by major faults and lineaments. The tenements lie between the Keith-Kilkenny and Celia tectonic lineaments. It is characterised by structural complexity and high level granite intrusion.

The Keith-Kilkenny Tectonic Zone is a major northwesterly structure located approximately 25 kilometres southwest of the Gold Hill tenement M37/220. A major NNW trending strike fault related shear zone cuts through the centre of the tenement areas together with two smaller faults of similar orientation. The tectonic lineaments are essentially linear features generally trending NW and NE.

#### Prospect Geology

##### Archean Geology

In the surrounding areas, the earliest recorded event is a widespread extrusion of ultramafic, mafic and felsic igneous rocks. The igneous activity of the layered succession was cyclic. Tectonism began during deposition probably associated with the slow rise of granitic rocks. Deposition was gradually restricted to troughs or syndinal areas between rising granitic domes. This produced, in time, the arcuate tightly folded greenstone patterns.

##### Cainozoic Geology

This section refers to the materials which overlie the basement Archean rocks including soils.

The tenements are considered to contain generally residual soil cover with most of the original pisolitic/nodular blanket having been stripped through weathering processes. Soil cover appears relatively thinner in the western and northern areas where outcrop is more prevalent.

Erosion of the Tertiary land surface has produced alluvial areas with generally widespread colluvium (quartz and ferruginous material). Local deposits of Wiluna hardpan are visible throughout the tenement areas.

##### Economic Geology

Mineral deposits within the Laverton 1:250,000 Sheet area consist essentially of gold, silver, copper and nickel with minor production of manganese and tungsten.

Gold production commenced in the Laverton Sheet area in 1894 and approximately 51,549 kg of gold has been recovered to date.

In the Gold Hill tenement gold mineralisation is believed to be associated generally with a number of shear zones with attendant sericitic alterations, quartz stringers or veins and disseminated pyrite. Approximately 10,000 ounces of fine gold was produced at an average grade of 23.83 g/t.

The most prospective areas within M37/220 include Gold Hill, Lady Doris, Mighty Splash, Toorakville and Waite Kaurie. The areas immediately surrounding Mighty Splash and Toorakville have been drilled and contain promising intersections of gold.

## (A) RANDWICK PROSPECT DESCRIPTIONS

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Within the Randwick area are prospects with known gold mineralization some of which have been drilled by the Ausminerals Group. Some of these are described hereunder.

## 1. Gold Hill Prospect

No production figures are available for the area although there are many old shafts, pits and dry blowing holes. The Gold Hill area is underlain by an intrusive gabbro, which has been extensively silicified and carbonated in the vicinity of the mineralised zones. A number of quartz and quartz/feldspar porphyry dykes intrude the area. The mineralised shear and fracture zones are pyritic with numerous quartz veins and stockwork. Associated with the pyrite, occurring as inclusions or veinlets, are chalcopyrite, bismuth tellurides, silver and gold.

Two recent drill holes and several previous holes recorded significant intersections. The results are summarised below.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
<b>Recent Drilling</b>				
GHRC 5	3	23	20	2.15
	48	59	11	0.71
GHRC 3-4	40	55	15	0.64
	68	82	14	0.92
	137	155	18	1.45
<b>Historical Drilling</b>				
GHP 1	14	17	3	1.92
	28	30	2	1.81
	37	40	3	1.56
	44	46	2	1.87
	54	56	2	1.53
	72	76	2	1.13
NB	80	84	4	1.45
	11	87	76	0.69
GPH 2	12	14	2	10.82
	70	72	2	1.41
	98	103	5	1.92
NB	0	56	56	0.88
GPH 3	59	62	3	1.74
	92	96	4	5.24
	103	114	11	2.32
GPH 4	19	21	2	2.68
	38	44	6	1.47
GPH 6	10	17	7	2.61
GPH 9	44	46	2	1.54
GPH 26	4	8	4	1.84
	18	26	8	1.97
GPH 27	8	10	2	12.10
	22	24	2	1.3
	48	52	4	1.65
GPH 28	10	18	8	3.55
	28	30	2	3.16
	40	44	4	2.56
	48	50	2	1.32
GPH 31	24	26	2	1.66

## CONSULTING GEOLOGIST'S REPORT

### (A) RANDWICK PROSPECT DESCRIPTIONS

#### Development Potential

An open pit trial was completed on the Gold Hill prospect by the Gold Hill Joint Venture group. The recent drilling by the Ausminerals Group was conducted to evaluate the potential for additional reserves at depth and along strike. This drilling has indicated that there is a potential to locate a resource within the current pit and at depth (GPH 3-4 and GPH 5).

#### 2. Lady Doris Prospect

The recorded production from Lady Doris Mines (Kelly 1954) commenced in 1937 and ended in 1940. A total of 386.1 tonnes of ore were mined and 2.58 kilograms (83.07 ounces) of gold were recovered at an average grade of 6.69 grams per tonne.

Information from drilling and old shafts indicates that the prospect area is underlain by gabbro. A number of shear zones are present with characteristic sericitic alteration and quartz veins. The sampling suggests that both quartz veins and altered gabbro contain gold mineralisation.

Two recent drill holes and several previous holes recorded significant intersections. The results are summarised below.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
Recent Drilling				
LCRC 13	32	40	8	1.03
LCRC 22	10	14	4	9.8
	30	34	4	1.1
Historical Drilling				
GHP 17	28	38	10	3.24
	40	42	2	1.14
	54	58	4	4.48
	66	68	2	2.68
Note:	28	58	30	1.70
GHP 19	68	72	4	2.02
GHP 20	34	36	2	1.22
	42	44	2	1.24
GHP 35	50	52	2	1.60
GHP 41	12	16	4	2.01

#### Development Potential

The presence of significant mineralisation, which was intersected in several RC drill holes in and around the Lady Doris area warrants follow up exploration. Before commencing further exploration it is recommended that more detailed geological mapping be completed.

#### 3. Muriel Prospect

The old Muriel Gold Mine produced gold between 1899 and 1901. Kelly, 1954, records that a total of 213.37 tonnes of ore yielded 8.69 kilograms (279.27 ounces) of fine gold at an average grade of 40.71 grams per tonne. The Muriel Prospect is soil covered but it is mainly underlain by intermediate volcanic rocks. A number of old pits and shafts are present and mineralisation would appear to be associated with sericitic and pyritic shear zones within which are quartz veins and stringers.

Good intersections of gold have been recorded in the recent and historical drilling as follows.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
<b>Recent Drilling</b>				
LCRC 35	12	16	4	2.75
LCRC 36	22	24	2	4.33
	32	36	4	1.81
LCRC 59	27	33	6	1.86
LCRC 66	14	27	13	1.18
LCRC 68	10	13	3	1.94
	48	53	5	2.20
LCRC 70	7	9	2	2.92
LCRC 71	11	25	14	1.63
(Includes 3m from 22 to 25m at 6.01 g/t)				
LCRC 75	32	37	5	1.13
LCRC 76	27	44	17	2.4
(Includes 4m from 40 to 44m at 7.91 g/t)				
LCRC 77	40	53	13	0.96
LCRC 80	14	18	4	2.0
LCRC 89	12	19	7	1.13
LCRC 90	37	45	8	1.14
LCRC 91	57	65	9	1.14
LCRC 101	36	42	6	2.03
(Includes 3m from 38 to 41 m at 3.35 g/t)				
LCRC 104	17	22	5	1.25
LCRC 105	33	36	3	1.78
<b>Historical Drilling</b>				
M LP 2	41	43	2.0	1.40
M LP 3	42	44	2	1.19
	59	65	6	1.51
M LP 5	10	15	5	8.48
	53	57	4	2.12
M LP 9	28	30	2	1.64
M LP 11	46	48	2	1.16

The above results demonstrate that the gold mineralisation occurs across sections, which vary in thickness from 2 metres up to 17 metres and is frequently contained in sections 5 metres and greater.

The data on this area has been substantially increased by the recent drilling program and the results demonstrate a need for further exploration/development work.

## CONSULTING GEOLOGIST'S REPORT

### (A) RANDWICK PROSPECT DESCRIPTIONS (cont.)

#### 4. Toorakville Prospect

The Toorakville Mine is recorded by Kelly, 1954 as producing 205.75 tonnes of ore between 1904 and 1906. This tonnage yielded 30.62 kilograms (984.57 ounces) of gold at an average grade of 148.84 grams per tonne.

In 1972 a group of bulldozed costeans about 5 metres deep were excavated to investigate the mineralised zone. It is not known whether any ore was treated at the time. During 1985 the costeans were mapped by BP and 4 RC holes were drilled.

The area is soil covered but the costeans indicate that it is underlain by highly altered oxidised rocks now composed of chlorite and clay. Mineralisation appears to be related to a north westerly trending "fault/crush zone" which cuts across the costeans. This fault zone is ferruginous and contains numerous quartz veins and stringers. The direction of the dip is uncertain since the dip of the veining varies from 40o to the northeast to 70o southwest

Significant gold values have been intersected in the recent drill holes and the historical drill holes as follows.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
Recent Drilling				
LCRC 116	9	22	13	10.3
	33	47	14	2.22
LCRC 117	35	40	5	2.85
LCRC 118	36	38	2	3.96
LCRC 119	43	58	15	0.73
Historical Drilling				
TVP 2	35	37	2	3.02
	38	41	3	1.89
	45	50	5	4.05
TVP 3	42	50	8	3.08

#### 5. Mighty Splash Project

The Mighty Splash Mine is recorded by Kelly, 1954 as having produced 1,661.24 tonnes of ore from which 27.44 kilograms (882.06 ounces) of fine gold recovered at an average grade of 16.51 grams per tonne.

It is believed that a substantial additional tonnage was treated during the 1940's using an onsite 5 stamp battery but no reliable records are available.

A total of 3.86 kilograms of fine gold was produced from 1,153.4 tonnes of dump material between 1941 and 1981. Recovery averaged 3.35 grams per tonne.

Between 1982 and 1986 this prospect was explored by Freeport, Haoma and BP. This exploration comprised 34 RC drill holes totaling 2,648 metres and 5 diamond drill holes totaling 464.3 metres.

The Mighty Splash area is believed to be underlain by volcanic rocks of basic to intermediate composition. The geological data has been derived from the examination of mine dumps material, RC drill hole cuttings and diamond drill core. A major north northwest trending strike fault is located a short distance west of the old workings. Gold mineralisation is believed to be associated with a number of shear zones with attendant sericitic alteration, quartz stringers or veins and disseminated pyrite. All previous explorers have interpreted these shear zones as being approximately north-south trending.

Good intersections of gold have been recorded in the recent and historical drilling as follows.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
<b>Historical Drilling</b>				
MSP 2	53	61	8	4.95
	66	70	4	15.73
MSP 3	68	70	2	15.45
MSP 6	44	47	3	2.29
MSP 7	54	56	2	2.40
MSP 8	25	27	2	2.28
MSP19	58	62	4	3.98
MSD 1	64	65	1.5	26.2
MSD 2	56.6	58.6	2	2.88
MSD 4	53.1	59.9	6.8	8.75
	66.85	68.5	1.65	7.56
MSD 5	68.13	70.10	1.97	1.63

Intersections recorded in RC holes drilled north of the main prospect recorded good gold grades in both the recent drilling and the historical drilling. The results are tabled below.

INTERSECTION (metres)				
Hole No.	From	To	Length	Gold Assay (grams per tonne)
<b>Recent Drilling</b>				
LCRC 124	41	55	14	2.01
LCRC 125	35	42	7	2.48
<b>Historical Drilling</b>				
MSP 16	52	57	5	1.81
MSP 22	48	56	8	4.15
MSP 24	8	10	2	1.82
MSP 29	14	26	12	1.29
	36	38	2	2.68
MSP 31	36	38	2	2.58

These latter drill holes were located in an area with no outcrop or old workings.

The main mineralised shears of this area appear to be northwest trending, being extensions of or parallel to those mapped on the Toorakville Prospect (refer above). The distribution of old workings suggests that some mineralised northeast trending faults or fractures may also be present.

A new drilling pattern is required to more accurately assess the gold potential of the area.

## 6. Anglo Saxon Prospect

There are no records of production from this prospect, which is located about 150 metres north west of the main Anglo Saxon Mine.

From examination of the extensive pits, mine dumps and RC chip samples; it is evident that intermediate volcanic rocks underlie the area. Examination of the old workings and photogeological interpretation suggests that gold mineralisation is associated with northerly and possibly west north westerly trending fault related shear zones.

The Anglo Saxon West area comprises a northerly trending line of workings about 100 metres in length. The workings include one shaft, which is 22 metres deep. It is currently being used for a water supply for the Randwick Mine Camp. Sampling of dumps and one shaft suggests that, while the quartz veining in the shear zone contains the best gold values, the sericitic wall rocks are also mineralised.

The area needs to be mapped in detail before a drilling program can be planned.

## CONSULTING GEOLOGIST'S REPORT

### (B) FOURTEEN MILE WELL

(H. Mason, The Fourteen Mile Project – A Gold Exploration Play, January 1992)

The Fourteen Mile Project is located southwest of the Mt Morgan Gold Mine in the Leonora – Laverton district of the Eastern Goldfields, Western Australia.

The geological sequence strikes WNW and consists of a series of mafic volcanics with interflow sulphide rich chert and carbonaceous sediments. Large volumes of felsic tuffs and argillaceous sediments (partly carbonaceous) are also present. Northwest and east-west trending lineament zones cut the sequences.

The lithological units are repeated cyclically – probably due to folding about tight WNW trending anticlines. There is an extensive acid porphyry dyke intrusive system located within the fold cores. Granitic dykes, diorites and micro-granites are also present with coincident deep weathering suspected as being partly caused by hydrothermal alteration.

Large diapiric granitoid intrusions bound the area to the immediate NE, SE and South. Smaller acid intrusives outcrop to the West and large-scale circular structures occur within the area suggesting granitoid intrusives underlie the thin greenstone sequence at a shallow depth. These late stage bounding granitoids are spatially related to gold occurrences in the district and are thought to have been the sources of hydrothermal mineralising fluids.

Several extensive dry-blowing and metal detector depressions occur within the tenements together with old shafts and prospecting pits. From 1900 until the present day they are believed to have produced several thousand ounces of gold in nugget/dust form. Many smaller dry-blowing areas are also present within the area. Very large sulphide gossan and quartz vein gossan systems occur adjacent to these workings.

Golconda Minerals N. L. explored the region in 1985 and located anomalous creek BLEG gold values (up to 5ppb) within the area, and anomalous soil values (10 to 2340 ppb with many @ 25ppb) from limited shallow pitting over one of the large dry blowing areas. Their target was an alluvial/eluvial deposit and they concluded that there was little potential for ore resources of this type. Golconda did not test their soil anomalies by drilling.

ERA carried out a recce creek BLEG and rock chip sampling program over the area in December 1999. The BLEG results were highly anomalous (up to 8.3ppb with many >4.6ppb). Rock chip results were also anomalous (up to 60.3 g/t with many in the high fractions of a g/t and low g/t range)

These results are closely analogous to the values that led to Placer Exploration Ltd's discovery of the Granny Smith Mine. The 14 Mile area offers an excellent potential for the discovery of similar large tonnage gold resources.

The deep weathering and lateritization profile presents a difficult environment for geological evaluation. Rock type identification is difficult in many areas.

The mafic volcanics are normally fresh un-laterised rocks where they form linear hills. In the adjacent valley floors light purple coloured schists occur in some quantity. These (in a very few localities) have been probed by RAB drill holes to 30m – 50m depth and are commonly found to represent sheared and altered mafic volcanic schists. The weathering is variable to 30m depth.

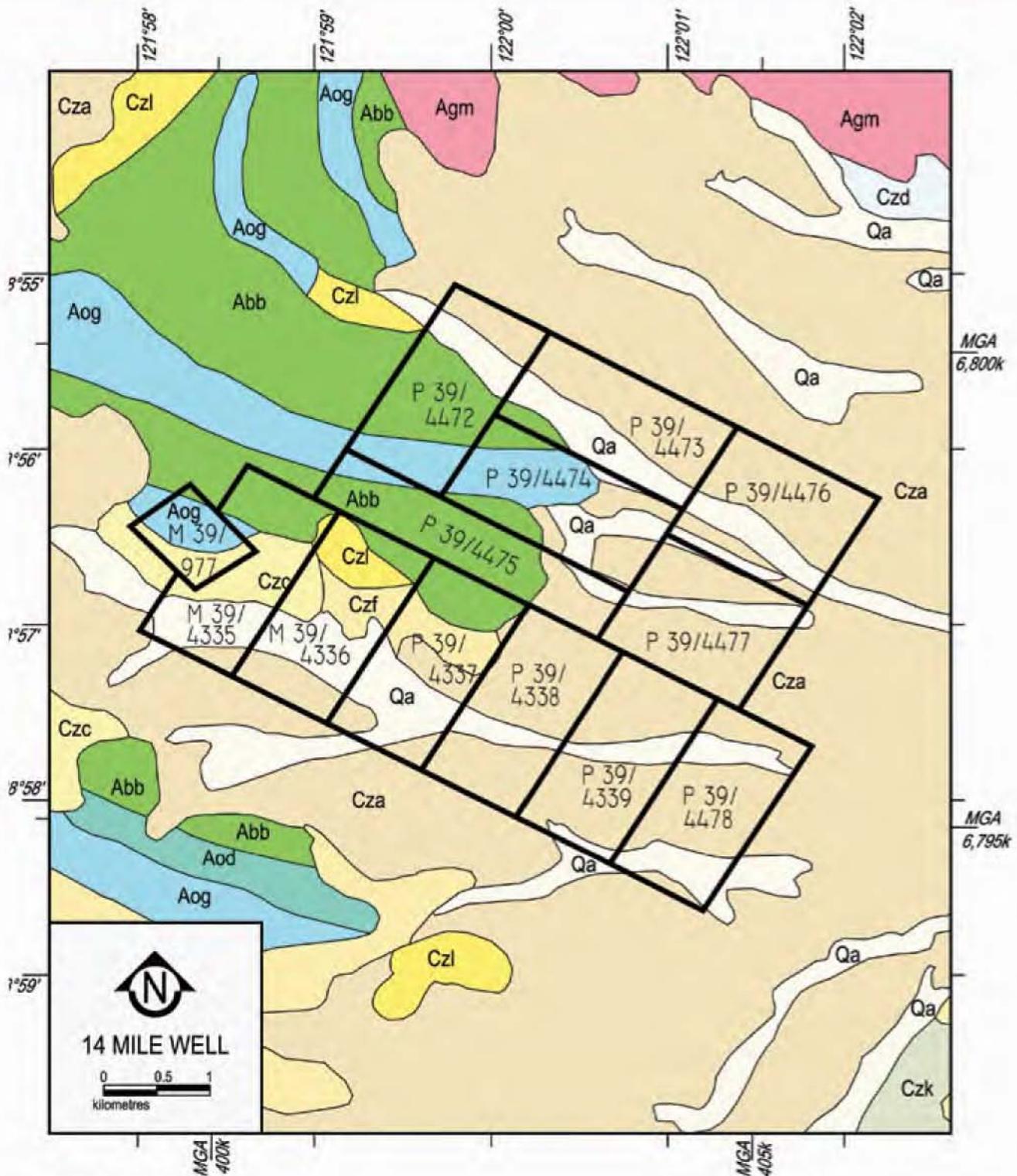
Other light purple/red and white schists are thought to represent extensive acid tuffs and associated porphyry dykes.

A few shallow surface exposures and mine shafts confirm the presence of large sections (up to 2km wide) of acid volcanic tuffs and minor carbonaceous argillites. These units often pass into laterite capped hills.

The laterite caps appear to show variation depending upon bedrock types e.g. mafic volcanics give a more blocky laterite cap than the bleached caps seen over acid porphyry. However in several areas it is impossible by eye to determine from the laterite the probable bedrock type.

In part the deep weathering may be due to hydrothermal alteration. Carbonatisation and extensive sericite development have been noted with bleaching in many shafts, pits and outcrop areas around the major prospects.

It will be essential to undertake some deep 50 – 60 metre RAB drill traverses to ascertain primary bedrock types in several parts of the area.



- Abb** Metabasalt +/- metadolomite
- Agm** Biotite monzogranite
- Aod** Metadolomite +/- metabasalt +/- metagabbro
- Aog** Metagabbro, undivided; massive, equigranular or porphyritic
- Cza** Clay, silt and sand; pebbly in places; colluvial, distal
- Czc** Gravel, talus, sand; colluvial, proximal
- Czd** Quartz and gypsum dunes with minor silt and clay adjacent to playas (dunes dominant)
- Czi** Pebbly colluvium and alluvium derived from laterite
- Czk** Calcrete
- Czl** Latent duncrust, massive and rubbly
- Qa** Clay, silt, sand and gravel in and near active stream channels; alluvial

- Tenement boundary
- Adjoining Developments
- Operational Gold Mine
- Other Operational Mine
- Non Operational Mine

Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007  
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## CONSULTING GEOLOGIST'S REPORT

### (B) FOURTEEN MILE WELL (cont.)

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The eastern part of the area is covered in a few metres of alluvial wash lying over deeply weathered bedrock. This area is thought to represent a "pinched" greenstone succession adjacent to large granitoid intrusive masses. Several E-W trending linear cross this same area.

This environment lying in close proximity to two known gold bearing hydrothermal sources is considered to have a high potential for the discovery of gold mineralisation. The area requires RAB drill traverses for geological and geochemical assessment.

Interpretation of Thematic mapper Landsat Imagery over the area has led to the recognition of several major diapiric and linear structures.

Some conclusions from the above study include:

1. The 14 Mile Well area is considered to have an excellent potential for the discovery of a Granny Smith (21 million tonnes @ 1.7 g/t Au) or Jupiter (10 million tonnes @ 1.6 g/t Au) style ore body.
2. The tenements straddle known "gold source" granitic intrusives, which are capable of leaking hydrothermal gold rich fluids into the adjacent greenstone sequences.
3. There is a massive internal development of diapiric granitoid structures with extensive upper level intrusive acid porphyry dyke systems giving potential for hydrothermal gold rich fluids sourced from shallow depth below the greenstone sequence.
4. Massive sulphide gossan and quartz vein gossan systems are commonly present adjacent to the production fields.
5. Several tight anticlinal structures exist within the greenstone sequence with acid intrusives penetrating their structural crests. These show signs of hydrothermal alteration within the deeply weathered central fold core profiles.
6. A series of NNW, WNW, NE and E-W lineament structures intercept within the tenements providing good fracture densities.
7. There exists diorite and microgranite intrusive bodies within the sequence, which includes thick acid tuff, and argillaceous (partly carbonaceous) sedimentary units with copious volumes of mafic volcanics containing interbedded sediments and sulphide rich chert.

#### Exploration Potential

Various patches of the gold system have been worked by numerous prospectors/miners over the years. Many of the dry blowing and alluvial metal detector "scrape off" patches cover immense areas of the acid porphyry, acid volcanic tuff and argillaceous sedimentary sequences, which are far more wide spread than the Halberg and GSWA mapping of the predominantly mafic volcanics suggest. Sulphide gossans are also commonly distributed within the succession – especially adjacent to porphyry intrusives.

A regional remote sensing interpretation of thematic Mapper (TM) satellite imagery covering the Laverton region demonstrated that certain structural features present at the Granny Smith and Jupiter mine sites were also developed on the 14 Mile project.

The study involved the utilisation of the confidential Excalibur system at that time. EXCALIBUR utilises a matrix of observable features to statistically pinpoint possible mineralised sites. It demonstrated a 95% reproduction of existing old mineralisation in regional studies across the Yilgarn gold fields, and has led to the discovery of several previously undocumented and new gold mineralisation sites.

The 14 Mile region data demonstrates that the area consists of a WNW greenstone succession intruded by late stage gold bearing granitoids offering excellent source potential for gold bearing hydrothermal solutions.

The large granite mass to the NE lying between the Mt Morgans gold mine and the 14 Mile area (the Red Knob granite) is known to carry gold bearing quartz vein systems.

The granitoid mass to the SE connects to several gold bearing systems including the Yundaminda gold mine.

To the south a large “barren” granitoid mass is present.

To the west and NW small ovoid granite intrusives poke through the greenstones at Goose Well/“Keep it Dark” and Deep Well. Several gold bearing systems are associated with the Keep it Dark” intrusive and some small shafts are also present at the Deep Well intrusive.

The 14 Mile area is traversed by numerous large acid porphyry dykes and includes small intrusives of dioritic and granitic and micro-granite character.

Structurally the area appears to consist of a relatively thin greenstone sequence, which is sitting on a series of deep seated diapiric acid intrusives. These diapiric structures penetrate to the surface as acid porphyry intrusive swarms.

The greenstone appears to be folded in to a series of WNW trending anticlines, which have suffered strike slip and over-thrust faulting.

A series of NNW trending anticlines cut across this environment at regular intervals. A close spaced set of E-W linears cross the area from the eastern end of lake Carey. WNW and major NE trending lineaments also intercept the area.

Given the following facts the area is believed to offer an excellent potential for large tonnage open pit gold resource discovery of the Granny Smith/Jupiter style:

1. Extensive dry blowing/metal detectors “scrape off” areas with a very high production of several thousand ounces of gold nuggets are potentially developed in the tenements.
2. Close proximity to the known “gold source” granitic intrusives capable of leaking hydrothermal gold rich fluids into the adjacent greenstone sequences.
3. Massive internal diapiric granitoid structures with extensive upper level acid porphyry dyke systems giving potential for hydrothermal gold rich fluids sourced from shallow depth below the greenstone sequences.
4. Presence of diorite and microgranite intrusive bodies within the sequence, which includes thick acid tuff and argillaceous (partly carbonaceous) sedimentary units as well as the mapped mafic volcanics. Intra mafic volcanic sediments and sulphide rich cherts.
5. Several tight anticlinal structures within the greenstone sequence.
6. A series of NNW, WNW, NE and E-W lineament structures intercept within the tenements.
7. High Au values were obtained from several race creek BLEGs (up to 8.3 ppb) – similar to results from the Granny Smith discovery.
8. Soil pitting to the south of the Christmas Gift – Castlemaine line gave very high gold values (20 ppb – 2340 ppb) similar to results from the Granny Smith Mine.
9. Preliminary rock chip prospecting gold results have confirmed anomalous gold bearing gossans and quartz vein gossan systems from several areas within the tenements with values up to +60 g/t and many values in the fractions of 1 g/t to a few g/t.

## CONSULTING GEOLOGIST'S REPORT

### (C) MOUNT MALCOLM - (P37/5836)(M37/1197 – Annual Report)

The eastern part of the area is covered in a few metres of alluvial wash lying over deeply weathered bedrock. This area is thought to represent a "pinched" greenstone succession adjacent to large granitoid intrusive masses. Several E-W trending linear cross this same area.

This environment lying in close proximity to two known gold bearing hydrothermal sources is considered to have a high potential for the discovery of gold mineralisation. The area requires RAB drill traverses for geological and geochemical assessment.

### (D) URANIUM AND BASE METALS PROJECT – SOUTH AUSTRALIA

#### Location

Exploration Licenses 3556 and 3294 (EL 3556) and (EL3294) are located in South Australia with 3556 being approximately 130 kilometres northwest of Broken Hill, NSW. The Honeymoon uranium project lies along the same paleovalley system as the eastern units of the EL 3556. This paleosystem is the target of investigation by Curnamona Energy, which is currently completing a field leach trial to recover uranium from a depth of 80 to 90 metres below the surface. Access is via the Barrier Highway between Adelaide and Broken Hill and thence along major country roads and farm tracks.

#### Geology

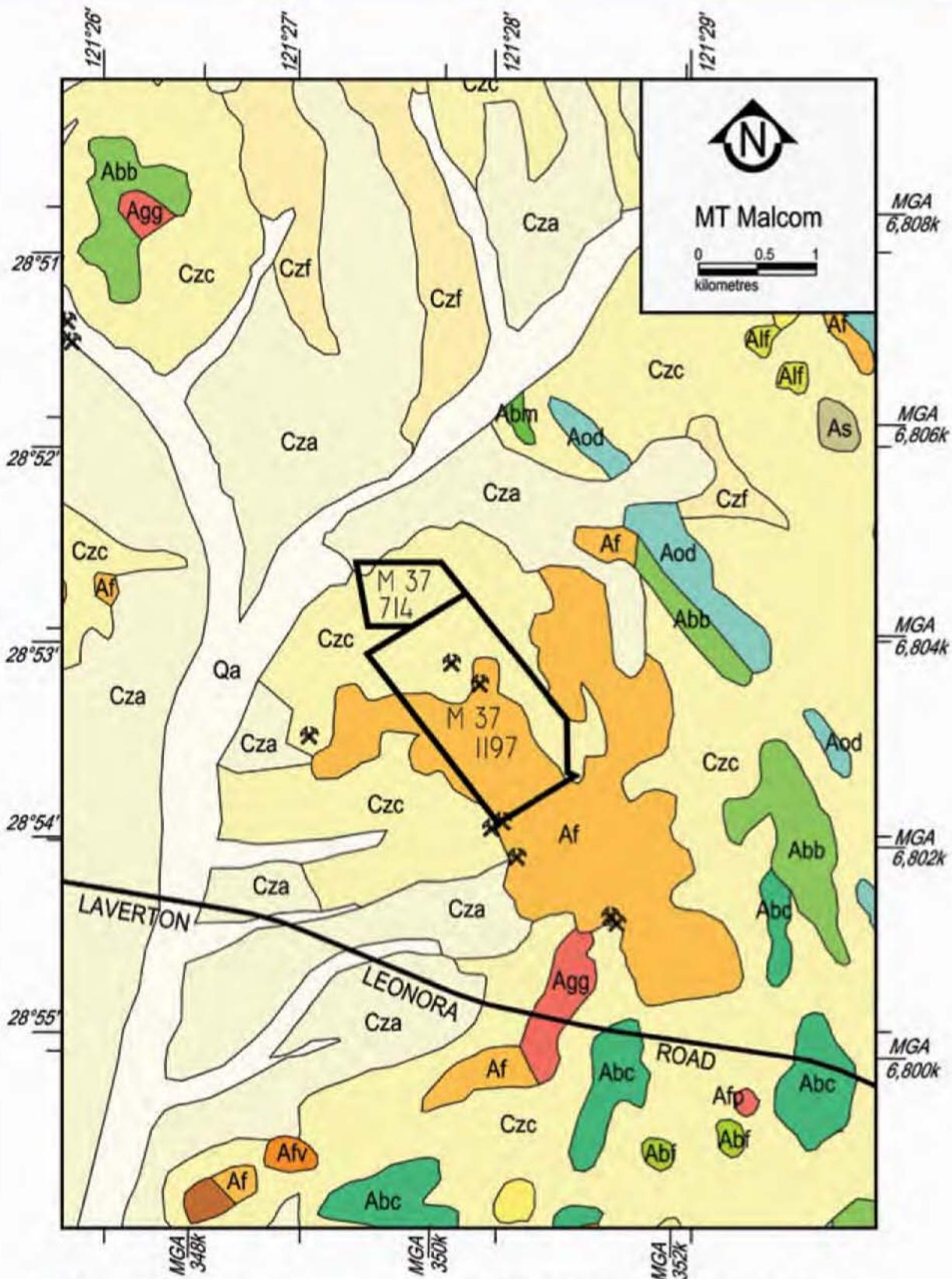
The EL 3556 lies in the Lake Frome region of north-eastern South Australia, which is a broad topographic depression bounded to the west, south and east by the Flinders, Olary and Barrier Ranges. During the middle of the Tertiary Period roughly 20 – 40 million years ago, the climate in this part of Australia was humid, and several rivers flowed northwards from the Olary Range in broad incised valleys often several kilometres wide. The river valleys, which became full of the sand of the Eyre Formation, were subsequently buried under tens of metres of clays of the Namba Formation. The Namba formation was deposited in a vast ancient lake, which occupied the north-eastern corner of SA and beyond. The lake system was the precursor to Lake Frome and Lake Eyre. Three of these ancient buried river valleys, named the Yarramba, Lake Namba and Billeroo Paleovalleys, have been recognised from drill holes in the southern Lake Frome region.

After the sand was buried in the paleovalleys, water continued to move through them following the established hydrological gradient from south to north. The water contained dissolved oxygen and minute amounts of dissolved uranium that was weathered from the exposed uranium rich bedrock at the margins of the Lake Frome region. The uranium thus introduced into the paleovalley drainage systems remained in solution for as long as the dissolved oxygen was retained. This situation is chemically termed oxidising conditions. Where these oxidised solutions came into contact with decaying leaf litter and woody debris while migrating through the paleochannel sands, free oxygen was consumed. After all the oxygen was used up the conditions changed to a reducing environment. The uranium was consequently precipitated out and deposited in elevated amounts in the porous sandy host of the Eyre Formation. The oxygen progressively destroyed the organic material and the oxidation front over an extended time tended to move slowly down the paleovalley carrying the uranium with it, producing a characteristic roll front. The process of uranium enrichment is likely to be active today, which would likely upgrade the uranium mineralisation.

The process of formation of roll front uranium deposits as described above is well known from earlier discoveries in the Tertiary basins of Wyoming, USA. As a consequence the geologically analogous Lake Frome region was explored in the 1960's and 1970's for similar styles of secondary uranium deposits and when the paleovalley drainage systems were discovered they quickly became the focus of attention. Several significant discoveries were made at this time, including the Beverly deposit, which is currently being mined by in situ leach methods, and the Honeymoon deposit within the Yarramba Paleovalley. Several other uranium prospects were discovered including the East Kalkaroo and Yarramba deposits, and the more distant Oban deposit in a northern tributary, and the Goulds Dam deposit in the Billeroo Paleovalley.

Uranium One's Honeymoon uranium deposit is of most significance for EL3556 because the eastern limb of the EL lies across the northern course of the Yarramba Paleovalley. It occurs at a depth of 100 - 120 metres in the basal sand, the lowest of three sand members that are separated by clay layers in the Eyre Formation.

Recent drilling by Southern Cross Resources has confirmed a resource of approximately 4,000 tonnes of uranium at Honeymoon, with an in-ground value of over A\$230 million at current uranium prices.



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|---|--|
| <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Abb Metabasalt +/- metadolomite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Abc Carbonated metabasalt</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Abf Mafic schist, low-grade</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Abm High-magnesium metabasalt with spinifex texture</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFD700; border: 1px solid black; margin-right: 5px;"></span> Af Metamorphosed felsic extrusive rocks, fine-grained</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFD700; border: 1px solid black; margin-right: 5px;"></span> Afp Metamorphosed intrusive felsic porphyry</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFD700; border: 1px solid black; margin-right: 5px;"></span> Afv Metamorphosed felsic volcanic or volcanoclastic rocks</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFD700; border: 1px solid black; margin-right: 5px;"></span> Agg Granodiorite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Alf Quartz-feldspar schist +/- muscovite, schistose to massive quartz-clay rock</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ADD8E6; border: 1px solid black; margin-right: 5px;"></span> Aod Metadolomite +/- metabasalt +/- metagabbro</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #D2B48C; border: 1px solid black; margin-right: 5px;"></span> As Metasedimentary rock, undivided</li> </ul> | <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFFACD; border: 1px solid black; margin-right: 5px;"></span> Cza Clay, silt and sand; pebbly in places; colluvial, distal</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFFACD; border: 1px solid black; margin-right: 5px;"></span> Czc Gravel, talus, sand; colluvial, proximal</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFFACD; border: 1px solid black; margin-right: 5px;"></span> Czf Pebbly colluvium and alluvium derived from laterite</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #FFFACD; border: 1px solid black; margin-right: 5px;"></span> Qa Clay, silt, sand and gravel in and near active stream channels; alluvial</li> </ul> |
|---|--|
- 
- Operational Gold Mine
  - Other Operational Mine
  - Non Operational Mine
- 
- Tenement boundary
  - Adjoining Developments

Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007  
 Based on data produced by Department of Industry and Resources, Western Australia

## CONSULTING GEOLOGIST'S REPORT

### (D) URANIUM AND BASE METALS PROJECT – SOUTH AUSTRALIA (cont.)

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Field leach trials have established that the Honeymoon deposit can be extracted from surface by in situ leach technology, which is currently successfully employed at the Beverly uranium mine. The in situ leach extraction process for uranium does not involve any major physical disturbance to the environment, as in a typical mining operation. The Beverly project has been endorsed by government research organisations and has been seen as meeting acceptable environment standards. The uranium in solution is in relatively low concentrations and care is taken to ensure it is not mixed with waters in other parts of the paleochannel aquifer.

Curnamona Energy is currently completing a field leach trial at the Oban project, which is approximately 20 kilometres south of EL 3556 along the Yarramba Paleovalley. Curnamona has identified a mineralised area (average grade of 0.2m% eU3O8) covering 100,000 square kilometres. The in situ value of gamma-indicated uranium in this area is over \$70 million at current spot uranium prices, with the potential for a tenfold increase in the immediate vicinity.

#### EXPLORATION PROPOSAL

Ausminerals Group plans to explore the area of EL 3556 and EL3294 as part of the company's program to advance development of the inventory of its mineral exploration projects. Reconnaissance drilling of the EL will be completed, partly to confirm the location of the channel sands and also to meet expenditure requirements of PIRSA.

### (E) MANNAHILL ALBITE FELDSPAR PROJECT

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#### Location, Access and Title

Mannahill is located 357 kilometres by road from Adelaide and thence northeast along the Barrier Highway. The turnoff from the Barrier Highway is approximately 2 kilometres west of Mannahill town site and thence 32 kilometres by unsealed road via Weekaroo Homestead. The Mother Lode Feldspar Deposit is located a further 6 kilometres south along a partially formed track.

Mineral Lease (ML) 5994 and 5995, 24.0 and 20.0 hectares respectively, were granted to Mannahill Mining Company Pty Ltd on 29 August 1997. The two leases cover the Mother Lode, Three Horsemen albite feldspar deposits. Both leases were renewed in 2004 for a further 7 years from the 29 August 2004 to the 28 August 2011.

Development Programs ADP No 98/012 and ADP No 98/011 were approved by the Chief Inspector of Mines for the Mother Lode and Three Horsemen deposits respectively.

Mannahill Mining Company Pty Ltd was changed to Ausfel Pty Ltd in August 2004.

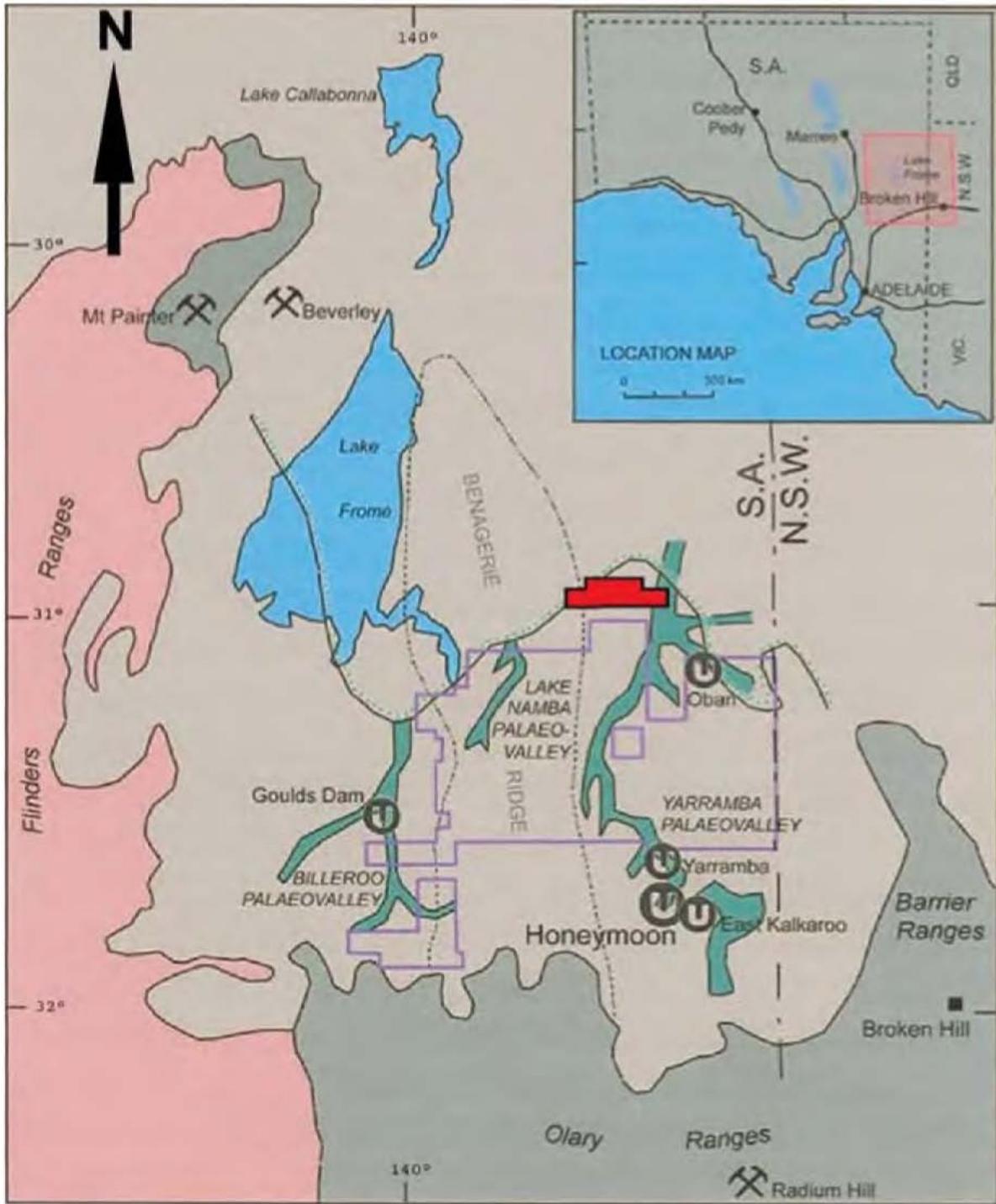
Exploration Licence (EL) 3294, which encompassed the above albite feldspar deposits, was applied for after the southwestern portion of EL2794 was relinquished. EL 3294 was granted to Ausfel Pty Ltd for an initial term of one year and has subsequently been renewed.

#### Geology

The Curnamona Craton is well defined by aeromagnetic images as a large semi-circular block about 250 km in diameter with a regionally high total magnetic intensity. Mesoproterozoic volcanics and sediments in the centre overlie late Paleoproterozoic metamorphics which outcrop in the south and northwest.

Mannahill feldspar deposits are hosted by Willyama Super Group Paleoproterozoic rocks that form the Willyama Inliers, a series of semi-isolated partly exposed blocks with faulted margins overlain by Adelaidean sediments along their eastern margins (Flint & Parker, 1993).

Albite rich pegmatites have formed in two east-west zones of albite alteration within and along the northern conformable contact of metamorphosed basic igneous rocks, designated as Weekaroo Amphibolite, with layered metasediments, mainly albitic gneiss (Fry, 1996). These pegmatites consist of up to 90% coarsely crystalline albite.



1:1

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**REFERENCE**

**TERTIARY PROTEROZOIC**

Pa Palaeovalley

Late Proterozoic

Uranium deposit 1 prospect

Limit of Eyre Formation Blanket Sands



rcIsi ie-E arty Proterozoic

**Uranium mine**

Cover Sediments

**Exploration**

area boundary

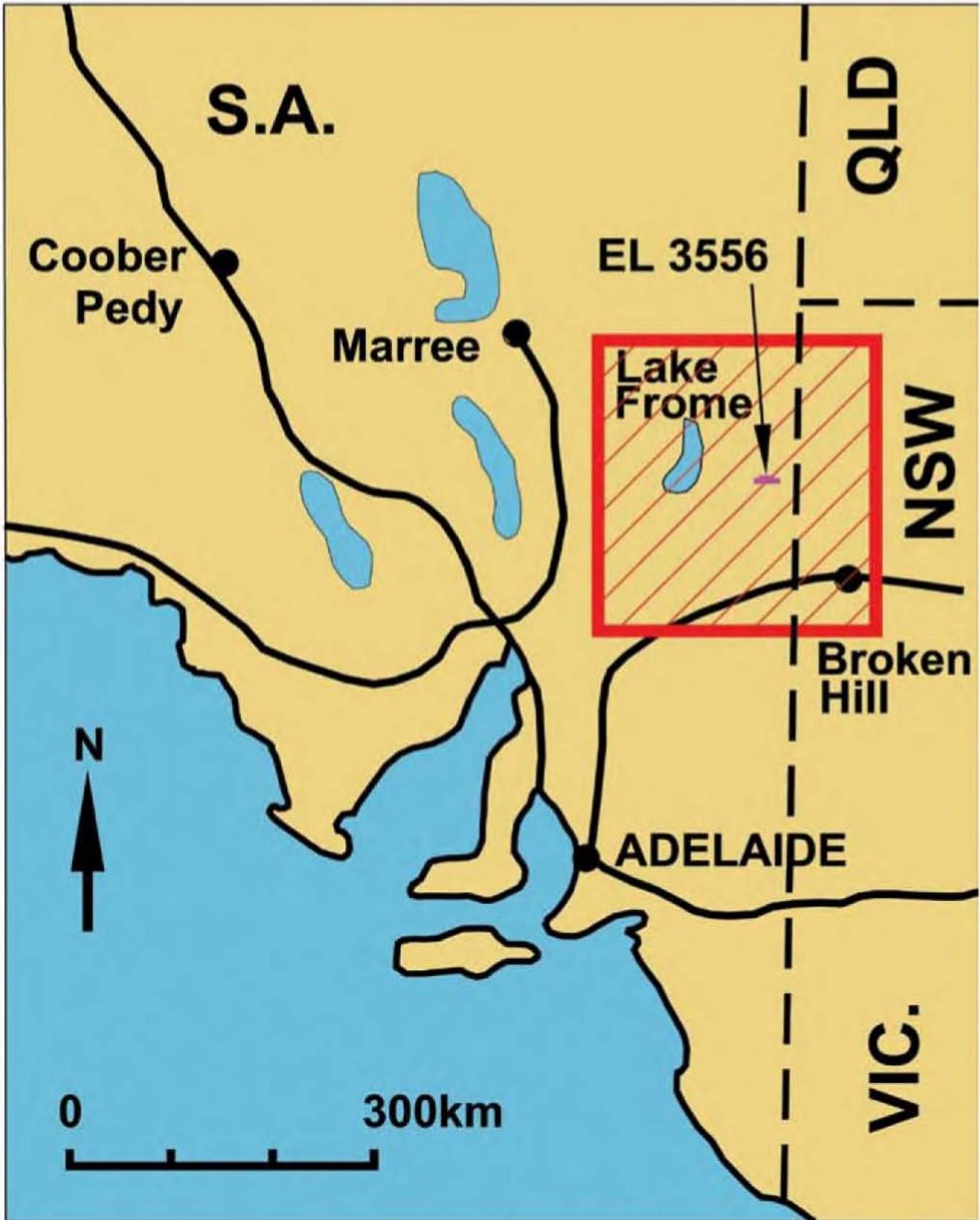
**EL 3556**

**REGIONAL GEOLOGY**

Adapted From published sources, including PIPSA

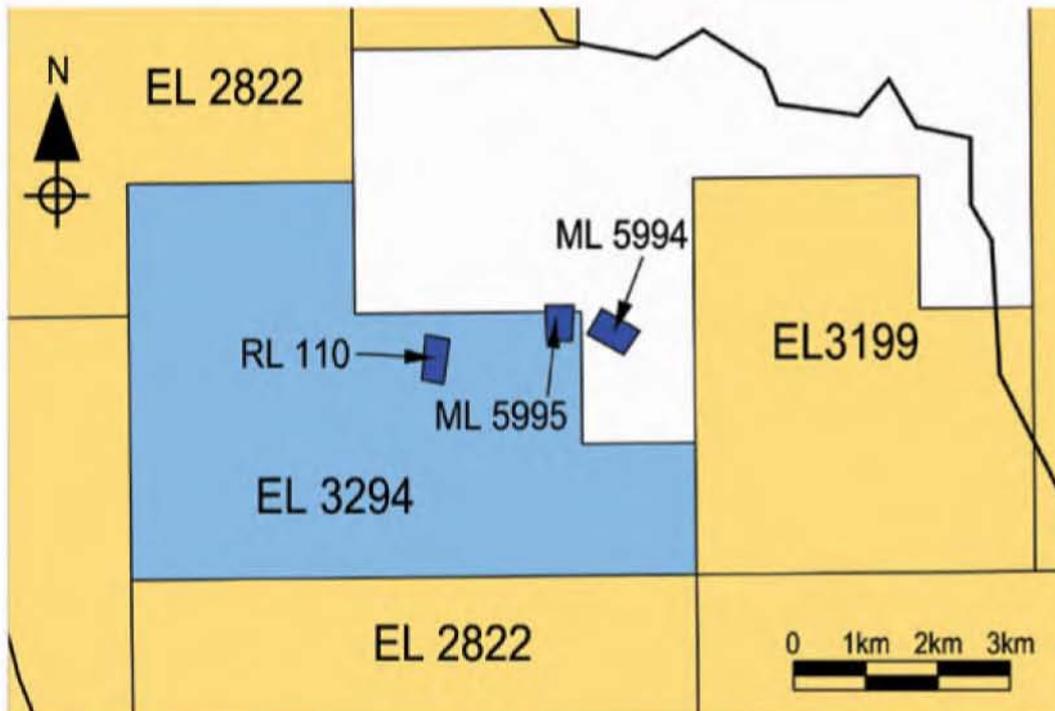
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Based on data produced by Department of Industry and Resources



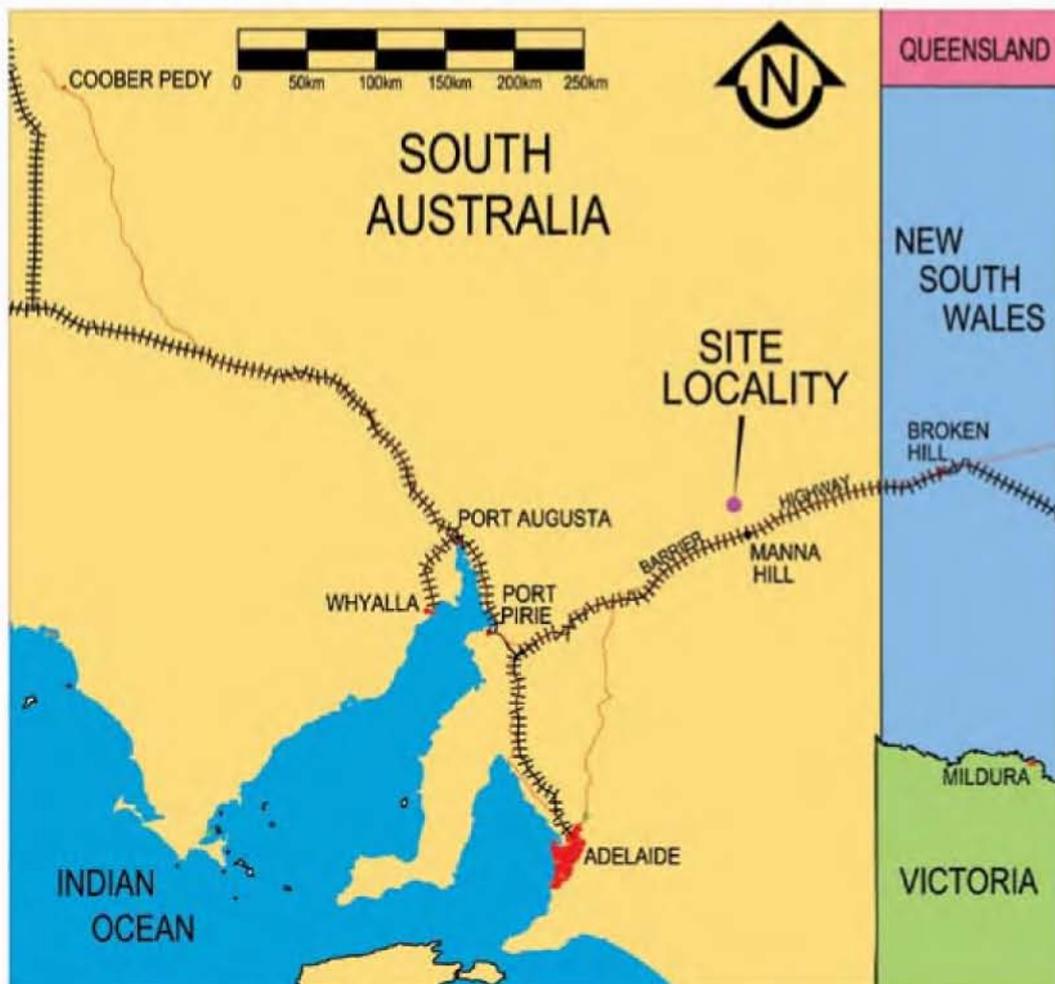
# EL 3556 LOCATION MAP

Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007  
Based on data produced by Department of Industry and Resources, Western Australia



### MANNAHILL TENEMENTS PLAN

Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007.  
Based on data produced by PIRSA.



### MANNAHILL LOCALITY PLAN

Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007.  
Based on data produced by PIRSA.

## CONSULTING GEOLOGIST'S REPORT

### (E) MANNAHILL ALBITE FELDSPAR PROJECT (cont.)

#### Economic Deposits

The first deposit discovered, Mother Lode, has sharp contacts with the enclosing amphibolite and is relatively free of contaminants (Table X). The nearby Three Horsemen is more complex with less extensive high grade zones and 10-20% iron bearing amphibolite in places as described by Russel-Taylor & Moore (1997a) and (1997b), Martin and Turvey (2000a).

#### Exploration and Mining

In August 1997, Commercial Minerals Ltd drilled 129 metres in 9 percussion blast holes and intersected feldspar with thickness ranging from 5 to 27 metres (Martin 1998). Mannahill Mining opened up Mother Lode and Three Horsemen and produced the following:

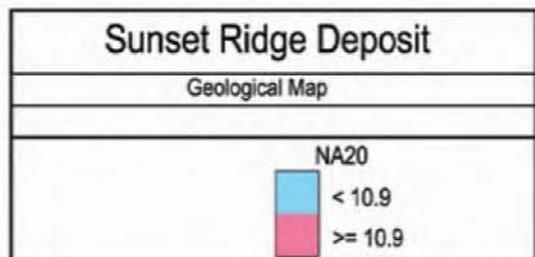
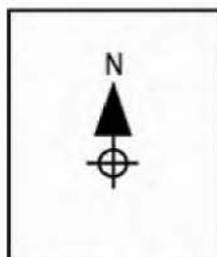
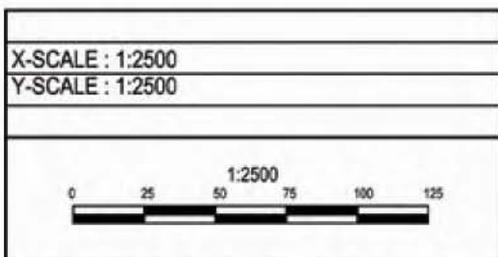
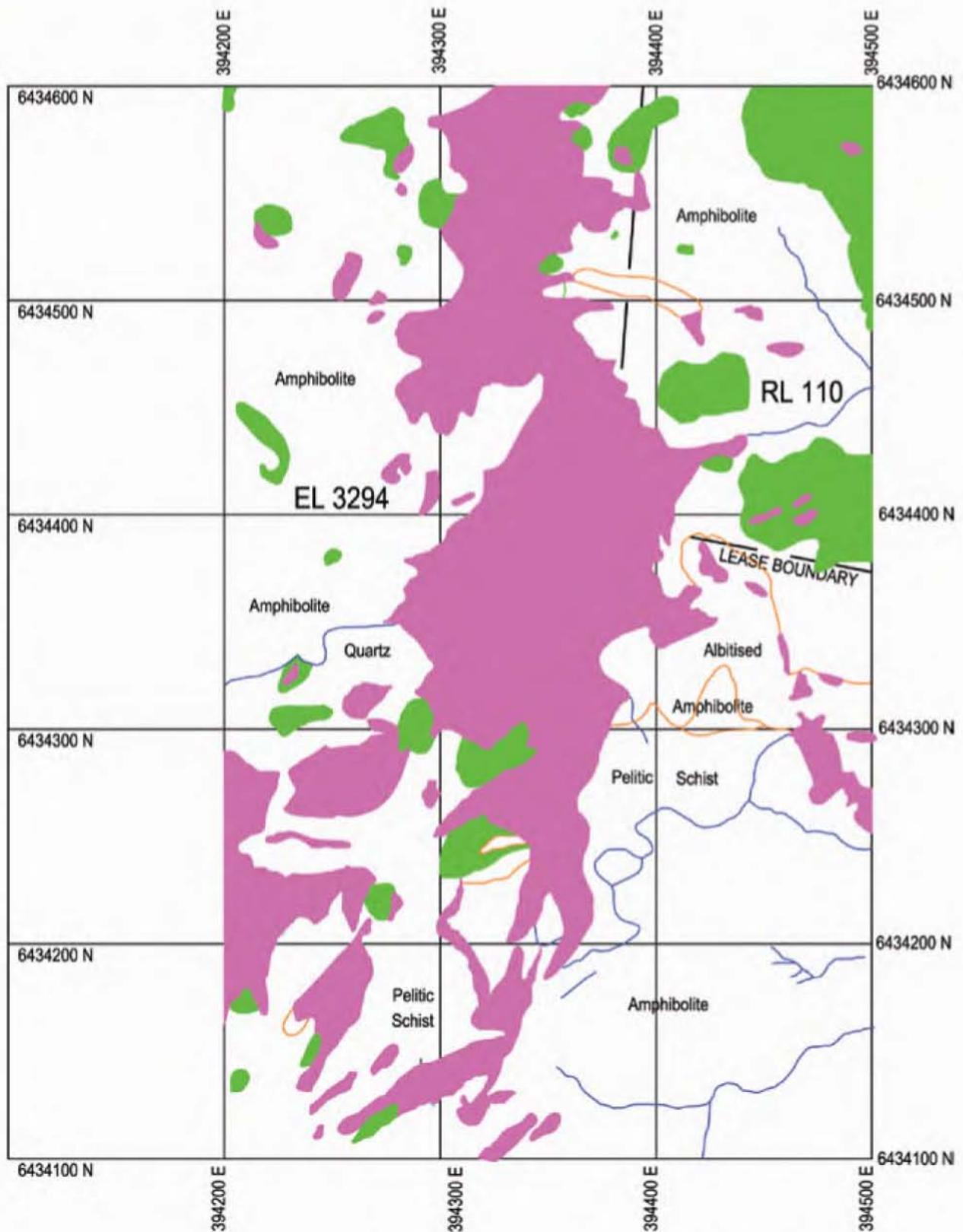
Site	Tonnes
Mother Lode	550
Three Horsemen :west	680
:east	300
<b>TOTAL</b>	<b>1,500</b>

In April 1998, Normandy Industrial Minerals Limited (new name for Commercial Minerals) completed a program of percussion drilling (Martin, 2000) with 950 metres in 70 holes. In May 2005, UNIMIN collected three chip samples from the pit face at Mother Lode and four from outcrops at Sunset Ridge. Mother Lode is consistently high-grade albite with 11.1 – 11.8% Na<sub>2</sub>O and low K<sub>2</sub>O of 0.10 – 0.13% (. Only one sample from Sunset Ridge (0023) compared favourably with the Mother Lode.

#### SAMPLE ANALYSIS

	Mother Lode			Sunset Ridge				
Sample	00017	00018	00019	00020	00021	00022	00023	
SiO <sub>2</sub>	65.8	67.4	67.3	70.5	72.1	73.4	68.8	
Fe <sub>2</sub> O <sub>3</sub>	0.79	0.14	0.10	0.34	0.22	0.26	0.13	
Al <sub>2</sub> O <sub>3</sub>	18.6	19.4	19.4	16.8	15.5	14.6	18.3	
Na <sub>2</sub> O	11.1	11.8	11.8	8.6	4.9	3.7	10.8	
K <sub>2</sub> O	0.13	0.10	0.10	1.9	5.9	6.8	0.2	

The less encouraging results at Sunset Ridge could be explained by a surface cover of lower grade oxidised and altered albite.



Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007.  
Based on data produced by PIRSA.

## CONSULTING GEOLOGIST'S REPORT

### (E) MANNAHILL ALBITE FELDSPAR PROJECT (cont.)

#### Resources

Martin (1988) calculated the following resources from cross-sections using Micromine Software. Mother Lode is lenticular with 22 holes intersecting amphibolite at the base of drill holes to provide a high level of confidence. In contrast at Three Horsemen, 20 holes reached amphibolite and 9 holes did not.

Deposit	Resources	Tonnes	Cross-section Spacing
Mother Lode	Measured	111,000	20 m
Three Horsemen	Indicated	286,000	25 m

#### Proposed Work Program

- Detail mapping of the pit with the drill hole cross-sections to calculate remaining resources
- Further drilling, mapping and sampling of Three Horsemen
- Reconnaissance of the Western Deposits
- Orthophoto study of the tenements to identify additional targets

### (E) TIMBOON LIMESTONE QUARRY

#### Geology

The geology of the licence area is comprised largely of the Tertiary Port Campbell Limestone and a small thin tongue of Quaternary Newer Volcanics, which occurs along the eastern edge of the licence area. Minor Quaternary colluvium and gully alluvium appears in the Curdies River tributary (Power Creek), which dissects the extractive licence from north to south. A more detailed description is available in the Victorian Geological Survey Report 95, Port Campbell Embayment, 1: 100,000 Map Geological Report, 1992 S. J. Tickell, J. Edwards and C. Abele (Figure 3).

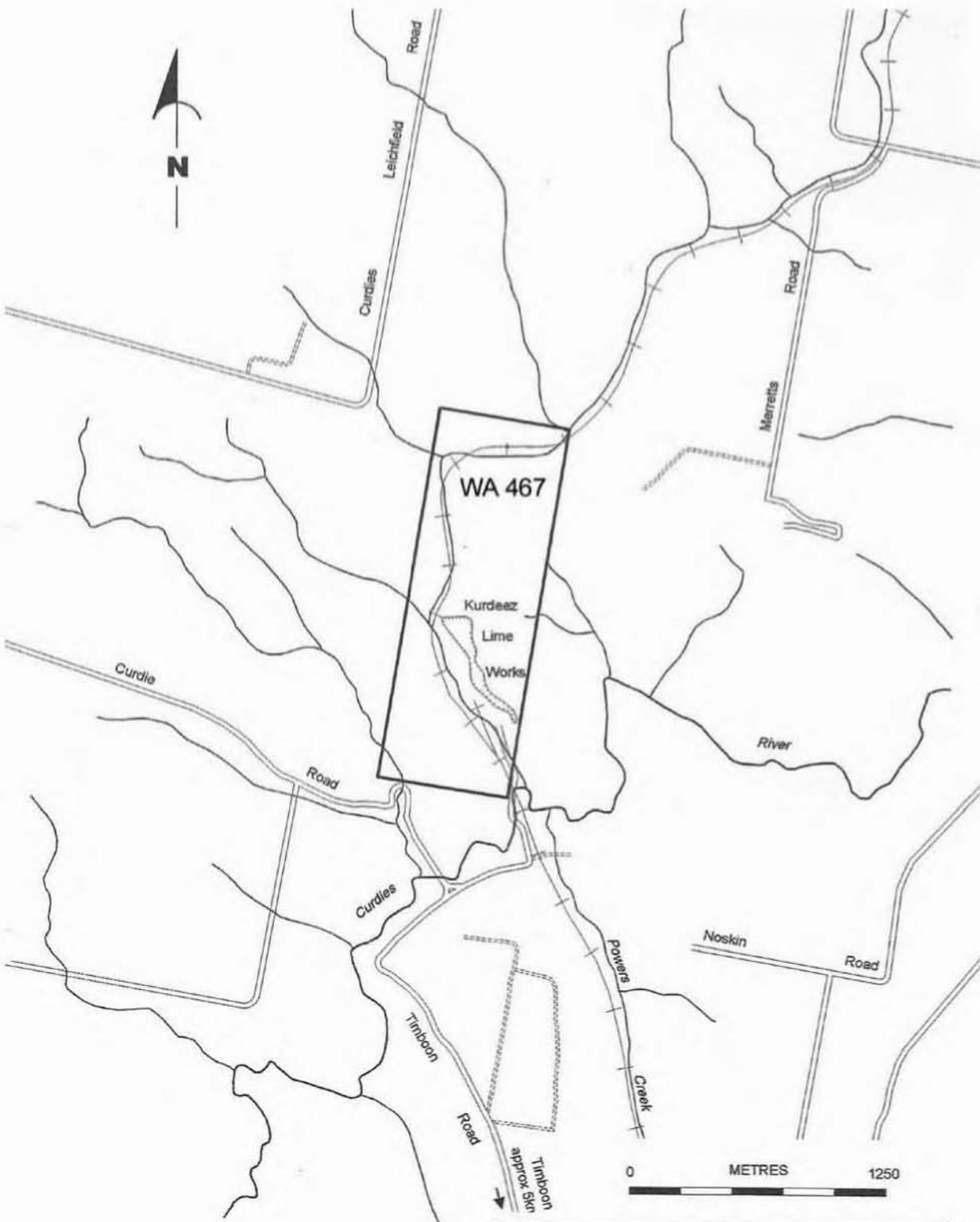
The Port Campbell Limestone consists of calcarenite, minor calcilutite that is largely fine-grained, weakly cemented and moderately well bedded. Fragments of bryozoan, mollusc, echinoid and brachiopod are frequently found along bedding planes.

#### Resource Description

The resource is comprised of fine-grained limestone, which contains minor but varying amounts of clay. The limestone shows distinct bedding and has a hard capping of limestone near or at the top of the deposit. Clay rich layers occur within the lime and also occur in pockets. The pockets of clay are easily removed while the clayey lime is blended with the high-grade lime layers.

The proven reserves of high quality lime (Table 1) are as indicated on page 54:

**7.077 Million tonnes**



VICTORIA  
 KURDEEZ - WA 467  
 LOCATION OF TENEMENT

Compiled by Stan Wollen, Geological Consultant for this prospectus Ausminerals Limited October 2007.

## CONSULTING GEOLOGIST'S REPORT

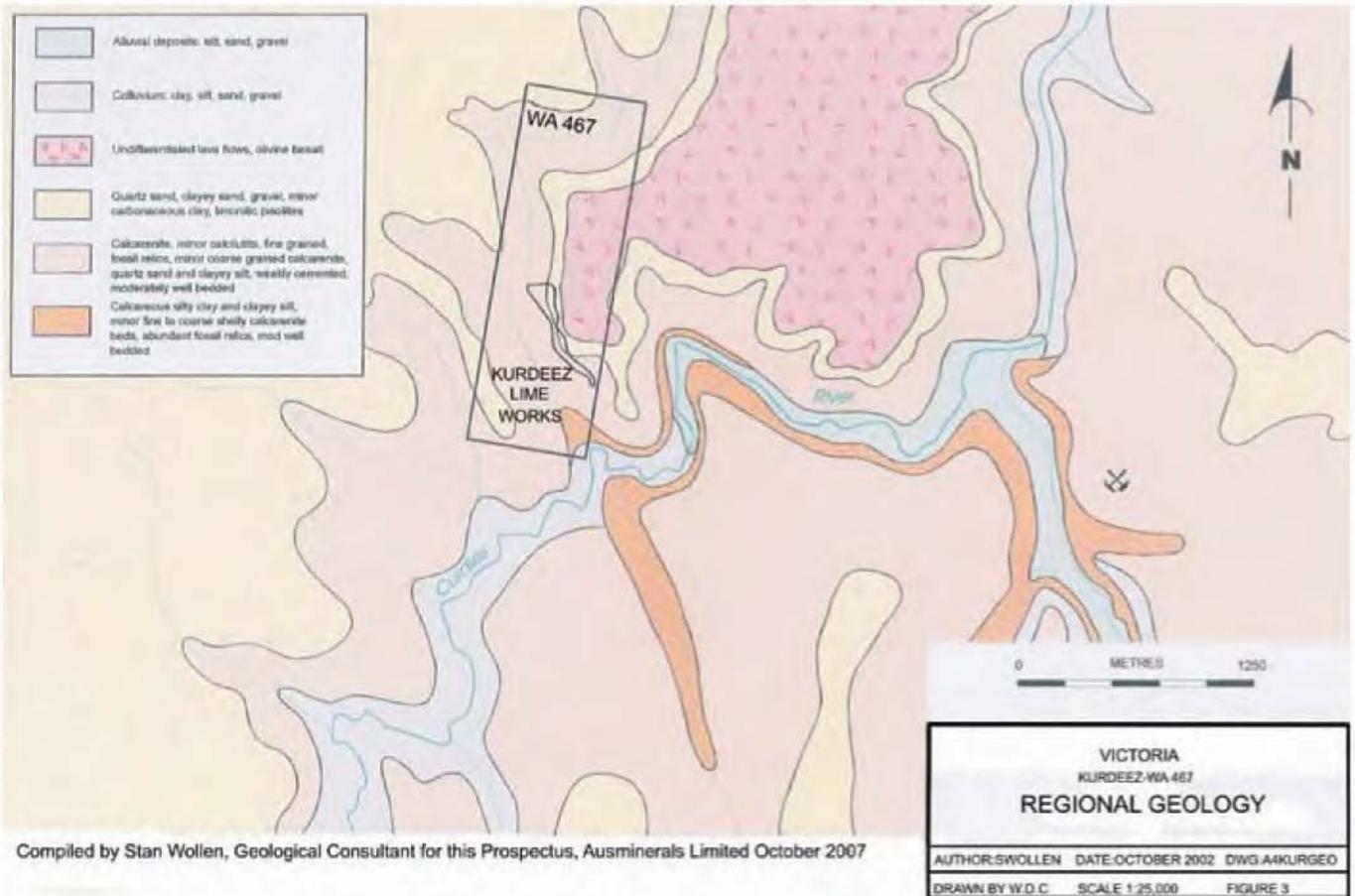
### (E) TIMBOON LIMESTONE QUARRY (cont.)

#### A RESOURCE SUMMARY

SECTION NO.	AREA (M <sup>2</sup> )	VOLUME (M <sup>3</sup> )	TONNES (Density 2.33 tonnes per m <sup>3</sup> )	NOTES
1	1,386	101,178	235,745	Block 1 - SW
2	3,280	164,000	382,120	Block 1 - SW
3	6,070	637,350	1,485,025	Block 1 - SW
4	5,598	587,790	1,369,550	Block 1 - SW
5		438,425	1,021,530	Block 1 - SW
6	2,483	248,300	578,539	Block 2 - NE
7	2,406	240,600	560,598	Block 2 - NE
8		260,000	605,800	Block 2 - NE
9	3,600	360,000	838,800	Block 2 - NE
TOTALS		3,037,643	7,077,707	

#### KURDEEZ LIME PRODUCTS

LIME GRADE	EQUIVALENT CaCO <sub>3</sub>	MgCO <sub>3</sub>	Neutralising Value (NV)	Moisture Content (avg) Value	Effective Neutralising (avg) (ENV)
Screened Lime	81	< 2	81	13	71
Dry Lime	96	< 2	93	2	88
Stock Lime	96	< 2	93	2	88
Road Grade	N/A	N/A	N/A	N/A	N/A



LOCATION OF KURDEEZ MINE



Compiled by Stan Wollen, Geological Consultant for this prospectus, Ausminerals Limited October 2007.

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## GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

### A

Aeolian	pertaining to deposits formed by wind action
aerial photography	photographs of the earth's surface taken from an aircraft syn. aerophotography
aeromagnetic survey	a geophysical survey made from the air to record variations in the earth's magnetic field syn. aeromagnetometry, airborne magnetometry, airborne magnetic survey
aircore	a rotary drilling technique that uses compressed air to cut a core sample and return fragments to surface inside the drill rods
albite	a feldspar with a high sodium content
alkali feldspar	a feldspar with high potassium and sodium contents
alluvium	a sediment deposited by water adj. alluvial
alteration	applied to rocks or rock forming minerals that have been chemically changed adj. altered
Amphibolite	a crystal loblastic rock consisting mainly of amphibole and plagioclase
anomaly	a value or group of values higher or lower than expected often outlining a zone of potential exploration interest but not necessarily of commercial significance syn. anomalism adj. anomalous
anticline	a fold where the rock strata dip outwards away from the axis adj. anticlinal ant syncline
aquifer	stratum or zone below the surface of the earth capable of producing water as from a well
Archaean	a division of geological time from the origin of the Earth to 2500 million years ago
Argillaceous	applied to all rocks or substances composed of clay, or having a notable proportion of clay in their composition
Au	the chemical symbol for gold
auriferous	containing gold

### B

basalt	a fine grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals adj. basaltic
basement	a complex of rocks that underlies younger sedimentary deposits
bed	an individual sedimentary layer syn. stratum
bedding	the general arrangement and types of beds in a stratigraphic sequence adj. bedded syn. stratigraphy
bedrock	any solid rock underlying unconsolidated material 87
BLEG	Bulk Leach Extractable Gold, an analytical technique
breccia	a coarse grained rock of angular broken rock fragments cemented together adj. brecciated
brachiopod	a phylum of marine, shelled animals with two unequal shells or valves each of which normally is bilaterally symmetrical
bryozoan	Phylum of tiny colonial animals equipped with a lophophore that build calcareous structures of many kinds, mostly marine
bulk sample	a large sample taken from a deposit usually for metallurgical purposes

### C

Calcarenite	Limestone or dolomite composed of coral or shell sand or of sand derived from the erosion of older limestones
Calclutite	Limestone or dolomite made up of calcareous rock flour, the composition of which is typically nonsiliceous
Cambrian	a division of geological time from 570 to 500 million years ago
Carbonaceous	pertaining to, or composed largely of, carbon
carbonate	a mineral or compound containing the carbonate radical CO <sub>3</sub>
Carboniferous	a division of geological time from 345 to 280 million years ago
Carbonitisation solution	The replacement of minerals in a rock by carbonates; frequently results from the activity of carbon dioxide in aqueous solution
carnotite	an ore of uranium and vanadium K <sub>2</sub> (UO <sub>2</sub> ) <sub>2</sub> (VO <sub>4</sub> ) <sub>2</sub> 3H <sub>2</sub> O
catchment	an area that collects and drains rain water
channel sample	a sample taken at a given spot but covering a relatively long distance and narrow width
chert	a rock composed of very fine grained silica
chip sample	a sample taken by the collection of similar sized fragments generally at intervals over a distance
clay mineral	a member of a large group of essentially aluminium silicate minerals with micro crystalline, colloidal or amorphous structure
colluvium	alluvium transported only a short distance before deposition adj. colluvial
Conformable	strata or groups of strata lying one above the other in parallel order are said to be conformable
costean	a trench
country rock	the rock enclosing a mineral deposit or an igneous intrusive
Cretaceous	a division of geological time from 135 to 65 million years ago
Cu	the chemical symbol for copper
cumulate	an igneous rock formed by the accumulation of crystals that settle out from a magma by the action of gravity

## GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

### D

dacitic	pertaining to dacite rocks which are the extrusive equivalent of quartz diorite
deposition	the processes that result in the formation of deposits adj. depositional
diapiric	piercement folding
diorite	a plutonic rock composed essentially of sodic plagioclase and hornblende, biotite or pyroxene
deep lead	an alluvial deposit that is buried under soil or rock syn. concealed palaeochannel
dip	the angle that an inclined sedimentary layer, fault or other planar surface makes with the horizontal
disseminated	where one material is distributed through the mass of another material
dolerite	a medium grained intrusive rock mainly composed of feldspar and pyroxene adj. doleritic
down hole logging	a technique whereby geophysical parameters are measured by lowering a sensor probe down a drill hole
drainage	a collective term for the rivers, streams, lakes etc by which an area is drained of rain water
drill	to produce a hole by rotary or percussive action adj. drill, drilling
dry blowing	gold prospecting shallow pit
duricrust	a general term for a hard crust on the surface of, or layer in the upper horizons of, a soil in a semi-arid climate
dyke	a tabular intrusive body of igneous rock that cuts across the layers it intrudes

### E

Echmoid	
EL	Exploration Licence
ELA	Exploration Licence Application
Eluvial	
EM survey	Electromagnetic survey, a geophysical method of measuring the alternating magnetic fields associated with electrical currents artificially or naturally maintained in the subsurface
Exploration Licence	a type of mineral tenement

### F

fault	a fracture in rocks on which there has been movement on one of the sides relative to the other and parallel to the fracture adj. faulted
faulting	the general style and arrangement of faults in an area
feldspar	a member of an abundant group of rock forming silicate minerals in which calcium, sodium and potassium are in combination with aluminium adj. feldspathic
felsic	pertaining to light coloured silicate minerals that are poor in iron and magnesium and the rocks in which these minerals are abundant

H	
hematite	a common iron mineral
hydrothermal	of or pertaining to hot water
igneous	pertaining to rocks formed by crystallisation from molten material
intrusion	a body of igneous rock that was intruded whilst molten in to the earth's crust syn intrusive
intrusive	a body of igneous rock that was intruded whilst molten in to the earth's crust syn intrusion

J	
JORC Code	the Australasian Code for the Reporting of Mineral Resources and Ore Reserves
Jurassic	a division of geological time from 212 to 142 million years ago

K	
komatiite	an ultramafic lava adj. komatiitic

L	
laterite	red residual soil or rock developed in humid tropical or sub tropical regions with good drainage; it contains concentrations of insoluble residual elements such as iron and aluminium adj. lateritic, lateritised
layered	when pertaining to an igneous intrusion, where distinctive layers occur with different mineral compositions
limestone	a sedimentary rock composed of calcium carbonate
linear	any elongated feature on an image from aerial photography, geophysical survey, Landsat etc syn. lineament
lineament	zany elongated feature on an image from aerial photography, geophysical survey, Landsat etc syn. Linear
lithological	

M	
MLA	Mining Lease Application
mafic	pertaining to dark coloured silicate minerals that are rich in iron and magnesium and the igneous rocks in which these minerals are abundant
magnetics	Pertaining to the measurement of the magnetic field in the earth's surface
malachite	a copper carbonate mineral $Cu_2CO_3(OH)_2$
mesa	isolated flat-topped hill mass bounded by steep sides
Mesoproterozoic	a division of geological time from 1700 to 1200 million years ago
meta	a prefix meaning that the rock type has undergone metamorphism
metal detector	An instrument used to detect metals, primarily gold, in the earth at a relatively shallow depth
metamorphism	the mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals adj. metamorphic, metamorphosed
metasediments	partly metamorphosed sedimentary rocks
micro-granite	
mineral	a naturally occurring chemical compound that is a constituent of a rock or sediment
mineralisation	in economic geology the introduction of valuable elements in to a rock body or the result of such introduction adj. mineralised
Mining Lease	a type of mineral tenement
mm	millimeter
mollusc	phylum of invertebrate animals which includes the gastropods, pelecypods, cephalopods, etc
monzonite	an intrusive rock with approximately equal amounts of alkali and plagioclase feldspar with little or no quartz

## N

O	
ore	that part of a mineral deposit that can be economically exploited
ore shoot	an elongate mass of higher grade material within a deposit
orientation	survey the application of an exploration technique on a trial basis generally to an area of known characteristics as a preliminary to the systematic application of the technique
orthophoto	
outcrop	the surface expression of a rock layer syn. exposure
ovoid	ovate or egg-shaped
oxide zone	the near surface part of a mineral deposit altered by atmospheric oxygen and water syn. oxidised zone

## GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

### P

PLA	Prospecting Licence Application
palaeo	a prefix relating to a past, ancient or fossil feature
Palaeoproterozoic	a division of geological time from 2400 to 1700 million years ago
pan concentrate	a concentrate of heavier minerals produced by the use of a pan adj. panned
pathfinder	in geochemistry an element or mineral associated with the element or mineral being sought and that can be more easily detected
pegmatite	those igneous rocks of coarse grain found usually as dykes associated with a large mass of plutonic rock of finer grain size
percussion drilling	rock drilling carried out by the hammering action of a pneumatically driven drill bit
Photogeology	the interpretation of geological features using photography usually aerial photography adj. photogeological
pisolite	a rounded pea size accretion or a rock formed from such accretions adj. pisolitic syn. pisolith
porphyry	<u>an igneous rock with a comparatively fine grained matrix and scattered coarse mineral crystals adj. porphyritic</u>
ppm	parts per million, a measure of concentration
precollar	the part of a hole drilled down to the depth at which diamond core drilling is to commence and for which some other drilling technique is used
Prospecting Licence	a type of mineral tenement
prospectivity	the degree to which an area is judged to have the potential to contain a mineral deposit
pyrite	a mineral composed of iron and sulphur FeS <sub>2</sub> adj. pyritic

### Q

Quaternary	a division of geological time from 2 to 3 million years ago to the present
quartz	a very common mineral composed of silicon and oxygen SiO <sub>2</sub>

### R

RAB	Rotary Air Blast, a rotary drilling technique that uses compressed air to clear the drill bit of cuttings and return them to the surface
RC	Reverse Circulation, a rotary percussion drilling technique in which the samples are returned to the surface inside the drill rods minimising contamination
redox	boundary the boundary between an oxidising and reducing natural environment
regolith	the variegated unconsolidated material that overlies bedrock syn. Soil
remote sensing survey	the process of acquiring physical data at a distance
resistivity survey	a geophysical survey technique in which the resistance of the earth is measured by means of an introduced electrical current

### S

stockwork	a mineral deposit with veinlets in a number of orientations cross each other
stratigraphy	the general arrangement and types of beds in a sedimentary sequence adj. stratigraphic. stratified syn. Bedding
stream sediment	survey a geochemical exploration technique where stream sediments are the sampling medium syn. stream sediment geochemistry
strike	the direction of a horizontal line in the plane of an inclined sedimentary layer, fault or other planar surface perpendicular to the direction of dip
stringers	narrow veins or irregular filaments of mineral traversing a rock mass of different material
sulphide	a mineral containing sulphur and a metal adj. sulphidic
supergene	said of a mineral deposit or enrichment formed near the surface, commonly by descending solutions
superimposed	pertaining to a drainage that has eroded the original bedrock to expose the stratigraphy that is structurally different beneath an unconformity
syncline	a fold where the rock strata dip inwards towards the axis adj. synclinal ant. Anticline

## T

tectonism	the major structural processes forming faults and folds in the earth's crust adj. tectonic adv. Tectonically
Tertiary	a division of geological time from 65 to 1.8 million years ago
Thematic mapper	
thrust fault	a fault with a dip of 45o or less over much of its extent, on which the hangingwall appears to have moved upward relative to the footwall adj. thrusting
transport	the movement of material by natural means adj. transported
tuff	

## U

U	chemical symbol for uranium
ultramafic	a general term for igneous rocks chiefly composed of mafic minerals
uraninite	a radioactive black or steel grey mineral composed essentially of UO <sub>2</sub>

## V

Valmin Code	the Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports
vein	a tabular or sheet like mineral filled fracture adj. veined collect. veining
volcanic	pertaining to a rock originating from the activities of volcanoes
volcanogenic	formed by the processes directly connected with volcanism
vug	a small cavity lined with mineral crystals adj. vuggy

## W

weathering	a process of change to rocks brought about by their exposure to oxygen and water adj. weathered
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## Y

## Z

# Emerald Tenement Services

25 CHARLES STREET  
SOUTH PERTH WA 6151

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ABN 41 063 093 210

12 October 2007

The Directors  
Ausminerals Limited  
11/35 Old Northern Road  
BAULKHAM HILLS NSW 2153

Dear Sirs

## TENEMENT REPORT – WEST AUSTRALIAN TENEMENTS

This report is prepared for inclusion in a Prospectus to be dated on or about 12 October 2007 (**Prospectus**) to be issued by Ausminerals Limited (ACN 099 336 866) in relation to an initial public offering and subsequent listing of the Company on the (**ASX**).

### 1. Experience and Qualifications

I have over 27 years experience in the mining industry in Government and industry. Since 1993 I have been providing tenement management services to numerous mining companies through my position as the principal of Emerald Tenement Services. Prior to that I was employed in the mining industry as follows:

- Six years with the Department of Industry & Resources at perth and Meekatharra offices.
- Two years with Australis Mining/Great Central/Great Western Mines Group of companies
- Five years with tenement Administration Services in East Perth

I have comprehensive knowledge of the WA Mining Act covering all classes of tenements from pegging Mineral Claims to compilation of complex Mining and Rehabilitation Programs as well as managing the work programs.

Neither I nor my company have held any financial interest in Ausminerals Limited or Cool Sands Pty Ltd or in the mineral tenements that are the subject of this report

### 2. Tenements

All of the tenements and applications in the attached spread sheet are in good standing according to the information available from the Department of Industry and Resources, Western Australia.

The searches also indicate that expenditure and rental obligations have been met where required. The tenements the subject of this report are either Prospecting Licences or Mining Leases or applications. These categories provide for, amongst other things:

### Prospecting Licence

- The maximum area for a prospecting licence is 200 hectares.
- Prospecting licences must be marked out.
- Application is made to the Mining Registrar of the relevant Mineral Field (see Appendix "A").
- An application fee and rental is payable.
- There is no limit to the number of licences a person or company may hold, but a security (or bond) is required in respect of each licence.
- The term of a prospecting licence is 4 years, with the provision to extend for one further 4 year period. **Note the provision to extend only relates to prospecting licences applied for after 10 February 2006**
- The holder of a prospecting licence may, in accordance with the licence conditions, extract or disturb up to 500 tonnes of material from the ground, including overburden, and the Minister may approve extraction of larger tonnages.

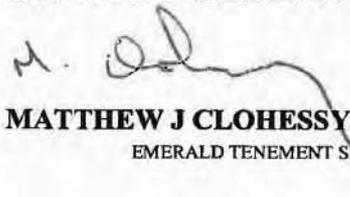
### Mining Lease

- The maximum area for a mining lease applied for before 10 February 2006 is 1000 hectares. After then, the size applied for is to relate to an identified orebody as well as an area for infrastructure requirements.
- Mining leases must be marked out.
- Application is made to the Mining Registrar of the relevant Mineral Field (see Appendix "A").
- An application fee and rental is payable.
- There is no limit to the number of mining leases a person or company may hold.
- The term of a mining lease is 21 years and may be renewed for further terms.
- The lessee of a mining lease may work and mine the land, take and remove minerals and do all things necessary to effectually carry out mining operations in, on or under the land, subject to conditions of title.

In view of the large number of tenements involved in this report, I have listed them on the attached spread sheet and provided a separate annexure with the conditions. I trust that satisfies your requirements.

Yours faithfully

**EMERALD TENEMENT SERVICES**



**MATTHEW J CLOHESSY**

EMERALD TENEMENT SERVICES IS A BUSINESS NAME OF CROWHURST PTY LTD ACN 063 093 210

# AUSMINERALS PTY LIMITED West Australian Tenement as at 14 September 2007

No.	Tenement ID	Size (Ha)	Location/Shire	Tenement Status	Tenement Expiry	Required Expenditure	Annual Rental	Registered Holder	Endorsements	Conditions
1	P37/5702	198	Randwick/Leonora	Current	27/9/10	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2,3	1,2,3,4,5,6
2	P37/5704	200	Chelia Bore/Leonora	Current	27/9/10	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
3	P37/5705	130	Chelia Bore/Leonora	Current	27/9/10	\$5,200.00	\$271.70	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
4	P37/5706	104	Soak Well/Leonora	Current	27/9/10	\$4,160.00	\$217.36	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
5	P37/5707	140	Maurice Bore/Leonora	Current	27/9/10	\$5,600.00	\$292.60	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
6	P37/5708	180	Clover Downe/Leonora	Current	27/9/10	\$7,200.00	\$376.20	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
7	P37/5709	180	Clover Downe/Leonora	Current	27/9/10	\$7,200.00	\$376.20	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
8	P37/5710	180	Clover Downe/Leonora	Current	27/9/10	\$7,200.00	\$376.20	Cool Sand Supplies P/L	1,2,8	1,2,3,4,5,6
9	P37/5726	200	Murray Bore/Leonora	Awaiting approval				Ausminerals Limited		
10	P37/6423	200	Murray Bore/Leonora	Current	23/10/07	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1	1,2,3,4,5,6,8,9,10,11
11	P37/6424	200	Murray Bore/Leonora	Current	23/10/07	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,7	1,2,3,4,5,6,26 to 43
12	P37/6425	200	Murray Bore/Leonora	Current	23/10/07	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,5,6	1,2,3,4,5,6,9,18,19,20 to 25
	P37/6425	200	Murray Bore/Leonora	Current	23/10/07	\$8,000.00	\$418.00	Cool Sand Supplies P/L	Continued	34, 48, 49
13	P37/5727	200	Murray Bore/Leonora	Awaiting approval				Ausminerals Limited		
14	P37/5728	200	Murray Bore/Leonora	Awaiting approval				Ausminerals Limited		
15	P37/6460	200	Murray Bore/Leonora	Current	23/10/07	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1	1,2,3,4,5,6,44,45,46,47
16	P37/6465	115	Murray Bore/Leonora	Current	23/10/07	\$4,600.00	\$240.35	Cool Sand Supplies P/L	1	1,2,3,4,5,6,12,13
17	P37/6594	196.6	Chain Bore/Leonora	Current	28/12/09	\$7,880.00	\$411.73	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
18	P37/6596	193.6	Royal Harry/Leonora	Current	28/12/09	\$7,760.00	\$405.46	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7,52
19	P37/6597	197.9	Royal Harry/Leonora	Current	28/12/09	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
20	P37/6598	196.88	Royal Harry/Leonora	Current	28/12/09	\$7,880.00	\$411.73	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
21	P37/6620	200	Royal Harry/Leonora	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
22	P37/6621	172.4	Royal Harry/Leonora	Current	28/12/09	\$6,920.00	\$361.57	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
23	P37/6623	190	Royal Harry/Leonora	Current	28/12/09	\$7,600.00	\$397.10	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
24	P37/6663	197.47	Workmen Well/Leonora	Current	28/12/09	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
25	P37/6678	97	Workmen Well/Leonora	Current	28/12/09	\$3,880.00	\$202.73	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
26	P37/6679	105	Workmen Well/Leonora	Current	28/12/09	\$4,200.00	\$219.45	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7,52
27	P37/6681	106.2	Mertondale/Leonora	Current	28/12/09	\$4,280.00	\$223.63	Cool Sand Supplies P/L	1,2,5,6	1,2,3,4,5,6,7,15,16,17,18
	P37/6681	106.2	Mertondale/Leonora	Current	28/12/09	\$4,280.00	\$223.63	Cool Sand Supplies P/L	Continued	19, 20, 21, 22, 23, 24, 25, 26
28	P37/6714	20.2	Murray Bore/Leonora	Current	28/12/09	\$2,000.00	\$43.89	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
29	P37/6715	196.048	Murray Bore/Leonora	Current	28/12/09	\$7,880.00	\$411.73	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
30	P37/6716	171.999	Murray Bore/Leonora	Current	28/12/09	\$6,880.00	\$359.48	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
31	P37/6717	190.811	Murray Bore/Laverton	Current	28/12/09	\$7,640.00	\$399.19	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
32	P37/6718	200	Murray Bore/Leonora	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
33	P37/6719	197.947	Murray Bore/Leonora	Current	28/12/09	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
34	P37/6720	194.82	Murray Bore/Leonora	Current	28/12/09	\$7,800.00	\$407.55	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
35	P37/6721	199.471	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
36	P37/6722	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
37	P37/6723	198.0613	Murray Bore/Leonora	Current	28/12/09	\$7,960.00	\$415.91	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
38	P37/6725	195	Murray Bore/Laverton	Current	28/12/09	\$7,800.00	\$407.55	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
39	P37/6726	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
40	P37/6727	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
41	P37/6748	200	Murray Bore/Laverton	Current	11/4/11	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
42	P37/6749	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
43	P37/6750	198	Murray Bore/Laverton	Current	28/12/09	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
44	P37/6751	200	Stone Well/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
45	P37/6752	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
46	P37/6753	200	Stone Well/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
47	P37/6754	200	Murray Bore/Laverton	Current	28/12/09	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,7
48	P37/6806	197.5096	Maurice Bore/Leonora	Current	13/10/09	\$7,920.00	\$413.82	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
49	P37/6807	184.9699	Maurice Bore/Leonora	Current	13/10/09	\$7,400.00	\$386.65	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
50	P37/6808	35.3107	Maurice Bore/Leonora	Current	13/10/09	\$2,000.00	\$75.24	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
51	P37/6814	191.5736	CheliaBore/Leonora	Current	16/1/10	\$7,680.00	\$401.28	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
52	P37/6815	191.4111	CheliaBore/Leonora	Current	16/1/10	\$7,680.00	\$401.28	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6
53	P37/6816	194.1317	CheliaBore/Leonora	Current	16/1/10	\$7,800.00	\$407.55	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6

No.	Tenement ID	Size (Ha)	Location/Shire	Tenement Status	Tenement Expiry	Required Expenditure	Annual Rental	Registered Holder	Endorsements	Conditions
54	P37/6817	200	Stone Well/Laverton	Current	16/1/10	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
55	P37/6818	198.9956	Stone Well/Laverton	Current	16/1/10	\$7,960.00	\$415.91	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
56	P37/6819	199.7022	Stone Well/Laverton	Current	16/1/10	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
57	P37/6820	199.5681	Stone Well/Laverton	Current	16/1/10	\$8,000.00	\$418.00	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
58	P37/6821	198.4768	Stone Well/Laverton	Current	16/1/10	\$7,960.00	\$415.91	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
59	P37/6822	129.123	Stone Well/Laverton	Current	16/1/10	\$5,200.00	\$271.70	Cool Sand Supplies P/L	1,2	1,2,3,4,5,6,
60	P37/6874	97.9814	Kauri Bore/Leonora	Current	30/3/10	\$3,920.00	\$204.82	Cool Sand Supplies P/L	1,2,13	1,2,3,4,5,6,
<b>Total</b>		<b>10,967.36</b>	<sup>Ha</sup>		<b>Total</b>	<b>\$416,920.00</b>	<b>\$21,694.20</b>			

61	M37/1197	190	Malcolm/Leonora	Awaiting approval		Pending	Pending	Wilson/Crew		
62	M39/977	63	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
63	P39/4335	195	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
64	P39/4336	200	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
65	P39/4337	200	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
66	P39/4338	200	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
67	P39/4339	200	Castlemaine/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
68	P39/4472	200	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
69	P39/4473	200	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
70	P39/4474	200	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
71	P39/4475	180	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
72	P39/4476	195	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
73	P39/4477	195	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
74	P39/4478	200	14 Mile Well/Laverton	Awaiting approval		Pending	Pending	Wilson/Crew		
<b>Total</b>		<b>2618</b>	<sup>Ha</sup>		<b>Total</b>	<b>Pending</b>	<b>Pending</b>			

75	M37/0220	832	Randwick/Leonora	Current	9/7/10	\$83,200.00		Wanbanna P/L		
76	M37/1281	395	Randwick/Leonora	Awaiting approval		Pending	Pending	Dixon/Coulson		
77	M37/1280	90	Randwick/Leonora	Awaiting approval		Pending	Pending	Dixon/Coulson		
78	M37/1218	737	Mertondale/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
79	P37/6121	121.24	Randwick/Leonora	Current	18/8/09	\$4,880.00	\$254.98	TJ Dixon	1,2,11	1,2,3,4,5,6,
80	P37/6122	121.33	Randwick/Leonora	Awaiting approval	Replaced by P37/7186	\$4,880.00	\$254.98	TJ Dixon		1,2,3,4,5,6,
81	P37/6123	121.16	Randwick/Leonora	Awaiting approval	Replaced by P37/7187	\$4,880.00	\$254.98	TJ Dixon	1,12	1,2,3,4,5,6,
82	P37/6124	121.17	Randwick/Leonora	Awaiting approval	Replaced by P37/7188	\$4,880.00	\$254.98	TJ Dixon		1,2,3,4,5,6,
83	P37/6125	121.25	Randwick/Leonora	Awaiting approval	Replaced by M37/1218	\$4,880.00	\$254.98	TJ Dixon	1,10	1,2,3,4,5,6,
84	P37/6126	121.12	Randwick/Leonora	Awaiting approval	Replaced by P37/7190	\$4,880.00	\$254.98	TJ Dixon		1,2,3,4,5,6,
85	P37/6127	78.94	Randwick/Leonora	Awaiting approval	Replaced by P37/7191	\$3,160.00	\$165.11	TJ Dixon		1,2,3,4,5,6,
86	P37/6128	121.28	Randwick/Leonora	Awaiting approval	Replaced P37/7192	\$4,880.00	\$254.98	TJ Dixon		1,2,3,4,5,6,
86	P37/6384	180	Randwick/Leonora	Awaiting approval	Replaced by M37/1281	\$7,200.00	\$376.20	Dixon/Coulson		1,2,3,4,5,6,50,
87	M37/1278	395	Randwick/Leonora	Awaiting approval	Replaced by M37/1280	Pending	Pending	Dixon/Coulson		
88	P37/7186	122	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
89	P37/7187	93	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
90	P37/7188	122	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
91	P37/7189	81	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
92	P37/7190	122	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
93	P37/7191	80	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
94	P37/7192	122	Randwick/Leonora	Awaiting approval		Pending	Pending	TJ Dixon		
95	P37/6385	140	Randwick/Leonora	Current	8/1/08	\$5,600.00	\$292.60	Dixon/Coulson		1,2,3,4,5,6,51
96	P37/6386	200	Randwick/Leonora	Current	8/1/08	\$8,000.00	\$418.00	Dixon/Coulson		1,2,3,4,5,6,51
97	P37/6387	200	Randwick/Leonora	Awaiting approval	Replaced by M37/1281	\$8,000.00	\$418.00	Dixon/Coulson		1,2,3,4,5,6,9,19,50,
98	P37/6388	90	Randwick/Leonora	Awaiting approval	Replaced by M37/1280	\$3,600.00	\$188.10	Dixon/Coulson		1,2,3,4,5,6,9,19,50
99	P37/5732	112	Randwick/Leonora	Current	19/10/10	\$4,480.00	\$234.08	Dixon/Snaith	1,2	1,2,3,4,5,6,
100	M37/1277	90	Randwick/Leonora	Awaiting approval	Replaced by M37/1280	Pending	Pending	Dixon/Coulson		
<b>Total</b>		<b>4298.49</b>	<sup>Ha</sup>		<b>Total</b>	<b>\$74,200.00</b>	<b>\$3,876.95</b>			



## OLLIVER GEOLOGICAL SERVICES PTY LTD

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11 October 2007

Ref: feld 071

The Directors  
Ausminerals Limited  
11/35 Old Northern Road  
BAULKHAM HILLS NSW 2153

Dear Sirs

### TENEMENT REPORT

This report is prepared for inclusion in a Prospectus to be dated on or about 12 October 2007 (**Prospectus**) to be issued by Ausminerals Limited (ACN 099 336 866) in relation to an initial public offering and subsequent listing of the Company on the Australian Securities Exchange (**ASX**).

#### 1. Experience and Qualifications

Since graduating with BSc (Honours) from Adelaide University in 1960, I have over 46 years experience in mining and mineral exploration in Government and industry. Since 1989, I have managed my own practice as Consultant Geologist based in McLaren Vale South Australia. This work has included tenement management for my projects and a number of clients in exploration and mining throughout Australia, Fiji and South East Asia.

I have comprehensive knowledge of the SA Mining Act covering all classes of tenements from pegging Mineral Claims to compilation of complex Mining and Rehabilitation Programs as well as managing the work programs. I have presented cases in the Wardens Court both as defendant and plaintiff.

I am a Member of the Geological Society of Australia, Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional (Geology).

During 1975-1987, I was part of the Departmental team that reviewed the Mining Act twice and was a member of the Tenement Review Committee from establishment until I resigned in 1987.

As Consultant Geologist to Ausfel Pty Ltd, I inspected EL 3294, ML 5994, ML 5995 and RL 110 in September 2004 and May 2005 to ensure, inter alia, that the lease corner posts complied with the Mining Act. EL 3556 was not inspected.

Neither I nor my company have held any financial interest in Ausfel Pty Ltd, Kurdeez Lime Pty Ltd, Uranium Resources Pty Ltd or Ausminerals Limited or in the mineral tenements that are the subject of this report. My sole benefit from previous consulting to Ausfel and for this report is cash remuneration at prevailing industry rates.

## 2. Tenements

This report relates to four (4) tenements in South Australia comprising two Exploration Licences and two Mineral Leases as summarised in Table 1. As at the date of this report, the registered holder of EL 3294, ML 5994 and ML 5995 is Kurdeez Lime Pty Ltd (ACN 004 181 168) (**Kurdeez**) and the registered holder of EL 3556 is Uranium Resources Pty Ltd (ACN 132 681 201) (**UR**).

## 3. Searches

The Mineral Tenement Register maintained by the Department of Primary Industries and Resources South Australia (**PIRSA**) pursuant to the Mining Act 1971 South Australia (as amended) was searched on 4 September 2007. This search was supplemented by other information obtained from PIRSA during the last three years as Consultant Geologist to Ausfel Pty Ltd.

## 4. Exploration Licences

Under the Mining Act, an Exploration Licence is granted for a term not exceeding five years. Renewal is on a year by year basis at the discretion of the Minister but not so that the aggregate term exceeds five years. If the licence is renewed, terms and conditions may be varied, revoked or added to and the licence area may be reduced especially if the expenditure commitment is not satisfied. The area of the licence must not exceed 1 000sq km unless the Minister believes that there are justifiable reasons to allow a larger area.

After the five year tenure, a subsequent Exploration Licence may be granted under such terms and conditions as the Minister deems appropriate.

An Exploration Licence may be granted subject to such conditions as the Minister determines as well as standard conditions which require the licence holder to

- Report to PIRSA the discovery of minerals with potential for economic production
- Prevent pollution of surface and underground waters
- Minimise damage to the land surface.
- Insure that drilling and other underground investigations do not cause interconnection between groundwater aquifers.
- Obtain Ministerial Approval before major campsites are established or tracks are constructed or upgraded.
- Keep vehicle use other than on existing tracks to a minimum.
- Provide details in writing to PIRSA of proposed airborne surveys or groundwater surveys.
- Allow an inspector to enter, survey or inspect the land

Applications for Exploration Licence are not transferable and an Exploration Licence or an interest in an Exploration Licence must not be assigned, sub-let or be subject to any dealing, either directly or indirectly, without the written consent of the Minister.

Reporting requirements to PIRSA include

- Annual Technical Report to be provided within sixty days following each anniversary of the grant of the licence. Results must be included of all work completed with plans, logs, assays and other data such as digital or analogue tapes of geophysical surveys.
- Summary Report for each Six Monthly Period from the grant of the licence to be lodged within thirty days from the end of each period. A standard PIRSA report format is to be used and expenditure compared to the PIRSA commitment is to be recorded.

## 5. Mineral Leases

Under the Mining Act, a Mineral Lease is granted over the whole or part of a Mineral Claim for a term not exceeding twenty one years. However, current PIRSA policy is for the term to be seven years. Maximum size is 250ha. Provided the leaseholder has complied with the provisions of the Mining Act he is entitled to renewal for further terms, each of seven years.

A Mineral Lease confers an exclusive right to the holder to conduct mining operations for the recovery of minerals from the lease and to sell or dispose of those minerals or to utilise those minerals for commercial or industrial purpose. The rental for a Mineral Lease is prescribed in the Regulations and is payable to PIRSA annually in advance. The leaseholder is required to maintain all posts, boundary indicator markers and notices during the term of the lease.

Unless otherwise determined by the Wardens Court, a Mineral Lease must, after grant, be worked diligently by at least one person for at least one hundred hours per calendar month. These requirements do not apply between 15 December in each year and 14 March in the following year, both dates inclusive.

The leaseholder may apply to the Wardens Court for suspension of Working Conditions. The Wardens Court may approve the suspension subject to conditions determined by the Warden.

The leaseholder must furnish PIRSA, in the months of January and July each year, with a return in the prescribed form containing information relevant to mining operations and minerals recovered during the Six Months from January to June and July to December each year. The leaseholder shall keep such records and geological samples as may be prescribed by PIRSA and produce such records at the request of PIRSA.

**TABLE 1  
MINERAL TENEMENTS**

<b>Tenement</b>	<b>EL 3294</b>	<b>EL 3556</b>	<b>ML 5994</b>	<b>ML 5995</b>
<b>Name</b>	Sunset Ridge	Lake Yalkalpo	Mother Lode	Three Horsemen
<b>Area</b>	32sq km	195sq km	24.0ha	20.0ha
<b>Granted</b>	18.01.05	05.06.06	29.08.97	29.08.97
<b>To</b>	Ausfel	Ausfel	Manna Hill	Manna Hill
<b>Transferred On</b>	27.04.07	27.04.07	20.06.07	20.06.07
<b>To</b>	Kurdeez	UR	Kurdeez	Kurdeez
<b>Expires</b>	17.01.08	04.06.08	28.08.11	28.08.11
<b>After</b>	3 years	2 years	14 years	14 years
<b>Expenditure Commitment</b>	\$105 000	\$100 000	na	na
<b>Annual Rent</b>	\$349.80	\$1 211.45	\$792.00	\$660.00
<b>Renew By</b>	17.12.07	04.05.08	28.05.11	28.05.11
<b>Summary Report lodged</b>	17.07.07	04.06.07	na	na

<b>Annual Report lodged</b>	17.01.07	04.06.07	na	na
<b>MARP Approved</b>	na	na	ADP 98/12 28.07.98	ADP 98/11 28.07.98
<b>Bond Lodged</b>	na	na	\$10 000 01.09.97	\$10 000 01.09.97
<b>Amalgamation</b>	na	na	28.06.06-27.06.13	28.06.06-27.06.13
<b>Suspension Granted</b>	na	na	From 25.06.07 to 14.12.07	From 25.06.07 to 14.12.07
<b>Native Title Agree</b>	na	na	29.08.97	29.08.97

<b>Key</b>	EL	Exploration Licence
	ML	Mineral Lease
	Kurdeez	Kurdeez Lime Pty Ltd
	UR	Uranium Resources Pty Ltd
	Manna Hill	Manna Hill Mining Company Pty Ltd which changed its name to Ausfel Pty Ltd on 13.08.04.
	Summary Report	Last report for Six Monthly Period required to be lodged.
	Annual Report	Last report for year required to be lodged.
	MARP	Mining and Rehabilitation Program
	Amalgamation	Amalgamation of Working Conditions granted by Wardens court Order DC AD-06-282
	Suspension	Suspension of Working Conditions granted by Wardens Court Order DC AD-007-204
	na	not applicable

## 6. Tenement History

**6.1 EL 3294 Sunset Ridge** was granted to Ausfel Pty Ltd on 18 January 2005 over an area of 32sq km that had been relinquished from EL 2794 held by Rosscraft Minerals Pty Ltd. EL 3294 encloses ML 5995 Three Horsemen, former Retention Lease (RL) 110 Sunset Ridge, since surrendered, and the unpegged Western Feldspar Deposits. EL 3294 was transferred to Kurdeez Lime Pty Ltd on 27 April 2007. Apart from feldspar, there is potential for uranium, copper and gold in basement rocks.

Tenure is in the third year with expiry on 17 January 2008.

Expenditure commitment is \$105 000 and renewal must be lodged by 17 December 2007.

Both the Annual Technical Report for the year ended 17 January 2007 and the Summary Report for the Six Months ended 17 July 2007 have been submitted to PIRSA.

**6.2 EL 3556 Lake Yalkalpo** was granted to Ausfel Pty Ltd on 5 June 2005 over an area of 195sq km as replacement for previous EL 3173. Targets are uranium and possibly palygorskite clay in palaeochannels and copper/gold in basement rocks. EL 3556 was transferred to Uranium Resources Pty Ltd on 27 April 2007. Tenure is in the second year with expiry on 4 June 2008.

Unless expenditure commitment of \$100 000 is met, the area must be reduced by fifty percent unless the Minister determines otherwise. Renewal must be lodged by 4 May 2008.

Both the Annual Technical Report for the year ended 4 June 2007 and the Summary Report for the Six Months ended 4 June 2007 have been submitted to PIRSA.

**6.3 ML 5994 Mother Lode and ML 5995 Three Horsemen Feldspar Deposits** were granted on 29 August 1997 over 24.0ha and 20.0ha respectively to Manna Hill Mining Company Pty Ltd. Initial terms of seven years expired on 28 August 2004 with renewal for a further seven years due to expire on 28 August 2011. Renewals must be lodged by 28 May 2011.

On 28 July 1998, Development Programs no. 98/012 and 98/011 respectively were approved by the Chief Inspector of Mines and Bonds of \$10 000 each were lodged with PIRSA on 1 September 1997.

On 13 August 2004, Manna Hill Mining Company Pty Ltd changed its name to Ausfel Pty Ltd who transferred the two leases to Kurdeez Lime Pty Ltd on 20 June 2007.

Working Conditions for the two leases were amalgamated in the Wardens Court on 6 July 2006 for seven years commencing 28 June 2006.

Working Conditions were suspended in the Wardens Court on 26 July 2007 from 25 June to 14 December 2007. With the summer recess for three months from 15 December 2007, the suspension effectively extends to 14 March 2008.

## **7. Aboriginal Heritage**

An Aboriginal Site Avoidance Survey was completed on 2 December 1996 by four representatives of the Adnyamathanha Community, two representatives of Manna Hill Mining Company Pty Ltd and Steve Ewen (MESA, now PIRSA, Aboriginal Liaison Officer). The two feldspar deposits Mother Lode (now ML 5994) and Three Horsemen (now ML 5995) were free of significant Aboriginal Sites and cleared for drilling and mining as documented independently by Manna Hill Mining Company Pty Ltd and Steve Ewen.

## **8. Native Title**

The survey documented above also led to the first agreements in South Australia between Aboriginal Communities and the mining industry. The following three parallel agreements were signed by Manna Hill Mining Company Pty Ltd and registered by MESA on 29 August 1997.

1. On 8 June 1997 with Thaty (Geraldine) Anderson on behalf of all other Adnyamathanha Peoples.
2. On 19 June 1997 with Mark McKenzie Snr on behalf of the Kuyani People.
3. On 26 August 1997 with Vincent Coulthard, Angelina Stuart, May Buzzaccott and Gertie Johnson on behalf of all Adnyamathanha Peoples.

These agreements permit Manna Hill to carry out mining operations upon grant of Mineral Leases subject to the following conditions.

- a. Manna Hill pay a Royalty for each Financial Year ending 30 June equivalent to \$0.65 per tonne of feldspar ore carted off the lease (in all three Agreements)

- b. Within 30 days of grant of Mineral Leases, Manna Hill is to pay \$3 000 to each of Mark McKenzie and Vincent Coulthard et al (in Agreements 2 and 3)
- c. Manna Hill will fund a field trip of up to four Adnyamathanha representatives, pay a consulting fee of \$4 000 and supply a 4WD, fuel, accommodation, meals and GPS to enable sites of significance to the Adnyamathanha People on EL 2134, MC 2983 and MC 2987 to be mapped and registered (in Agreement 3)
- d. Manna Hill will ensure that at least 20% of its employees engaged in mining shall be of Adnyamathanha descent (in Agreement 3)
- e. Manna Hill may only assign or transfer its interest in the proposed Mineral Leases with written consent of the Adnyamathanha People, which consent shall not unreasonably be withheld (in Agreement 3).

The writer was unable to confirm that Conditions a, b, c and d had been complied with by Manna Hill.

### **9. Uranium Mining**

EL 3294 and EL 3556 have potential to contain uranium prospects and their grant allow for the exploration for radioactive minerals, including uranium. Mining operations for and the handling of uranium trigger specific legislation enacted by South Australia and the Commonwealth as summarised below.

#### ***Mining Act 1971 (SA)***

Mining operations for uranium, in contrast to exploration, is restricted to persons who hold either Mineral Lease(s) or Retention Lease(s) that are endorsed by the Minister for that purpose. Further Ministerial authorisation is required to sell and dispose of uranium.

#### ***Radiation Protection and Control Act 1992 (SA)***

Operations that involve mining and milling of radioactive ores, including uranium must be authorised by a licence issued under this Act. Conditions are imposed that cover handling, storage, transportation and safety process for uranium.

#### ***Atomic Energy Act 1953 (Commonwealth)***

Discovery of uranium must be reported

#### ***Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth)***

A person must not undertake a **nuclear action** which included mining or milling of uranium that is likely to have a significant impact on the environment unless authorised by the appropriate Minister.

#### ***Nuclear Non-Proliferation (Safeguards) Act 1987 (Commonwealth)***

This Act covers permitting of persons who possess nuclear material including uranium

#### ***Customs (Prohibited Exports) Regulations pursuant to the Customs Act 1901 (Commonwealth)***

Exportation of uranium is prohibited without approval from the Minister who will have regard for Australia's commitments under the United Nations Treaty for the non-proliferation of nuclear weapons to ensure that uranium is used for peaceful purposes and is properly accounted for.

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**The following** apply to the mining, or uranium

- Radiation Protection on the Mining and Milling of Radioactive Ores 1987
- Management of Radioactive Waste from the Mining and Milling of Uranium Ores 1982
- Safe Transport of Radioactive Substances 1991

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15 October 2007

The Directors  
Ausminerals Limited  
11/35 Old Northern Road  
BAULKHAM HILLS NSW 2153

Dear Directors,

## INVESTIGATING ACCOUNTANT'S REPORT

### INTRODUCTION

At the request of the Directors of Ausminerals Limited ("**Ausminerals**" or "**the Company**"), PKF Corporate Advisory Services (NSW) Pty Ltd ("**PKFCA**") has prepared this Investigating Accountant's Report ("**Report**") for inclusion in a Prospectus to be dated on or about 15 October 2007 ("**the Prospectus**") relating to the Offer of \$3,000,000 represented by an allotment of 15,000,000 Ordinary Shares at an issue price of \$0.20 ("**the Offer**") with an entitlement to receive our subscriptions of up to \$5,000,000. For the purposes of this Report minimum subscription has been assured.

This Report sets out PKFCA's findings on the following financial information of Ausminerals as set out in Section 7 of the Prospectus:

- A review of the Audited Historical Balance Sheet as at 30 June 2007;
- A review of the Pro-Forma Balance Sheet as at 30 June 2007;
- A review of the Audited Historical Income Statements for the years ended 30 June 2005, 2006 and 2007; and
- A review of the Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006 and 2007.

The foregoing financial information is collectively referred to as "**the Historical Financial Information**".

Terms used in this Report are intended to have the same meaning ascribed to them as in the Prospectus, unless expressly provided for otherwise in this Report.

The nature of this Report is such that it should be given by an entity that holds an Australian Financial Services License under the Financial Services Reform Act 2001. PKFCA is wholly owned by PKF and holds the appropriate Australian Financial Services License (License No. 247420).

## BACKGROUND

Ausminerals was incorporated on 22 January 2002. Since its incorporation it has acquired the following subsidiary companies (100% owned) to form the Ausminerals Group.

Kurdeez Lime Pty Limited  
Victorian Agriculture Pty Limited  
Uranium Resources Pty Limited  
Australasian Gold Pty Limited

The Ausminerals Group operates a lime extraction and processing business and also is exploring for and developing mineral resources, namely gold, uranium and feldspar in Western Australia, South Australia and Northern Territory

## HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information comprises:

- the Audited Historical Balance Sheet as at 30 June 2007;
- the Pro-Forma Balance Sheet as at 30 June 2007;
- the Audited Income Historical Statements for the years ended 30 June 2005, 2006 and 2007; and
- the Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006 and 2007, as set out in Section 7 of the Prospectus ("**the Historical Financial Information**").

The Pro-Forma Balance Sheet as at 30 June 2007 assumes completion of the transactions detailed in Section 7 of this Prospectus.

The Directors of Ausminerals are responsible for the preparation and presentation of the Historical Financial Information (including the Pro-Forma financial information and including the determination of the adjusting transactions). The Historical Financial Information has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information to which it relates for any purposes other than for which it was prepared.

The Historical Financial Information is presented in a summarised form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. The Historical Financial Information has been extracted from special purpose financial accounts prepared in accordance with the Corporations Act 2001 and complying with the measurement and recognition criteria of Australian Accounting Standards.

## SCOPE OF REVIEW

We have reviewed the Historical Financial Information as set out in Section 7 of the Prospectus in order to report whether anything has come to our attention which causes us to believe that the Historical Financial Information does not present fairly the earnings and financial position of Ausminerals, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Ausminerals.

Our review has been conducted in accordance with Auditing Standard 902, "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- A review of audit and other work papers, accounting records and other documents;

- A comparison of the application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Ausminerals;
- A review of the assumptions used to compile the adjusting transactions; and
- Enquiries of Directors, Management, Advisers and others.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## **STATEMENTS AND OPINION**

### ***Review of Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information as set out in Section 7 of the Prospectus has not been presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Ausminerals.

### ***Subsequent Events***

Other than the matters dealt with in this Report, to the best of our knowledge and belief, there have been no material transactions or events outside the ordinary course of business of Ausminerals that have come to our attention which require comment on, or adjustment to, the information contained in this Report or which would cause such information to be misleading or deceptive.

## **INDEPENDENCE AND GENERAL ADVICE LIMITATION**

### ***Independence***

PKFCA is a member of the PKF New South Wales accounting practice. PKFCA does not have any interest in the outcome of the Offer set out in the Prospectus, other than in connection with the preparation of this Report and participation in the due diligence procedures, for which normal professional fees will be received.

The Directors of Ausminerals have agreed to indemnify and hold harmless PKFCA, its Directors and Staff from any claims arising out of misstatement or omission in any material or information provided to PKFCA by the Company and its Directors, Management and Officers.

PKFCA has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

### ***General Advice Limitation***

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

PKFCA holds an Australian Financial Services Licence. As a holder of an Australian Financial Services Licence we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of PKFCA's Financial Services Guide is set out in Appendix A to this Report.

YOU r; **faithfully**

**PKF CORPORATE ADVISORY SERVICES (NSW) PTY LTD**

A handwritten signature in black ink, appearing to read 'Bruce', is positioned above a horizontal line.

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## **APPENDIX A : FINANCIAL SERVICES GUIDE**

This Financial Services Guide is issued in relation to the Investigating Accountant's Report included in the Prospectus dated on or about 15 October 2007 ("the Prospectus") relating to the Offer of \$3,000,000 represented by an allotment of 15,000,000 Ordinary Shares at an issue price of \$0.20 each ("the Offer") with an entitlement to receive oversubscriptions of up to \$5,000,000.

PKF Corporate Advisory Services (NSW) Pty Ltd ("PKFCA") (ABN 70 050 038 170) has been engaged by the Directors of Ausminerals to prepare an Investigating Accountant's Report for inclusion in the Prospectus.

PKFCA holds an Australian Financial Services Licence - Licence No: 247420.

### **Financial Services Guide**

As a result of our Report being provided to you we are required to issue to you a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

### **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

### **General Financial Product Advice**

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the issue of share described in the Prospectus may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

### **Benefits that we may receive**

We have charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

### **Remuneration or other benefits received by our employees**

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly in connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

## **Referrals**

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the Reports that we are licensed to provide.

## **Associations and relationships**

PKFCA is the licensed corporate advisory arm of PKF New South Wales, Chartered Accountants and Business Advisers. The Directors of PKFCA may also be Partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF New South Wales, Chartered Accountants and Business Advisers are comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

## **Complaints resolution**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory Services (NSW) Pty Ltd, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Industry Complaints Service ("FICS"). FICS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FICS. FICS may be contacted directly via the details set out below.

Financial Industry Complaints Service Limited  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Toll free: 1300 78 08 08  
Facsimile: (03) 9621 2291  
Email: [www.fics@fics.asn.au](mailto:www.fics@fics.asn.au)

## 7.1 Overview

This Section provides a summary of the historical financial information of Ausminerals Limited and its subsidiaries ("Ausminerals Group"). The Ausminerals Group comprises:

- > Ausminerals Limited ("Ausminerals")
- > Kurdeez Lime Pty Limited
- > Victorian Agricultural Lime Pty Limited
- > Australasian Gold Pty Limited
- > Uranium Resources Pty Limited

All financial information presented in this Section should be read in conjunction with the Investigating Accountant's Report (Section 6), the Risk Factors (Section 7) and other information contained within the Prospectus.

Unless otherwise stated, the financial information has been prepared in accordance with the accounting policies summarised in Section 7.6.1. The accounting policies comply with Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The Historical Financial Information comprises:

- > the Audited Historical Balance Sheet as at 30 June 2007;
- > the Pro-Forma Balance Sheet as at June 30 2007;
- > the Audited Historical Income Statements for the years ended 30 June 2005, 2006 and 2007; and
- > the Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006, and 2007.

The Pro-Forma Balance Sheet as at 30 June 2007 assumes completion of the transactions detailed in Section 7 of this Prospectus as at that date and assumes minimum subscription. The financial effect of any oversubscription is outlined in Note 7.7.

The Audited Income Statements for the years ended 30 June 2005, 2006 and 2007 reflect the earnings of the Ausminerals Group based on the audited financial statements of Ausminerals Group and adjusted for certain non-recurring items of income and expenditure, items of income and expenditure which will not form part of Ausminerals Group following completion of the Offer, and adjustments necessary to comply with AIFRS.

## 7.2 Basis of Preparation of Historical Financial Information

Ausminerals Group business operations commenced in 2002. The detailed basis of preparation of the audited historical financial information is contained in Section 7.6. The Pro-Forma Balance Sheet as at 30 June 2007 presents the actual audited balance sheet adjusted for the impact of the Offer as if that had in fact taken place at 30 June 2007.

The Pro-Forma historical financial information does not include any costs associated with operating as a public listed company. The entities comprising the Ausminerals Group were audited by PKF.

In respect of Ausminerals and its subsidiaries, PKF has issued unqualified audit opinions on each of the financial statements for the years ended 30 June 2005, 30 June 2006 and 30 June 2007.

The historical financial information in this Section has been prepared in accordance with AIFRS and should be read in conjunction with the information and accounting policies set out below and other information contained within this Prospectus.

The historical financial information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the requirements of the Corporations Act.

## 7.31 Income Statements

	Audited Actual 30 June 2007 \$	Audited Actual 30 June 2006 \$	Audited Actual 30 June 2005 \$
Revenue from Ordinary Activities	1,054,804	936,892	869,986
Other income	28,353	-	-
Raw Materials & Operating Costs	(674,016)	(560,196)	(533,063)
Salaries & Wages	(310,973)	(105,279)	(84,825)
Overhead Expenses	(426,939)	(169,146)	(51,592)
Profit/(loss) before finance costs and Income Tax ( EBITDA)	(328,771)	102,271	200,506
Depreciation	(323,666)	(333,567)	(416,581)
(Loss) before finance costs and Income Tax ( EBIT)	(652,437)	(231,296)	(216,075)
Net Finance Costs	(49,569)	(50,763)	(42,280)
Net (loss) before Income Tax Expense	(702,006)	(282,059)	(258,355)
Income Tax Benefit/ ( Expense)	-	-	-
Net (loss) from Ordinary Activities	(702,006)	(282,059)	(258,355)
Less: Abnormal Items			
Depreciation of Revalued Assets	(273,994)	(61,012)	(66,645)
Exploration Expenses Written Off	(44,991)	(115,782)	(75,091)
Net (loss) after Abnormal Items	(1,020,991)	(458,853)	(400,091)

The accompanying notes form part of the historical financial information

## 7.4 Balance Sheets

	NOTES	Audited Actual 30 June 2007 \$	Pro-Forma 30 June 2006 \$
<b>Current Assets</b>			
Cash and Cash equivalents	1	313,286	2,308,558
Trade and other receivables	2	170,560	170,560
Inventories	3	46,905	46,905
<b>Total Current Assets</b>		<b>530,751</b>	<b>2,526,023</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	4	5,873,686	5,873,686
Exploration and Evaluation Expenditure	5	1,006,277	1,006,277
Extractive Industry Licence		87,240	87,240
<b>Total Non Current Assets</b>		<b>6,967,203</b>	<b>6,967,203</b>
<b>TOTAL ASSETS</b>		<b>7,497,954</b>	<b>9,493,226</b>
<b>Current Liabilities</b>			
Bank Overdraft		277,474	277,474
Payables	6	175,302	175,302
Related Party Liabilities	7	97,778	0
Financial Liabilities	8	351,182	51,182
Provisions	10	50,012	50,012
Taxation	11	8,923	8,923
<b>Total Current Liabilities</b>		<b>960,671</b>	<b>562,893</b>
<b>Non Current Liabilities</b>			
Financial Liabilities	9	172,120	172,120
Deferred Taxation	12	-	-
<b>Total Non Current Liabilities</b>		<b>172,120</b>	<b>172,120</b>
<b>TOTAL LIABILITIES</b>		<b>1,132,791</b>	<b>735,013</b>
<b>NET ASSETS</b>		<b>6,365,163</b>	<b>8,758,213</b>
<b>Equity</b>			
Issued Share Capital	13	2,916,260	5,309,310
Asset Revaluation Reserve		7,047,334	7,047,334
Accumulated losses		(3,598,431)	(3,598,431)
<b>TOTAL EQUITY</b>		<b>6,365,163</b>	<b>8,758,213</b>

The accompanying notes form part of the historical financial information

## 7.5 Cash Flow Statements

	Audited Actual 30 June 2007 \$	Audited Actual 30 June 2006 \$	Audited Actual 30 June 2005 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	1,098,097	961,933	944,525
Payments to Suppliers	(685,766)	(463,019)	(571,559)
Expenses and Overheads	(662,417)	(409,339)	(247,209)
Interest Paid	(49,569)	(50,763)	(42,280)
Sundry Expenses	(13,408)	(53,205)	65,747
<b>Net Cash Used in Operating Activities</b>	<b>(313,063)</b>	<b>(14,393)</b>	<b>149,224</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Plant and Equipment	(358,131)	(122,022)	(168,978)
Payments for Exploration and Evaluation	(141,723)	(157,897)	(109,770)
<b>Net Cash Used in Investing Activities</b>	<b>(499,854)</b>	<b>(279,919)</b>	<b>(278,748)</b>
<b>Cash Flows from Financing Activities</b>			
Contribution from Shareholders	(43,976)	91,506	(62,731)
Proceeds from issue of shares	190,000	1,135,440	
Bank Finance Term Loan	-	-	200,000
<b>Net cash provided by Financing Activities</b>	<b>146,024</b>	<b>1,226,946</b>	<b>137,269</b>
<b>Net Increase/ ( Decrease) in Cash Held</b>	<b>(666,893)</b>	<b>932,634</b>	<b>7,745</b>
<b>Cash at the beginning of the year</b>	<b>702,703</b>	<b>(229,931)</b>	<b>(237,676)</b>
<b>Cash at the end of the Financial Year</b>	<b>35,810</b>	<b>702,703</b>	<b>(229,931)</b>

The accompanying notes form part of the historical financial information

## 7.6 Notes to the Historical Financial information

### 7.6.1 Significant Accounting Policies

The significant accounting policies set out below are AIFRS compliant accounting policies that have for the purposes of presentation of the financial information, been adopted by the Ausminerals Group with effect from 1 July 2004.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The Audited Historical Balance Sheet in Section 7.4 above has been prepared in accordance with AIFRS on the basis of the policies set out below. The Audited Historical Income Statements and Cash Flow Statements for the years ended 30 June 2005, 2006 and 2007 set out in Section 7.3 and Section 5 have also been prepared on the basis of AIFRS policies adopted from 1 July 2004.

The financial information of the Ausminerals Group has been prepared in accordance with the measurement but not all of the disclosure requirements of Australian Accounting Standards, UIG and AASB Interpretations. In Ausminerals Group view, the omitted disclosures would provide no more relevant information to a potential investor in the Company.

#### a) Basis of preparation

The Historical Financial Information has been prepared so as to comply, subject to the basis of preparation outlined in this note, with Australian Accounting Standards as follows:

- ▶ The Audited Historical Income Statements, prepared on an consolidated basis, for the years to 30 June 2005, 2006 and 2007 have been prepared in accordance with AIFRS;
- ▶ The Audited Historical Cash Flow Statements for the years ended 30 June 2005, 2006 and 2007 have been prepared in accordance with AIFRS; and
- ▶ The Balance Sheets, as at 30 June 2007, prepared on both a Historical and Pro-Forma basis, have been prepared in accordance with AIFRS.

In the application of AIFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements.

#### b) Consolidated Balance Sheet and Business Combinations

The Audited Historical Balance Sheet includes the consolidation of Ausminerals Limited, Kurdeez Lime Pty Limited, Victorian Agricultural Lime Pty Limited, Uranium Resources Pty Limited and Australasian Gold Pty Ltd as at 30 June 2007.

The purchase price method of accounting was applied to the acquisition of the subsidiaries. The cost of the acquisition was based on the fair value of equity issued, plus costs attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values.

#### c) Principles of Consolidation

Subsidiaries are entities controlled by Ausminerals Limited. Control exists when Ausminerals Limited has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### d) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss,

it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Income tax on the profit or loss for the year comprises current and deferred taxation. Income tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

#### e) Revenue recognition

Ausminerals Group supplies agricultural lime in raw and finished forms to the agricultural and associated industries, conducts exploration for various minerals and gold assets. Revenue for the primary activities and other revenue are recognised when the services is performed. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of GST.

#### f) Financial instruments

##### *Trade and other receivables*

Trade and other receivables are recognised when Ausminerals Group has an expectation of receiving future payments resulting from the provision of services.

##### *Trade and other payables*

Trade and other accounts payable are recognised when Ausminerals Group becomes obliged to make future payments resulting from the purchase of goods and services.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown in current liabilities in the Balance Sheet.

##### *Borrowings*

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

## g) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

## h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on first-in-first-out basis and include all direct costs.

## i) Property, plant and equipment

### *Plant and equipment*

Ausminerals Group applies the revaluation model to plant and equipment in accordance with the provisions contained in AASB 116 "Property, Plant and Equipment". Revaluations are performed by external independent professional valuers. Revaluations are made with sufficient regularity to ensure the difference between the revaluation amount and carrying amount is not material. Revaluation surpluses are recognised directly in equity. Devaluations are first offset against revaluation surpluses with the difference recognised directly in profit and loss for the period.

### *Motor vehicles*

Motor vehicles are stated at cost less accumulated depreciation and impairment.

The initial cost of Land, Buildings and Plant and Equipment includes expenditure that is directly attributable to the acquisition of the item together with costs associated with the refurbishment or adaptation necessary to adapt the asset to a specific requirement or design.

## j) Depreciation

Depreciation is provided for on buildings, plant and equipment. Depreciation is calculated on a straightline and prime cost basis in order to write off the cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The depreciable amount of all fixed assets will be depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

### *Repairs and maintenance*

All repairs and maintenance expensed in the accounts is based on actual cost and not of a capital nature.

## k) Goodwill and intangibles

### *Goodwill*

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities, intangible assets, and contingent liabilities acquired, is recognised as an asset and is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit and loss and not subsequently reversed.

### *Intangibles*

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at the end of each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense (if any) on intangible assets with finite lives is recognised in profit and loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

## l) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest, and carried forward in the Balance Sheet where:

- > a) rights to tenure of the area of interest are current
- > b) one of the following conditions is met:

such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or

exploration and/or evaluation activities in the area of interest have not at balance sheet date yet 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 areas are continuing.

Exploration and evaluation expenditure is classified as tangible or intangible according to the nature of the assets acquired and the expenditure.

#### m) Restoration and Rehabilitation Obligation

A provision for restoration and rehabilitation obligation is recognised on a gradual basis over the life of the Exploration Licences where applicable. The amount recognised includes cost of reclamation and site rehabilitation after taking into account restoration works which are carried out during exploration or development. The provision for restoration costs is determined from an estimate of future costs and is capitalised as exploration expenditure.

If the effect of time of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounted is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### n) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### o) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

## 7.7 Basis of Preparation of the Pro Forma Balance Sheet

The Pro-Forma Balance Sheet at 30 June 2007 reflects the combination of each of the Balance Sheets, Ausminerals Limited and its subsidiaries as at that date, after the elimination of all inter-company balances and transactions and unrealised profits arising between those companies. It also includes certain transactions, detailed below, as if those transactions occurred at 30 June, 2007.

a) the issue to public of 15,000,000 shares at an issue price of \$0.20 cents each pursuant to this Prospectus (minimum subscription)

If oversubscriptions of \$2,000,000 are received the effect, after adjusting for costs of the offer, will be as follows;

- > Cash and cash equivalents \$4,206,058
- > Issued Share Capital \$7,206,810

b) the application of part proceeds of the Offer against the costs associated with the Offer estimated to be \$606,950.

c) repayment of interest bearing Bank debt amounting to \$300,000

	Audited Actual 30 June 2007 \$	Pro-Forma 30 June 2006 \$
Cash and cash equivalents		
Cash at Bank and on hand	313,286	2,308,558
Reconciliation of Cash and cash equivalents		
Cash and cash equivalents at 30 June 2007		313,286
Funds raised from the issue of 15,000,000 shares @ 20 cents		3,000,000
Capital raising and listing costs		(606,950)
Repayment of Bank loan		(300,000)
Repayment of Directors Loan		(97,778)
	313,286	2,308,558

		Audited Actual 30 June 2007 \$	Pro-Forma 30 June 2006 \$
<b>2</b>	<b>Receivables</b>		
	Trade Debtors	137,512	137,512
	GST	33,048	33,048
	<b>Total Receivables</b>	<b>170,560</b>	<b>170,560</b>
<b>3</b>	<b>Inventories</b>		
	Raw materials and consumable spares	46,905	46,905
	Provision for obsolete stock	-	-
	<b>Total Inventories</b>	<b>46,905</b>	<b>46,905</b>
<b>4</b>	<b>Property, plant and equipment</b>		
	Land and buildings - at valuation	2,561,000	2,561,000
	Earth Moving Equipment - at valuation	2,816,700	2,816,700
	- at cost	310,909	310,909
	Plant and equipment - at valuation	530,300	530,300
	- at cost	135,120	135,120
	Motor vehicles - at valuation	32,000	32,000
	Roads - at cost	85,317	85,317
	<b>Total cost</b>	<b>6,471,346</b>	<b>6,471,346</b>
	Accumulated depreciation	597,660	597,660
	<b>Written down value</b>	<b>5,873,686</b>	<b>5,873,686</b>

Valuation of the Ausminerals Group assets, except land, has been carried out by Andrew Nock Pty Ltd, Licensed Valuers and Asset Consultants.

The asset revaluation reserve arose as a result of the acquisition of Kurdeez Lime Pty Limited and Victorian Agricultural Lime Pty Limited in February 2002 and a revaluation of assets as at 30 June 2006

		Audited Actual 30 June 2007 \$	Pro-Forma 30 June 2006 \$
<b>5</b>	<b>Exploration and Evaluation Expenditure</b>		
	Gold Exploration	506,277	506,277
	Feldspar Exploration	400,000	400,000
	Uranium Exploration	100,000	100,000
	<b>Total Expenditure</b>	<b>1,006,277</b>	<b>1,006,277</b>
<b>6</b>	<b>Trade and Other Payables</b>		
	Trade Creditors	100,302	100,302
	Shares pending issue	75,000	75,000
	<b>Total trade and other payables</b>	<b>175,302</b>	<b>175,302</b>

	Audited Actual 30 June 2007 \$	Pro-Forma 30 June 2006 \$
<b>7 Related Party Liabilities</b>		
Directors loan	97,778	0
The Directors loan is interest free and repayable at call. The loan is from Erwin Bouverie to the Ausminerals Group.		
<b>8 Financial Liabilities</b>		
Non current liabilities	300,000	-
Term loan	51,182	51,182
Lease liabilities less than 1 year	351,182	51,182
The term loan is a two year term loan facility at 8.3% secured by a fixed and floating charge over the assets of Kurdeez Lime Pty Ltd		
<b>9 Non current liabilities</b>		
Lease liabilities 1-5 years	172,120	172,120
<b>10 Provisions</b>		
Provision for employee leave benefits	50,012	50,012
<b>11 Current Tax Liabilities</b>		
Provision for income tax	-	-
Payroll Tax	-	-
PAYG Payable	8,923	8,923
GST Payable	-	-
Total current tax liabilities	8,923	8,923
<b>12 Deferred taxation</b>		
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	-	-
<b>13 Equity</b>		
Issued share capital	2,916,260	5,309,310
Asset Revaluation Reserve	7,047,334	7,047,334
Accumulated Losses	(3,598,431)	(3,598,431)
Total Equity and Reserves	6,365,163	8,758,213

The asset revaluation reserve arose as a result of the acquisition of Kurdeez Lime Pty Limited and Victorian Agricultural Lime Pty Limited in February 2002 and a revaluation of assets as at 30 June 2006.

Movements in Ordinary Shares on issue	Number	\$
Opening balance as at 1 July 2006	9,700,867	1,136,160
Shares issued during the year for cash	1,187,500	190,000
Shares issued during the year for services/assets	5,889,375	590,100
Shares issued during the year in lieu of Director's loan	25,000,000	1,000,000
<b>Total as at 30 June 2007</b>	<b>41,777,742</b>	<b>2,916,260</b>
Issue of 15,000,000 shares pursuant to the offer	15,000,000	3,000,000
Costs of the offer		(606,950)
<b>Closing balance</b>	<b>56,777,742</b>	<b>5,309,310</b>

#### 14 Exploration Licence Commitments

The Ausminerals Group owns Exploration licences which require annual commitments for expenditure in order to retain the licenses. The annual expenditure on these licenses is:

Year ending 30 June 2008	\$170,000
Year ending 30 June 2009	\$170,000

#### 15 Related Party Information

- The Sole Director of the Group, Erwin Bouverie, was paid \$137,000 during the year as salary (2006 - \$nil, 2005 - \$24,000).
- Erwin Bouverie was not paid Directors Fees in the years ended 30 June 2005, 2006 and 2007.
- At 30 June 2007 the Ausminerals Group had an amount payable to Erwin Bouverie (see Note 7)
- During the year an amount owing to Erwin Bouverie (\$1,000,000) was converted into 25,000,000 shares.

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## 8 Corporate Governance

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The Board of Directors is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation, the Company has adopted or intends to adopt the Ten Essential Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

In accordance with the recommendations of the ASX, the Board has appointed an Audit and Risk Management Committee whose functions are to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company by:

- ▶ assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct; and
- ▶ implementing and supervising the Company's risk management framework.

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient given the Company's nature of operations and size.

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## 9.1 Exploration Success

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The resource tenements of the Ausminerals Group 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 project areas described in this Prospectus, 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.

## 9.2 Title to Tenements

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A majority of the Ausminerals Group's Gold and Nickel projects in the Leonora/Laverton region of Western Australia are the subject of various option agreements. Further, the Ausminerals Group's rights to the Gold Hill projects are subject to the condition precedent in the relevant agreements being satisfied. No assurances can be given that Ausminerals will exercise the options. Further, no assurances can be given that the condition precedent to the Gold Hill projects agreement will be satisfied or waived by the vendors.

The consideration payable under the Cool Sand Option and the Gold Hill Option includes issuance of shares in Ausminerals. If Ausminerals does exercise its call option to acquire the tenements that are subject of such options, the total share capital of the Company will increase leading to a lesser percentage of the Company being held by investors under this Prospectus.

There are tenements where applications to licences and leases are pending. No assurance can be given that all or any of the applications will be granted.

## 9.3 Operating Risk

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The operations of the Ausminerals Group may be affected by various factors, including:

- > operational and technical difficulties encountered in mining;
- > failure to locate or identify mineral deposits;
- > failure to achieve predicted commercial grades in exploration and mining;
- > competition for exploration rigs & equipment;
- > 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, labour, spare parts, plant and equipment.

No assurances can be given that Ausminerals Group will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

## 9.4 Resource Estimates

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Resource estimates are expressions of judgment 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 Ausminerals Group's operations.

## 9.5 Commodity Price Volatility and Exchange Rate Risk

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If Ausminerals Group achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of Ausminerals Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Ausminerals Group. 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 Ausminerals Group are and will be taken into account in Australian currency, exposing Ausminerals Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

## 9.6 Environmental Risk

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The operations and proposed activities of Ausminerals Group are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, Ausminerals Group'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 ensure that the Ausminerals Group's activities are conducted to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in Ausminerals Group's activities which could lead to extensive liability of Ausminerals Group, such as accidental spills, leakages or other unforeseen circumstances.

## 9.7 Title Risks and Native Title

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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, Ausminerals Group 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. Further, Ausminerals Group may inadvertently fail to renew its interest in a licence or lease before the expiration of the term in which case there is a risk that someone else may lodge an application for the licence or lease.

It is also possible that, in relation to tenements which Ausminerals Group 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 Ausminerals Group 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. The Directors will closely monitor the potential effect of native title claims involving tenements in which Ausminerals Group has or may have an interest. Reference should be made to the relevant section of the Tenement Reports set out in Section 5 of this Prospectus for information on the issue of title and a description of the native title regime in Western Australia.

## 9.8 Share Market Conditions

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The price of the Shares when quoted on ASX will be influenced by international and domestic factors affecting conditions in equity, financial and commodity markets. These factors may affect the general level of prices for listed securities of mining and exploration companies quoted on ASX.

## 9.9 General Investment Conditions

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There is a risk that the price of Shares and returns to Shareholders may be affected by changes in:

- > local and world economic conditions;
- > interest rates;
- > levels of tax, taxation law and accounting practice;
- > government legislation or intervention;
- > inflation or inflationary expectations; and
- > natural disasters, social upheaval or war in Australia or overseas, as well as other factors beyond the control of Ausminerals Group.

## 9.10 Specific Mining Risk

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There are also a number of specific risks associated with Ausminerals Group which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, Ausminerals Group is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses. Set out below are specific risks that may adversely affect Ausminerals Group:

1. the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part pursuant to the Mining Act;
2. the Departments responsible for regulating mining tenure in each Australian State ("Department") from time to time review 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 Ausminerals Group; and
3. the exploration costs of Ausminerals Group described in Sections 1.5 and 3 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 Ausminerals Group's viability.
4. the future capital requirements of Ausminerals Group will depend on many factors including its business activities. The Company believes its available cash and the net proceeds of this Offer should be sufficient to fund business development, exploration and other Company objectives in the short term as stated in the Prospectus. Any inability to obtain additional funding, if required, would have a material adverse effect on Ausminerals Group's business.

## 9.11 Uranium and Political Risk

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The Australian Federal Government has specifically reserved its powers over uranium mining in Australia by means of the Atomic Energy Act 1953. In effect, the Australian Government Minister has the ability to veto any planned action by the State Minister with which he/she disagrees. The Federal Government has announced a preparedness to discuss the export of uranium to China and India and the establishment of a committee of enquiry into the establishment of a nuclear power industry in Australia, but there is no guarantee of a change of policy.

## 10.1 Rights Attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. All Shares issued pursuant to this Prospectus will, from the time they are issued, rank *pari passu* with all the Company's existing Shares.

### Voting Rights

Subject to any rights or restrictions attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b) 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
- c) 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 which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

### Rights on Winding Up

Subject to the Corporations Act 2001, Listing Rules and the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid Shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

### Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act 2001, any other applicable laws, the ASTC Settlement Rules and the Listing Rules, Shares are freely transferable.

### Future Increases in Capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### Variation of Rights

Under the Corporations Act 2001, 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 the 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.

### Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

## 10.2 Material Contracts

### (a) Agreement between Company and Trindal Pty Ltd

On 24 September 2007, the Company entered into an agreement with Trindal Pty Ltd (Trindal). In consideration for \$1.00, the Company or its nominee is granted a call option under the agreement to purchase Trindal's rights, title and interest in the Gold Hill Joint Venture (GHJV) and its assets.

The assets include the GHJV's beneficial interest in mining lease M37/220 near Leonora, Western Australia (subject to the right of Eagle Mining Pty Ltd to receive a royalty, as outlined below). Wanbanna Pty Ltd is the registered owner of mining lease M37/220 and holds the lease on trust for the GHJV and all GHJV Participants (being Trindal Pty Ltd, Central Gold Pty Ltd, Lucas Gold Pty Ltd and Robert Gabb).

Mining lease M37/220 is subject to caveats in favour of Erwin Bouverie, Eagle Mining Pty Ltd and Central Gold Pty Limited. Further details are set out in section 3.3(c) of this Prospectus.

The call option will become exercisable by the Company upon satisfaction of the following conditions precedent: the execution of a Heads of Agreement by each of the GHJV Participants under which they agree to grant the Company or its nominee an option to acquire the GHJV Participant's interest in the GHJV and the GHJV's assets on terms and conditions acceptable to the Company. The option period is 3 months from the date on which the conditions precedent are satisfied. The condition precedent has not been satisfied as Wanbanna Pty Ltd, a GHJV Participant, has not executed the agreement.

As consideration for the purchase of the GHJV Participants' collective interests in the GHJV, the Company will (subject to the Listing Rules and ASX approval) issue to the GHJV Participants shares in the Company. The GHJV Participants will collectively receive the equivalent of 8.75% of each class of issued shares and options on a fully diluted basis in the Company as at the day immediately following the dispatch date as defined in the Company's prospectus.

The allocation of shares will be proportionate to each GHJV Participant's expenditure in connection with the GHJV and the mining lease as follows:

GHJV Participant	Expenditure	Percentage Interest
Trindal Pty Ltd	\$350,000	13.47%
Lucas Gold Pty Ltd	\$946,704	36.42%
Central Gold Pty Ltd	\$677,656	26.07%
Robert Gabb	\$100,000	3.85%
Erwin Bouverie	\$524,707	20.19%
<b>TOTAL</b>	<b>\$2,599,067</b>	<b>100%</b>

The Company has entered into an identical agreement with each other GHJV Participant other than Wanbanna Pty Ltd.

**(b) Agreement between Erwin Bouverie, Central Gold Pty Ltd, Lucas Gold Pty Ltd, Trindal Pty Ltd and Robert Gabb**

This agreement dated 15 September 2007 deals with the engagement of Erwin Bouverie by Central Gold Pty Ltd, Lucas Gold Pty Ltd, Trindal Pty Ltd and Robert Gabb (GHJV Participants) to provide management services with respect to mining lease M37/220. This mining lease is subject to caveats, further details of which are set out in section 3.3(c). In a letter dated 9 October 2007, Mr Bouverie nominated Aus Gold to be his nominee under the agreement.

Mr Bouverie's (or his nominee's) obligations are as follows:

- (a) to provide such management services as he considers necessary in order to achieve the objectives of the GHJV Agreement, namely to develop and manage a viable gold mining operation on mining lease M37/220;
- (b) to do all things as reasonably necessary in order to keep mining lease M37/220 in good standing, including meeting all statutory reporting requirements, complying with accepted environmental management standards and paying all required fees and charges in relation to the mining lease; and
- (c) in respect of all agreed plant and equipment owned by the GHJV:
  - (i) maintain the equipment in its original condition as at the date of the agreement;
  - (ii) take out insurance to fully cover the replacement value of the equipment;
  - (iii) in the event that any of the equipment is stolen or damaged, pay to the GHJV Participants the replacement value within 60 days; and

- (iv) compile a list of all items of equipment not required by him and forward such list to the GHJV Participants by 30 September 2007.

The GHJV Participants' obligations are as follows:

- (a) to grant Mr Bouverie or his nominee uninhibited access to the mining lease for the purposes of the agreement; and
- (b) to make available for use by Mr Bouverie or his nominee all agreed plant and equipment until 31 December 2008.

The agreement will be terminated in the following circumstances:

- (a) By 30 days' written notice by the GHJV Participants if:
  - (i) Mr Bouverie or his nominee fails by 31 December 2008 to achieve a rate of gold production of 1000 ounces/quarter;
  - (ii) Mr Bouverie or his nominee fails to maintain an average rate of production of at least 1000 ounces/quarter from 31 December onwards;
  - (iii) there is an exercise of an option over the mining lease by the Company; or
  - (iv) the date is 31 December 2010 onwards.
- (b) Immediately if:
  - (i) a resolution is passed for Mr Bouverie or his nominee to be wound up;
  - (ii) a resolution is passed for Mr Bouverie or his nominee to be placed under official management;
  - (iii) Mr Bouverie or his nominee admits an inability to pay his debts when they fall due; or
  - (iv) a receiver is appointed for any property of Mr Bouverie or his nominee.
- (c) By 30 days' written notice from Mr Bouverie or his nominee.

Mr Bouverie or his nominee will not bear any liability to the GHJV if he fails to achieve the required rate of gold production.

In consideration for the provision of management services, Mr Bouverie or his nominee is entitled to 95% of each of the GHJV Participant's net entitlement under the Gold Hill Joint Venture Agreement.

Mr Bouverie will be responsible for the following payments:

- (a) all government royalties in respect of the mining lease; and
- (b) all royalties due to Eagle Mining Pty Ltd pursuant to the Randwick Termination Agreement and Royalty Deed dated October 2003, being a quarterly payment of:
  - (i) 1 % of the gross proceeds from the sale of gold (once 20,000 ounces of gold has been produced from the mining lease) if the average spot price for gold is less than \$600; or
  - (ii) 1.5% of the gross proceeds from the sale of gold (once 20,000 ounces of gold has been produced from the mining lease) if the average spot price for gold is more than \$600.

(c) Option Agreement between Cool Sand Supplies Pty Ltd and others and the Company

On 15 January 2007, the Company entered into a deed with Russell Paul Day, Clifford Robert O'Connor, Trevor John Chaplin and Budhi Santoso (Seller). Under the deed, the Seller agrees to sell, and the Company agrees to secure, an option to buy the following tenements in Western Australia:

• P37/6663	• P37/6594	• P37/6819
• P37/6726	• P37/6597	• P37/6817
• P37/6727	• P37/6679	• P37/6818
• P37/6596	• P37/6748	• P37/6821
• P37/6598	• P37/6749	• P37/6820
• P37/6620	• P37/6750	• P37/6806
• P37/6621	• P37/6751	• P37/6807
• P37/6623	• P37/6752	• P37/6808
• P37/6678	• P37/6753	• P37/6816
• P37/6681	• P37/6754	• P37/6814
• P37/6714	• P37/6725	• P37/6815
• P37/6715	• P37/6423	• P37/6874
• P37/6716	• P37/6424	• P37/5702
• P37/6717	• P37/6425	• P37/5704
• P37/6718	• P37/6465	• P37/5705
• P37/6719	• P37/6460	• P37/5706
• P37/6720	• P37/6822	• P37/5707
• P37/6721	• P37/6723	• P37/5708
• P37/6722	• P37/57107	• P37/5709

- P37/7526 (pending approval)
- P37/7527 (pending approval)
- P37/7528 (pending approval)

Purchase consideration from the Company to the Seller consists of:

- (a) 6 million fully paid ordinary shares in the Company (payable on the option exercise date);
- (b) \$340,000 (payable on the option exercise date); and
- (c) an ongoing 2% royalty on all gold, metals and minerals produced from the tenements.

The Company must also:

- (a) pay to Seller's nominee \$5000 upon execution of the deed;
- (b) contribute up to \$20,000 towards the prospecting licence and mining lease rentals; and
- (c) fund exploration of not less than \$150,000 and up to \$350,000 during the term of the option.

The option is stated to expire on 30 September 2007 and may only be exercised if the Company is listed on the ASX by 30 June 2007. However, a signed letter dated 3 August 2007 extends the option to 31 March 2008, provided that the Company has also listed on the ASX by 31 March 2008.

(d) Agreement between Aus Gold, Wilson and Crew

This signed agreement dated 28 April 2007 between Aus Gold, Scott Walter Wilson and Ross Frederick Crew (Vendors) provides the basis for the sale of the following tenements in Western Australia (which are held by the Vendors) to Aus Gold:

- P37/5836 (pending approval of MLA 37/1197)
- P39/4017 (pending approval of M39/977)
- P39/4335
- P39/4336
- P39/4337
- P39/4338
- P39/4339
- P39/4472
- P39/4473
- P39/4474
- P39/4475
- P39/4476
- P39/4477
- P39/4478

Under the agreement, Aus Gold assumes responsibility for keeping the tenements in good standing. Aus Gold will pay to the Vendors:

- (a) \$10,000 upon execution of the agreement;
- (b) \$75,000 (plus GST) upon the listing of Aus Gold on the ASX;
- (c) fully paid Vendors shares in the listed vehicle to the value of \$200,000 (plus GST); and
- (d) a 1 % gross production royalty on any minerals produced and sold from the tenements.

Aus Gold will also fund additional exploration costs to assess the viability of long-term mining and processing and, if this is viable, it will arrange funding to bring the tenements into significant gold production.

Under the agreement, Aus Gold must use its best endeavours to list on the ASX within 4 months, failing which the agreement will expire and all rights to the mining leases will revert to the Vendors. Accordingly, the agreement's expiry date is 28 August 2007. However, a signed letter from the Vendors dated 30 August 2007 extends the terms of the agreement to 31 December 2007 (in exchange for the payment by Aus Gold of \$10,000).

(e) Randwick Joint Venture Agreements

The Company entered into three separate joint venture agreements in March 2007. The agreements establish joint ventures between the Company and the following parties (Partners), to whom the Company must allot the following shares within 7 days of the commencement date (being the date of execution):

Joint Venture	Partner	Shares in the Company to be allotted to Partner	Tenements owned by Partner
1	Trevor John Dixon and Phillip John Coulson	250,000 fully paid ordinary shares (125,000 shares each)	P37/6384 P37/6385 P37/6386 P37/6387 P37/6388
2	Trevor John Dixon	312,500 fully paid ordinary shares	M37/1218 P37/6121 P37/6122 P37/6123 P37/6124 P37/6125 P37/6126 P37/6127 P37/6128 M37/1280 (pending approval) M37/1281 (pending approval) P37/7186 (pending approval) P37/7187 (pending approval) P37/7188 (pending approval) P37/7189 (pending approval) P37/7190 (pending approval) P37/7191 (pending approval) P37/7192 (pending approval)
3	Trevor John Dixon and Jeremy David Snaith	62,500 fully paid ordinary shares (31,250 each)	P37/5732

The Company has a 51 % interest and each Partner has a 49% interest in its respective joint venture. Each joint venture is established to:

- carry out prospecting and mining on the tenements in Western Australia owned by that Partner; and
- exploit minerals of the tenements by conducting mining operations.

The key terms of the agreements are as follows:

- All decisions of the joint venture will be by majority vote and each party will have one vote for every 1 % interest held. At all times, the Company must hold a majority interest.
- If the Company completes the feasibility study of the proposed mining operations, the Partners must transfer to the Company a further 19% participating interest, giving the Company a 70% interest.
- From the commencement date of the agreement until the parties make a decision to mine or until the Company withdraws from the joint venture (whichever occurs first), the Company must pay for all expenditure in relation to the joint venture and tenements.
- From the date of a decision to mine, the parties must contribute to joint venture expenditure in proportion to their interests.

Each joint venture will continue until the earlier of:

- the date mutually agreed by the parties; or
- the date on which one party acquires all the participating interests in the joint venture and tenements.

(f) **Pivot Share Sale Agreement**

The Company entered an agreement for the sale of the following shares held by Pivot Ltd (Pivot):

- (a) 87,240 ordinary shares in Victorian Agricultural Lime Ltd (this constitutes all of the shares in the company); and
- (b) 19,700 ordinary shares in Curdies River Lime Company Pty Ltd (this constitutes all of the shares in the company).

The consideration provided by the Company \$400,000 (excluding GST).

Pursuant to this agreement, the Company effectively acquired its rights to freehold property to continue mining activities under WA467 as issued by the Victorian Department of Primary Industries. It also acquired other fixed assets of Plant and Equipment.

(g) **NAB Financing**

A letter dated 30 May 2007 from National Australia Bank (NAB) to Kurdeez advises about the approval of a NAB Business Options Interest Only Loan – Interest In Arrears (Facility).

The main terms and conditions of the Facility are:

- (a) Facility limit: \$300,000.
- (b) The facility limit must be borrowed in full in one drawing unless NAB agrees otherwise.
- (c) Last date for initial drawdown: 30 August 2007.
- (d) Facility term: 5 years.
- (e) Initial fixed rate period: 2 years.
- (f) Interest rates:
  - (i) indicative fixed interest rate: 8.5000% per annum;
  - (ii) variable interest rate: currently 8.3000% per annum;
  - (iii) default interest rate: 15.1000% per annum.
- (g) Commitment fee: 1.8000% per annum.
- (h) Securities:
  - (i) fixed and floating charge over the whole of the assets of Kurdeez; and
  - (i i) guarantee and indemnity for \$580,000 given by Erwin Bouverie supported by a registered mortgage over property at 25 Elanora Rd, Kiama, NSW (Folio 266/30126).

A signed letter from NAB states that the Facility limit of \$300,000 was borrowed on 13 June 2007.

Kurdeez has an overdraft facility with NAB of \$280,000 which is also the subject of the fixed and floating charge over the whole of the assets of Kurdeez. The amount drawn from the facility fluctuates on a day to day basis but is generally between \$200,000 and \$280,000 at any given time.

(h) **Equipment Leases**

Kurdeez entered into an Equipment Loan and Goods Mortgages with NAB on 8 November 2006 for equipment loan finance of \$165,000 for the hiring of an Hyundai Excavator. The following is a summary of the terms and conditions:

- (a) Term of loan: 59 months.
- (b) Total amount payable by Kurdeez under the mortgage: \$199,745.40.
- (c) Final repayment date: 9 October 2011.
- (d) Kurdeez is solely responsible for the equipment and must maintain insurance.

Kurdeez entered into an Equipment Loan and Goods Mortgages with NAB on 8 December 2006 for equipment loan finance of \$100,000 for the hiring of a Mercedes Benz Cab Chassis. The following is a summary of the terms and conditions:

- (a) Term of loan: 59 months.
- (b) Total amount payable by Kurdeez under the mortgage: \$120,952.20.
- (c) Final repayment date: 8 November 2011.
- (d) Kurdeez is solely responsible for the equipment and must maintain insurance.

Kurdeez will be in default of either Mortgage and NAB can require the payment of the loan balance (and exercise any rights and remedies available at law or under a loan document) at any time if:

- (a) Kurdeez does not pay any of the amounts payable under the Mortgage on time;
- (b) Kurdeez does something it has agreed not to do, or fails to do something it has agreed to do under a loan document;
- (c) Kurdeez repudiates or is in default under any other agreement between NAB and Kurdeez;
- (d) Kurdeez gives NAB incorrect or misleading information in connection with a loan document;
- (e) NAB believes on reasonable grounds that Kurdeez or another person has acted fraudulently in connection with a loan document;
- (f) Kurdeez becomes insolvent;
- (g) NAB believes on reasonable grounds that Kurdeez has or intends to remove or dispose of the equipment without NAB's consent; or
- (h) NAB believes on reasonable grounds that urgent action is needed to protect the equipment.

#### (i) Consulting Agreement with Geologist

The Ausminerals Group has entered into a consulting agreement with Stanley Wollen to provide geology services. The agreement is renewable annually and the consulting fee payable to Stanley Wollen is \$500 per day.

Mr Wollen has over 35 years experience in mineral exploration management, project generation and resource evaluation predominantly within Australia. For over 10 years he managed the search for and evaluation of many mineral sands projects including the world class Murray Basin heavy minerals deposits for RZM Pty Limited. Mr Wollen succeeded in leading the team that located the first minerals sands mine in the Murray Basin at Wemen.

Mr Wollen has had a broad range of experience in managing, budgeting and controlling mineral resource projects encompassing uranium, gold, nickel, feldspar, limestone and many other mineral type projects. He has acted in a project management role overseeing professional, technical, semi-skilled and support personnel.

Mr Wollen's experience has extended to the hydro-geological, geotechnical engineering, environmental aspects of the various projects he has been involved in which include all aspects of gold and nickel exploration for Australasian Gold Pty Limited from 2003 to the present, industrial minerals exploration for Minerals Corporation Limited from 1996 to 1998, contract geology for GHD Wright in 1996, as Chief Geologist exploring for nepheline syenite, rutile, zircon, ilmenite, silica sand and gold for Denison Resources Pty Limited from 1985 to 1988 (now Wellington Resources Pty Limited) and Project Geologist for JOC Mineral Resources Australia Pty Ltd (a company registered in the Netherlands) exploring for uranium in 1971 and 1972.

In 1983 Mr Wollen was appointed as secretary/treasurer and in 1985 as vice-president of the Petroleum Exploration Society, Queensland and also served on the Queensland Mining Council in 1995.

### 10.3 Material Contracts

Except as disclosed in this Prospectus, no director holds, or during the last two years has held, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the promotion of the Company or the Offer.

#### Directors' Shareholdings

The Directors are not required to hold any Shares in the Company under the Constitution of the Company.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company are as follows:

Director	No. of Shares
Erwin Bouverie	25,387,200
Wayne Wilson	5,000,000
Chris Valttila	nil
Total	30,387,200

These shares are held through entities controlled by the Directors. Nothing in this Prospectus will be taken to preclude Directors, officers or employees of the Company from applying for Shares under this Prospectus. The Shares will be classified as restricted securities under the Listing Rules and will be subject to an escrow period of 24 months from the date of quotation of the Shares on the ASX.

#### Directors' Remuneration

Pursuant to an employment agreement, the Directors have arranged for Mr. Bouverie to provide his services as Managing Director of the Company. The Company will pay at a rate calculated on the basis of \$180,000 per annum plus statutory superannuation and a fully maintained company vehicle. A summary of Mr. Bouverie's employment contract is contained at section 8.2 of this Prospectus.

Under the Constitution of the Company, the Directors (other than Executive Directors) as a whole have an aggregate maximum remuneration of \$500,000 unless otherwise determined in a general meeting (by a majority vote). The notice calling a general meeting at which it is proposed that members approve an increase of the aggregate maximum sum must state the amount of the increase, the aggregate maximum sum and any other matters required by the Listing Rules.

Mr. Bouverie will receive director's fees of \$20,000 per annum.

Mr. Valttila will receive director's fees of \$25,000 per annum.

Mr. Wilson will receive director's fees of \$20,000 per annum.

#### Other Interests of Directors

The Company will repay to Erwin Bouverie an amount of \$97,778 for expense reimbursement in connection with finance provided by him.

## 10.4 Interest of Persons Named **Person Report**

Other than as set out below or elsewhere in this Prospectus, no 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 has, or has had within the two years before lodgment of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of Ausminerals;
- b) any property acquired or proposed to be acquired by Ausminerals in connection with its formation or promotion or in connection with the Offer; or
- c) the Offer, 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 for services rendered by them in connection with the formation or promotion of the Company or the Offer.

PKF Corporate Advisory Services (NSW) Pty Ltd will receive professional fees of approximately \$ 126,000 for investigating accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

PKF will act as auditors of the Company. The Company will pay for auditing or related services in the normal course of business.

Cameron Stockbrokers Limited will receive fees and commission of up to \$308,000 for acting as Sponsoring Broker.

Stanley Wollen will receive professional fees of approximately \$ 5,000 for the provision of the Independent Geologist's Report.

Baker & McKenzie will receive professional fees of approximately \$ 132,000 for the work related to the preparation and lodgment of this Prospectus and general advice.

Registries Limited has been appointed as the Company's share registry and will be paid for these services on normal commercial terms.

## 10.5 Consents

The following persons have each consented to being named in the Prospectus and to the inclusion of the following reports and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgment of this Prospectus with the ASIC:

Stanley Wollen	Consulting Geologist's Report
PKF Corporate Advisory Services (NSW) Pty Ltd	Investigating Accountant's Report
Emerald Tenement Services	Independent Report on WA Tenements
Olliver Geological Services Pty Ltd	Independent Report on SA Tenements
Andrew Nock Pty Limited	Independent Valuer – Plant and Equipment

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by those persons.

The following persons have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not

Baker & McKenzie	Solicitors to the Company
Cameron Stockbrokers Limited	Financial Adviser and Sponsoring Broker
PKF Chartered Accountants	Auditors of the Company
Registries Limited	Share Registrar

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the references to their name.

## 10.6 Deeds of Indemnity, Access and Insurance

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors. Under the Deeds of Indemnity, Access and Insurance, the Company will 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.

## 10.7 Expenses of the Offer

The following costs are anticipated issue costs excluding GST:

Capital Raising	\$3,000,000 Minimum	\$3,000,000 Maximum
Financial Advisory Fees	\$ 49,500	\$ 49,500
Brokerage & Commissions	\$ 153,750	\$ 256,250
Legal Fees	\$ 132,000	\$ 132,000
Investigating Accountant's Fees	\$ 126,500	\$ 126,500
Expert's Reports	\$ 17,600	\$ 17,600
ASX, ASIC and Registry fees	\$ 36,000	\$ 43,000
Printing, Marketing and Distribution	\$ 71,500	\$ 71,500
Other	\$ 20,100	\$ 20,100
Total	\$ 606,950	\$ 716,450

## 10.8 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 Ausminerals Group 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 subsidiaries, their officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## 10.9 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 the 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 2001. Applications for Shares under this Prospectus will not be accepted 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.

## 10.10 Litigation

Ausminerals Group is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against any of the entities in the Ausminerals Group.

## 10.11 Electronic Prospectus

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with 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@ausminerals.com.au](mailto:admin@ausminerals.com.au) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at [www.ausminerals.com.au](http://www.ausminerals.com.au) and the Broker's website at [www.camstock.com.au](http://www.camstock.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 GLOSSARY

### A

Annual Report	means an annual report prepared in accordance with the requirements of the Corporations Act.
Applicant	means a person who submits an Application.
Application	means a valid application to subscribe for Shares.
Application Form	means the application form attached to and forming part of this Prospectus.
Application Monies	means monies received by Ausminerals from Applicants.
ASIC	means Australian Securities and Investments Commission.
ASTC	means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
ASX	means ASX Limited ACN 008 624 691.
Auditors	means PKF, Chartered Accountants.
Ausminerals	means Ausminerals Limited ACN 099 336 866.
Ausminerals Group	means Ausminerals and its subsidiaries.
Australian Accounting Standards	means the mandatory accounting standards published by the Australian Accounting Standards Board from time to time.
Australian Financial Services License	means an Australian Financial Services License pursuant to the Financial Services Reform Act 2001.

### B

Board	means the board of Directors unless the context indicates otherwise.
Business Day	means a day other than a Saturday or Sunday on which banks are open for business in Sydney, New South Wales.

### C

CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	means the date on which the Offer closes.
Company	means Ausminerals Limited (ACN insert).
Constitution	means the constitution of Ausminerals Limited, unless the context indicates otherwise.
Consultant Geologist	means Stanley Wollen.
Consultant Geologist's Report	means the report contained in Section 5 of this Prospectus.
Cool Sand Option	means the option described in section 10.2(c).
Corporations Act 2001	means the Corporations Act 2001 of Australia.

### D

Directors	means the directors of the Company from time to time.
Dollars or \$	means Australian dollars unless otherwise stated.

### E

Exposure Period	means the period of seven (7) days after the date of lodgment of this Prospectus, which period may be extended by the ASIC by not more than seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.
EST	means Eastern Standard Time, Sydney, New South Wales.

### F

FICS	means Financial Industry Complaints Service
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### G

Glossary	means this glossary.
Gold Hill Option	means the option described in section 10.2(a).

Investigating Accountant	means PKF Corporate Advisory Services (NSW) Pty Ltd
Investigating Accountant's Report	means the report contained in Section 6 of this Prospectus.

### L

Listing Rules	means Listing Rules of the ASX.
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## 11 GLOSSARY

### M

Management	means the persons responsible for the management of Ausminerals Limited.
Minimum Subscription	means 15,000,000 Shares at an issue price of 20 cents per Share.

### O

Offer	means the offer of up to 25,000,000 Shares pursuant to this Prospectus.
Offer Period	means the period commencing on the Opening Date and ending on the Closing Date.
Officers	means the officers of Ausminerals Limited, unless the context requires otherwise.
Official List	means the Official List of the ASX.
Opening Date	means the date on which the Offer opens.

### P

Personal Information	means information or an opinion, whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained from the information or opinion.
PIRSA	means Department of Primary Industries and Resources South Australia
PKFCA	means PKF Corporate Advisory Services (NSW) Pty Ltd
Prospectus	means this prospectus dated 16 October 2007

### Q

Quotation	means quotation of the Shares on the ASX.
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### R

RFI	means Request For Information
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### S

Share	means 1 fully paid ordinary share in Ausminerals Limited.
Shareholder	means a holder of Shares.
Share Registrar	means Registries Ltd
Solicitor's Report on Tenements	means the report contained in Section 7 of this Prospectus.
Staff	means employees of Ausminerals Limited, unless the context requires otherwise.

### W

Wilson / Crew Option	means the option described in section 10.2(d).
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## 12 CONSENT BY THE DIRECTORS

The Directors state that they have made all reasonable enquiries and on the basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of Ausminerals has consented to the lodgment of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated 16 October 2007



Signed for and on behalf of  
Ausminerals Limited

by Erwin Bouverie  
Director



# Guide to the Application Form

## YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

### Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **10,000** and then in multiples of **1,000**. Multiply by **\$0.20** AUD to calculate the total for Shares and enter the **\$amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.  
**NB: your registration details provided must match your CHESS account exactly.**
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to Ausminerals Limited Share Applications Account, cross it and mark it **"Not negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

### Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith InvestmentA/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

### Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

**Mailing address:**

Ausminerals Limited  
C/- Registries Limited  
PO Box R67  
ROYAL EXCHANGE NSW 1223

**Delivery address:**

Ausminerals Limited  
C/- Registries Limited  
Level 2  
28 Margaret Street  
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

**If you have any questions as to how to complete the Application Form, please contact Registries Limited on 02 9290 9600.**

### Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website ([http://www.registriesltd.com.au/help/share\\_privacy.html](http://www.registriesltd.com.au/help/share_privacy.html)).

# AUSMINERALS LIMITED

ACN 099 336 866

## Application form

Fill out this Application form if you wish to apply for Shares in Ausminerals Limited

- Please read the Prospectus dated 16 October 2007
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

Referred By
Digital Reflections
Broker Reference – Stamp Only

Broker Code

Advisor Code

### A Number of shares you are applying for

x \$0.20 per share =

### B Total amount payable

Minimum of 10,000 Shares to be applied for, and thereafter in multiples of 1,000 Shares.

### C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

### D Write your postal address here

Number / Street

Suburb/Town

State

Postcode

### E CHESS participant – Holder Identification Number (HIN)

*Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.*

### F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

### G Cheque payment details – PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Cheque Amount A\$

### H Contact telephone number (daytime/work/mobile)

### I Email address

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Ausminerals Limited (the Company). I/We was/were given access to the Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

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