

30 October 2008

The Manager  
Company Announcements Office  
ASX Ltd  
4th Floor, 20 Bridge Street  
SYDNEY, NSW 2000

## QUARTERLY ACTIVITIES REPORT

The directors of Augustus Minerals Limited ("Augustus" or the "Company") are pleased to report activities for the September Quarter.

### HIGHLIGHTS

- Since the end of the quarter the Company agreed to sell its 19% beneficial interest in the Dostyk project in Kazakhstan for USD1,500,000. Settlement terms are scheduled in three separate tranches concluding 31 December 2008.
- Upon settlement, subject to exchange rate variance, the Company will have approximately AUD9,000,000 in cash or approximately 20 cents cash per share.
- Exploration activities commenced on the Company's prospective Mt Palmer project in Western Australia.

### MT PALMER PROJECT (E77/987) – EXPLORATION UPDATE

Augustus has undertaken a reconnaissance rock chip sampling program over the banded iron formation (BIF) within the Mt Palmer tenement (E77/987) during the quarter. The exploration program was designed to assess the iron ore potential of the BIF ridge within the project area.

The BIF is approximately 3-5m wide and extends over a 5km strike length. Interpretation of aeromagnetic data suggests the unit may be isoclinally folded with the eastern limb concealed by the lake sediments. The western limb forms a prominent north north easterly trending ridge to the north of the Mt Palmer historical gold workings. The unit is largely un-deformed and is best described as an iron rich banded chert.

Work completed included the collection of 14 rock chip samples on nominal 100m spacings along the BIF ridge. Samples were submitted to Genalysis Laboratories in Perth for XRF analysis. Analytical results showed that the iron formation is low grade, with hematite ( $\text{Fe}_2\text{O}_3$ ) values ranging from 23.98 to 39.33%. Average  $\text{Fe}_2\text{O}_3$  content was 32.62%. Results indicate that the BIF at Mt Palmer is sub-economic.

Next quarter the Company will focus exploration efforts on a re-assessment of the gold potential within the Mt Palmer tenement. The major historical workings at Mt Palmer (M77/406 - excised from E77/987) were mined from 1934 to 1944 and in that time produced a total of 305,799 tonnes of ore for a return of 157,933oz at an average grade of 15.9g/t Au. The deposit was mined over a distance of 360m. Extensions to the mineralised zone have been interpreted within E77/987. Gold mineralisation occurs in five quartz reefs hosted within amphibolite facies quartz-biotite schists, two of which were mined whilst in operation. The lodes are tabular bodies plunging both to the north and south. An alteration zone of biotite and sulphides including pyrite and pyrrhotite is associated with the mineralisation.

A large number of costeans which cross cut the strike extensions of the historical workings, were excavated during a nickel exploration campaign in the 1970's. The costeans remain in tact and had not been previously assayed for gold. It is proposed to undertake further geological mapping and sampling within the costeans in an effort to better define the northern strike extension of the high grade historical gold workings at Mt Palmer. Drilling is contingent on the results from the sampling campaign.

#### **AGREEMENT FOR DISPOSAL OF DOSTYK PROJECT INTEREST IN KAZAKHSTAN FOR USD\$1,500,000**

On 16 October 2008, the Company advised it had reached an agreement with its joint venture partner, Cigma Metals Corporation, for the disposal of its beneficially held 19% project interest in the Dostyk Project in Kazakhstan for USD \$1,500,000.

Settlement terms are:

USD\$ 100,000 within 14 days,  
USD\$ 400,000 within 45 days,  
USD\$ 1,000,000 by 31 December 2008.

#### **CORPORATE**

Cash and Cash equivalents held by the Company at the end of the quarter was approximately AUD\$7,171,000.

The Company had 44,000,001 fully paid ordinary shares and 10,000,000 unlisted Company Options (exercisable at \$0.25 on or before 30<sup>th</sup> November 2010) on issue at the end of the quarter.



**Mathew Walker**  
**Executive Director**

For further information please contact:

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*The information pertaining to the technical content of this report has been reviewed by Mr John Holmes, who is a member of the Australian Institute of Geoscientists. Mr. Holmes is employed by Zephyr Consulting Group Pty Ltd, a consultant of the Company, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Holmes consents to the inclusion in the report of the information in the form and context in which it appears.*