Ausmet

Ausmet Resources Limited

ABN 19 107 411 067

PROSPECTUS

FOR THE OFFER OF 17,500,000 SHARES AT AN ISSUE PRICE OF 20 CENTS EACH TO RAISE $3,500,000 WITH A MINIMUM SUBSCRIPTION OF 12,500,000 SHARES TO RAISE $2,500,000. FOR EVERY TWO SHARES SUBSCRIBED THERE WILL BE ONE FREE ATTACHING OPTION ISSUED.

This document is important and requires your immediate attention. It should be read in its entirety. An investment in the Shares and Options being offered pursuant to this Prospectus is considered to be speculative. If you do not understand its contents or are in doubt as to the course you should follow you should consult your stockbroker or professional advisor.

AUSMET RESOURCES LIMITED

Ausmet

TABLE OF CONTENTS

AUSMET RESOURCES LIMITED

INVESTMENT HIGHLIGHTS

- Advanced suite of exploration projects in Western Australia and the Northern Territory
- Dingo Range and Batchelor Projects ready for drilling
- Experienced Board with proven project acquisition and development skills
- Company is focussed on growth, seeking projects with potential to be 'company makers'
- Development options for the existing resource of 306,000 ounces at Dingo Range, to be evaluated

CORPORATE DIRECTORY

DIRECTORS

Howard Dawson
Executive Chairman

Malcolm Smartt
Non Executive Director / Company Secretary

Michael Curnow
Non Executive Director

COMPANY SECRETARY

Malcolm Smartt

AUSTRALIAN BUSINESS NUMBER

19 107 411 067

REGISTERED AND PRINCIPAL OFFICE

Level 1, 1 Havelock St
WEST PERTH WA 6005

SPONSORING BROKER

Montagu Stockbrokers Pty Ltd
37 St Georges Tce
Perth WA 6000

SOLICITOR

Steinepreis Paganin
Lawyers & Consultants
Level 14, Citibank House
37 St Georges Terrace
PERTH WA 6000

INDEPENDENT ACCOUNTANT

Stanton Partners Corporate Pty Ltd
Level 1, 1 Havelock Street
PERTH WA 6000

INDEPENDENT CONSULTING GEOLOGIST

Malcolm Castle
PO Box 473
SOUTH PERTH WA 6951

AUDITOR

Stanton Partners
Level 1, 1 Havelock Street
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services
Level 2, 45 St George's Terrace
PERTH WA 6000

IMPORTANT NOTES AND STATEMENTS

This Prospectus has been issued by Ausmet Resources Limited.

This Prospectus is dated 9 March 2004 and was lodged with the ASIC on that date. Neither the ASIC and ASX take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of this Prospectus is 13 months after the date of issue (Expiry Date). No securities will be issued on the basis of this Prospectus after the Expiry Date. Shares and Options allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out herein.

Before deciding to invest in the Company potential investors should read the entire Prospectus, and in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. The Company is in the early stages of its development and therefore there are risks associated with an investment in the Company. Potential investors should refer to section 9 of this Prospectus for a summary of those risk factors.

The Shares and Options offered by this Prospectus should be considered speculative. Investors should carefully consider these risk factors in light of personal circumstances (including financial or taxation issues) and seek professional advice from an accountant, stockbroker, lawyer, or other professional adviser before deciding whether to invest in the Company.

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

The Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. During the Offer any person may obtain a hard copy of this Prospectus by accessing the Company's website at **www.ausmet.com.au**.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the Shares and Options offered under this Prospectus should be considered speculative.

In accordance with chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of 7 days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications received prior to the expiration of the Exposure Period will not be accepted by the Company until after the expiration of the Exposure Period. No preference will be conferred on Applications received prior to the expiry of the Exposure Period.

2.0 CHAIRMAN'S LETTER

Dear Investor

Thank you for considering an investment in Ausmet Resources Limited.

Ausmet has been established to explore existing projects within Western Australia and the Northern Territory and also to seek new resource opportunities within Australia and overseas.

The Company brings together an experienced management team with a strong record in the acquisition and development of resource projects.

To capitalise on this experience and in recognition of the inherent risks and speculative nature of the junior resource sector, Ausmet will restrict its exploration and acquisition to those projects considered to have the potential to be 'Company Makers'.

We believe the projects within our existing portfolio have such potential.

The Dingo Range Project, for example, has established resources of over 300,000 ounces of gold and a focus of our early effort will be to evaluate the most economic development option for this asset.

At the same time, the Company considers the Dingo Range Project has strong exploration merit with a significant number of gold targets, including the depth potential of the existing resources, ready to be drill tested.

At Batchelor we have secured a tenement position over the same stratigraphic horizon which hosts a number of nearby base metal and gold mines and resources, including Woodcutters, Rum Jungle and Browns. Previous exploration within the Batchelor tenements has not adequately explored this horizon, hindered in part by alluvial cover.

Similar to Dingo Range, at Batchelor the Company has identified a number of advanced targets that are expected to be drill tested in the near term.

The Throssell Project is a conceptual gold and polymetallic play covering a large area of anomalous magnetics and gravity adjacent to the interpreted northeast boundary of the Yilgarn Craton. This project offers the potential for the discovery of buried greenstone belts in an under explored locality.

Ausmet has been established with a committed growth strategy. The Company has a portfolio of projects that will allow it to undertake exploration of advanced targets early in its life, whilst at the same time developing longer term exploration opportunities.

The existing resources at the Dingo Range Project provide Ausmet with the potential to become a gold producer. With resource markets showing healthy signs of life, in particular the gold sector, this could provide a further foundation on which the Company can build.

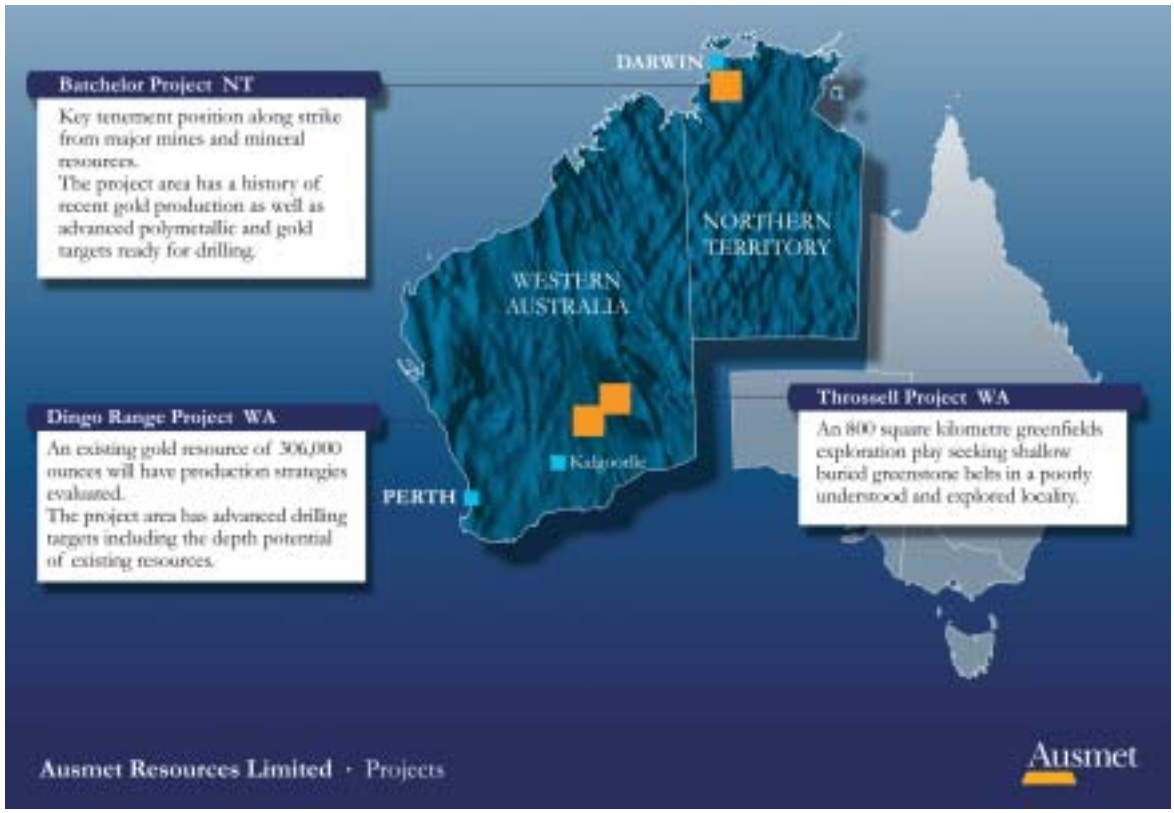
In summary, Ausmet provides intending investors with an undertaking to actively explore for and seek new resource opportunities that have the potential to provide a meaningful gain in shareholder wealth.

Before you make your investment decision please carefully read this Prospectus in its entirety and where necessary consult your financial advisor.

On behalf of the Board of Ausmet Resources Limited, I commend this Offer to you and invite your participation in this new Company and its future.

Yours faithfully

Howard Dawson
Chairman



3.0 INVESTMENT SUMMARY

3.1 The Company

Ausmet Resources Limited is a junior resource exploration Company with a suite of exploration projects located within Western Australia and the Northern Territory. The primary focus of these projects is gold, although Ausmet's outlook is not limited to this commodity.

The Company has a simple brief – create wealth for its shareholders. Ausmet's objective is to achieve this outcome through the exploration of projects that have the potential to make a significant difference to the Company's share price, should a discovery be made.

In this regard, the Company considers that its current suite of projects have significant discovery potential. In addition, it is considered that the Dingo Range Project, which has a measured, indicated and inferred gold resource of 306,000 ounces, has the potential to elevate the Company to that of producer status within the medium term.

Ausmet plans to actively explore its existing projects and continually review and source new opportunities. Should the existing projects be downgraded through exploration they will be either sold, joint ventured or relinquished to allow the Company's focus to remain true to its objectives.

The Company plans to focus on Australia but will maintain an active watch on offshore opportunities, specifically for gold, nickel or copper. All Directors have a track record of successful project acquisition and management and the Company plans to leverage this expertise as much as possible, particularly with the securing of new projects.

Ausmet will keep administration costs to a minimum, using for example the services of geological and technical consultants where possible. This strategy is expected to maintain an active exploration focus as well as providing the opportunity to secure selective expertise.

The coming 12 months has the promise of being an active one for shareholders.

The Dingo Range Project, for example, will be evaluated to determine the best strategies for the development of the existing gold resources. At the same time, a number of higher-grade gold drill intercepts within the existing resources will be drill tested as soon as possible after listing to determine the potential for deeper, high-grade ore zones.

Within the greater Dingo Range Project area a number of attractive structural and geochemical anomalies have already been identified and it is planned to drill test these over the coming year.

The Batchelor Project also has a number of advanced gold targets ready for drill testing within the near term.

In addition, within the Batchelor Project there are some 8 kilometres of under explored contact zone, which is the preferred host for mineralisation in the area. Scout drilling of this zone for both polymetallic as well as gold mineralisation will be carried out as soon as practical and it is hoped that this will generate advanced targets for further exploration.

Remote sensing studies of the Throssell Project will be carried out until the leases are granted. These studies will focus on the areas where there are coincident magnetic and gravity anomalies. This will be to define drill targets for buried Archaean greenstone belts or Proterozoic lithologies which could host mineralisation.

The targets at Throssell are very much greenfields, but are exciting from Ausmet's perspective as they are contained within an area which is virtually unexplored and located in an environment of structural complexity within the Yilgarn Craton.

In summary, Ausmet has assembled a suite of projects that all have clearly defined exploration models and strategies and which, if exploration proves successful, have the potential to significantly enhance shareholder wealth.

With projects such as Dingo Range and Batchelor having advanced targets ready for drill testing, Ausmet is positioned for a high level of exploration activity over the short to medium term.

3.2 The Projects

The Dingo Range and Throssell Projects are located in the northeast Yilgarn region of Western Australia. The Batchelor Project is located in the Northern Territory, some 70 kilometres south southeast of Darwin.

The total area covered by these projects is around 1,044 square kilometres.

Ausmet have an option to purchase the Dingo Range Project from Deep Yellow Limited. The cost of the option was $25,000, which has been paid. The purchase cost is $75,000 in cash and the issue to Deep Yellow Limited of 4,000,000 Shares and 2,000,000 Options.

Notwithstanding any escrow arrangements which may be imposed by ASX, Deep Yellow Limited has agreed to enter into a voluntary escrow agreement for the Shares to be issued under this purchase agreement. These escrow provisions are summarised in section 4.14 of this Prospectus.

The Batchelor Project has been joint ventured from New World Alloys Limited. For the expenditure of $600,000 over 4 years, Ausmet can earn a 60% interest in the project. At the same time, the joint venture agreement allows for the progressive dilution of New World Alloys Limited's interest, should that company choose not to contribute once Ausmet has earned its initial equity.

The Throssell Project, which comprises 4 full size exploration licences (approximately 800 square kilometres), has been applied for by Ausmet and the tenements remain in the application stage of the approval process.

Dingo Range Project

Dingo Range can be described as an advanced gold exploration play with the added potential of near term production. The project has an established resource base of 306,000 ounces and it is the intention of Ausmet to undertake an active study of these resources, including metallurgical and additional drill testing, so as to ascertain the most appropriate development option.

Another feature of Dingo Range is the wide extent of surface gold anomalism within the project area.

Anomalous gold values have been detected in many localities over the 25km of strike within the project area. Ausmet has already identified nine targets that are sufficiently advanced to warrant drill testing. In addition, it is expected that a technical review of the Dingo Range Project, including determining the role of structure on mineralisation, will delineate further targets.

Drilling by previous explorers over the existing gold resources has demonstrated the potential for ore zones to be present at depth. This is particularly apparent within the Boundary resource which contains a number of ore grade intersections.

The testing of these deeper targets, which include previous drill results such as 22 metres at 11.6 g/t from 90 metres, 14 metres at 6.3 g/t from 77 metres, 17 metres at 14.2 g/t from 153 metres and 5 metres at 11.0 g/t from 120 metres, will be an early priority of the Ausmet exploration program.

Within the Dingo Range area there are large areas of geology obscured by both eluvial and alluvial cover. The Company's analysis of previous exploration results suggest that some alluvial covered areas may not have been properly tested because of the transported nature of these sediments. As a consequence, a number of covered areas warrant further investigation. This could lead to the generation of additional targets.

Batchelor Project

The Batchelor Project covers the same stratigraphic horizons that hosted the nearby Woodcutters and Rum Jungle mines, as well as the undeveloped Browns polymetallic resource. In addition, the project covers the Sundance Gold Mine which was a recent small but relatively high grade (mined grade of 10.7 g/t) open-cut operation.

The existing tenement holder, New World Alloys Limited, focused on the magnesite potential of Batchelor for much of their tenure. Their efforts did not go unrewarded as they discovered the Winchester magnesite deposit and outlined an indicated and inferred resource of 16.6 million tonnes of magnesium oxide. As part of their exploration program for magnesite, New World Alloys Limited submitted a limited number of drill samples for base metal and gold analysis. This sampling discovered a number of anomalous zones within Winchester, including gold intercepts of 12 metres at 2.98 g/t, 7 metres at 2.56 g/t and 11 metres at 6.4 g/t.

It is considered that these areas require immediate follow up exploration.

In addition, previous explorers delineated a number of prospects anomalous for base metals, dominantly zinc, within the project area. It is considered that all of these prospects have strong exploration merit.

Central to the Ausmet focus within the Batchelor area however, is the geological horizon along the contact zone between the Whites Formation and the Coomalie Dolomite. This horizon, which is the preferred host for much of the mineralisation in the general Batchelor region, is considered to have the greater potential to host significant polymetallic and gold resources.

In the eastern half of the project area much of this horizon lies under cover and it appears that it has been largely ignored or subjected to only minimal exploration by previous parties.

Throssell Project

The Throssell Project is a conceptual exploration play. It has been applied for to cover a possible break in the Yilgarn Craton in the vicinity of its northeast boundary. Within the Throssell Project area the aeromagnetic data indicates that the underlying Archaean geology cross cuts the dominant northerly trend of rock units seen elsewhere within the area.

Co-incident with this change in trend is the presence of a number of gravity highs, as well as indications from the aeromagnetic data of a number of faults that are both parallel to and cross cut the strike within the zone of interest.

The Throssell Project is covered with both Recent sediments and sediments of the Permian Paterson Formation, so little is known of the underlying Archaean geology. The limited drilling that has been completed in the area does, however, suggest that the Recent and Permian cover thins to the west. Ausmet therefore anticipates that targets within the project area can be tested with drilling of less than 120 metres in depth.

The cause of the anomalous magnetics and gravity is conjectural. It may be the result of buried greenstone belts, in which case the potential for mineralisation becomes apparent. Alternatively, it may represent remnant Proterozoic rock units that, as suggested by the magnetics and gravity, may contain lithologies conducive to hosting mineralisation.

It is anticipated that the first stage of exploration of the Throssell Project will comprise field reconnaissance in conjunction with remote sensing, such as magnetics and radiometric surveys, to define drilling locations.

3.3 Indicative Exploration, Development and Corporate Budget

The exploration and development budget for the initial two years of operation totals $2,265,000 and is based on the assumption that the issue is fully subscribed and $3,500,000 before costs is raised.

It must be recognised that all exploration and development budgets are subject to change and are highly dependent on the results achieved. Nevertheless, at this point in time and with the programs that are planned, it is considered to be a reasonable estimation.

Projects	*Year 1 ($)*	*Year 2 ($)*	*Total $*
Dingo Range	530,000	620,000	1,150,000
Batchelor	335,000	480,000	815,000
Throssell	60,000	240,000	300,000
Total exploration and development	925,000	1,340,000	2,265,000
Total administration and corporate	200,000	200,000	400,000
Total Budget	**1,225,000**	**1,540,000**	**2,665,000**

3.4 Capital Structure

The capital structure of Ausmet following completion of the Offer, assuming the Offer is fully subscribed, is summarised as follows:

To the extent that the funds raised under the Offer are greater than the minimum subscription but less than the full subscription budgeted exploration and working capital will be reduced accordingly (see section 4.1). The Directors are of the opinion that on completion of the Offer there will sufficient working capital for the Company to meet its stated objectives.

Number of Of Shares	*Description*	*%*
	Shares issued prior to listing	
9,275,000	Seed & Promoter	30.1
	Shares to be issued under this Prospectus	
17,500,000	Shares to be issued at 20 cents each pursuant to the Offer	56.9
	Shares to be issued to Deep Yellow Limited	
4,000,000	Shares to be issued as part consideration for the purchase of the Dingo Range Project	13.0
30,775,000		**100.0**

Number of Of Options	*Description*	*%*
	Options issued prior to listing	
4,637,500	Seed & Promoter	30.1
	Options to be issued under this Prospectus	
8,750,000	Options to be issued pursuant to the Offer	56.9
	Options to be issued to Deep Yellow Limited	
2,000,000	Options attaching to the Shares to be issued as part consideration for the purchase of the Dingo Range Project	13.0
15,387,500		**100.0**

4.0 DETAILS OF OFFER

Pursuant to this Prospectus, the Company Offers for subscription a total of 17,500,000 Shares at an issue price of 20 cents per Share to raise $3,500,000 before the expenses of the Offer.

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

Pursuant to this Prospectus, Shareholders will receive a free attaching Option for every two Shares subscribed. These Options will confer on the Optionholder the right to convert each Option to an ordinary Share for the cost of 20 cents per Option. These Options will expire on 31 December 2006.

4.1 Use of Proceeds

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

a) acquire the Dingo Range Project from Deep Yellow Limited;
b) explore and develop the Ausmet mineral interests as outlined in this Prospectus;
c) acquire additional exploration and development properties in accordance with the stated corporate objectives of Ausmet;
d) provide working capital for the Company to meet its general operating and administrative expenses; and
e) meet the Company's costs associated with this Prospectus.

The Offer is intended to allow the Company to make application for admission to the Official List of the ASX.

Pursuant to the Offer Ausmet will raise up to $3,500,000. It is intended that over the following two years the funds raised will be expended as follows:

Description	Expenditure if only minimum subscription reached	Expenditure on full subscription of $3,500,00
Purchase of Dingo Range Project	$75,000	$75,000
Exploration programs	$1,650,000	$2,265,000
Fees payable to Stockbrokers	$125,000	$200,000
Other costs of the issue	$100,000	$100,000
Administration & corporate costs	$400,000	$400,000
Working capital	$150,00	$460,0000
Total	**$2,500,000**	**$3,500,000**

To the extent that the funds raised under the Offer fall between the minimum subscription and the full subscription they will be applied on a pro-rata basis to exploration, working capital and fees payable to stockbrokers.

The Directors are of the opinion that on completion of the Offer there will sufficient working capital for the Company to meet its stated objectives.

4.2 Minimum Subscription

The minimum amount to be raised from this Prospectus is $2,500,000. No Shares or Options will be allotted or issued pursuant to this Prospectus until the Minimum Subscription is reached. If the Minimum Subscription has not been reached with four (4) months after the date of this Prospectus, the Company will either repay the application monies to the applicants or issue a supplementary or replacement Prospectus and allow applicants one (1) month to withdraw their Application and be repaid their application monies.

4.3 Oversubscriptions

The Company will not accept oversubscriptions under the Offer. The maximum amount which may be raised under this Prospectus is $3,500,000.

4.4 Indicative Timetable

Lodgement of Prospectus with the ASIC	9 March 2004
Opening Date for receipt of Applications	17 March 2004
Closing Date for receipt of Applications	14 April 2004
Quotation of Shares and Options on ASX expected to commence	23 April 2004

The timetable is indicative only and may vary. The Directors reserve the right to change the key dates of the Offer without prior notice (subject to the Corporations Act and ASX Listing Rules) which may have a consequential effect on other dates.

4.5 Application for Shares and Options

Applications for Shares and Options under this Offer will only be accepted on the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of 20 cents per share. Applications for Shares must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 2,000 Shares ($400).

4.6 Lodgement of Application Form

Completed Application Forms and accompanying cheques must be mailed to:

Ausmet Resources Limited
c/- Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

or delivered to

Ausmet Resources Limited
c/- Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
PERTH WA 6000

Cheques should be made payable to "Ausmet Resources Limited" and crossed "Not Negotiable". Completed Application Forms must reach the Share Registry by no later than the Closing Date.

The Company does not guarantee that the Company will accept an Application for Shares and Options pursuant to the Offer.

4.7 Allotment and Allocation of Shares and Options

Subject to ASX granting approval for Ausmet to be admitted to the Official List, the allotment of Shares and Options offered by this Prospectus will take place as soon as practicable after the Closing Date.

4.8 Applicant's Fee

There are no fees payable by applicants under the Offer.

4.9 Placement Fee

The Company reserves the right to pay any licensed security dealer a fee of up to 5% of the amount subscribed (and accepted by the Company) with respect to any Application Forms bearing their stamp.

4.10 Underwriting

The Offer is not underwritten.

4.11 Arrangements with Sponsoring Broker to Offer

The Offer is sponsored by Montagu Stockbrokers Pty Ltd, a participating organisation of Australian Stock Exchange Limited. Montagu Stockbrokers Pty Ltd is to be paid a fee of $25,000 in accordance with the terms of their appointment as Sponsoring Broker.

4.12 ASX Listing

Application will be made to ASX within 7 Business Days of the date of this Prospectus for admission to the Official List and for Official Quotation by ASX of the:

- Shares and Options offered under this Prospectus;
- Existing Shares other than those existing Shares that are, or that the ASX is likely to treat as, restricted securities as defined in the Listing Rules;
- Options Offered under this Prospectus; and
- Existing Options other than those existing Options that are, or that the ASX is likely to treat as, restricted securities as defined in the Listing Rules.

If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares and Options offered by this Prospectus will be allotted or issued. In that circumstance, all Applications will be dealt with in accordance with Section 724 of the Corporations Act.

4.13 Restricted Securities

As a condition of admitting the Company to the Official List, ASX may classify certain existing Shares and Options held by the officers of the Company, seed capitalists and vendors as restricted securities.

Prior to being admitted to the Official List, it may be necessary for those parties to enter into restriction agreements with the Company pursuant to the Listing Rules.

4.14 Voluntary Escrow

Notwithstanding any escrow conditions imposed by ASX, Deep Yellow Limited has agreed to voluntarily escrow 100% of the Shares it receives for the purchase by Ausmet of the Dingo Range Project.

The agreed escrow periods are:

a) 3,500,000 Shares for 12 months commencing as and from Ausmet being admitted to the Official List of ASX; and

b) 500,000 Shares for 6 months commencing as and from Ausmet being admitted to the Official List of ASX.

4.15 CHESS

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

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

4.16 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares and Options the subject of this Prospectus involves a number of risks. These risks are set out in Section 9 of this Prospectus and investors are urged to consider those risks (and if necessary consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares and Options. Accordingly, an investment in the Company should be considered speculative.

4.17 Enquiries

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

If you have any queries about the Offer set out in this Prospectus or how to apply for Shares and Options, please contact you stockbroker, accountant or financial adviser.

4.18 Privacy Statement

If you complete an Application Form for Shares and Options, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

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

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

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

4.19 Capital Structure

The capital structure of the Company following completion of the Offer, assuming the Offer is fully subscribed, is summarised as follows:

Shares	**Number**	**%**
Shares on issue at the date of this Prospectus	4,200,000	13.6
Shares to be issued for the purchase of tenements	4,000,000	13.0
Promoter Shares	5,075,000	16.5
Shares to be issued pursuant to the Offer	17,500,000	56.9
Total Shares on issue at completion of the Offer	30,775,000	100.0

Options	**Number**	
Options on issue at the date of this Prospectus	2,100,000	13.6
Options to be issued for purchase of tenements	2,000,000	13.0
Promoter Options	2,537,500	16.5
Options to be issued pursuant to the Offer	8,750,000	56.9
Total Options on issue at completion of the Offer	15,387,500	100.0

4.20 Applicants outside Australia

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

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

5.0 BOARD OF DIRECTORS

Howard Dawson – Executive Chairman
Howard Dawson graduated as a Geologist in 1977. In the following 10 years he worked for a number of exploration companies, including 8 years with BHP Minerals. During this period he gained experience in a wide variety of roles including mining, exploration, resource evaluation and project generation for a range of commodities.

In 1987 Howard joined Hartley Poynton Limited as a Resource Analyst and over the following 15 years gained substantial experience in most facets of the securities industry, including research and business management.

In 1994 he established McIntosh West which was the West Australian based subsidiary of McIntosh Securities. His most recent role was as a State Director of ABN Amro Morgans and manager of its West Australian operations.

Howard is currently a non-executive Director of the listed companies Comet Resources Limited and Westmag Limited.

During his tenure as a Director of Comet Resources Limited the company returned $31,800,000 to shareholders from the sale of its Ravensthorpe Nickel Project.

Malcolm (Mal) Smartt – Non Executive Director / Company Secretary
Mal Smartt retired in 1987 after a 20-year career with the RAAF as a Squadron Leader. Whilst in the RAAF he completed a Degree in Accounting and in 1988 was successful in attaining a Graduate Diploma in Corporate Management. Mal is a Fellow with the CPA and the Chartered Secretaries.

Since leaving the RAAF Mal has worked in Finance and Company Secretarial roles with a number of West Australian based exploration and mining resource companies. In this regard, he has served on the boards of Menzies Gold, Coolgardie Gold, Preston Resources and New World Alloys Limited.

Mal brings considerable corporate knowledge and financial expertise to the Board of Ausmet. He has had significant experience with broker liaison and has strong credentials to ensure statutory compliance with ASX and the ASIC rules and regulations.

Michael (Mike) Curnow – Non Executive Director
Mike Curnow has a marketing and business background with both African and Australian expertise.

He is a founding Director of Gallery Gold which is a company that has enjoyed significant gold exploration success and will be entering production status during 2004.

Mike is also a founding Director of Adamus Resources and AGR Ltd. Adamus is a successful gold explorer building a substantial resource in Ghana and AGR, now a subsidiary of the Canadian based Cameco Corporation, is producing up to an annualised 200,000 ounces of gold per annum from operations in Mongolia.

Both Gallery and Adamus enjoyed solid increases in their market capitalisation over the past 12 months and Mike remains on both of these boards.

Mike remains on both of those Boards.

Mike has significant Board experience and contacts in both Australia and Africa and will be able to assist in the growth of Ausmet, particularly in the area of project acquisition.

6.0 INDEPENDENT GEOLOGIST'S REPORT

INDEPENDENT GEOLOGIST'S REPORT ON THE DINGO RANGE, THROSSELL AND BATCHELOR PROJECTS

MALCOLM CASTLE Consulting Geologist

P.O. Box 473,
South Perth, WA, 6951
Phone – 08 9368 4923,
Fax – 08 9368 4932
Mobile – 04 1234 7511,
Email – mjcastle@optusnet.com.au

11 February 2004

The Directors
Ausmet Resources Limited
Level 1
1 Havelock St
WEST PERTH WA 6005

Dear Sirs,

Re:

INDEPENDENT GEOLOGIST'S REPORT ON THE DINGO RANGE, BATCHELOR AND THROSSELL PROJECTS

I have been commissioned by Ausmet Resources Limited ("Ausmet") to provide an Independent Geologist's Report ("Report") on the Company's projects in the Dingo Range and Throssell areas in Western Australia and the Batchelor area in the Northern Territory (the "Projects"). This Report is to be included in a Prospectus to be lodged by Ausmet with the Australian Securities and Investments Commission ("ASIC"), Offering for subscription up to 17.5 million Shares at an issue price of $0.20 per Share (the "Prospectus"), to raise up to $3.5 million (before costs associated with the issue). The funds raised will be used for the purpose of exploration and evaluation of the mineral properties, of which Ausmet will be the beneficial owner.

Ausmet is purchasing the Dingo Range Project from Deep Yellow Limited and has joint ventured the Batchelor Project from New World Alloys Limited. I have based my review on information provided by both companies, along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the area.

The Throssell Project has been acquired as new applications and the Report is based on information available from previous workers.

A listing of the principal sources of information is included in this Report. I am familiar with the areas and conditions in Western Australia and the Northern Territory through exploration work on earlier occasions over many years. I have endeavoured, by making all reasonable enquires, to confirm the authenticity and completeness of the technical data upon which this Report is based.

A final draft of this Report was also provided to Ausmet, along with a written request to identify any material errors or omissions prior to lodgement. Where appropriate, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

The Dingo Range Project comprises 2 granted Mining Leases, 1 application for a Mining Lease and 1 application for an Exploration License surrounding the other tenements. The project covers an aggregate area of 203.5km2 and is located 400km north of Kalgoorlie in Western Australia.

The Batchelor Project comprises 2 granted Exploration Licenses, 1 granted Exploration Retention License, 6 granted Mining Leases, 2 applications for Authority North's and 1 application for a Mineral Lease North. The project covers an aggregate area of 40km2 and is located 75km south of Darwin in the Northern Territory.

The Throssell Project comprises 4 applications for Exploration Licenses and covers an area of 800km2. It is located 420 km north east of Kalgoorlie.

The legal status associated with the tenure of the Ausmet properties is the subject of an Independent Tenement Report prepared by Steinepreis Paganin, Lawyers and Consultants, which appears in this Prospectus, and these matters have not been independently verified by me. The present status of

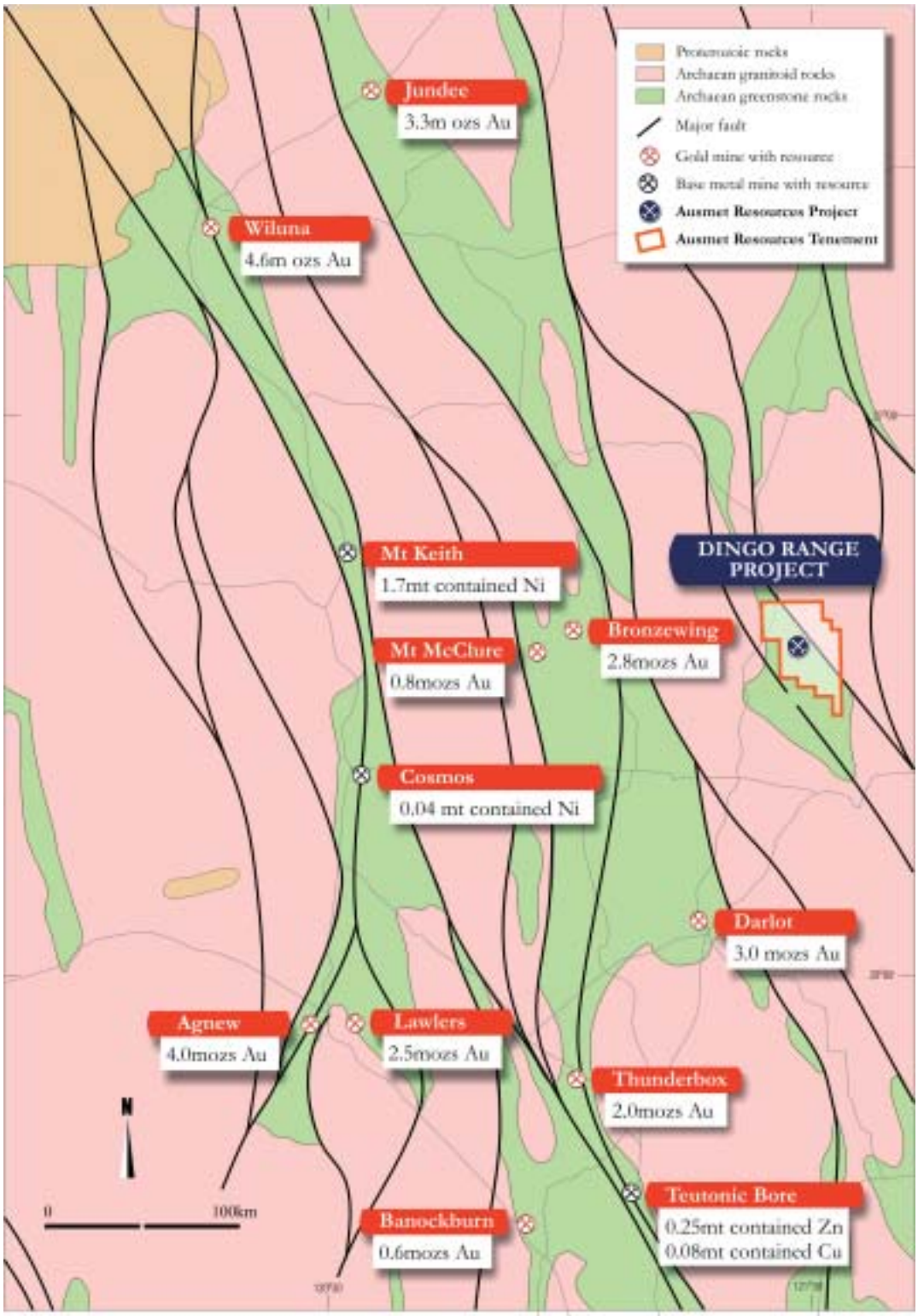


Figure 2
DINGO RANGE PROJECT – REGIONAL GEOLOGICAL SETTING

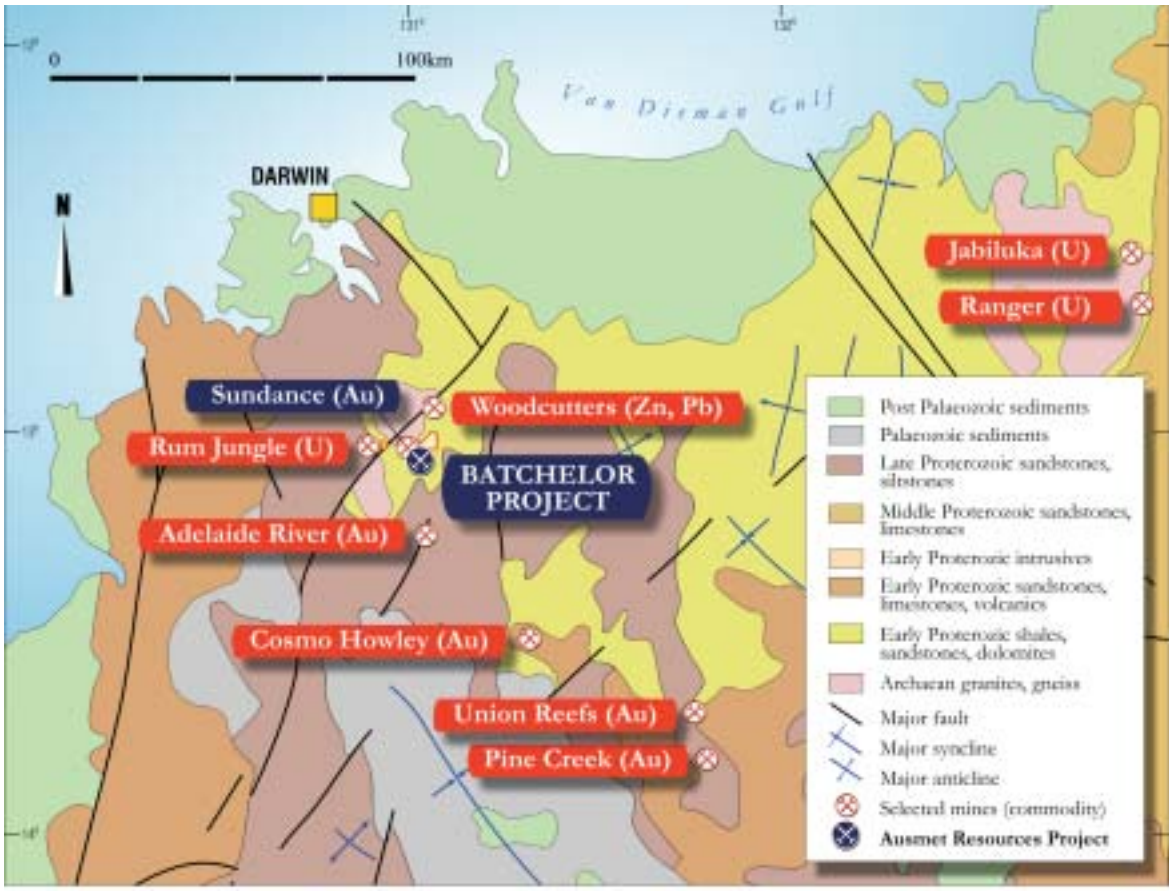


Figure 3
BATCHELOR PROJECT – REGIONAL GEOLOGICAL SETTING

tenements listed in this report is based on information provided by Ausmet and the Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the rules and guidelines issued by such bodies as ASIC and Australian Stock Exchange (ASX), which pertain to Independent Expert Reports. Where Mineral Resources have been referred to in this Report, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), prepared by the Joint Ore Reserves Committee (JORC) of the AusIMM, the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA), effective September 1999.

Significant resources of potential economic significance have been defined within the Dingo Range Project. Under the definition provided in the JORC and Valmin Codes this property is therefore classified as an "Advanced Exploration" project, which is inherently less speculative in nature. Other tenements are classified as "Exploration" projects. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Ausmet.

Ausmet intends to raise $3.5 million, and over half of the liquid assets held and funds proposed to be raised are understood to be committed to the exploration and development of the properties. Ausmet has sufficient working capital to carry out its stated objectives.

Ausmet has prepared staged exploration programs, specific to the exploration potential of the individual tenements, which are consistent with its budget allocations. It is considered that sufficient exploration and mining activities have been undertaken by earlier explorers in the last 30 years to justify the proposed programs and expenditure.

The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirement on the projects.

The Independent Geologist's Report has been compiled based on information available up to and including the date of this Report. I have given my consent for the inclusion of this report in this Prospectus in the form and context in which it appears, and have not withdrawn that consent prior to lodgement of this Prospectus with the ASIC.

I have been involved only in the preparation of the Report for inclusion in this Prospectus and have authorised or caused issue of only this portion of this Prospectus.

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

Yours faithfully

Malcolm Castle
B.Sc.(Hons) MAusIMM

Malcolm Castle has 38 years experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 18 years ago and specialises in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, polymetallics and mineral sands. He has been responsible for project discovery through to feasibility study in Indonesia and technical Audits in many countries. The information in this report that relates to Resources has been compiled by Malcolm Castle B.Sc.(Hons) who is a self employed consultant and who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and has the appropriate relevant qualifications, experience, competence and independence to be considered as an "Expert" and "Competent Person" as defined in the Valmin and JORC Codes, respectively.

PO Box 473, South Perth, WA, 6951, Australia
Phone: + 61 8 9368 4923, Fax: + 61 8 9368 4932
Mobile: + 61 4 1234 7511, email: mjcastle@optusnet.com.au

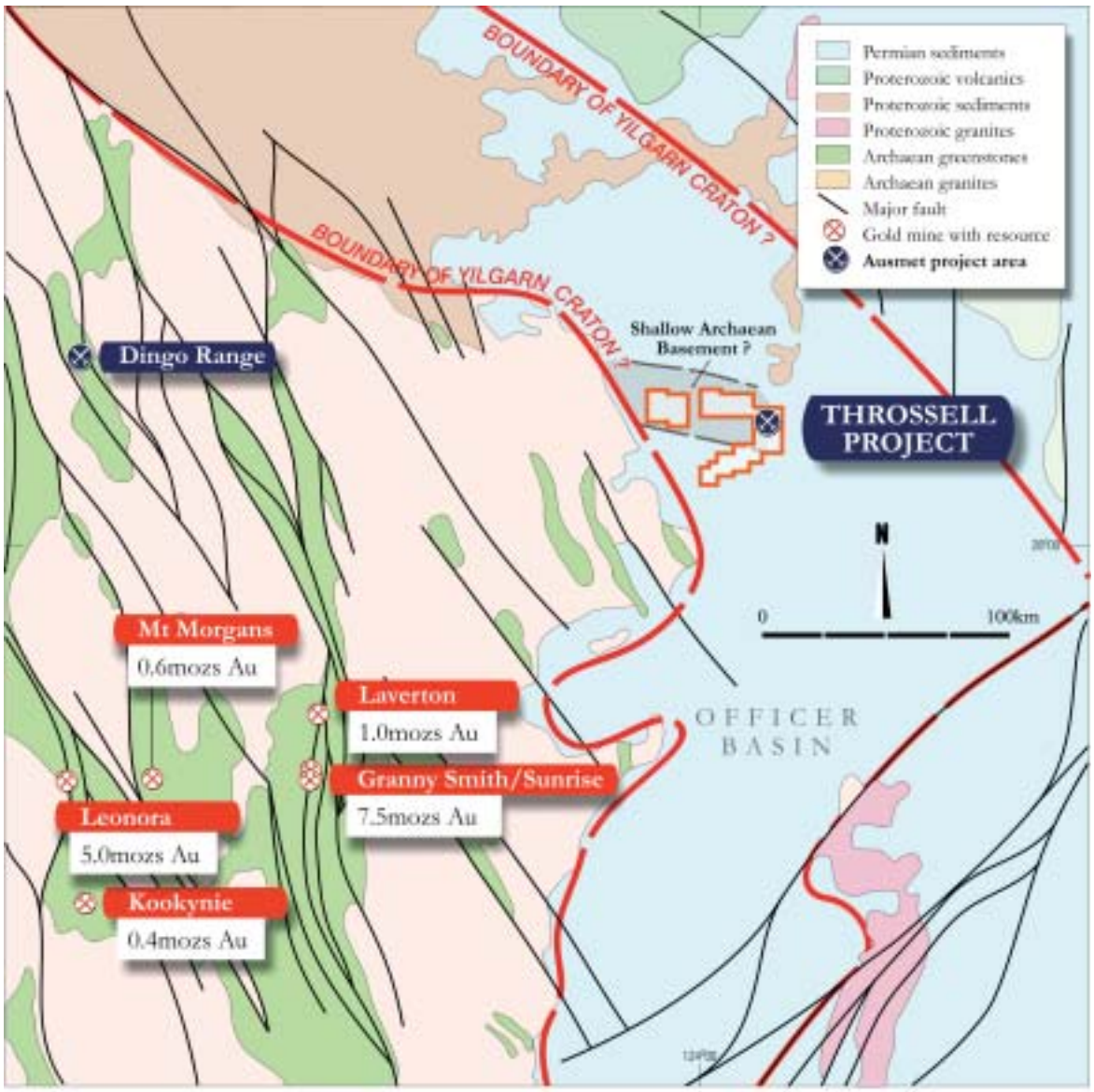


Figure 4
THROSSELL PROJECT – REGIONAL GEOLOGICAL SETTING

Independent Geologist's Report

TABLE OF CONTENTS

1 INTRODUCTION

The Dingo Range Project is hosted by Archaean volcanic rocks, including a strong felsic component, and is located 400km north of Kalgoorlie and 170km north of Leonora respectively. The tenement package covers 203.5km2 and falls within the Wanganoo/Mt Fisher Greenstone Belt. This zone is separated from the Yandal Belt (which hosts the large 3.6 million-ounce Bronzewing Gold Mine) to the west by a 30 to 40km wide body of Archaean granite. The 2.4 million-ounce Darlot/Centenary Gold Mine is located approximately 70km to the southeast.

The project area contains significant gold mineralisation in an area that has not yet received the exploration attention of other areas that are closer to established infrastructure. Nevertheless, gold resources of 306,000 ounces have been delineated in three deposits in close proximity to each other.

The largest resource is located at the Boundary Deposit where 4.61 million tonnes at 1.37g/t gold (202,000 ounces) have been estimated by an independent consultant. The Bungarra Deposit has an estimated 1.66 million tonnes at 1.64g/t gold (87,000 ounces) and the Stirling deposit contains a further 0.4 million tonnes at 1.31g/t gold (17,000 ounces). The current combined resource for the Dingo Range Project is 6.67 million tonnes at 1.43g/t gold containing 306,000 ounces.

Dingo Range has a long history of exploration activity for a variety of commodities and modern gold-focused exploration techniques have been applied at Dingo Well since 1993 with significant success. Some of the past work has been unsuccessful in penetrating to bedrock through alluvial cover and needs to be reassessed. There remains significant potential to expand on the known resources and to delineate higher grade shoots, to test other, newly discovered surface gold targets and to test structural targets under alluvial cover.

The Batchelor Project is located in the Northern Territory near the town of Batchelor. Archaean basement is exposed in the cores of the Rum Jungle and Waterhouse domes. The Lower Proterozoic sediments, which include the Coomalie Dolomite, dip gently to moderately off the domes and are dominated by siltstones and sandstones with lesser carbonate horizons. The rocks are gently folded about N-S oriented axes and the metamorphic grade is sub-greenschist facies. The sediments are intruded by sills of Zamu Dolerite and, well beyond the project area, by granitoids. The deformation post-dates the intrusion of the granitoids.

The Coomalie Dolomite is an extensive stratigraphic unit of about 500m thickness that drapes around the Rum Jungle and Waterhouse Archaean Domes. It also occurs in the core of an anticline which is located northeast of the Rum Jungle Dome. The presumed Archaean core of this anticline does not broach the surface. The domes have north-south elongate axes and are aligned in a northeast, en echelon pattern. The Rum Jungle dome is cut by a major structure known as the Giant's Reef fault which is roughly parallel to the alignment of the basement domes.

Regionally, the Pine Creek Geosyncline has been economically productive. Significant deposits have been worked for uranium (U), zinc (Zn), lead (Pb) and gold (Au) (Woodcutters, Rum Jungle) whilst a significant lead, copper (Cu), cobalt (Co) and nickel (Ni) prospect at Brown's is currently the subject of a feasibility study. The uranium, lead/zinc and lead/copper/cobalt/nickel mineralisation occur at the same stratigraphic horizon, this being the Whites Formation (Black Shale)/Coomalie Dolomite contact.

Minor gold has been discovered within the Coomalie dolomite near the contact with the overlying Whites Formation. At Sundance, 17,800 tonnes of material containing 10.7g/t Au in oxide and sulphide form was mined and trucked away for treatment. The material was dominantly small to large lumps and boulders, up to 5 m in size, of dark brown hard ferruginous and silicified haematite quartz breccia.

Gold bearing sulphide has been intersected in a similar stratigraphic position to the Sundance Gold Mine at the Sundance East Prospect. This is located 6 km to the east of Sundance. Intersections of 14 m @ 1.88 g/t Au and 12 m @ 2.98 g/t Au have been obtained but follow up drilling completed to date has failed to demonstrate any continuity.

Significant zinc mineralisation has been intersected at the White Bomb Prospect which is located 3.5 km southeast of the Winchester magnesite deposit. These intersections are in graphitic siltstones of the

Wildman Formation that is significantly higher in the stratigraphy than the Woodcutters deposit. The best intersection to date is 6 m @ 11.7% Zn. The mineralisation is reported to be discontinuous.

Most recent exploration has concentrated on the magnesium potential of the Batchelor tenements. Close spaced drilling by Mt Grace Resources NL over the Winchester Resource has outlined an Indicated Resource of 12.2Mt @ 43.1% Magnesium Oxide (MgO) and an Inferred Resource of 4.4Mt @ 43.6% MgO. The resource was considered sufficient for over 25 years production at a rate of 50,000tpa magnesium metal. The project has reached feasibility study stage but is currently dormant due to economic factors.

Ausmet's primary focus is on the gold and polymetallic potential of the area.

The Throssell Project lies at the northeast edge of the Yilgarn Craton and is located 450km northeast of Kalgoorlie. The eastern edge of the tenements covers a fundamental deep seated fault with a possible displacement of 7000 metres that forms the boundary between the Yilgarn Block and the Officer Basin.

The project includes a strongly anomalous WNW trending magnetic feature, which is coincident with several discrete gravity anomalies, and structural features. Earlier work indicated the basement rocks are at relatively shallow depth underlying the edge of the Officer Basin.

The presence of deep-seated structures and geophysical anomalies may be indications of zones with potential for gold and polymetallic mineralisation. Ausmet plans to test these zones with drilling and further geophysics to gain a better understanding of the geological environment.

2 TENURE and INFRASTRUCTURE

The Dingo Range Project is covered by 2 granted mining leases and 2 tenement applications. The Throssell Project is covered by 4 tenement applications and the Batchelor Project is covered by 9 granted tenements and 3 applications.

Table 7.2 lists the tenements. The total area covered is approximately 204km2 for Dingo Range, 800 km2 for Throssell and 40km2 for Batchelor with a current rental of $21,830 per annum and minimum expenditure of $139,600 per annum.

Once all tenements proceed to granted stage this commitment could increase to an annual rental of $137,483 and an annual expenditure of $464,000.

Table 7.2: Tenement Schedule

Project	Tenement	Holder	Granted	Expiry	Area	Rent,$	Commitment,$
Dingo Range	E37/769	Deep Yellow Ltd	Application		200km2	6,633	62,100
	M37/108	Julia Gold Pty Ltd	9/07/1987	8/07/2008	0. 1km2	153	10,000
	M37/519	Julia Gold Pty Ltd	22/08/1995	21/08/2016	1.9km2	2,373	18,600
	M37/1167	Julia Gold Pty Ltd	Application		1.0km2	1,314	10,300
Throssell	E38/1648	Ausmet Resources Ltd	Application		200km2	26,919	63,000
	E38/1649	Ausmet Resources Ltd	Application		200km2	26,919	63,000
	E38/1650	Ausmet Resources Ltd	Application		200km2	26,919	63,000
	E38/1651	Ausmet Resources Ltd	Application		200km2	26,919	63,000
Batchelor	EL 9253	Savana Mineral Resources Pty Ltd	12/9/95	11/09/05	13.64km2	3,168	36,000
	EL 9501	Savana Mineral Resources Pty Ltd	13/9/96	12/09/05	2.8km2	704	40,000
	ERL 134	Savana Mineral Resources Pty Ltd	11/10/94	10/10/04	9.74km2	10,648	35,000
	MLN 512	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	176	n.a
	MLN 513	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	176	n.a
	MLN 514	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	176	n.a
	MLN 515	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	176	n.a
	MLN 542	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	165	n.a
	MLN 543	Savana Mineral Resources Pty Ltd	19/4/82	31/12/23	0.2km2	165	n.a
	MLN 1984	Savana Mineral Resources Pty Ltd	Application		3.54km2	3,750	n.a
	AN 495	Savana Mineral Resources Pty Ltd	Application		6.8km2	20	n.a
	AN 515	Savana Mineral Resources Pty Ltd	Application		2.4km2	10	n.a
Total					1044 km2	137,483	464,000

Note – expenditure commitment for tenement commences once the respective tenement is granted.

3 DINGO RANGE PROJECT

3.1 Geology

Regional Geology

Dingo Range is located in the Eastern Goldfields within the Archaean Yilgarn Craton. The project is part of the Wanganoo greenstone belt, a narrow 5-12km wide, northwest trending greenstone terrain that extends from Banjiwarn Station in the south to the Gunbarrel Highway in the north. Dingo Range lies in the southern portion of the belt and is bounded to the east by the North Banja Batholith and to the west by the Mt Blackburn Batholith.

The greenstone stratigraphy is folded about a broad anticlinal axis that passes through the centre of the Dingo Range tenements striking north northwest and which contains the main gold prospects. Metamorphic grade varies from amphibolite facies along the margins of the belt to Upper Greenschist facies toward the centre.

Project Geology

Within the project area, a northwest to north northwest trending open antiform contains a core of deeply weathered felsic volcanogenic rock units, consisting of subaqueous flows and sediments. Synvolcanic and late-stage granitoid stocks and porphyry bodies locally intrude the felsic sequence. Along the axis of the antiform at the Boundary, Hurleys Reward and Bungarra deposits and prospect, granitoids and the enclosing felsic rocks act as favourable hosts to gold mineralisation.

The boundary between the felsic/metasedimentary sequence and the overlying mafic package is marked by a BIF unit, which forms distinct ridges over a strike

length of 9km. This BIF is locally mineralised with gold.

The uppermost section of the greenstone package consists of a thick sequence of tholeiitic and high magnesium basalts, narrow dolerite or porphyry bodies and thin pelitic metasediments.

East-west Proterozoic dolerite dykes, late stage porphyries and granitoids intrude the Archaean basement. A series of mapped and interpreted strike-parallel and northeast to near east-west trending oblique shears transect the greenstone package.

Rock types have undergone intense silicification and weathering with silicified outcrops common in most parts of the project. These silicified saprock exposures form prominent hills and ridges. There are few areas of intact laterite exposed within the project. The dominant regolith setting is a stripped lateritic profile with a remaining thin veneer of colluvium/alluvium. This cover is hardpan to a large extent.

Substantial Tertiary palaeochannels exist in most parts of the project but particularly in the Freemans/Red Cloud area. These often cut across present day drainage systems and are evident in drilling as well as from the aeromagnetic data sets. Regolith mapping has not been undertaken over the project but it appears that there are significant areas of transported cover present.

The depth of weathering at Dingo Range varies according to lithological type, intensity of shearing and extent of erosion. Preferential weathering and the development of oxide mineralisation has occurred over the fractures and faults within the sediment and volcanoclastic units where the depth of weathering is typically 50 to 75m but exceeding 90m in places.

The typical profile developed over the host units is (from the base of oxidation) saprock (5 to 10m thick), saprolite (10 to 15m), limonitic oxide clays (l0 to 15m), mottled zone (5 to 15m) and alluvium or transported laterite soils (2 to 5m).

The weathering profile is commonly truncated with colluvium and alluvium consisting of calcareous red clay soils, iron nodules and fragments of ferruginous saprolite, directly overlying the clay zone.

Regional Structure

The rock units are broadly folded along a north to north northwest axis. The lithologies are disrupted by northwest to north northwest strike slip faulting with apparent right lateral displacement fault zones. Crosscutting northeast faulting has been observed on magnetic maps and smaller scale northeast faults have been mapped in the field.

These fault intersections have been postulated to have some effect in the control of the emplacement of mineralisation and would appear to Offer a potential focus for target generation.

Mineralisation and Ore types

The mineralisation discovered at Dingo Range is found in both oxidised and fresh rocks. The host structures for this mineralisation fall into the following categories:

1. Flat-lying or gently dipping "supergene" layers within the oxide profile
2. Steep, narrow quartz veins sub-parallel to the fold axial plane cleavage
3. Larger quartz veins occupying dilation sites along lithologic contacts
4. Pervasive fracturing and stockwork mineralisation through granitoid and coarse-grained volcanoclastic rocks in the antiform core.
5. Silicification and dilation quartz veins along the western limb of the BIF.

The volcanoclastic, sedimentary and granitoid units have acted as hosts to mineralisation due to a combination of their brittle deformation around the antiform, linkage of major structures providing access for hydrothermal fluids, amenability to alteration and physical/chemical affinity for the precipitation of gold. The inter-related fracture systems have provided excellent conduits for mineralisation, particularly within the core of the antiform and along contacts.

The mineralisation described as "supergene" is a function of weathering zone re-distribution where vein or fault-hosted gold-bearing structures within the oxide profile have been weathered in situ and the gold preferentially distributed or dispersed in the sub-horizontal plane parallel to former (palaeo-) water table positions. The weathering profile has oxide and transition zone mineralisation as a series of sub horizontal layers extending from surface to 10m below ground. The majority of mineralisation lies at depths of between 10 and 50m.

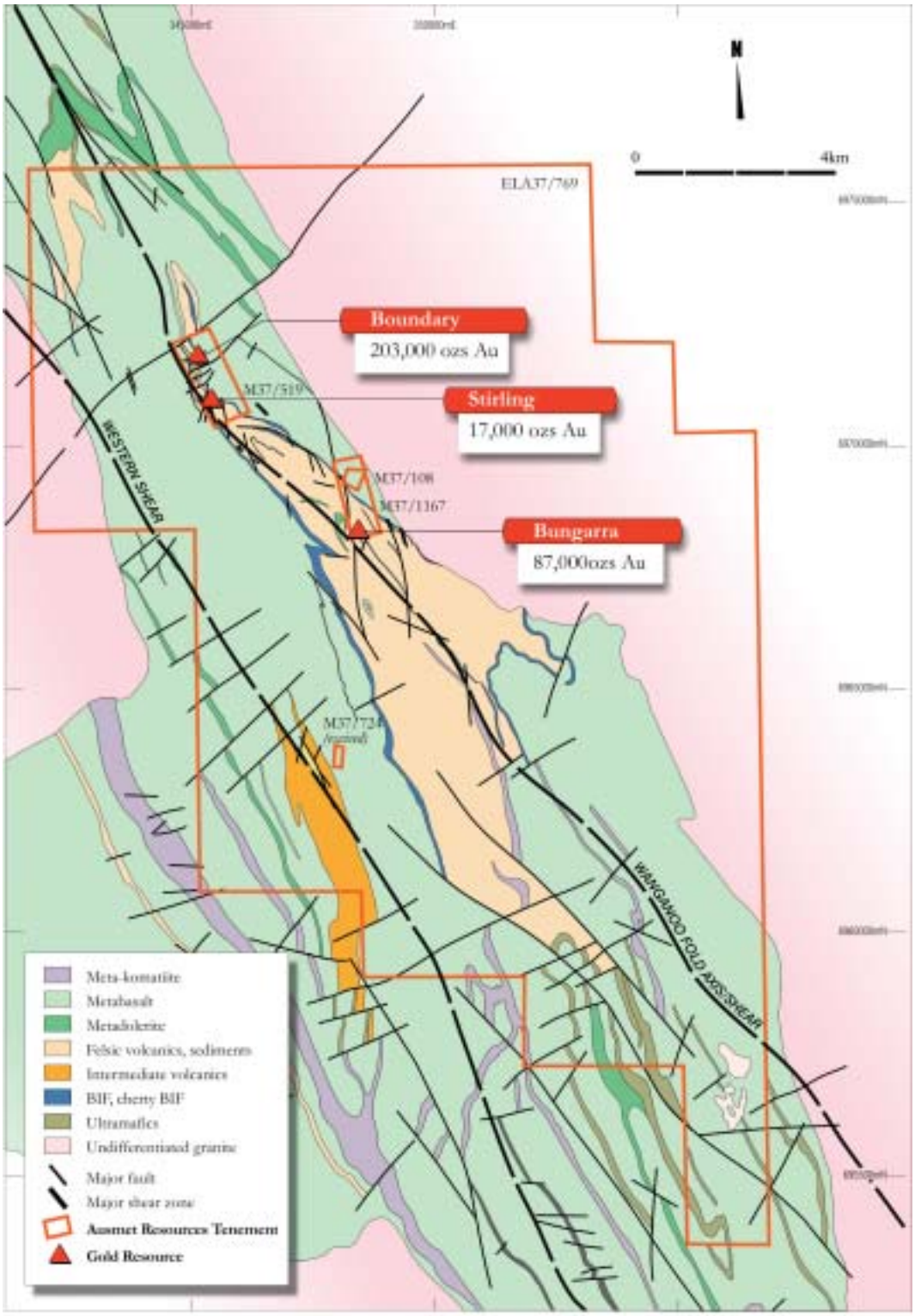


Figure 5
DINGO RANGE PROJECT – SOLID GEOLOGY WITH EXISTING GOLD RESOURCES

From observations in diamond drill core the mineralisation shows the following characteristics:

1. Alteration haloes around quartz veins are generally small
2. Quartz veins traverse all rock types and are predominantly steep, often cross-cutting the rock fabric
3. Quartz veins are generally white or opaque and may show brecciation but are not layered, porous or crustiform (therefore likely to be formed by brittle deformation)
4. Quartz veins show multiple events with up to 4 overlapping sets of veins intersecting each other
5. Alteration assemblage is normally silica/chlorite/albite with subordinate sericite/carbonate
6. Sulphide assemblage is dominated by pyrite, often very fine grained in the alteration halo but recrystallised to coarser clusters in quartz veins
7. High-grade quartz veins show free gold in association with coarse pyrite; other sulphide species are rare

Three main types of mineralisation have been defined based on the relative abundances of various minerals, which occur within the geological and weathering profile.

Oxide Ore - Limonitic and kaolinitic clays with variable proportions of weathered mafic material form the basis of this ore type. These tend to occur in the first 50 metres of the profile. Density of this clay material varies with location in the weathering profile, but normally occurs within the range 1.6 to 2.1 gm/cc. A density value of 1.8 gm/cc was used for the resource calculations.

Grade variability may be high, especially associated with the redistributed sub-horizontal or "supergene" type occurrences at certain levels where grades above 10g/t gold are clustered within a lower grade, more widely dispersed envelope.

Transitional Ore - This ore type is, as the name suggests, transitional between the highly weathered oxide material and unweathered fresh material. Some parts of this intermediate zone have highly weathered and altered mineralisation with oxide characteristics, other parts resemble bedrock sulphide. The global grade tends to be higher than oxide mineralisation, however the tonnage is often lower. The Dingo Range Inferred Mineral Resource estimates were completed assuming that the oxide rocks were consistently weathered and no attempt was made to separate out the transition material at that stage.

Sulphide Ore - Sulphide-type mineralisation is located in fresh rocks below the weathering profile. The global average grade for Dingo Range sulphide mineralisation is 4.1 g/t gold. Ore is found in brecciated, quartz-veined and altered zones hosted by volcanoclastics, granitoids and sediments, which have undergone brittle deformation and hydrothermal alteration.

Mineralisation is associated with quartz veins and chlorite-silica alteration accompanied by sulphides, which are dominantly pyrite. The density of this type of ore varies from 2.6 to 2.85 gm/cc based on standard rock density data and current information from nearby mines with similar host materials in the northeast Goldfields.

3.2 MINING & EXPLORATION HISTORY

Gold exploration in the Yilgarn region began as long ago as 1898 when the finds at Coolgardie and Kalgoorlie attracted many prospectors. By the turn of the century many small gold diggings and shafts were producing and lasted until the 1930's. The mines that survived through this period were mainly the larger producers of the region such as Sons of Gwalia at Leonora and the Wiluna Mine.

It was not until the resurgence of the modern gold mining boom in the 1980's that significant development of larger open pit, rather than small underground, gold mines took place. It was then in the Leonora district that intensive exploration for gold was commenced by several of the larger companies.

During this period there were the discoveries of gold deposits such as Lawlers, Bannockburn, Harbour Lights, Tarmoola and Darlot. Many other smaller deposits and prospects were also identified at this time and large advances were made in the understanding of mineralised structures and their host rocks.

1970 to 1990

Previous exploration in the vicinity of the Dingo Range area from records available is summarised in Table 7.4.

Table 7.4: Summary of Previous Exploration

Date 1973-75
Company Western Mining Corporation
Targets/Outcomes
Nickel-copper exploration was completed over ultramafic rocks, mainly outside the Dingo Range Project area. Work carried out included ground magnetics and IP. Not all work appears to have been reported in detail, particularly costeaning and drilling in the northern parts of the explored ground.

Date 1971-75
Company Lone Star Exploration NL
Targets/Outcomes
Nickel exploration was undertaken on the Devines prospect. Although the poor quality open file report is vague as to the prospect's location, it is likely that it was to the south of Ausmet's current tenure around AMG 6962800mN: 344000mE. Work carried out included geological mapping, ground magnetics, rock chip sampling, auger sampling, percussion drilling, and the drilling of at least five diamond core holes. Narrow zones of nickel sulphides (to 0.6-1.3% Ni) were intersected in a number of holes. Ground investigation suggests that some bulk rock samples were taken. This and other work may have been carried out by International Nickel (see below).

Date 1975-76
Company International Nickel Australia Ltd
Targets/Outcomes
Nickel-Copper exploration was reported from their Kajelan Creek prospect, which seems to be synonymous with the Lone Star Exploration's Devines Prospect, above. Work carried out included grid surveying, geological mapping, soil sampling (Cu, Ni, Zn), 34 line-kilometres of ground magnetics, the drilling of 162 shallow auger holes (analyses for Cu, Ni, and Zn only) and 62 rotary-air-blast hoes. At shallow depth, lateritic Ni values of + 3000ppm were common, with occasional values to 6000- 7000ppm.

Date 1968-1973
Company Amalgamated Petroleum-Minops-Tenneco JV
Targets/Outcomes
Nickel-polymetallic exploration was undertaken over a broad area from north of Wonganoo homestead to south of Banjiwarn homestead (Duketon 1:250,000 sheet area). Work carried out included geological mapping (some of reasonable quality), low level aeromagnetics/radiometrics, ground magnetics, SP, rock chip sampling, soil sampling (Cu, Ni, Zn and Co), and percussion drilling (location of latter uncertain from report and may not be within the Dingo Range Project area)

Date 1983-85
Company BP Australia Limited
Targets/Outcomes
Activities were limited to gold exploration in the general Freemans Find area. Little work was done beyond reconnaissance rock-chip/soil sampling.

Date 1987
Company Electrolytic Zinc Company of Australia Limited/Norgold Limited
Targets/Outcomes
EZ carried out gold exploration over a chain of tenements that included a portion of the Ausmet project area. Work included geological mapping, rock chip sampling, stream sediment sampling, regional soil sampling and an aeromagnetic/radiometric survey. The latter is of good quality (200m line spacing, 60m MTC, magnetometer sensitivity O.O4nT). Results of the work were apparently not encouraging.

Date 1987-89
Company Unknown
Targets/Outcomes
A relatively extensive grid-based angled RAB program was carried out in an area extending north-north-west from about 6970000mN:344000mE.

Date 1985
Company Esso/City Resources/Norgold
Targets/Outcomes
A series of programs associated with 2 joint ventures were completed over an area overlapping with a portion of Ausmet's current tenure. Over the years the work included geological mapping, rock chip sampling, gridding, ground magnetics, RAB drilling, stream sediment sampling and soil sampling. Apart

from one intersection at the Hodders prospect, south-east of Freemans Find that could not be upgraded by close infill drilling, little encouragement was apparently encountered. Several weak intersections were encountered on the southern extensions of the Hurleys Find occurrence (best 6m at 1.56ppm gold).

Date 1986
Company Hill Minerals NL
Targets/Outcomes
Tenements are enclosed within, and excised from, the City Resources tenements, above. Hill Minerals NL held an option over the tenements in 1986, and carried out RAB drilling. They did not consider the prospect sufficiently encouraging to continue, despite one intersection of 4m at 8.95 g/t gold.

Date Not Known
Company Minreaux NL
Targets/Outcomes
Tenements were held by Minreaux NL. The general area surrounding the historical workings was extensively drill tested (both RAB and RC), chiefly by Endeavour Resources Limited. Apparently a small resource was delineated, but no details were reported.

1990 – 2003

The current Dingo Range Project was initiated as a Joint Venture by Julia Mines, Money Mining NL and Eagle Mining NL in 1990. Julia mines held 50% and was the operator of the Dingo Range Joint Venture.

The first phase of exploration investigated RAB intersections previously defined by Norgold NL at the Bungarra Prospect. This follow-up work included wide-spaced reconnaissance RAB drilling that succeeded in identifying the Boundary and Stirling mineralisation. Julia Mines continued its exploration program by an investigation of historical data, which was validated and re-interpreted onto a standard AMG grid. Target areas were selected by examination of geophysical, geochemical and structural/geological data and prioritised according to order of decreasing economic significance as follows:

- oxide near-surface ore
- extensions of known deposits
- favourability of geological/structural setting
- target areas under cover

This approach led to additional RC drilling at Boundary and Bungarra and regional RAB programs to the north and south of this area along the strike of the BIF. Results provided the identification of resources at Boundary, Stirling and Bungarra and anomalies at Komodo, Red Cloud, Eclipse, Hole in One and other areas.

Resource estimations during September 1998 defined a global uncut Inferred Mineral Resource at Dingo Range of approximately 8.03 million tonnes at 1.5 g/t Au for about 388 thousand ounces of gold using a lower cut-off of 0.5g/t Au.

In 1999, a new Dingo Range Joint Venture was formed between Julia and Gawler Gold and Minerals Exploration NL over all tenements at Dingo Range, including Mt Step E37/321. Exploration over the whole property continued however most efforts were concentrated at the Boundary resource. This included detailed ground IP surveys to help define possible sulphide-rich extensions to mineralisation. Some deeper RC drilling to test targets and increase drill density was completed.

All RC drill data was incorporated into a revised resource estimate for the Boundary Deposit. As a result, 80% of the total resource at Boundary was upgraded to Measured or Indicated status. Total resources at a lower cut-off of 0.5g/t Au were estimated to be 4.61 million tonnes at 1.37g/t Au (202,000 ounces). Higher grade material is present as discrete shoots within a lower grade envelope. For instance, at the Boundary Deposit and at a cut-off of 1.5g/t Au, the total gold resource was estimated to be 1.44 million tonnes at 2.51g/t Au (116,000 ounces).

RC drilling of IP targets outlined minor extensions to the Boundary Orebody to the north, associated with sulphide mineralisation. Other RC drilling at Boundary indicated lower-grade BIF mineralisation was present on the eastern side of the deposit.

A detailed airborne geophysical survey was flown over the area in 2000. Targets for gold and polymetallics were identified and drilling on wide 400 x 50m spaced grids encountered numerous palaeo-drainages up to 70-80 metres deep. Due to these difficult drilling conditions, not all targets were effectively tested. Bedrock gold anomalism of up to 55ppb gold (4 metre composite samples) was encountered in porphyritic felsic volcanics, basalts and talc carbonate-

altered ultra mafic rocks over one target area. No detailed infill was completed over these areas.

Office studies using revised resource models with better-constrained geological limits that excluded low-grade envelopes were generated and employed as a basis for very preliminary scoping studies that indicated a portion of the Bungarra resource could be economically extracted and toll treated through either the Bronzewing or Darlot mills.

3.3 RESOURCES

Overview

The three known gold resources at Dingo Range are all located within 5km of each other along the Wanganoo antiform fold axis. They lie within the fold core, bounded by prominent BIF ridges that close just north of the Boundary deposit. The antiform plunges to the north-northeast at approximately 40-45°. Rock types within the fold core are dominantly felsic to intermediate meta-volcanics and volcanoclastics. Mafic-ultramafic sills intrude the volcanic pile at all three areas, but these do not appear mineralised. Late stage granodiorite intrusions along the fold axis are common to each deposit and these appear to be a locally favourable host to mineralisation.

Various models for the style of mineralisation have been suggested, including skarn type alteration and mineralisation in a porphyry system. However, it would appear from more recent work that gold bearing fluids have been emplaced in dilational areas related to shear/foliation or thrust planes around the margins of granodiorite bodies, sited adjacent to major structures. These structures include northeast trending faults at Boundary and Stirling and possibly a north-south fault at Bungarra.

More localised fracture or shear sets have influenced vein set directions and appear to be associated with regional foliation and axial plane cleavage. The majority of the primary mineralisation has been assumed to be developed within brittle-ductile veins and associated alteration haloes in steeply west-dipping structures, sub-parallel to the trend of the anticline. However, some oriented data from the Boundary deposit also indicates some veins trend parallel to the east northeast trending cross structures. A modified slate-belt style geometry, involving a combination of shear-related quartz vein mineralisation along the fold limbs and possibly folded 'saddle reef-style' veining about fold axes has been proposed for the Dingo Range deposits. In general, there is insufficient detailed structural information on the geometry of the mineralised vein sets to be confident as to the geometry of the mineralisation within any of the existing resource areas.

Within the oxidised portion of each deposit, the extent to which the mineralisation reflects primary grade distribution, as opposed to flat-lying supergene overprinting is often difficult to quantify.

Few density determinations have been performed on any of the core from the main prospects and the density data utilised for resource calculation purposes has largely been assumed by analogy with similar styles of deposit and weathering profiles found elsewhere in the region.

No metallurgical testing has been undertaken on material from any of the prospects and likely recovery factors are unknown.

Boundary

The Boundary Resource estimate was as follows:

Boundary Deposit – Oxide and Fresh Rock Resources
(Above 0.5g/t cut-off)

Category	Zone	Tonnes (t)	Grade (g/t)	Ounces
Measured	Oxide	32,000	1.45	1,000
	Fresh	652,000	1.36	29,000
	Subtotal	684,000	1.36	30,000
Indicated	Oxide	260,000	1.46	12,000
	Fresh	2,764,000	1.30	116,000
	Subtotal	3,024,000	1.31	128,000
Inferred	Oxide	60,000	1.21	2,000
	Fresh	840,000	1.58	43,000
	Subtotal	900,000	1.56	45,000
Grand Total		**4,608,000**	**1.37**	**203,000**

This resource estimation used a block model that was largely unconstrained to poorly constrained and governed by statistical examination of the assay data. Thus the polygonal zones were interpreted mainly from gold grades, but did include some fairly limited geological and structural data. Mineralisation is primarily associated with multiple quartz vein sets with no preferred host rock, lithological boundary or other mappable unit.

Resource estimates at other lower cut-off grades have been calculated and demonstrate that significant tonnages are present at higher average grades. The following table demonstrates the range of values.

Lower Cut-off Grade	Tonnes	Grade g/t	Ounces
0.5	4,608,000	1.37	203,000
1.0	2,318,000	2.02	151,000
2.0	907,000	2.96	86,000
3.0	317,000	3.93	40,000
4.0	104,000	4.96	17,000

The supergene resource at Boundary is patchy and the majority of the resource is contained in transitional and fresh rock below 80 metres depth. A 10 to 15 metre thick blanket of transported clay and gravels covers most of the deposit. The base of this unit can sometimes contain 2 to 3 metres of plus 20 g/t gold material, either derived from a mechanical or chemical concentration. The regolith beneath the cover is a stripped profile of bleached pallid white felsic clays with little supergene gold enrichment above 40-50 metres depth.

Weathering is generally between 70-90 metres vertical (to top of fresh rock). Petrological studies of the felsic to intermediate volcanic rocks indicate these are high-level rhyolitic/dacitic flows, crystal lithic tuffs and recrystallised volcanogenic conglomerates. These flows are intruded by a medium to coarse grained, sometimes porphyritic, quartz, biotite granodiorite with interstitial hornblende and pyrite. The granodiorite intrusion contains country rock xenoliths and has an irregular contact. Granodiorite veins and dykes also are intersected in drilling in close proximity to the main bodies.

Gold mineralisation is interpreted to exist mainly within steeply west-dipping quartz (minor pyrite) veins, primarily along the margins of the granite. A barren phase of sericite-pyrite alteration appears to predate the gold mineralising event, and in general, no consistent correlation exists between gold grade and pyrite content. Within these steep-dipping zones, the majority of individual ore shoots are generally fairly narrow (1-3m wide); of limited vertical extent; generally traceable for less than 20-30 metres up or down dip; but more consistent down plunge, where many can be traced for over 50-60 metres. Whether any of these mineralised envelopes is folded, as suggested by earlier resource estimates is unclear.

Veins cross cut all lithologies, but appear to be best developed in a north-south to north-north east orientation along the western contact between granodiorite and volcanics. Another phase of veining appears to be associated with northeast structures, cross-cutting the granodiorite, volcanics and possibly BIF. The extent to which mineralisation is developed within the cross-structures is not readily apparent. Most veins are very narrow, but some are wider (to 0.5m) milky quartz-pyrite veins. Gold grades within the veins are highly variable with some containing visible gold and grade up to 266 g/t Au. Gold grades within the central part of the granodiorite are generally lower than along the margins, similar to that observed within the BIF units.

Where developed, BIF hosted mineralisation is more continuous, due to a pervasive sulphidation of the rocks. However, mineralisation in the BIF is generally lower grade (commonly 0.5-1.5 g/t Au) than observed within the granite and surrounding volcanic units. Accessory sulphides include pyrrhotite, chalcopyrite and molybdenite, but these are generally rare.

The Boundary mineralisation has been intersected to depths of 250m below surface and remains open at depth. Eastern and Western BIF targets have not been adequately tested, nor have all IP anomalies been explained by drilling to date.

Bungarra

Bungarra contains an Inferred Resource currently estimated at 1.66mt @ 1.64 g/t Au containing 87,000 ounces of gold.

Much of the Bungarra resource has been interpreted to be within two shallowly dipping supergene bodies over an area of 400m by 180m. It is located approximately 4.6km south east of Boundary on the fold axis. Rock types are similar to Boundary, but at least two separate pyrite rich granodiorite intrusions are recognised; a grey granodiorite and a melanocratic granite.

The weathering profile at Bungarra is not as deep, compared to Boundary, averaging between 50m and 60m depth. However, supergene gold horizons within the saprolite are well developed and preserved. Primary mineralisation has been intersected in a few deeper RC and diamond holes, but portions of the oxide mineralisation are potentially more steeply dipping and reflect primary orientations, rather than supergene processes. Where recorded, quartz-pyrite veins are steeply dipping to the west with individual metre grades of to 86 g/t gold. They appear to be aligned north-northwest, but this is not conclusive from the drilling to date. A significant primary gold ore body may exist at Bungarra or beneath adjacent areas of cover but this is yet to be confirmed.

Stirling

Stirling is a small supergene gold resource approximately 1.4km to the south southeast of Boundary. The current Inferred Resource is estimated at 404,000 at 1.31 g/t Au containing 17,000 ounces of gold. This is defined over an area of approximately 50 by 75m metres and 3 drill traverses.

Rock types at Stirling include more ultramafic sills than at Boundary and to date no granodiorite has been intersected in drilling. One reported granodiorite outcrop in a creek at Stirling could not be confirmed. The deposit appears to coincide with limonitic quartz veining on a north-northwest trending structure.

JORC Assessment Requirements

In the Joint Ore Reserve Committee (JORC) guidelines for estimation of Mineral Resources a number of criteria are required to be addressed. The following comments apply to the resources for the Dingo Well Gold Deposits.

Geological interpretation - Assessment is based on several subvertical to subhorizontal ore zones both as

supergene enrichment and in unweathered BIF, sedimentary and intermediate/acidic rocks in a north to west northwest trending sequence with mineralisation localised by a network of veins and fractures. The model is based upon similar deposits within the Eastern Goldfields and deposits researched worldwide.

Data density - Drilling density varies from 25 by 25m in specific locations to 50 by 50m for the majority of the resources. Although considerable variation in mineralisation type and grade has been identified on a local scale this has not materially altered the position of the outlines of the constraining mineralisation interpretations.

Accuracy of location of sampling points - All drill holes used for the resource have been surveyed on AMG co-ordinates as well as local grids for easting, northing and reduced level. Downhole sampling measurements have been carried out to accepted industry standards. Downhole surveys have been conducted on all diamond drill holes and selected RC holes. Variation in the azimuth of the holes is generally insignificant and appears to have no measurable effect on the resource interpretation. The surveyed collars have been checked by Differential GPS and tied in to the AMG grid.

Drilling technique - Four principal types of drilling have been undertaken to evaluate the resource. Of these, mainly reverse circulation (RC) drilling and NQ size diamond coring have been used in the resources. The other drilling types such as Aircore holes and Rotary Air Blast (RAB) holes have been used for sampling through clay overburden or where other methods of sampling were unsuitable.

Sampling technique - Core samples have been cut on quarter or half NQ diameter core. RC drilling has been quarter split by riffling down to 2-3 kg size and then bagged. RAB holes were sampled as 4m or 8m composites. Aircore holes were sampled as for core or bagged in 1m intervals.

Drill sample recovery - The samples were not logged for determination of sample recovery. Diamond core has been measured for sample recovery, which was determined as a percentage and considered of a satisfactory standard.

Tonnage factor (specific gravity) - Specific gravity has been assigned from empirical data elsewhere in the region and from standard petrographic densities. No records of measurements for Specific Gravity have been located except for those recorded for oxidised mineralisation.

Quality of assay data - All assay data have been determined by a NATA authorised laboratory. Check assays have been undertaken on duplicates and replicates on a regular basis. Quality control reporting from laboratories was not available for review.

Quality of data description - All drill holes have been logged to identify the dominant ore types and significant geological and structural boundaries.

Cut-off grades - High-grade cuts have been used due to the high coefficient of variation of the gold grades and the nature of the mineralisation which sometimes indicates nugget effects are present. Each resource area has been assigned an upper cut value based on the mineralised sample population mean (+0.3 g/t) plus twice the Standard Deviation value. A global upper cut of 20 g/t was used for resource reporting. The lower cut-off value at 0.5 g/t Au has been established from natural breaks in the sample population which are consistent with geological interpretations of continuity used for the mineralisation outlines.

Estimation techniques - Mineralisation blocks have been constructed by producing a 3-dimensional block model in Vulcan. This has been integrated with geology as defined from mineralisation codes and types. Gold grade has been interpolated into blocks constrained by the mineralisation. Calculation utilised inverse distance squared estimation techniques using an ellipse with orientations and search distances based upon semi-variograms and assumed geological controls.

Classification - Given that the Dingo Range mineralisation is constrained in its geology and overall morphology and that sampling, assaying and descriptive techniques are reliable, the primary consideration when defining resource categories is drill spacing. Categories have been defined as follows:

Measured	Mean drillhole spacing less than 25m x 25m
Indicated	Mean drillhole spacing of 25m x 25m, preferably with some detail at smaller spacing
Inferred	Mean drillhole spacing at or greater than 50m x 50m.

Other issues - It is considered that all deposits included in the statement have been prepared to appropriate professional standards and are acceptable to be included in a conformable JORC Mineral Resource Statement.

Resource Statement

Dingo Range Mineral Resources
(above 0.5g/t cut-off)

	Tonnes	**Grade g/t Au**	**Ounces Gold**
Measured Resource			
Boundary	684,000	1.36	30,000
Indicated Resource			
Boundary	3,024,000	1.31	127,000
Inferred Resource			
Boundary	900,000	1.56	45,000
Bungarra	1,655,000	1.64	87,000
Stirling	404,000	1.31	17,000
Total Resources	**6,667,000**	**1.43**	**306,000**

3.4 EXPLORATION AND DEVELOPMENT POTENTIAL

Further Development of Known Resources

Confidence in the continuity of mineralisation was improved in many areas by RC drilling in 1999. While the major controls of mineralisation are known, the predictability of high-grade shoots remains low within much of the block model. New areas of possible extension of the mineralised body have been highlighted by drilling, particularly on the eastern limb of the anticline where the BIF units contain wide intercepts of gold mineralisation in the 1.5 to 2.5g/t Au range, with true widths of approximately 5 to 15 metres.

The existence of high grade mineralisation is encouraging and may translate to future underground mining. This provides the potential for the discovery of ore zones at depth.

Significant intercepts from the Boundary deposit are included in the table on page 32.

Boundary Deposit Significant Intercepts

Hole No.	North	East	Azi/Decl.	Intercept
BDRC02	23250	8910	270/-60	5m at 12.34g/t Au from 145m
BDRC03	23275	8925	270/-60	5m at 11.03g/t Au from 120m
BDRC11	23275	8900	270/-60	5m at 9.42g/t Au from 80m
BDRC28	23150	8960	270/-60	3m at 7.19g/t Au from 104m
BDRC35	23250	8930	270/-60	17m at 14.15g/t Au from 153m
BDRC36	23250	8980	270/-60	3m at 13.49g/t Au from 147m
BDRC45	23150	8980	270/-60	2m at 14.53g/t Au from 115m
BDRC58	23225	8885	270/-60	22m at 11.62g/t Au from 90m
BDRC60	23250	8855	270/-60	3m at 44.68g/t Au from 43m
BDRC60	23250	8855	270/-60	3m at 10.11g/t Au from 20m
BDRC61	23250	8890	270/-60	14m at 6.28g/t Au from 77m
BDRC65	23300	9020	270/-60	26m at 1.44g/t Au from 130m
BDRC66	23050	8745	090/-60	6m at 4.04g/t Au from 67m

Similar high grade intercepts were encountered at the Bungarra deposit as follows.

Hole No.	North	East	Azi/Decl.	Intercept
BFRC17	12030	19475	270/-60	2m at 33.80g/t Au from 29m
BFRC22	11960	19550	270/-60	2m at 6.57g/t Au from 30m
BFRC31	11910	19625	270/-60	5m at 6.07g/t Au from 60m

The significance, structural controls and continuity of these high-grade shoots suggest a well mineralised and deep seated system.

Other Gold Prospects

- ***Wanganoo Fold Axis Group***

Boundary North - Some deep drilling has been completed just north of Boundary, where the BIF fold closure has produced a large magnetic feature isolated by a major northeast fault. An IP survey indicated some chargeable anomalies to be present at depth and surface lag sampling shows weak gold anomalism over the lateritised BIF and felsic volcanics. No potential sources for any of these geophysical or geochemical targets have been tested by drilling to date.

Hurleys Reward - Numerous shafts and other workings exist on this deposit which occurs 1.0km to the north northwest of Bungarra and possibly lies on the same mineralised structure. Similar rock types and mineralisation styles to Bungarra are present at Hurleys Reward including a melanocratic granite body with associated high grade narrow quartz pyrite veins.

The granite body occurs against the eastern BIF, which does not appear to host any mineralisation from drilling completed in 1988 by Endeavour Minerals.

A surface lag gold anomaly to the north and northeast of Hurleys Reward has not been followed up as yet. This 700 by 500m zone has a peak assay of 30 ppb gold and is coincident with the continuation of the Bungarra - Hurleys Reward fault within tholeiitic basalts.

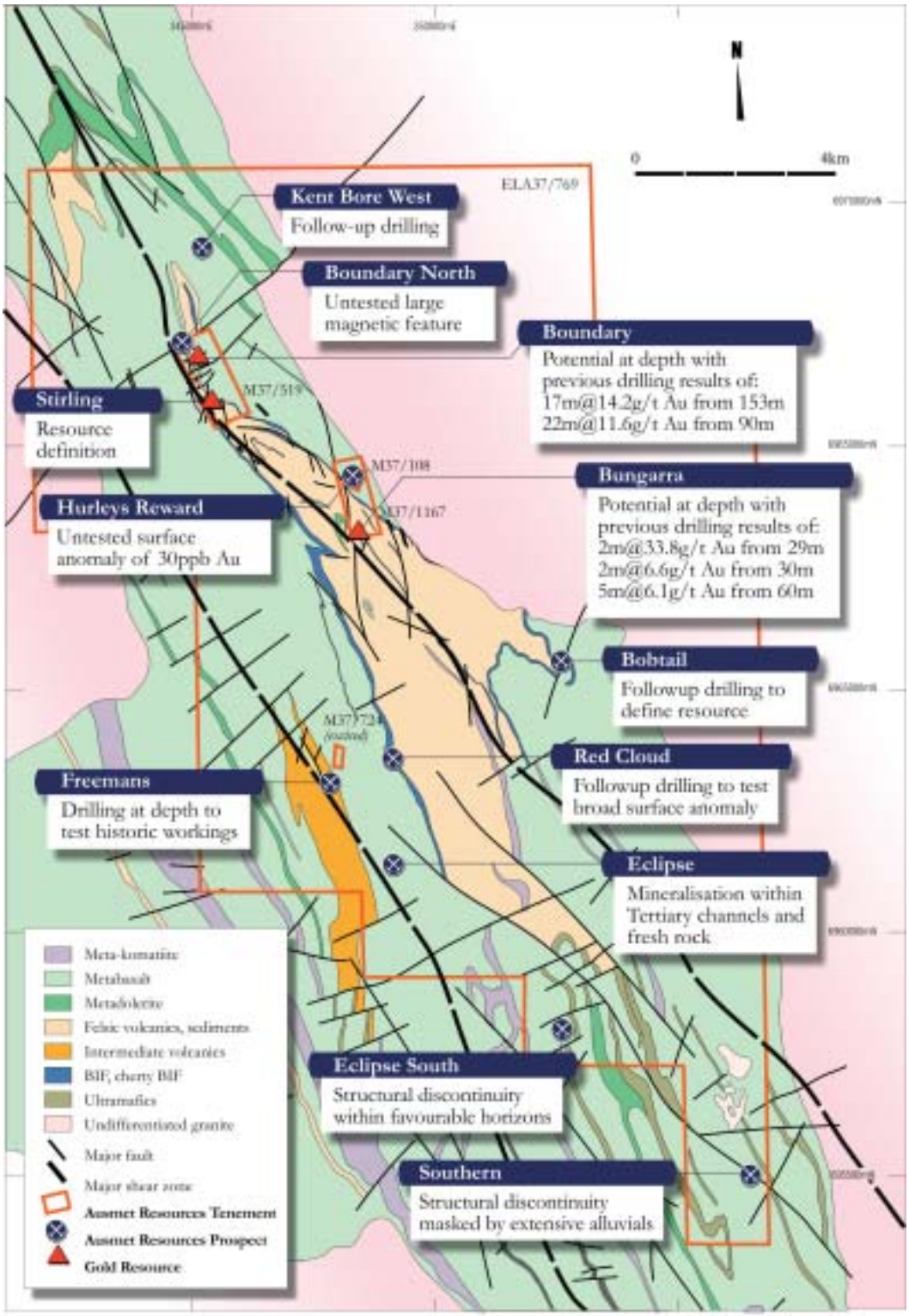


Figure 6
DINGO RANGE PROJECT – SOLID GEOLOGY WITH EXPLORATION TARGETS

Bob Tail - The Bobtail gold prospect was discovered by Money Mining lag geochemistry in 1996 and drilled that year by Eagle Mining Corporation NL. The area has complicated geology including felsic volcanics, BIF, talc chlorite schist, basalt and blade textured high magnesium basalts. These rocks are strongly sheared and gold assays from shallow RAB indicate narrow quartz vein sets exist, which parallel the north-northwest foliation. Drill density was increased to 100 by 100m in parts of the Bob Tail grid but some areas still remain open.

- ***Western Shear Zone Group***

The Western Shear Zone or Dingo Range Fault defines the western granite-greenstone contact of the Wanganoo Anticline in the northern part of the project. It extends through the south of the project area on a strike of between 120°-140° for a further 20km to Banjiwarn station.

The shear zone contains a number of gold workings, geochemical anomalies and gold prospects. Rock types are predominantly highly sheared basalts, chlorite schists and talc chlorite schist with areas of intercalated BIF and metasediments.

Quartz-feldspar porphyry bodies intrude mafic rocks at Freeman's Find and Red Cloud prospects.

Kent Bore West - Situated in the northern part of the Dingo Range Project area this prospect covers a zone of significant cross cutting faulting and straddles a major northeast trending fault. The prospect has previously been tested by soil geochemistry and limited drilling and anomalous gold results were recorded. It is considered that the limited drilling has not fully tested the prospect, particularly the contact zone with the granite to the east.

Freeman's Find - The Freeman's Find workings consist of 34 individual shafts or excavations over an area of 600 by 300 metres. The most substantial of these are closely spaced on a 10 degree bearing for 250m. Historical production is 125 ounces of gold, probably mined between 1930 and 1960. Most workings appear to have been sunk on high grade quartz gold reefs along sheared mafic - porphyry contacts. The mafic rocks consist of chlorite schists, basalt, and gabbro with sulphide alteration common. Several quartz-felspar porphyries appear to intrude the mafic rocks in various orientations. Grab samples of quartz from dumps assay up to 46 g/t gold.

The structure, oriented at approximately 010°, appears to be a linking splay within the 320°-340° shear zone. Shallow drilling by Hill Minerals, City Resources and Julia intersected various mineralised mafic-porphyry contacts in the area. It is considered that deeper drilling has not adequately tested these contacts.

Red Cloud - The Red Cloud gold prospect is 400 metres south east of Freeman's Find and was discovered in 1995 by lag sampling. The prospect is the strongest geochemical gold anomaly found to date and covers an area of approximately 1.6 by 0.5km aligned with the Western Shear. A peak value of 17.5g/t gold in lag was recovered. RAB and RC drilling has intersected at least 3 parallel porphyry bodies intruding basalts in the northern parts of the target zone. These are typically 5-8 metres thick, but pinch and swell along strike and down dip. They have been traced in shallow drilling for 500m towards Freeman's Find.

Contacts exhibit shearing with localised mineralised quartz veining. The porphyries dip at between 50°-80° to the northeast. Previous RC drilling was carried out on a 010° grid, based on the Freeman's Find workings. More recently a 320° grid was established which showed better correlation of results in RAB drilling. No deep drilling of the target has been conducted on the new grid orientation.

Eclipse - The Eclipse gold prospect is located a further 1.6km to the south east of Red Cloud in an area frequently cut by broad and deep palaeochannel deposits. Eclipse was discovered in early 1997 by bottom of hole sampling of shallow Aircore drill holes. A peak 0.5g/t gold interface sample was received from ferruginous saprolite beneath 8 metres of transported cover. Infill Aircore drilling on original east-west 100 metre spaced lines revealed low gold grades in very deeply weathered white felsic clays. Basement rocks are predominantly felsic to intermediate volcanics and intercalated sediments.

The prospect geology is not fully understood, but mineralisation is associated (spatially) with a massive sulphide unit, intersected in 3 drill holes to date. Between 10 metres and 14 metres of bleached, extremely altered felsic clays contain up to 80% pyrite. Multi-element assaying shows no other metals

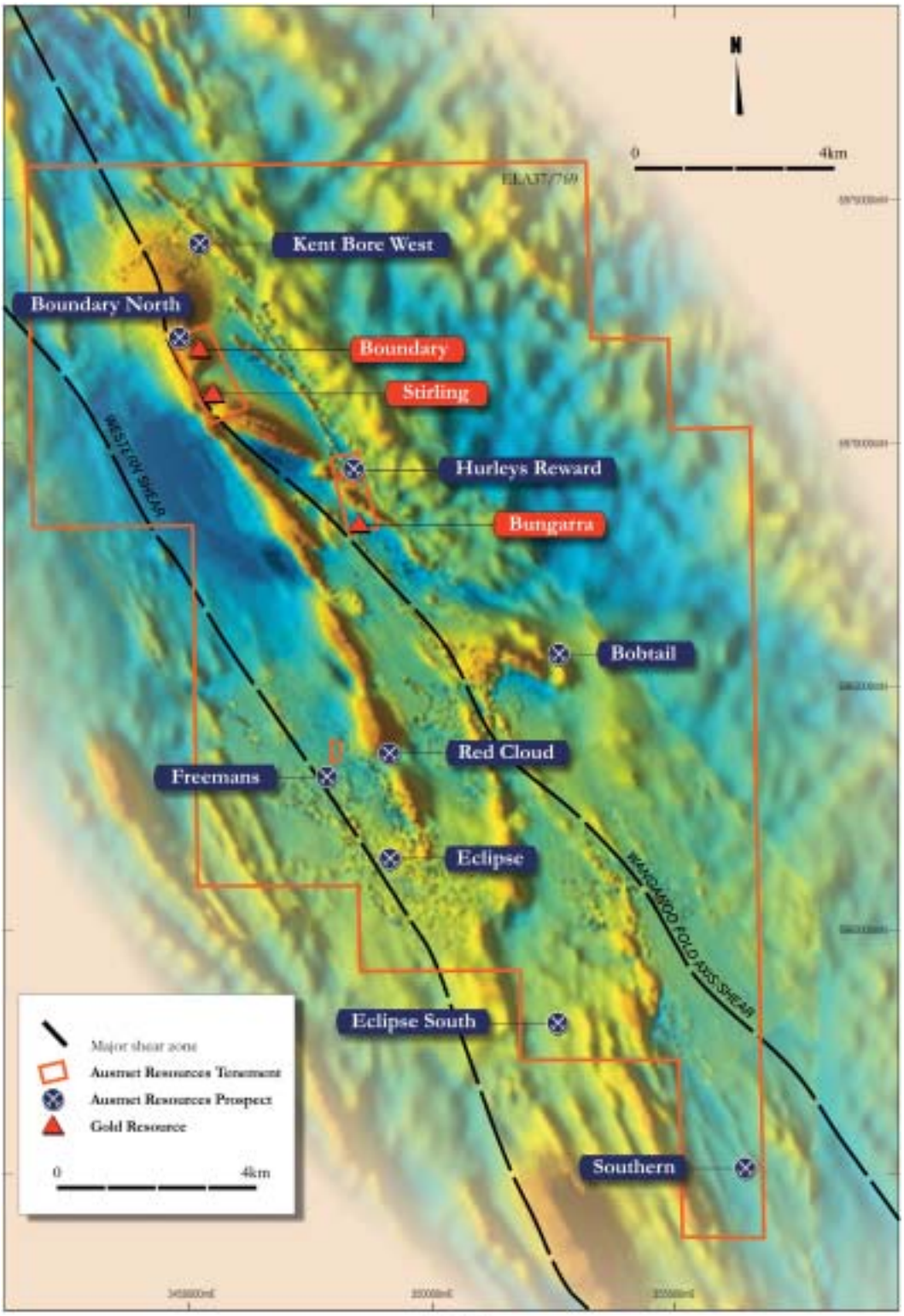


Figure 7
DINGO RANGE PROJECT – AEROMAGNETIC IMAGE WITH EXPLORATION TARGETS

to be associated. Peak intercepts to date are 4m at 2.3 g/t gold. The mineralised zone has been traced for 250 metres in drilling, completed on a new 320° degree grid in 1998. An orientation IP Resistivity traverse was carried out and a 200m RC hole drilled. This hole was sited based on the IP data and intersected up to 20% pyrite in volcanics.

The mineralisation at Eclipse appears quite widespread within a highly weathered felsic unit. Additional work to prospect for its source appears warranted. At the same time an evaluation of the area for a possible volcanogenic massive sulphide (VMS) target, based on the high level of pyrite within parts of the felsic unit is justified.

Eclipse South - Located around 4km southeast of Eclipse, the Eclipse South prospect overlies an area of significant faulting within favourable geological units. Limited sampling has been undertaken over the prospect and much of the area is obscured by sheet wash alluvials.

Southern - The Southern prospect has extensive alluvial cover and is located in the most southern part of the Dingo Range Project area. The prospect is interpreted to contain favourable stratigraphy that has been subject to strike – slip and cross cutting faulting. The prospect has not been subject to any systematic sampling and has not been drilled.

4 BATCHELOR PROJECT

4.1 Geology

Regional Geology

The Batchelor Project is located in the Northern Territory adjacent to and nearby the town of Batchelor. The tenements include the Winchester Magnesite Prospect which has reached feasibility stage for the production of magnesium metal. At this time the project is dormant and will rely on cheaper gas from the Timor Sea to progress.

Ausmet's primary interest in the area stems from the presence of significant polymetallic mines and gold prospects associated with the Coomalie Dolomite unit of the Mt Partridge Group in the Lower Proterozoic Pine Creek Geosyncline. The majority of the mineralisation is associated with the contact between the Coomalie Dolomite and the Whites Formation.

Archaean basement is exposed in the cores of the Rum Jungle and Waterhouse domes. The Lower Proterozoic sediments dip gently to moderately off the domes and are dominated by siltstones and sandstones with lesser carbonate horizons. The age of the Pine Creek Geosyncline is constrained between 2470 and 1870 Ma. The rocks are gently folded about N-S oriented axes and the metamorphic grade is sub-greenschist facies. The sediments are intruded by sills of Zamu Dolerite and, well beyond the project area, by granitoids of 1800 - 1850 Ma age. The deformation post-dates the intrusion of the granitoids.

Geophysical data suggest that granitoid rocks are present virtually everywhere in the Pine Creek Geosyncline at a depth of 1 - 5 km. The geophysical data cannot however distinguish between the Archaean basement and the Lower Proterozoic granites.

The Coomalie dolomite is an extensive stratigraphic unit of about 500m thickness that drapes around the Rum Jungle and Waterhouse Archaean Domes. It also occurs in the core of an anticline which is located northeast of the Rum Jungle Dome. The presumed Archaean core of this anticline does not broach the surface. The domes have north-south elongate axes and are aligned in a northeast, en- echelon pattern.

The Rum Jungle dome is cut by a major structure known as the Giant's Reef fault which is roughly parallel to the alignment of the basement domes.

Local Geology

The contact of the Crater Formation and Coomalie Dolomite is very close to coincident with the Batchelor-Stuart Highway road, which is also the northern boundary between the tenements and the non-aboriginal freehold land. To the north, the Crater Formation outcrops on a low ridge and then slopes to the south onto the flood plain of the Coomalie Creek, which is underlain by Coomalie Dolomite.

To the south of Coomalie Creek, the country rises very gently over the White's and Wildman Formations until the prominent ridge of the Acacia Gap Quartzite is reached. In the immediate area of

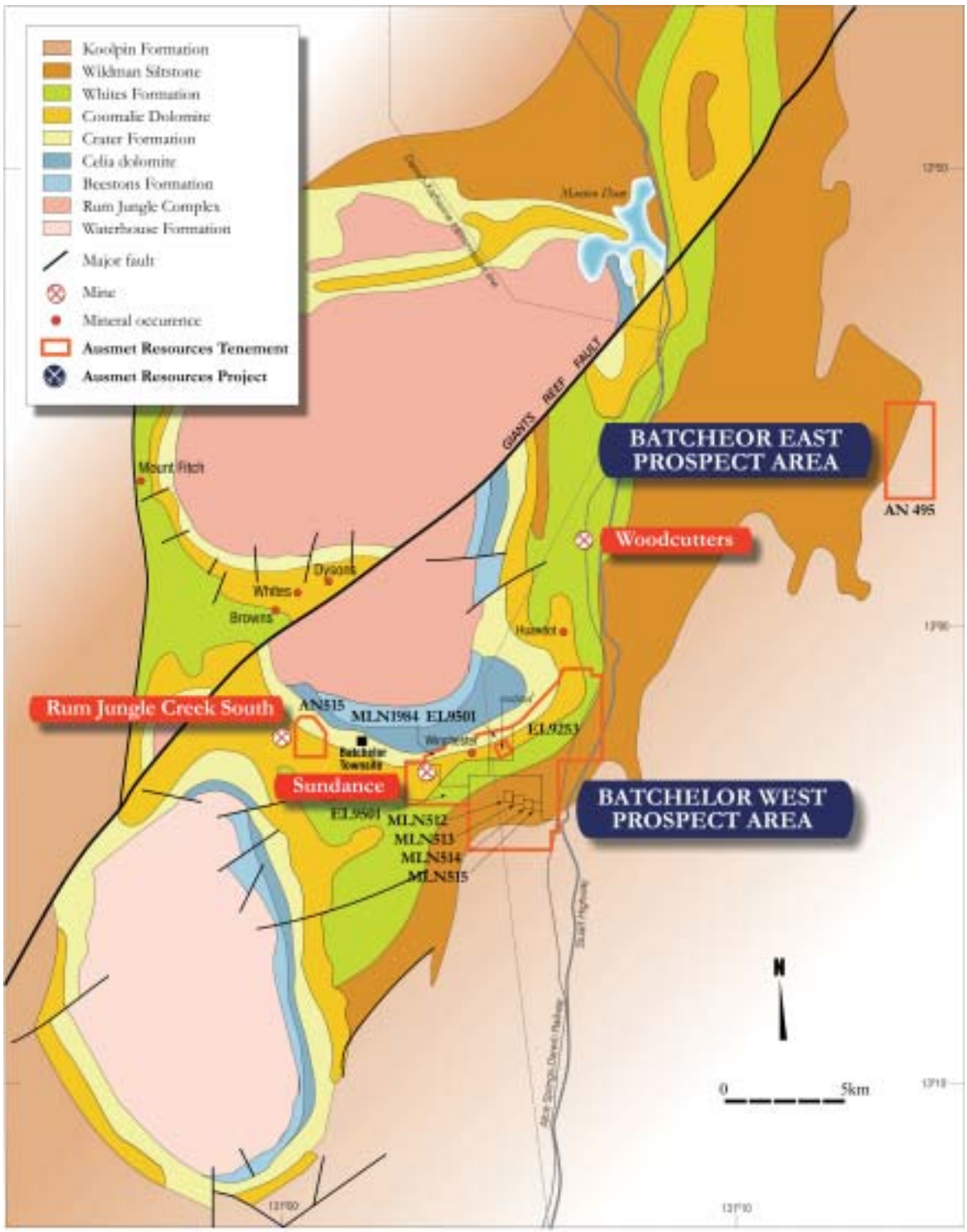


Figure 8
BATCHELOR PROJECT – SOLID GEOLOGY

Winchester, lithological strike is 070° and measured dips are between 35°S and 70°S. Average dip is around 60°S.

The Coomalie Dolomite is shown to be 400 m wide in the vicinity of the Winchester prospect but it appears to widen to the east of Winchester. To the west of the Winchester prospect near Sundance, the dolomite appears to have been disturbed by north-south oriented faulting giving an apparent thickening in the surface expression of the unit.

The Coomalie Dolomite is known to contain extensive magnesite as well as dolomite. The extensive stratigraphic nature of the magnesite investigated to date suggests that it is strongly related to stratigraphy.

Mineralisation

Regionally the Pine Creek Geosyncline has been economically productive. Significant deposits have been worked for uranium, zinc/lead and gold whilst a significant lead/copper/cobalt/nickel prospect (Brown's) is in the feasibility study phase. The uranium, lead/zinc and lead/copper/cobalt/nickel mineralisation occurs at the prospective stratigraphic horizon of the White's Formation (Black Shale)/Coomalie Dolomite contact.

The uranium mines of Rum Jungle; White's, Dyson's and Rum Jungle Creek South, produced 4,543 tonnes of uranium oxide from the White's Formation immediately above the Coomalie Dolomite. The White's and Dyson's deposits were located in an area very close to the prominent Giant's Reef Fault where it brings this contact close to the granitic basement. Weak chlorite alteration is associated with the mineralisation. The Dyson's and Brown's deposits are at the extremities of a single mineralised system which shows a zonation from uranium mineralisation at Dyson's in the northeast through copper and uranium at White's to copper at the Intermediate Pit and continues southwest to the Brown's deposit which contains cobalt, copper, lead and nickel. The southwest end of Brown's also contains zinc.

The dominant style of gold mineralisation in the Pine Creek Geosyncline is in the form of gold bearing quartz veins. Some occurrences are within a stockwork of millimetre-thick quartz veinlets; however, most are in quartz veins that range in thickness between 0.5m and 2m. North-south oriented anticlinal hinge zones have played an important role in localisation of ore-bearing veins. These gold deposits are typically located in rocks of the South Alligator and Finniss River Groups which overlie the Mt Partridge Group.

The spatial distribution of the deposits suggest that they are confined to the northwest trending Pine Creek Shear Zone and are within the contact aureole of post-orogenic granites some distance away from the granite-sediment contact.

Gold mineralisation has been discovered within the Coomalie Dolomite close to the Winchester Magnesite Prospect. At Sundance, which is contained within the Batchelor Project area, 17,800 tonnes of material averaging 10.7 g/t Au in oxide and sulphide form was mined and trucked away for treatment. The material was dominantly small to large lumps and boulders, up to 5m in size, of dark brown hard ferruginous and silicified haematite quartz breccia. One mushroom shaped body of massive sulphide and oxidised material was mined. It was 25m in diameter and up to 8m thick sitting on a stalk or pipe 7m in diameter of similar material. This mineralisation contained up to 930 ppm tin (Sn) in the sulphide material.

Gold bearing sulphide was intersected in a similar stratigraphic position to the Sundance Gold Mine at the Sundance East Prospect, located 6 km to the east of Sundance and also within the Batchelor Project area. Intersections of 14m at 1.88 g/t Au and 12m at 2.98 g/t Au were obtained but follow up drilling apparently failed to demonstrate any continuity to date.

On the southwest margin of the Winchester Prospect, hole MRC-54 intersected 7m at 2.6 g/t Au and MRC-214, located 40m to the north of MRC-54, intersected 7m at 8.8 g/t Au in association with minor disseminated pyrite within magnesite. This drilling was part of the resource drilling program for the Winchester Magnesite deposit and consequently did not properly test the zone. The size of the zone is unknown and it requires further testing. Most importantly, it re-affirms the potential of this stratigraphic position for gold as well as polymetallic mineralisation.

The mining of zinc/lead mineralisation ceased at the Woodcutters Mine in 1999. The mineralisation at

Woodcutters was located in shears within the White's Formation close to the Coomalie Dolomite contact - the identical position of the Rum Jungle uranium and polymetallic mineralisation. Approximately 6 million tonnes of ore was mined at a grade of 12% zinc & 6% lead. The mineralisation is thought to have been of a black shale syngenetic type that had been remobilised. Several polymetallic sulphide bodies occurred as structurally emplaced massive lenses and sheet veins. Their shape and location was influenced by north-south trending faults, dilation zones at cross-faults, and local replacement of carbonate rich units at fault intersections. Mineralisation consisted primarily of pyrite, sphalerite and galena. The irregular lenses were up to 400m in length and 25m in width, but were typically 60m to 100m long and 3m to 10m wide.

Within the Batchelor Project area significant zinc mineralisation has been intersected at the White Bomb Prospect, which is located 3.5km southeast of Winchester in graphitic siltstones of the Wildman Formation, that is, significantly higher in the stratigraphy than Woodcutters. The best intersection to date is 6 m at 11.7% Zn. Previous exploration suggests the mineralisation is apparently discontinuous but follow up work is warranted.

The Brown's Polymetallic Project is situated 7 kilometres north northwest of Batchelor. The Brown's and Brown's East deposit form a major, stratabound polymetallic sulphide deposit over 2 kilometres in length, in excess of 100m wide and open at depth, hosted in Proterozoic graphitic shales. The deposit is located on the northern limb, of a tightly folded synclinal structure, adjacent to the Giant's Reef Fault Zone. Magnesite and dolomite are located adjacent to the deposit.

The Brown's Project is located to the northwest of the Batchelor Project area. It is currently in feasibility phase. The resource (all categories) is currently estimated at 38.9Mt at 3.61% Pb, 0.11% Co, 0.44% Cu, 0.09% Ni and 10 g/t Ag. Brown's East contains an Inferred Resource of 30.5Mt at 1.28% Pb, 0.13% Co, 1.29% Cu, 0.13% Ni and 11 g/t Ag. Area 55 contains an Indicated Resource of 12.4Mt at 0.56% Pb, 0.14% Co, 0.49% Cu and 0.14% Ni. Two recent diamond drill holes beneath Brown's intersected high grade lead and copper mineralisation, confirming the apparent potential for substantial increases in the total resource base at depth. Woodcutters and Brown's are not included in the Ausmet tenements.

4.2 Exploration History

CRAE Exploration

CRAE's tenure extended north from the Adelaide River and stream sediment sampling was completed over large areas. In the Batchelor area limited follow-up of weakly anomalous zones was undertaken. Regional stream sediment sampling with a second follow-up program found four zones of elevated Zn. The area in the Glen Luckie Creek drainage was named the CRA Y prospect (now known as the Glen Luckie Prospect). The elevated polymetallic levels were thought to be stratigraphically related and absolute levels were considered by CRAE to be too low to warrant further work.

Occidental Minerals Corporation of Australia

Occidental undertook a regional soil sampling program on a large grid. The soils were analysed for both polymetallics and uranium. This outlined several elevated areas including one with over 900ppm Zn in soil. This locality was referred to as the OXY prospect. Uranium was the main focus of exploration and there is no documented follow-up activity at the OXY locality. This area is now known as the Occidental Prospect.

BHP

BHP held ground over Sundance and the Coomalie/Whites Formation contact and conducted very systematic work in evaluating the potential magnesite resource on the Coomalie Dolomite. No resource estimates are available.

BHP drilled 51 RAB geochemical holes to an average of 1.4m that were all assayed for a base element suite. Only about a dozen of these holes were analysed for gold and all samples were below detection limits (0.1 ppm). Sulphides were observed in a number of RAB holes although no sympathetic increase in copper, lead or zinc occurred.

Examination of the zinc in the holes did define an elevated zone (Zn>100ppm) which broadly parallels the Coomalie/White's contact. Only one sample was above 500ppm Zn (860ppm) and this is located in a zone of closed spaced RAB.

Pancontinental

Pancontinental evaluated the Sundance gold prospect. Exploration over Sundance confirmed a strong relationship between quartz-hematite breccias and gold mineralisation. The company adopted the Karsting model (infill of irregular solution voids within dolomite) to explain the mineralisation. They conducted grid geological mapping followed up by ground radiometrics and magnetics, bulldozer costeaning, auger drilling and geochemical sampling over the area.

South of Sundance, a pyritic zone on the contact between the White's Formation and the Coomalie Dolomite was located. Repeated assays showed no polymetallics were present. Bulldozer costeans were however cut and channel samples from the first trench returned a maximum of 0.45ppm Au. The second trench cut the White's/Coomalie contact with the highest gold grade being 0.25ppm.

In the Glen Luckie area detailed magnetics and radiometrics, geological mapping and rock chip sampling were completed. High lead values were associated with uranium whilst zinc was more clearly associated with polymetallic mineralisation. Grid rock chip sampling delineated anomalous zones and the highest polymetallics were around 0.25% Zn, from a BIF unit at the base of the Koolpin Formation. Certain formations in the lower Koolpin Formation are considered to be regionally anomalous as polymetallic targets.

Newmont Australia.

Newmont held ground over and to the east of the Gould Airstrip which is located outside the southern and western boundary of the Batchelor Project area. Their exploration rationale was to seek larger analogues of the Sundance Deposit. They later downgraded the prospectivity of this model and sought stockwork and shear hosted polymetallic/gold mineralisation. They conducted rock chip sampling and soils surveys.

Rock chips near the Gould airfield defined an anomalous zone with maximum values of 1.29% Pb, 0.31 % Zn and 0.3% arsenic (As).

Nicron/Aztec

Because of the proximity of Batchelor to Woodcutters, the Woodcutters Joint Venture conducted a significant amount of work throughout the area. Exploration focused on the East Earthrowl Joint Venture area outside Ausmet's tenements, however the licence did extend across the highway near Glen Luckie Creek, close to the White Bomb Prospect.

Stream sediment sampling outlined a zone of elevated zinc, but with the exception of a few rock-chips this was unable to be defined. The anomalous drainages are along strike from, and in some cases overlapping, elevated zones from the CRAE survey. Extensive rock chip sampling was conducted but failed to detect zinc values over 0.2%.

Other areas in the joint venture covered a great deal of the area previously held by Occidental and Newmont. Aztec conducted RAB soil sampling southwest of the Gould Airstrip and ridge and spur soil sampling further to the east. In line with the results of Occidental, they defined coherent lead and zinc bedrock anomalies from RAB drilling and Ridge and Spur soil sampling. These anomalies were thought to have been sourced from concordant and discordant sulphide stringers within the sedimentary sequence.

Drilling, aeromagnetics and radiometrics showed that there is significantly more Zamu Dolerite within the sequence than the BMR mapping previously showed. The dolerites showed a higher than normal copper and magnetic response.

Purich and Bryne and Associates

A soil sample traverse was completed on the southern side of Coomalie Creek downstream from Sundance. Later, the license holders conducted stream sediment and rock chip sampling regionally and costeaning around the Sundance Mine. The stream sediment samples defined a number of elevated areas (over 20ppb Au). One rock chip returned 3g/t Au with a repeat assay at 15.6g/t Au.

Tanami Joint Venture (EL4868)

The exploration license was between the Bachelor and Crater roads and the Stuart Highway. The JV conducted stream sediment and rock chip sampling

over the area. Some of the results are anomalous and deserve more thorough follow-up.

Broad based soils were conducted over 75% of the area and 10 costeans were cut over elevated gold and polymetallic zones. One zone of gold in soil assayed up to 44ppb. Costeans were only analysed for gold and apart from one result of 0.23g/t all results were below 0.04g/t.

Giants Reef Mining PL

White Bomb - Exploration included initial alluvial sampling at Sundance, and trenching at White Bomb and White Bomb East Gossans. No mapping was carried out around the White Bomb East Gossan. A gravity survey was completed at White Bomb with inconclusive results.

Five holes were drilled within the White Bomb anomaly with the best intersection of 6m at 12% Zn and 2% Pb. The first hole was drilled to intersect a gossan which dipped toward the collar. The intersection however was vertically underneath the gossan. Mineralisation occurred in a chlorite-carbonate altered sill (30m at 3.4%Zn). The third hole was designed to test mineralisation at depth. It was successful and terminated in weakly mineralised siltstone. The fifth hole was drilled underneath the first at depth. Zones were weakly mineralised but not as strongly as in the one above.

White Bomb East - Giants Reef costeaned the occurrence and collected samples in the vicinity and got a maximum value of 2860ppm Zn. White Bomb east mineralisation is of similar style to White Bomb in that the mineralisation is located within the Wildman Siltstone and with a dolerite mass immediately to the north of the mineralised zone.

Glen Luckie Zn Anomaly - Sampling by Giants Reef returned some anomalous results (2470 and 1190 ppm Pb) but no major mineralisation was found. The geochemistry is thought to reflect the mineralised stratigraphy present at White Bomb. Giants Reef recommended soils sampling and more intensive stream sediments.

Occidental Pb-Zn anomaly – The area is covered by a dolerite sill and is thought to be similar to White Bomb on the same stratigraphic horizon. The soil anomaly is thought to continue to the north. However Occidental work only extended to the northern boundary of their tenement. Petrology of the dolerite interpreted it as a vitric tuff.

Hill 133 - Mineralisation is thought to be related to quartz veins emplaced along the contact between The Wildman Siltstone and the Zamu Dolerite. An orientation soil line showed that the size fraction was not material for gold but for polymetallics the +80# sample was the most sensitive. An orientation stream sediment program was carried out downstream from the quartz veination. The -200# fraction seemed to give the best results. A gold value of 83ppb was the highest stream sediment assay and the others were below 7ppb.

Rock chips taken from quartz veins in the immediate area are promising whereas costean samples were quite low in comparison. Examination of rock chips across the prospect showed that from the 16 samples taken, 8 were above 0.2ppm Au and 4 were above 1ppm Au. Low results from costean sampling are probably due to the lack of selectivity. The highest costean values were from the centre of the dolerite and not on it's margins.

Giants Reef Mining regarded the Sundance East (Coomalie Creek Gossan) prospects as being particularly prospective. The stratigraphic interval containing White Bomb, OXY anomaly and the CRA anomaly may contain a large lead-zinc orebody and consideration should be given to extensive electromagnetic (EM) surveys over the whole area.

Mt Grace Resources NL (1966 to 2004)

Mt Grace acquired the tenements in 1966 to pursue the gold and polymetallic potential. They examined several prospects in the area including Sundance, Winchester and Sundance South where drilling produced some encouraging results which are discussed in a later section.

A significant copper-cobalt anomaly was discovered to the northwest of the Occidental anomaly during a regional survey. Further drilling confirmed the anomaly and follow up was deferred due to commitments to the Winchester deposit.

In 1997 Mt Grace changed its focus to delineate a magnesite deposit at Winchester as the basis for a proposed magnesium metal project.

Riomin (1990)

As part of a regional survey of the Adelaide River area, Riomin Australia Gold Pty Ltd discovered the Maureen and Maureen Extended Prospects. Both prospects are hosted within carbonaceous mudstones, pyritic cherts and dolerite intrusions forming part of the Koolpin Formation. Anomalous gold values were confined to the cherts and adjacent lithologies. At Maureen extended, tourmaline rich mudstones and quartz veined dolerites were auriferous.

Trenching at both prospects indicated strongly anomalous gold values associated with broad zones of quartz veining and silicification within originally sulphide bearing sediments, tourmalinites and meta-volcanics. 58 Reverse Circulation drill holes were completed which indicated narrow shoots of high grade gold mineralisation associated with north-west trending quartz-hematite veining at Maureen. This prospect is contained within Application for Authority (North) 495 which is located approximately 16km northeast of the main Batchelor Project area.

4.3 Winchester Magnesite Deposit

Ausmet's primary focus is on the gold and polymetallic potential of the area. However, the tenements contain a significant magnesite deposit at Winchester which has been examined in depth by Mt Grace Resources NL (now New World Alloys Limited) and advanced to the feasibility study stage. It is possible that this deposit will be economically viable in the future depending (amongst other things) on availability of cheaper natural gas from the Timor Sea.

Mt Grace held title over 15 kilometres of prospective magnesite bearing Coomalie Formation near Batchelor. Drilling outlined a high grade zone within a 7.5km by 0.5km area to a depth of 100m. Mineralisation is open at depth. Close spaced drilling over the Winchester Resource has outlined an Indicated Resource of 12.2Mt at 43.1% MgO and an Inferred Resource of 4.4Mt at 43.6% MgO. The resource was considered sufficient for over 25 years production at a rate of 50,000tpa magnesium metal.

In October 2000, Mt Grace Resources signed an agreement with Mintek to use the continuous metallothermic process. This replaced the Heggie technology. Mintek uses a silico-thermic DC Arc Furnace reduction technology. The feasibility study indicated that the optimal size for Stage 1 of the plant is a 14MW furnace with an annual capacity of 12,500 tonnes. The estimated capital cost of Stage 1 including mine infrastructure, calciner, 14MW furnace, condenser and necessary ancillaries is $76M.

Further development will be dependant upon market requirements and changes in commercial factors.

4.4 Exploration Potential

There is a strong stratigraphic control on the absolute levels and distribution of polymetallics in the area of interest. Various exploration techniques have been used over the years in the area to identify polymetallic and gold mineralisation in a strongly alkaline environment caused by the presence of the Coomalie Dolomite. As a consequence of the strong alkaline environment the validity of much of the surficial exploration in the vicinity of the Coomalie Dolomite could be questionable.

Rock Chips - Apart from White Bomb all rock chips taken along the Coomalie/White's contact zone returned zinc levels of less than 0.3% (3000ppm). Zinc in rock chips between 1000 and 3000 ppm were confined to the Wildman Siltstone and Koolpin Formations. Outcrop is generally poor in the area so sampling was of limited extent.

Elevated Gold was found by the Tanami Joint venture north of the Crater Road. This area is uniformly elevated in terms of gold anomalism and should be investigated. A rock chip of 3.32g/t Au was taken from the Gerowie Tuff in a tributary of the Glen Luckie Creek. The Coomalie Creek Gossan also was rock chipped and found to contain Au >1 ppm.

Stream Sediments - The distribution of zinc in stream sediments seems to be strongly stratigraphically controlled within the Wildman Siltstone and more specifically on the eastern side of the Acacia Quartzite. This appears to be a feature of lithologies that are prospective for diagenetic lead-zinc deposits.

Stream sediment samples analysed for gold have outlined several anomalous drainages in the Gerowie Tuff (Au>20ppb). These should be investigated as a

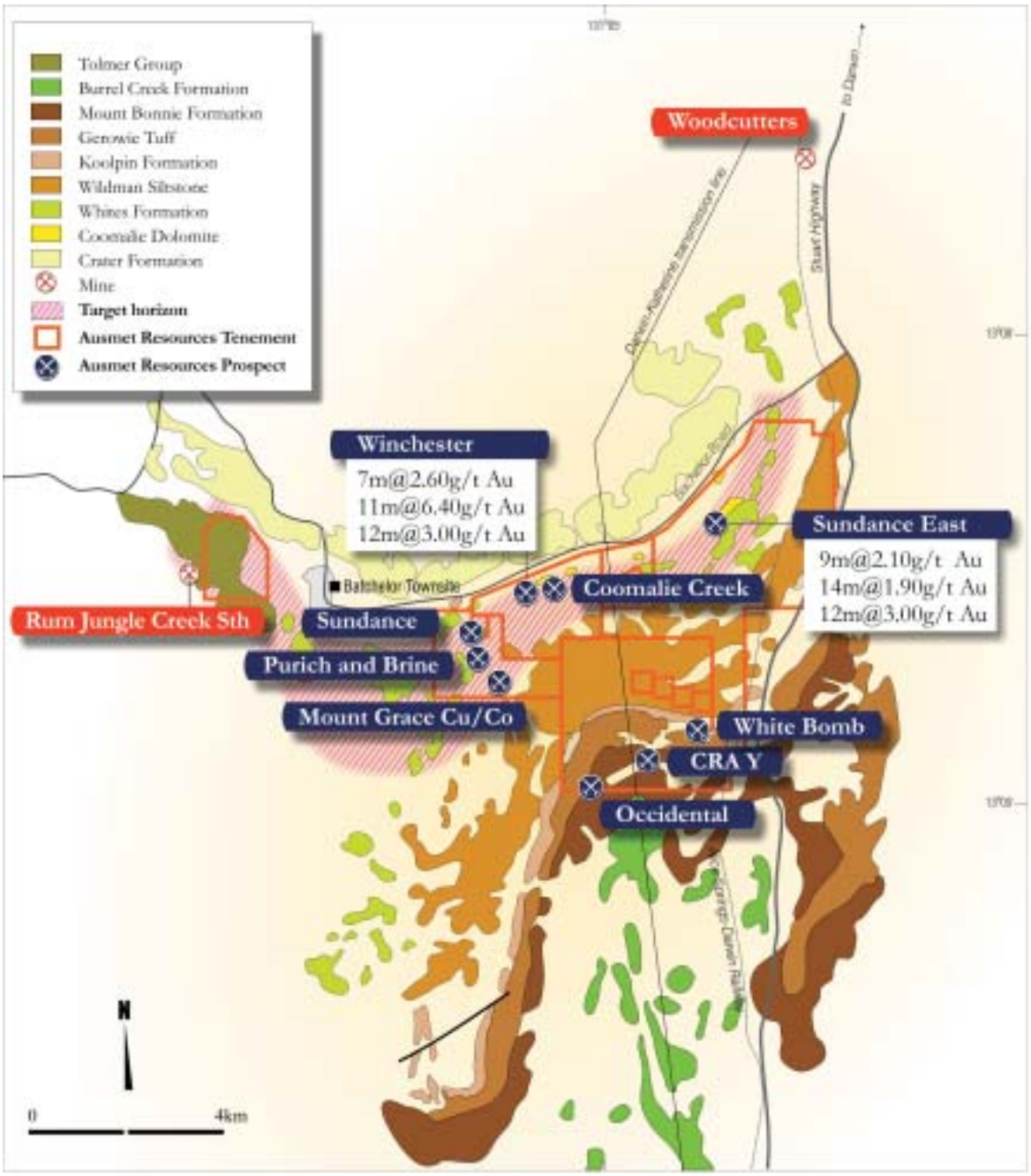


Figure 9
BATCHELOR PROJECT – BATCHELOR WEST – OUTCROP GEOLOGY WITH TARGET HORIZON AND TARGET ZONES

matter of priority as there does not seem to have been any systematic work in the area. BLEG and stream sediment samples have outlined several areas north of the Crater Road draining the Acacia Gap Quartzite ridge and surrounding Wildman Siltstone.

Soils - The soils reflect the stream sediments in that elevated levels are associated with the Wildman Siltstone.

Geophysics - The airborne radiometrics and magnetics is valuable in defining the structure of the area. Radiometrics shows that there is a large scale south plunging anticline in the vicinity of White Bomb and the Glen Luckie Grid. The anticline doesn't seem to have been faulted. Other zones of folding are seen in the Burrell Creek Formation and the Mount Bonnie Group. Similarly the complex image to the east of the Stuart highway is interpreted as a zone of fold interference.

BIF units in the Koolpin formation have an elevated magnetic signature. Similarly zones of Zamu Dolerite on the western side of the Acacia Gap Quartzite probably are present in the magnetic signature.

Gold Related targets

Sundance – The deposit occurs at the contact between the Coomalie Dolomite and Whites Formation. This contact is a favoured locus for mineralisation in the region and provides the setting for the lead-zinc-silver deposit at Woodcutters, the Sundance Gold Mine, the uranium and polymetallic mines at Rum Jungle and a number of other prospects and anomalies.

Sundance was discovered in 1978 by Pancontinental. Boulders of gossanous breccia were found and assays returned values up to 55g/t Au. A small tribute mining operation in 1986 removed 8,500 tonnes at an average grade of 10.1g/t Au and further mining by Giants Reef in 1993 removed 8,030 tonnes at a head grade of 11.2g/t Au.

A number of drill holes were completed by Mt Grace in the exploration for magnesite through the area which produced gold intercepts of 9m at 2.06g/t, 14m at 1.88g/t and 12m at 2.98g/t at Sundance East; 7m at 2.56g/t and 11m at 6.40g/t at Winchester and 12m at 2.73g/t at Sundance South.

These results in the Sundance area remain to be followed up and the results at Winchester are considered strongly anomalous.

Maureen prospect – Located within AN495, this prospect is located to the northeast of the main Batchelor Project area and was explored in the late 1980s. Considerable drilling indicated narrow shoots of high grade gold mineralisation associated with northwest trending quartz hematite veining. The prospect may have economic significance and available data needs to be compiled and assessed.

Other Areas - Ground investigation of an earlier result of 3.92g/t Au in a tributary of Glen Luckie Creek is warranted. Anomalous drainages in the Gerowie Tuff should be examined. Costeans should be cut along strike from the anomalous area at the Coomalie Creek Gossan depending on rock chip results.

Polymetallic Related Targets

The most advanced polymetallic prospects are Winchester South, White Bomb and Occidental. Of these, the Winchester South prospect is considered the most interesting because it is quite close to the Coomalie/Whites contact. Shallow RAB drilling returned values up to 2260ppm Cu and 250ppm Co. Two RC holes were drilled intersecting zones of elevated levels of base metals. The area is structurally complex and further work is necessary.

The White Bomb prospect has returned some interesting intercepts of lead and zinc including 4m at 10.9% Pb and 6m at 11.7% Zn. There have been 14 holes drilled to date and reinterpretation of the mineralisation is necessary prior to further drilling.

The Occidental prospect is higher in the stratigraphic sequence than the Coomalie/Whites contact (as is White Bomb). A weakly gossanous horizon carries a few hundred ppm base metals. Three holes have been drilled, two of which returned similar mildly elevated base metal values.

It appears that there has been limited exploration along the contact zone in the eastern half of the Batchelor Project area. This could be the result of the area being largely alluvial covered which would hinder most surficial exploration techniques within the region. Cognisant of the relationship shared by Woodcutters, Rum Jungle and Browns with this contact zone further exploration would appear to be strongly justified.

5 THROSSELL PROJECT

5.1 Regional Geology and Structure

The Throssell Project is located on the Throssell 1:250,000 sheet area and lies 420 km northeast of Kalgoorlie. The Laverton-Warburton Road (Canning Stock Route) traverses through the southern and eastern tenements and Lake Throssell lies between the northern and eastern portions.

The eastern edge of the Throssell sheet area covers what is historically thought to be the northeast margin of the Yilgarn Block. In the western half of the sheet area lie Archaean greenstones and granitoids whilst the eastern half outcrop geology is dominated by Proterozoic and Phanerozoic sediments of the Officer Basin.

The Bureau of Mineral Resources completed a series of short seismic traverses along the Laverton - Warburton road during 1972 (Harrison & Zadozonyj, 1972). In addition a number of stratigraphic holes (Jackson et al., 1975) were drilled throughout the Officer Basin to aid the interpretation of the seismic data. This data, combined with available stratigraphic information obtained from Hunt Oil-Placid Oil exploration drilling and mapping in the adjacent Yowalga, Westwood and Roberts 1:250,000 sheet areas, enabled the Geological Survey of Western Australia to produce an interpretation for the eastern portion of the Throssell sheet area (Bunting et al., 1978)

Seismic traverses along the south and eastern side of Lake Throssell suggest that the eastern edge of the Yilgarn Block (which under the BMR study is interpreted to lie on the eastern boundary of the Throssell Project area) is a major fault with a downthrow of some 7,000 metres. There is no gravity anomaly associated directly with the inferred fault in this area but this could be due to lack of density contrast between the granitic rocks and the Proterozoic sediments to the east.

A more recent study, including aeromagnetic data by Australian Geological Survey Organisation in 2001 (Whitaker), interpreted the eastern boundary of the Yilgarn Block to be around 60km further to the east.

The Throssell Project area is covered by Quaternary lake sediments and Aeolian sand, silts and clays, with occasional outcrops of a mix of conglomerates, sandstones and glacial tillites of the Permian Paterson Formation.

Underlying the project area are a series of strongly magnetic anomalies which trend west northwest, compared to the dominant northerly (about 340°) trend of the Archaean lithologies in the Western half of the sheet area. The area covered by the Ausmet tenements is historically thought to straddle the eastern boundary of the Yilgarn block although Fraser (1973) considers the Throssell area could be an eastern extension of the Yilgarn Block, underlying the Officer Basin. If this is so then it could represent a new structural domain of the Yilgarn Block, characterised by an east-west rather than north-northwest trend.

Within the project area, and co-incident with the anomalous west northwest trending magnetic units, are discrete gravity highs recorded from a 1972 BMR survey completed over the Throssell 1:250,000 sheet area. Also co-incident with these magnetic and gravity anomalies are a number of large magnetic structural features which both cross-cut and parallel the magnetic trend.

5.2 Previous Exploration

There has been minimal exploration work completed within the project area.

Drilling was conducted by the BMR in 1972 approximately 20km north northeast of the Throssell Project area, near Buldya Soak. This hole (Throssell) was terminated at a depth of 198.12m and intersected interpreted Cainozoic calcrete and lacustrine deposits to a depth of 101m and then Proterozoic Babbagoola Beds to the end of hole. The Babbagoola Beds are described by Jackson et al. (1975) as a sequence of red siltstone to sandstone and grey, bluish grey and greenish grey well indurated, slightly fissile claystone and siltstone.

The Permian Paterson Formation was interpreted to be approximately 100m thick. This was in turn interpreted to overlie an Upper Proterozic sequence less than 400m thick, which had seismic velocities between 3,300m/s and 5,700m/s and a Lower Proterozoic sequence with seismic velocities between 6,000m/s and 6,500m/s.

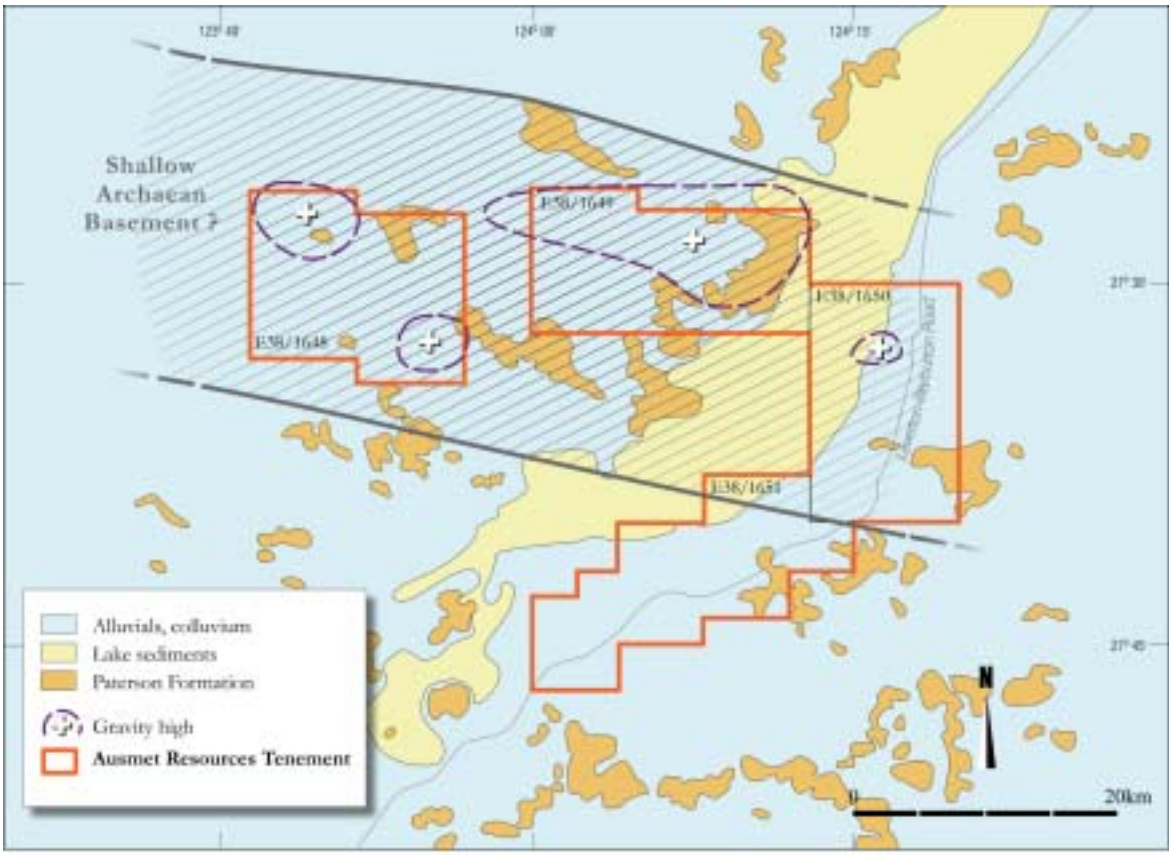


Figure 10
THROSSELL PROJECT – OUTCROP GEOLOGY WITH GRAVITY HIGHS

The total thickness of the Proterozoic sequence in the vicinity of shot points 244 to 249 was interpreted to be approximately 8,000m.

Reconnaissance drilling by BHP in 1978 approximately 40 km to the northwest of the Throssell Project area intersected strongly foliated Archaean gneiss at relatively shallow depths of 35-40m indicating a thinning of Permian and Quaternary cover westwards.

Approximately 60 km to the east of the Throssell Project area a drillhole from a 1981 regional drilling program by Occidental intersected Proterozoic sediments at 108m and a single diamond was found in the drill sample from 108 – 114 metres.

In 1998, an area to the immediate east of Lake Throssell was selected by a private syndicate as being potentially prospective for gold mineralisation. Ten holes were subsequently drilled adjacent to a section of the Laverton-Warburton Road to test this hypothesis. The area drilled was largely covered by a relatively thin veneer of ferruginous aeolian quartz sands in the south and east and lake sediments in the north and west.

Access to other parts of the tenement was limited largely by the Throssell Lake itself and to some degree by sand dune ridges which are part of the Great Victoria Desert.

The drilling was initially conducted by reverse circulation which proved to be unsuccessful due to

the presence of plastic days within the profile. A subsequent Aircore drilling program was conducted which was more successful but again did not completely fulfil the initial aims of the drilling.

Only two holes attained depths greater than 100 metres and of these, only one is thought to have intersected the Upper Proterozoic sequence.

From descriptions of the cored BMR holes drilled throughout the Officer Basin it is possible that one of the holes intersected the same siltstone sequence which was assigned to the Babbagoola Beds in Throssell.

Only one hole reported gold values which were consistently above the lower limit of detection (1 ppb Au). This hole unfortunately was terminated at 27m due to the hardness of the quartz sandstone sequence and so is interpreted to have only tested relatively recent sediments.

As the profile has not been subject to significant deep weathering processes, as is evident throughout the Yilgarn Block, it is difficult to determine the significance of these slightly elevated values. Further drilling utilising a 4.5 inch Aircore system, which also has hammer capacity, would be necessary to follow-up these results.

The drilling program failed to test the concept of gold mineralisation being present in the area with only one drill reaching interpreted Proterozoic lithologies. This drill hole did indicate however that the depth of cover in the area was much shallower than previously postulated with interpreted Proterozoic intersected at around 112metres.

5.3 Exploration Potential

Most lode gold deposits in the Yilgarn Craton are structurally controlled and related to metamorphic and/or felsic magmatic fluids. Recent evidence for crustal-penetrating shear zones has been presented by Geoscience Australia from deep seismic reflection data in 2001 which appear to be related to major gold mineralising events at Leonora, Laverton and Yamarna.

Within the Throssell Project area the presence of major faulting with a down-throw of 7000 metres as well as the presence of coincident gravity and magnetic anomalies adjacent to this area of interpreted faulting, warrants further investigation for the presence of buried greenstone lithologies.

Such investigation should include detailed geophysics to better define potential targets such as those indicated by the existing gravity and magnetic data. The project area is covered by 100m+ of sediments and therefore drilling will be the most appropriate method of testing these anomalies for the presence of a mineralised system.

6 EXPLORATION & DEVELOPMENT STRATEGY AND BUDGET

Ausmet have developed an exploration and development strategy that has several aims. The detailed work programs are presented below. They are conceptual in nature and will depend on success to move from one stage to the next.

Flexibility in changing the program will be needed as results are received.

6.1 Dingo Range Project

- Delineate extensions of known resources at Boundary, Bungarra and Stirling
- Identify and explore high-grade shoots within the deposits.
- Assess the viability of commencing mining operations on higher grade material combined with Heap Leach operations for the lower grade mineralisation.
- Exploration for further open pit resources at favourable structural sites, particularly where alluvial cover may have prevented effective testing by earlier explorers.
- Explore other established gold targets in the tenement area.
- Explore the potential for VMS mineralisation within the felsic units.

Data review and synthesis will play a large part in the initial stages of the exploration program.

The Dingo Range Project budget follows on page 48.

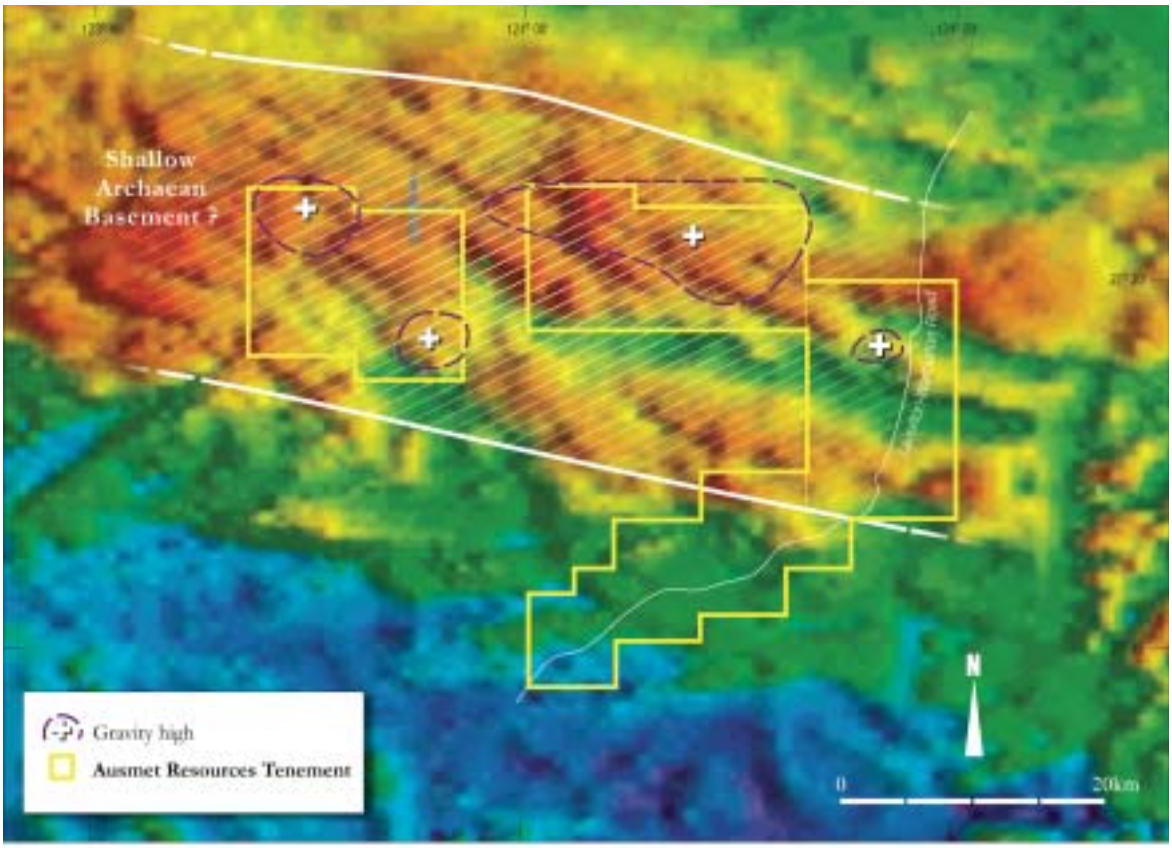


Figure 11

THROSSELL PROJECT – AEROMAGNETIC IMAGE WITH GRAVITY HIGHS

The aeromagnetic image is copyright Commonwealth of Australia, Geoscience Australia. All rights reserved.
Reproduced by permission of the Chief Executive Officer, Geoscience Australia, Canberra, ACT.

The Dingo Range Project budget proposed by Ausmet and based on the Offer being fully subscribed, includes the following elements:

	Year 1	**Year 2**
Structural and geological studies	$65,000	$60,000
Rock Chip and Soil Sampling	$15,000	$30,000
Geophysical Studies	$30,000	$15,000
RC drilling, $50/m	$150,000	$165,000
Deep drilling, $120/m	$150,000	$300,000
Metallurgical Studies	$85,000	$15,000
Feasibility studies	$35,000	$35,000
Totals	$530,000	$620,000

Two year total $1,150,000.

6.2 Batchelor Project

Ausmet plan to test the Coomalie/White's contact zone for the presence of gold and polymetallic mineralisation. This contact is a favoured locus for mineralisation in the region and provides the setting for the Pb-Zn-Ag deposit at Woodcutters, the Sundance gold mine, the uranium and polymetallic mines at Rum Jungle and a number of other prospects and anomalies.

Other zones higher in the sequence such as White Bomb and Occidental will also be systematically explored. Earlier explorers experienced some difficulties with drill penetration and this will be addressed to ensure the exploration is effective.

The budget proposed by Ausmet and based on the Offer being fully subscribed, includes the following elements:

	Year 1	Year 2
Structural and geological studies	$35,000	$20,000
Rock Chip and Soil Sampling	$25,000	$10,000
Geophysical Studies	$25,000	$10,000
RC drilling, $50/m	$200,000	$300,000
Deep drilling, $120/m	$50,000	$65,000
Metallurgical Studies	$0	$50,000
Feasability Studies	$0	$25,000
Totals	$335,000	$480,000

Two year total $815,000.

6.3 Throssell Project

Ausmet have acquired the project area to explore the mineralisation potential of the underlying Proterozoic and Archaean terrane. A focus of the exploration effort will be to test the currently unexplained co-incident magnetic and gravity highs as well as the structural features evident in the basement.

Exploration will consist largely of reconnaissance drilling to test the basement lithologies with concurrent and follow up geophysics (magnetics and radiometrics). Ausmet recognise possible similarities between the structure of the Throssell area and other previously explored areas within Australia such as the Gawler Craton.

The budget proposed by Ausmet and based on the Offer being fully subscribed, includes the following elements:

	Year 1	Year 2
Structural and geological studies	$15,000	$15,000
Rock Chip and Soil Sampling	$5,000	$0
Geophysical Studies	$15,000	$0
RC drilling, $50/m	$0	$100,000
Deep Drilling, $120/m	$0	$100,000
Geophysics	$25,000	$25,000
Totals	$60,000	$240,000

Two year total $300,000.

The total exploration budget proposed for the Dingo Range, Batchelor and Throssell Projects is $2,265,000.

7 PRINCIPAL SOURCES OF INFORMATION

Dingo Range

Cottle,J, 1999 – "Dingo Range Gold Project, WA. Boundary Deposit Resource Estimate" Cotlco Pty Ltd, Unpublished.

Davis,B, 1998 - "Report on Dingo Range Resources for Julia Mines N.L." Geologica Pty Ltd, unpublished.

Horn, D, 1999 – "Dingo Range 1998 Combined Annual Report for the year ended 31 December 1998" Julia Mines Limited, Unpublished.

Horn, D, 2000 – "Dingo Range 1999 Combined Annual Report for the year ended 31 December 1999" Julia Mines Limited, Unpublished.

Horn,DV & Peachey,T, 2003 – "Information Memorandum, Dingo Range Project" Deep Yellow Limited, Internal Report.

Batchelor

Batchelor Magnesium Project, 2001 – "Stage 1 Study report, Aluminium Base Case" unpublished report for Mt Grace Resources NL

Devmin Consultants Pty Ltd, 1999 – "Batchelor Magnesite Project, Winchester Prospect – Geology and Resource Estimation" Unpublished report for Mt Grace Resources NL.

Penny, S,1990 – "Exploration License 4943 Final Report" Unpublished, Riomin Australia Gold Pty Ltd

Simpson, P, 1994 – "Mineral leases N542 and N543. 1993 Annual Report" unpublished report for Giants Reef Exploration Pty Ltd.

Uren, B, 2000 – Batchelor Magnesium Project. Winchester Prospect Geology and Resource Estimation" Unpublished report for Mt Grace Resources NL.

Whittle, M, 1997 – "Summary Report for Batchelor Central Project, Batchelor Region, NT", unpublished report for Savanna Mineral Resources NL.

Whittle, M, 1997 - Summary Report of Previous Exploration for Batchelor Central Project, Batchelor Region, NT", unpublished report for Savanna Mineral Resources NL

Throssell

Whitaker,AJ, 2001 – "Components and structure of the Yilgarn Craton, as interpreted from aeromagnetic data" Australian Geological Survey Organisation.

Bunting, J, Jackson, J, Chin, R, 1978 – Throssell WA 1:250,000 Geological Series Explanatory Notes" Geological Survey of Western Australia.

Fraser, A, 1973 – "A Discussion of the Gravity Anomalies of the Precambrian Shield of Western Australia", Bureau of Mineral Resources Australia.

Gooley,B, 2002 – "Major Structures for Gold in Seismic Images of Crust" Ausgeo News 68, December 2002.

Harrison, P, Zadoroznyj, I, 1972 – "Seismic and Gravity Survey, Southwest Officer Basin, Western Australia", Bureau of Mineral Resources Australia.

Jackson, M, van der Graaff, W, Boegli, J, 1975 – "Shallow Stratigraphic Drilling, Officer Basin, Western Australia." Bureau of Mineral Resources Australia.

Liu, S, Chen, S, 1998 – "Structural Framework of the northeastern Yilgarn Craton and implications for hydrothermal gold mineralisation" AGSO Research Newsletter 29.

Matheson, S, 1998 – "Lake Throssell Project E38/1036. Surrender Report" unpublished report for Jeremy Carter

8 GLOSSARY OF TECHNICAL TERMS

aeolian: Formed or deposited by wind.

aerial photography: Photographs of the earths surface taken from an aircraft.

aeromagnetic: A survey undertaken by helicopter or

fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earths magnetic field.

airborne geophysical data: Data pertaining to the physical properties of the earths crust at or near surface and collected from an aircraft.

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

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

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

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

amphibolite facies: An assemblage of minerals formed at moderate to high temperatures (450∞C to 700∞C) during regional metamorphism.

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

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

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

antiformal: An anticline-like structure.

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

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

Au: Chemical symbol for gold.

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

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

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

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

bedrock: Any solid rock underlying unconsolidated material.

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

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

brittle: Rock deformation characterised by brittle fracturing and brecciation.

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

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

chert: Fine grained sedimentary rock composed of cryptocrystalline silica.

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

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

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

Co: Chemical symbol for cobalt.

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

conduits: The main pathways that facilitate the movement of hydrothermal fluids.

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

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

Cu: Chemical symbol for copper.

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

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

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

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

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

DoIR: Department of Industry and Resources, WA.

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

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

en-echelon: Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.

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

fault zone: A wide zone of structural dislocation and faulting.

feldspar: A group of rock forming minerals.

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

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

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

follow-up: A term used to describe more detailed exploration work over targets generated by regional exploration.

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

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

geochemical: Pertains to the concentration of an element.

geophysical: Pertains to the physical properties of a rock mass.

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

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

granite: A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate mica's.

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

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

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

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

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

GSWA: Geological Survey of Western Australia.

gypsum: Mineral of hydrated, or water-containing, calcium sulphate.

halite: Impure salt deposit formed by evaporation.

hanging wall: The mass of rock above a fault, vein or zone of mineralisation.

hematite: Iron oxide mineral, Fe2O3.

hinge zone: A zone along a fold where the curvature is at a maximum.

hydrothermal fluids: Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.

igneous: Rocks that have solidified from a magma.

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

insitu: In the natural or original position.

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

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

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

intrusive contact: The zone around the margins of an intrusive rock.

ironstone: A rock formed by cemented iron oxides.

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

joint venture: A business agreement between two or more commercial entities.

komatiitic: Magnesium-rich mafic to ultramafic extrusive rock.

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

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

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

lithological: The contacts between different rock types.

lithotypes: Rock types.

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

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

metasedimentary: A rock formed by metamorphism of sedimentary rocks.

MMI: The collection of soil samples and their analysis, using weak extractive reagents, to determine the relative abundance of loosely attached trace elemental ions, which frequently define the position of primary mineralisation.

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

Moz: Millions of ounces.

Mt: Million Tonnes.

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

nickel: Silvery-white metal used in alloys.

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

open pit: A mine working or excavation open to the surface.

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

outcrops: Surface expression of underlying rocks.

palaeochannels: An ancient preserved stream or river.

Pb: Chemical symbol for lead.

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

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

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

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

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

ppb: Parts per billion; a measure of low level concentration.

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

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

quartz reefs: Old mining term used to describe large quartz veins.

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

quartzose: Quartz-rich, usually relating to clastic sedimentary rocks.

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

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

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

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

residual: Soil and regolith which has not been transported from its point or origin.

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

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

rock chip sampling: The collection of rock specimens for mineral analysis.

saline: Salty

saprock: Zone of weathered rock preserved within the weathered profile.

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

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

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

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

sedimentary: A term describing a rock formed from sediment.

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

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

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

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

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

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

sills: Sheets of igneous rock that is flat lying or has intruded parallel to stratigraphy.

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

soil sampling: The collection of soil specimens for mineral analysis.

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

strata: Sedimentary rock layers.

stratigraphic: Composition, sequence and correlation of stratified rocks.

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

strike: Horizontal direction or trend of a geological structure.

subcrop: Poorly exposed bedrock.

sulphide: A general term to cover minerals containing sulphur and commonly associated with mineralisation.

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

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

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

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

tectonic: Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.

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

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

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

U: Chemical symbol for uranium.

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

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

volcanoclastics: Pertaining to clastic rock containing volcanic material.

volcanics: Formed or derived from a volcano.

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

Zn: Chemical symbol for zinc.

STANTON PARTNERS CORPORATE PTY LTD

A.C.N 063 036 331
1 HAVELOCK STREET
WEST PERTH 6005, WESTERN AUSTRALIA
TELEPHONE: (08) 9481 3188 • FACSIMILE: (08) 9321 1204 • e-mail: jvdieren@stanton.com.au

3 March 2004

The Directors
Ausmet Resources Limited
Level 1
1 Havelock St
WEST PERTH WA 6005

Dear Sirs

RE:INDEPENDENT ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Ausmet Resources Limited ("Ausmet" or "the Company") for inclusion in a Prospectus to be dated on or around 9 March 2004 ("this Prospectus") relating to the proposed issue by Ausmet of 17,500,000 Shares at 20 cents each (along with 8,750,000 free attached share options, exercisable at 20 cents each, on or before 31 December 2006 on a basis of one free option for every two Shares applied for) to raise $3,500,000. The minimum subscription has been set at $2,500,000 (12,500,000 Shares and 6,250,000 free attached share options).

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the assets and liabilities of Ausmet and the pro-forma assets and liabilities of Ausmet as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with this Prospectus, nor the risks associated with the investment. Stanton Partners Corporate Pty Ltd has not been requested to consider the prospects for Ausmet, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor purports to do so. Stanton Partners Corporate Pty Ltd accordingly, takes no responsibility for those matters or for any matter or omission in this Prospectus, other than responsibility for this report. Risk factors are set out in Section 9 of this Prospectus.

3. Background

Ausmet was incorporated on 16 December 2003. Between the date of incorporation and 12 February 2004, 5,075,000 Shares were issued to promoters (including directors of the Company) at 0.01 cents each to raise $507.50 and 4,200,000 Shares were issued to seed capitalists at 7 cents each to raise $294,000. 4,637,500 share options were also issued to seed capitalists and promoters. The share options are exercisable at 20 cents each, on or before 31 December 2006.

The Company has entered into an option agreement with Deep Yellow Limited for Ausmet to acquire a 100% interest in the Dingo Range Project. The cost of the Option was $25,000 which was paid to Deep Yellow Limited on 23 December, 2003. The purchase cost is $75,000 in cash and the issue to Deep Yellow Limited of 4,000,000 Shares (at a deemed issue price of 10 cents each, although for accounting purposes the Shares will be issued at the share price at date of issue) and 2,000,000 share options in Ausmet. The option period expires on 30 April, 2004. An extension of this option period from 30 April, 2004 to 30 July, 2004 may be granted for a payment of $50,000 which is non refundable but will be deducted from the purchase price if paid.

In February 2004, a joint venture agreement was reached with New World Alloys Limited subsidiary, Savanna Mineral Resources Pty Ltd, for Ausmet to acquire an option to obtain up to a 60% interest in the Batchelor mineral tenements in the Northern Territory. The consideration is a deposit of $20,000 (paid 20 February 2004) for mining information. After the expenditure of $75,000 on the tenements in the first twelve months, Ausmet can withdraw from the joint venture or pay a further $30,000 and then continue over a further three years to achieve a total $600,000 expenditure to earn 60%.

The Company has made applications for various tenements at the area described in this Prospectus as Throssell. The cost to acquire the tenements was $28,112.

Potential investors should read this Prospectus in full which includes a geological technical report and a solicitors' report on mining tenements. We make no comments as to ownership or values of the mineral tenement interests of Ausmet. Further details on all significant contracts entered into by the Company since incorporation are referred to the solicitor's report in Section 8 of this Prospectus and the Material Contract Section 10.5 of this Prospectus.

4. Scope of Examination

You have requested Stanton Partners Corporate Pty Ltd to prepare an Independent Accountant's Report on:

(i)The results of Ausmet for the period from incorporation to 12 February 2004;

(ii)The statement of financial position of Ausmet as at 12 February 2004;

(iii) The pro-forma statement of financial position of Ausmet at 12 February 2004 adjusted to include funds to be raised by this Prospectus and the completion of transactions referred to in note 2 of Appendix 3;

All of the financial information referred to above has not been audited however has been subject to audit review. The directors of Ausmet are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions.

We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

(i)Discussions with Directors and other key management of Ausmet;

(ii)Review of contractual arrangements;

(iii)A review of publicly available information; and

(iv)A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma statement of financial position as set out in Appendix 2 presents fairly, the pro-forma statement of financial position of Ausmet as at 12 February 2004 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3.

No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the periods identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 12 February 2004, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stanton Partners Corporate Pty Ltd or Stanton Partners does not have any material interest in Ausmet either directly or indirectly, or in the outcome of the Offer. Stanton Partners, a firm that is related to Stanton Partners Corporate Pty Ltd were appointed as auditors of Ausmet in February 2004. Stanton Partners Corporate Pty Ltd and Stanton Partners were not involved in the preparation of any other part of this Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of this Prospectus.

Stanton Partners Corporate Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in this Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully
STANTON PARTNERS CORPORATE PTY LTD

J P Van Dieren FCA
Director

INDEPENDENT ACCOUNTANT'S REPORT
APPENDIX 1
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE

	16 December 2003 to 12 February 2004
	$
Operating Revenue	17
Operating costs	(4,690)
Net (loss) before tax	(4,673)
Income Tax expense attributable to net loss	-
Net (loss) after tax	(4,673)

APPENDIX 2
UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited 12 February 2004 $	Pro-forma Unaudited 2004 $
Current Assets			
Cash assets	3	235,088	3,282,333
Total Current Assets		235,088	3,282,333
Non Current Assets			
Exploration expenditure	4	54,747	1,002,502
Total Non Current Assets		54,747	1,002,502
Total Assets		289,835	4,284,835
Current Liabilities			
Payables		-	-
Owing to vendors		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		289,835	4,284,835
Equity			
Contributed equity	5	294,508	4,294,508
Accumulated losses	6	(4,673)	(9,673)
Total Equity		289,835	4,284,835

To be read in conjunction with Appendix 3

APPENDIX 3

NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The unaudited Statement of Financial Performance and unaudited Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The Company adopts the liability method of tax effective accounting, whereby the income tax expense in the Statement of Financial Performance is based on the operating profit before tax adjusted for permanent differences. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will comply with the conditions of deductibility imposed by the law.

(c) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(d) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(e) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(f) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

2. Actual and Proposed Transactions to arrive at Pro-forma Unaudited Statement of Financial Position

Actual and proposed transactions adjusting the 12 February 2004 unaudited Statement of Financial Position of Ausmet in the pro-forma Statement of Financial Position of Ausmet are as follows:

(a) The issue of a minimum of 17,500,000 ordinary Shares at 20 cent each pursuant to this Prospectus to raise a gross $3,500,000;

(b) The incurring of sundry administration costs of say $5,000;

(c) The payment of expenses of the public issue totalling an estimated $300,000 and expensed against contributed equity;

(d) The purchase of exploration interests or options to acquire exploration interests at Dingo Well for a further consideration of $75,000 and the issue of 4,000,000 Shares at 20 cents each and 2,000,000 share options;

(e) The purchase of exploration interests or options to acquire exploration interests at Batchelor for a consideration of $20,000 (with a commitment of $600,000 over four years and a further cash payment of $30,000 due 12 months after listing if Ausmet continues the joint venture arrangement);

(f) Stamp duty on the transfer of exploration interests from third parties estimated not to exceed $52,755. It is understood that Ausmet believes that the stamp duty applicable to the Dingo Range purchase will be materially lower than this amount due to the escrow provisions that will apply to the Shares to be issued to Deep Yellow Limited and that the deemed issue price of 4,000,000 Shares was 10 cents each.

	Note	Unaudited 12 February 2004 $	Unaudited Pro-forma 2004 $
3. Cash Assets			
The movements in cash at bank and on hand ($200) are as follows:			
Unaudited 12 February 2004		235,088	235,088
Issue of Shares	(a)	-	3,500,000
Payment of administration costs	(b)	-	(5,000)
Prospectus issue costs	(c)	-	(300,000)
Dingo Well costs	(d)	-	(75,000)
Batchelor costs	(e)	-	(20,000)
Stamp Duty	(f)	-	(52,755)
		235,088	3,282,333
4. Exploration Expenditure			
Costs to 12 February 2004		54,747	54,747
Exploration interests acquired	(d)	-	875,000
Exploration interests acquired	(e)	-	20,000
Stamp duty	(f)	-	52,755
		54,747	1,002,502

The recoverability of exploration costs capitalised is dependant upon the successful commercialisation of the relevant mineral projects. In the event of the failure to commercialise the projects (by development or sale), the costs pertaining to the projects may need to be written off.

5. Contributed Equity			
a) Share Capital			
9,275,000 Shares at 12 February 2004		294,508	294,508
17,500,000 Shares at 20 cents each	(b)	-	3,500,000
4,000,000 Shares at 20 cents each to acquire Dingo Well	(e)	-	800,000
		294,508	4,594,508
Less: share issue costs	(d)	-	(300,000)
Pro-forma (30,775,000 Shares)		294,508	4,294,508

In the event that the minimum number of Shares are issued pursuant to this Prospectus (12,500,000), the number of Shares would reduce to 25,775,000, the issued capital would reduce to $3,344,508 (assuming capital raising costs of $250,000) and cash assets would reduce to $2,332,333.

	Note	Unaudited 12 February 2004 $	Unaudited Pro-forma 2004 $

5. Contributed Equity (cont'd)

b) Share Options

On issue

4,637,500 options, exercisable at 20 cents per share, on or before 31 December 2006.

Proposed to be issued

2,000,000 options to Deep Yellow Ltd, exercisable at 20 cents per share, on or before 31 December 2006.

8,750,000 options to investors pursuant to this Prospectus, exercisable at 20 cents per share, on or before 31 December 2006.

6. Accumulated losses

Accumulated losses as at 12 February 2004		4,673	4,673
Administration costs	(b)	-	5,000
Accumulated losses (pro-forma)		4,673	9,673

7. Contingent Liabilities and Commitments

As noted in Section 8 of this Prospectus and in the Background section 3 of this report, Ausmet has entered into a number of arrangements to acquire interests in tenements. These arrangements provide for additional amounts to be paid if certain conditions are met or if the Directors of Ausmet decide to take certain action. At the date of our report, the Directors have not made any specific undertakings regarding the amounts which may become payable in the future. The following amounts represent the maximum amounts that may become payable in the future (as can be reasonably measured at the time) if the Directors decide to acquire the maximum available holdings in their existing tenements.

Batchelor: $600,000 exploration over four years and $30,000 on exercise of option to continue with the Joint Venture.

The minimum expenditure is $75,000 in the first year of the joint venture.

The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company. The solicitor's report in this Prospectus refers to native title issues.

Other than the above commitments and contingencies and the exploration commitments referred to in this Prospectus, the Directors of Ausmet consider that there are no other material contingencies or commitments outstanding as at 12 February 2004.

8. Exploration commitments

For details on proposed exploration commitments on mineral tenements, refer to the Independent Consultant Geologist Report in this Prospectus and Section 3.3 and 4.1 of this Prospectus.

9. Rental Of Premises Commitments

The Company has plans to rent premises after listing on the ASX. No agreement has been reached with any party in relation to rent of premises.

STEINEPREIS PAGANIN

LAWYERS & CONSULTANTS

LEVEL 14, CITIBANK HOUSE,
37 ST GEORGES TERRACE, PERTH.
G.P.O. BOX H531, PERTH,
WESTERN AUSTRALIA, 6001.
EMAIL: sp@steinpag.com.au
WEBSITE: www.steinpag.com.au
TELEPHONE +61 8 9221 9994
FACSIMILE +61 8 9221 9996

5 March 2004

The Board of Directors
Ausmet Resources Limited
Level 1
1 Havelock St
WEST PERTH WA 6005

Dear Sirs

SOLICITOR'S REPORT ON MINING TENEMENTS

This report is prepared for inclusion in a prospectus (**Prospectus**) to be issued by Ausmet Resources Limited (**Company**) on or about 9 March 2004.

1. Assets

As at the date of this report, the Company has entered into agreements with Deep Yellow Limited, Julia Gold Pty Ltd, Savanna Mineral Resources Pty Ltd and New World Alloys Limited (**Agreements**). Under the Agreements, the Company has acquired or is entitled, subject to completion of the Agreements, to acquire an interest in various granted exploration licences, exploration retention licences and mining tenements and in various applications for the grant of authorizations and mining tenements in Western Australia and the Northern Territory. In addition, the Company has made applications for the grant of mining tenements in its own right (all granted mining tenements and all applications, collectively referred to as the **Tenements**).

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

2.Searches

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

(a) we have reviewed searches of the Tenements located in Western Australia in the register maintained by the Western Australian Department of Industry and Resources (**DIR**). These searches were conducted on 24 February 2004;

(b) our agent in the Northern Territory has reviewed searches of the Tenements located in the Northern Territory in the register maintained by the Northern Territory Department of Business, Industry and Resource Development (**DBIRD**). These searches were conducted on 27 February 2004 by our agent in the Northern Territory;

(c) we have reviewed all transfers of the Tenements;

(d) we have obtained "Quick Appraisal" reports from the DIR, summarising information available in the "TENGRAPH" system maintained by the DIR to determine if any native title claims are registered over the area of the Tenements located in Western Australia. These searches were conducted on 24 February 2004 and 3 March 2004;

(e) our agent in the Northern Territory has reviewed reports from the DBIRD to determine if any native title claims are registered over the area of the Tenements located in the Northern Territory. These searches were conducted on 1 March 2004 by our agent in the Northern Territory; and

(f) we have obtained a register of extracts from the Register of Native Title Claims maintained by the National Native Title Tribunal (**NNTT**) in respect of registered native title claims identified in the Quick Appraisals. This material was obtained on 25 February 2004 and 2 March 2004.

The Company's right to acquire an interest in the Tenements depends on the enforceability of the Agreements and the parties to the Agreements complying with and fulfilling the terms and conditions of such Agreements. On the basis of the searches conducted and our review of the Agreements, subject to the enforceability of such Agreements, we consider that this report (and the Schedule) provides an accurate statement as to the status of the Tenements as at 24 February 2004.

Where the Schedule refers to a granted Tenement in which the Company is not recorded as being

registered as the holder of a legal interest, the Company may lodge a caveat to protect its interest and we have advised the Company to do so in order to protect its prior equitable claim to an interest in the Tenement.

In addition, we have advised the Company to register the relevant Agreement against the relevant Tenement to ensure compliance with the requirements of the Mining Act 1978 (WA) (**WA Mining Act**) and the Mining Act (NT) (**NT Mining Act**) to register dealings in Tenements.

3. Opinion

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

(a) the details of the Tenements included in this report are accurate as to the status of the Tenements and the Company's interest in the Tenements;

(b) where title to a Tenement has not been granted or an application for extension of a term of a Tenement is pending, that fact is disclosed in the Schedule or the Notes;

(c) all applicable rents due under the WA and NT Mining Acts in respect of the Tenements have been paid, unless otherwise noted in the Schedule;

(d) all expenditure requirements under the WA and NT Mining Acts have been met or exemptions obtained, unless otherwise noted in the Schedule. We cannot comment on the likely success of any applications for expenditure exemptions that have been applied for but not granted as at the date of this report;

(e) under the terms and conditions of the Agreements, the Company has the right to acquire an interest in the Tenements on the terms set out in the Agreements, subject to the matters referred to in this report or the Schedule; and

(f) Tenements granted prior to 1 January 1994 have been validated by the Native Title Act 1993 as amended by the Native Title Amendment Act 1998 (Cth) (which as amended is referred to as the **NTA**) and the Validation (Native Title) Act (NT). Tenements granted between 1 January 1994 and 24 December 1996 have been validated by the NTA and the Validation (Native Title) Act (NT) if the subject land was freehold or "exclusive possession" leasehold (which we have not checked). Tenements granted since 23 December 1996 are valid assuming the applicable processes prescribed by the NTA were complied with by the relevant State or Territory Governments (which we have not checked). The valid grant of any of the current applications for Tenements which may affect native title will require compliance with the applicable processes of the NTA.

4. Tenements

Western Australian Tenements

The Tenements located in Western Australia comprise exploration licences and mining leases granted or applied for under the WA Mining Act.

(a) Exploration Licence

An exploration licence remains in force for a period of 5 years. The Minister for State Development (**Minister**) may extend the term by a further period or periods of 1 or 2 years. An exploration licence cannot be assigned during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on assignment. Pursuant to sections 67(1) and 75(7) of the Mining Act, the holder of an exploration licence may apply for and, subject to the Mining Act and the conditions of the licence, has the right to have granted one or more mining leases over any of the land within the area of the licence. Prior to the expiration of the term of any of the exploration licences set out in the Schedule, an application may be made to convert it to one or more mining leases.

(b) Mining Lease

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years. It is a breach of a condition of a mining lease to assign it without the prior written consent of the Minister. In the case of a mining lease application which is a conversion from either a prospecting licence or an exploration licence, if the licence is assigned, the mining lease application continues in the name of the assignee.

Northern Territory Tenements

The Tenements located in the Northern Territory comprise exploration licences, exploration retention licences, mineral leases (northern) and authorisations under Section 178 of the NT Mining Act.

(c) Exploration Licence

An exploration licence is granted for a term not exceeding 6 years and the licensee has an obligation to carry out an approved exploration programme and meet minimum expenditure requirements. An

exploration licence may be extended for a further period of 2 years, but only two such extensions are permitted. After the first 2 years the holder of an exploration licence must reduce the licence area so that the number of blocks retained in the licence area for the ensuing year is not more than half the number of blocks contained in the licence area for the previous year, the Minister may agree to a deferral of any such reduction.

(d) Exploration Retention Licences

The holder of an exploration licence may apply for an exploration retention licence over an area in which an ore body or anomalous zone of possible economic potential has been discovered. An exploration retention licence may be granted for a term of up to 5 years and may be renewed (without limitation as to the number of times) for periods not exceeding 5 years. Minimum expenditure requirements are imposed and the provision of a security deposit may be required. The holder of an exploration retention licence is entitled to carry out such studies as are reasonably necessary to evaluate the development potential of any ore body or anomalous zone of possible economic potential and has the right to apply for a mineral lease or mineral claim.

(e) Mineral Leases (Northern)

Mineral leases are granted for the purpose of mining minerals specified in the lease document and/or for erecting infrastructure in support of a mine. A mineral lease is granted for the length of time specified in the conditions of grant and the Minister may renew (and further renew without limitation) the mineral lease for terms not exceeding 25 years. The Minister shall not refuse to grant a renewal of a mineral lease except with the approval of the Administrator.

Historically the Territory was divided into the northern, central and southern mineral provinces, and a mineral lease (northern) was a designation for a mineral lease in the northern region. There is no material effect of this historical classification and the current practice of DBIRD is not to make such distinctions in relation to new applications.

(f) Authorisations under Section 178

Pursuant to section 178(1) of the NT Mining Act the Minister may declare an area of land the subject of a reservation from occupation which has the effect of prohibiting any application for an exploration licence, exploration retention licence or mining tenement. Land within towns are generally the subject of a reservation from occupation. Notwithstanding such prohibition in relation to the application for or grant of an exploration licence, exploration retention licence or mining tenement the Minister may (after consultation with the owner of the land), by virtue of section 178(2) of the NT Mining Act, authorise a person who has entered into a contract with the Territory the right to occupy and use a defined area of the land for exploration, mining, the treatment or processing or refining of minerals or for any other purpose specified in the authorization by the Minister for such periods and subject to such conditions as the Minister thinks fit. There is no provision in the NT Mining Act that allows or facilitates the sale, transfer, disposal, mortgaging or encumbering of an authorization granted under section 178.

(g) Generally Applicable Conditions

Mining tenements are granted subject to various conditions prescribed by the WA and NT Mining Acts including payment of rent, compliance with minimum expenditure, the provision of security deposits or bonds and reporting requirements.

The Mining Management Act (NT) prohibits an operator (the person responsible for the control and management of the mining site and mining activities) from carrying out mining activities (which includes exploration, mining, processing, decommissioning, all ancillary works and care and maintenance) on a mining site (which includes all the Tenements located in the Northern Territory) unless the Minister has granted the operator an Authorisation under Division 2 of Part 4 of the Mining Management Act (NT) (**Authorisation**). An Authorisation requires the operator to comply with an approved mining management plan and any additional conditions specified in the Authorisation.

Certain conditions that apply to one or more of the Tenements include standard environmental conditions. Tenements are also subject to statutory requirements of certain other Acts including Aboriginal heritage legislation, environmental protection legislation and rights in water legislation. These standard conditions are not detailed in the notes to the Schedule.

(h) Specific Conditions

Specific conditions applicable to the individual Tenements are detailed in the notes to the Schedule.

(i) Encumbrances

Encumbrances and caveats applicable to the individual Tenements are mentioned in the notes to the Schedule.

5. Aboriginal Sites

Tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the Aboriginal Heritage Act 1972 (WA) (**Heritage Act**).

The Heritage Act protects sites and areas of significance to Aboriginal persons. The Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an Aboriginal site or any objects on or under that site.

There is no requirement for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the Heritage Act. A register of sites is maintained by the Aboriginal Affairs Department of Western Australia. The Heritage Act applies to all Aboriginal sites and objects whether or not they are registered under the Heritage Act. For that reason, we have not conducted a search of that register for the purposes of this report.

A practical method of minimising the danger of unintentional disturbance of a site, is to undertake Aboriginal heritage surveys with local Aboriginal communities before the commencement of land disturbing activities. This is an informal process because the Heritage Act does not actually prescribe a mechanism for identifying Aboriginal sites. We are not aware of any heritage surveys of the land the subject of the Tenements having been conducted to date.

Both the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) and the Northern Territory Aboriginal Sacred Sites Act (NT) (**Sites Act**) define a sacred site as a site that is sacred to Aboriginals or otherwise of significance according to Aboriginal tradition. The Sites Act establishes the Aboriginal Areas Protection Authority (**Authority**) that is empowered, amongst other things, to establish and maintain a register of sacred sites. Sacred sites will only be recorded by the Authority if requested by a custodian or where the Authority has itself identified the sacred site as a result of its work. It is an offence to enter upon, perform works upon or damage a sacred site unless:

(a) the person had no reasonable grounds for suspecting that the sacred site was a sacred site; or

(b) any such entry or works were done in accordance with an Authority Certificate issued under the Sites Act.

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (**Heritage Protection Act**) also affords some protection to Aboriginal sites in Western Australia and the Northern Territory. It allows declarations to be made which protect or preserve objects or areas which are of significance to Aboriginals, whether situated on private or Crown land.

Two types of declarations may be made in relation to significant Aboriginal objects or Aboriginal areas (being objects or areas of significance to Aboriginals in accordance with Aboriginal tradition) under the Heritage Protection Act:

(a) emergency declarations of preservation which remain in force for a maximum of 60 days; and

(b) declarations of preservation (which remain in force for the terms specified in the declarations).

Before making a prominent declaration in relation to an area, the Minister for Aboriginal Affairs must commission a report on the area, which addresses specific matters such as the significance of the area, the extent of the area to be protected and the effects of the declaration on any non-Aboriginal interests in the land. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be affected by a permanent declaration of preservation.

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

In respect of these sites and any other sites identified on any of the Tenements, the Company needs to ensure that any interference with such sites is in strict conformity with the provisions of the Heritage Act, Sites Act and the Heritage Protection Act.

6. Native Title – MABO and Native Title Legislation

On 3 June 1992, the High Court of Australia held in Mabo v. Queensland (no.2) (1992) 175 CLR 1 that the common law of Australia recognises a form of native title. In order to succeed in a native title claim the persons making such claim must show that they enjoy certain customary rights and privileges in respect of a particular area of land and that by these rights and privileges they have a connection with that land. Such a claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the

granting of a wholly "inconsistent interest" in the land by the Crown. An example of an inconsistent interest would be the granting of a freehold or some type of exclusive possession leasehold interest in the land. The granting of a lesser form of interest not conferring exclusive possession will not extinguish native title as it would not be wholly inconsistent with native title rights and interests.

The Racial Discrimination Act 1975 (Cth) (RDA) enacted by the Federal Parliament is binding on the State of Western Australia and the Northern Territory, and generally makes racial discrimination unlawful.

The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act 1993 (Cth). This Act enabled a State or Territory Parliament to validate any mining tenements granted prior to its commencement which might otherwise have been invalid by reason of the RDA. The Native Title Act 1993 (Cth) was extensively amended by the Native Title Amendment Act 1998 (Cth). These amendments include the ability of a State or Territory Parliament to validate any titles which may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. The State of Western Australia has enacted the validating legislation contemplated by the NTA: the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 as amended by the Titles (Validation) and Native Title (Effect of Past Acts) Amendment Act 1999. The Northern Territory has also enacted the validating legislation contemplated by the NTA: the Validation (Native Title) Act.

7. Native Title – Native Title Claims

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

If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal (**Register**). Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

Some of the Tenements relate to land which is currently the subject of one or more registered native title claims. These claims are identified in the Schedule. If native title is found to exist, the nature of the native title may be such that consent to the grant of a mining tenement may be required by the native title holders but is withheld or only granted on conditions unacceptable to the Company.

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

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

8. Native Title – Validity of Titles

(a) Tenements granted before 1 January 1994

The grant before 1 January 1994 of mining tenements over land other than freehold, "exclusive possession" leasehold or vested reserve is an act that is capable of affecting native title and could have been invalid under the RDA. However, the NTA and State and Territory legislation has validated any such mining tenements.

The following Tenements were granted prior to 1 January 1994 and thus (to the extent they may have been invalidated because of native title rights and interests) have been validated by the NTA and State or Territory legislation:

Western Australian Tenement

Holder	Tenement
Julia Gold Pty Ltd	M37/108

Northern Territory Tenements

Holder	Tenement
Savanna Mineral Resources Pty Ltd	MLN512
	MLN513
	MLN514
	MLN515
	MLN542
	MLN543

(b)Tenements granted between 1 January 1994 and 23 December 1996

The grant of a mining tenement over land other than freehold "exclusive possession" leasehold or vested reserve is an act that is capable of affecting native title. Acts affecting native title must comply with the future act processes of the NTA.

However, the State Government and the Northern Territory Government granted some mining tenements during the period between 1 January 1994 and 23 December 1996 without complying with the requirements of the NTA. Accordingly, there was a risk that some of the Tenements granted during this period may have been invalid as a result of the failure to comply with the NTA. This risk has been removed by the 1998 amendments to the NTA (and corresponding State and Territory legislation) so far as the Tenements were granted over land which is the subject of a pastoral lease or other prescribed leasehold land.

The following Tenements were granted between 1 January 1994 and 23 December 1996:

Western Australian Tenement

Holder	Tenement
Julia Gold Pty Ltd	M37/519

Northern Territory Tenements

Holder	Tenement
Savanna Resources Pty Ltd	EL9253
	EL9501
	ERL134

(c) Tenements granted since 23 December 1996

Mining tenements granted since 23 December 1996 may be invalid if they were granted over land other than freehold, "exclusive possession" leasehold or vested reserve and the applicable processes prescribed by the NTA were not complied with. We understand that it has been the practice of the State Government and the Northern Territory Government since 23 December 1996 to comply with these processes subject to certain cases in Western Australia where the Minister granted mining tenements over enclosed or improved pastoral leasehold land relying on WA v Ward (2000) 170 ALR 159 (since overruled by the High Court on this point).

No Tenements have been granted since 23 December 1996.

(d) Future Tenement Grants

The valid grant of any of the current applications for Tenements which may affect native title requires compliance with the provisions of the NTA.

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

So, if the grant of any of the current applications for Tenements affects native title, the grant will be a future act and will be valid only if there has been compliance with the relevant requirements of the NTA. In order to determine whether the grant of any of the current applications will affect native title, a determination must be made as to whether native title exists in the area. This will require a hearing by the Federal Court (or a consent determination) as to the existence of native title, which could take years. However, in the interim, the validity of the grant of the current applications for Tenements can be assured if the State or Territory and the Company comply with the requirements of the NTA on the assumption that native title does in fact exist in the area.

The following Tenements are current applications:

Western Australian Tenements

Holder	Tenements
Ausmet Resources Limited	ELA38/1648
	ELA38/1649
	ELA38/1650
	ELA38/1651
Deep Yellow Ltd	ELA37/769
Julia Gold Pty Ltd	MLA37/1167

Northern Territory Tenements

Holder	Tenement
Savanna Resources Pty Ltd	MLN(A)1984
	AN(A)495
	AN(A)515

9. Qualifications

While the status of the Tenements is dealt with in the Schedule and the notes to the Schedule, we point out, by way of summary, that:

(a) we have assumed the accuracy and completeness of all Tenement searches and other information or responses which were obtained from the relevant Department or authority by us or our Northern Territory agent. We cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the searches of the Tenements obtained from the DIR or the DBIRD;

(b) the holding of the Tenements is subject to compliance with the terms and conditions and the provisions of the WA or NT Mining Act;

(c) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;

(d) with respect to any application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;

(e) where compliance with the requirements necessary to maintain a Tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;

(f) references in the Schedule to any area of land are taken from details shown on searches obtained from the DIR or the DBIRD. It is not possible to verify the accuracy of those areas without conducting a survey;

(g) where Ministerial consent to any agreement or dealing referred to in Part II of this report is being or will be sought, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused;

(h) the Schedule of Tenements is accurate as at 24 February 2004 as the searches from the DIR were conducted at that date. We cannot comment on whether any changes have occurred in respect of the Tenements between 24 February 2004 and the date of the Prospectus; and

(i) Part II of the Schedule is accurate as at the date of this report.

10. Consent

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

Yours faithfully

STEINEPREIS PAGANIN

PART I

TENEMENT SCHEDULE

A. Western Australian Tenements

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
DINGO RANGE											
ELA37/769	Deep Yellow Ltd	100/100	(18/08/03)	N/A	69 Blocks	N/A	No Expenditure Required Yet			A	(NTC) WC95/58, Deregistered Rtn R (NTC) WC96/20, Deregistered Rtn ARB/13, Goldfields A.R.B
M37/108	Julia Gold Pty Ltd	100/100	09/07/87	08/07/08	11.04 Ha	$153.12	$10,000.00			A 1, 2, 3, 4, 5	(NTC) WC95/58, Deregistered Rtn R (NTC) WC96/20, Deregistered Rtn ARB/13, Goldfields A.R.B
M37/519	Julia Gold Pty Ltd	100/100	22/08/95	21/08/16	185.28 Ha	$2,373.36	$18,600.00		Partial Surrender 185H/012 Amalgamation LE1/012 Partial Surrender 962H/023	A 1, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	(NTC) WC95/58, Deregistered Rtn R (NTC) WC96/20, Deregistered Rtn ARB/13, Goldfields A.R.B
MLA37/1167	Julia Gold Pty Ltd	100/100	(09/04/03)	N/A	103.00 Ha	N/A	No Expenditure Required Yet			A	(NTC) WC95/58, Deregistered Rtn R

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
											(NTC) WC96/20, Deregistered Rtn ARB/13, Goldfields A.R.B
THROSSELL											
ELA38/1648	Ausmet Resources Ltd	100/100	(08/01/04)	N/A	70 Blocks	N/A	No Expenditure Required Yet				(NTC) WC96/20, Deregistered Rtn R (NTC) WC96/17, Cosmo Newberry (NTC) WC99/001, Wongatha ARB/13, Goldfields A.R.B ARB/11, Central Desert A.R.B
ELA38/1649	Ausmet Resources Ltd	100/100	(08/01/04)	N/A	70 Blocks	N/A	No Expenditure Required Yet				(NTC) WC96/71, Tjirrkarli Kanpa (NTC) WC96/20, Deregistered Rtn R (NTC) WC99/001, Wongatha ARB/11, Central Desert A.R.B
ELA38/1650	Ausmet Resources Ltd	100/100	(08/01/04)	N/A	70 Blocks	N/A	No Expenditure Required Yet				(NTC) WC96/71 Tjirrkarli

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
											Kanpa (NTC) WC99/001 Wangatha ARB/11 Central Desert A.R.B
ELA38/1651	Ausmet Resources Ltd	100/100	(08/01/04)	N/A	70 Blocks	N/A	No Expenditure Required Yet				(NTC) WC96/71 Tjirrkarli Kanpa (NTC) WC99/001 Wangatha ARB/11 Central Desert A.R.B

B. Northern Territory Tenements

TENEMENT	HOLDER / APPLICANT	SHARES HELD (%)	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
BATCHELOR											
EL9253	Savanna Mineral Resources Pty Ltd	100	12/09/95	11/09/05	9 Sub Blocks*	$3,168.00	$36,000 covenant		Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 20, 21, 22, 29, 30	
EL9501	Savanna Mineral Resources Pty Ltd	100	13/09/96	12/09/04	2 Sub Blocks*	$704.00	$40,000 covenant		Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 23, 31	
ERL134	Savana Mineral Resources Pty Ltd	100	11/10/94	10/10/04	967.7 Ha	$10,648.00	$35,000 covenant		Dealing 6527	B 17, 18,	

TENEMENT	HOLDER / APPLICANT	SHARES HELD (%)	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
	Resources Pty Ltd								(Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	19, 22, 30	
MLN512	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	16.0 Ha	$176.00			Dealing 4337 (Agreement) Dealing 5512 (Transfer) Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 24, 25	
MLN513	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	16.0 Ha	$176.00			Dealing 4337 (Agreement) Dealing 5512 (Transfer) Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 24, 25	
MLN514	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	16.0 Ha	$176.00			Dealing 4337 (Agreement) Dealing 5512 (Transfer) Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 24, 25	
MLN515	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	16.0 Ha	$176.00			Dealing 4337 (Agreement) Dealing 5512 (Transfer) Dealing 6527	B 17, 18, 19, 24, 25	

TENEMENT	HOLDER / APPLICANT	SHARES HELD (%)	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE $	TENEMENT AFFECTED/ AFFECTING/SAME SECTION 49/ RELATIONSHIP NOT DEFINED	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
									(Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)		
MLN542	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	15.0 Ha	$165.00			Dealing 4250 (Transfer) Dealing 4251 (Agreement) Dealing 5513 (Transfer) Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 26, 27, 28	
MLN543	Savanna Mineral Resources Pty Ltd	100	19/04/82	31/12/23	15.0 Ha	$165.00			Dealing 4250 (Transfer) Dealing 4251 (Agreement) Dealing 5513 (Transfer) Dealing 6527 (Agreement) Dealing 6760 (Agreement) Dealing 6773 (Transfer)	B 17, 18, 19, 26, 27, 28	
MLN(A)1984	Savanna Mineral Resources Pty Ltd	100	(05/07/99)	N/A	349.0 Ha	[N/A]	No Expenditure Required Yet			B	
AN(A)515	Savanna Mineral Resources Pty Ltd	100	(19/01/99)	N/A	1 Sub Block	[N/A]	No Expenditure Required Yet			B	
AN(A)495	Savanna Mineral Resources Pty Ltd	100	(24/11/97)	N/A	2 Sub Blocks	[N/A]	No Expenditure Required Yet			B	

KEY TO TENEMENT SCHEDULE

Western Australia Tenements

ELA - Exploration Licence Application

M - Mining Lease

MLA - Mining Lease Application

Northern Territory Tenements

EL - Exploration Licence

ERL - Exploration Retention Licence

MLN - Mineral Lease (Northern)

MLN(A) - Application for Mineral Lease (Northern)

AN(A) - Application for Authorization under section 178 of the NT Mining Act

Please refer to Part III of this Report for the status of the Native Title Claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

References to letters in the "Notes" column refers to the agreements summarised in Part II of the report. References to numbers in the "Notes" column refers to the notes following this table.

Notes:

All tenements in Western Australia are subject to the standard endorsements and conditions imposed by the Department of Industry and Resources.

All tenements in the Northern Territory are subject to the standard endorsements and conditions imposed by the Department of Business, Industry and Resource Development.

1 Survey.

2 Compliance with the provisions of the Aboriginal Heritage Act, 1972 to ensure that no action is taken which would interfere with or damage any Aboriginal site.

3 No developmental or productive mining or construction activity being commenced until the tenement holder has submitted a plan of the proposed operations and measures to safeguard the environment to the State Mining Engineer for assessment; and until his written approval has been obtained.

4 All topsoil being removed ahead of all mining operations and stockpiled for replacement in accordance with the directions of the District Mining Engineer.

5 Expenditure exemption LE136/945 for the amount of $9,600 granted on 16 November 1994 and expenditure exemption LE730/001 for the amount of $10,000 granted on 15 May 2001.

6 The lessee's attention is drawn to the provisions of the Aboriginal Heritage Act, 1972.

7 All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion.

8 All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the District Mining Engineer. Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the District Mining Engineer.

9 All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.

10 Unless the written approval of the District Mining Engineer is first obtained, the use of scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.

11 The lessee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:

(a) the grant of the lease; or

(b) registration of a transfer introducing a new lessee;

advise, by certified mail, the holder of any underlying pastoral lease details of the grant or transfer.

12 Mining on any road, road verge or road reserve being confined to below a depth of 15 metres from the natural surface.

13 Partial Surrender 185H/012 lodged and registered on 15 August 2001 for that portion hatchered black on the plan attached to the partial surrender document.

14 Amalgamation LE1/012 lodged and recorded on 16 August 2001 for those partially surrendered portions of Mining Leases 37/517, 37/518 and 37/519 that are situated within the external boundaries of Exploration Licence 37/489. Granted on 9 October 2002.

15 Partial Surrender 962H/023 lodged and registered

on 9 April 2003 for that portion bordered blue on the plan attached to the partial surrender document.

16 Expenditure exemption LE287/978 for the amount of $49,420 granted on 1 December 1997, expenditure exemption LE194/989 for the amount of $99,500 granted on 19 November 1998 and expenditure exemption LE731/001 for the amount of $99,500 granted on 11 June 2001.

17 Dealing 6527 (Agreement) between Giants Reef Exploration Pty Ltd, Savanna Mineral Resources Pty Ltd and Stanley Exploration Services Pty Ltd lodged on 24 February 1997 and approved and registered on 26 March 1997, providing for an earn-in by Savanna Mineral Resources Pty Ltd and subsequent formation of joint venture, terminated by Dealing 6760 (Agreement).

18 Dealing 6760 (Agreement) between Giants Reef Exploration Pty Ltd, Savanna Mineral Resources Pty Ltd, Stanley Exploration Services Pty Ltd and TC8 Pty Ltd lodged on 30 October 1998 and approved and registered on 4 November 1998, providing for the sale of all remaining interests in the Tenement not held by Savanna Mineral Resources Pty Ltd and held by Giants Reef Exploration Pty Ltd to be transferred to Savanna Mineral Resources Pty Ltd and for joint venture agreement to be terminated resulting in 100% ownership of the Tenement by Savanna Mineral Resources Pty Ltd.

19 Dealing 6773 (Transfer) from Giants Reef Exploration Pty Ltd to Savanna Mineral Resources Pty Ltd lodged on 22 January 1999 and approved and registered on 22 February 1999, being the transfer effecting the transaction provided for by Dealing 6760 (Agreement).

20 Waivers/deferrals for the years 1997 – 2000.

21 Substantial disturbances 97094, 97124, 97153, 98024, 98054, 98067, 98105, 98108, 99052 and 99058

22 Title applied for and granted before the creation of the original railway corridor reservation from occupation (RO1382) and title applied for and granted before the creation of the 400m railway corridor reservation from occupation (RO22865). Neither reservation from occupation applies while the title remains in force though section 17A of the Australasia Railway (Special Provisions) Act (NT) prohibits a miner from interfering with the construction, operation or maintenance of the railway.

23 Waivers/deferrals for the years 1998 to 2001.

24 Dealing 4337 (Agreement) lodged on 17 October 1986 and approved and registered on 7 November 1986. Lapsed on 16 December 1988.

25 Dealing 5512 (Transfer) from Philippus Purich to Giants Reef Exploration Pty Ltd lodged on 1 August 1991, approved on 9 August 1991 and registered on 15 August 1991.

26 Dealing 4250 (Transfer) lodged on 26 June 1986, approved on 27 June 1986 and registered on 30 June 1986.

27 Dealing 4251 (Agreement) lodged on 26 June 1986, approved on 27 June 1986 and registered on 1 July 1986. Lapsed on 16 December 1988.

28 Dealing 5513 (Transfer) from N. Byrne & Associates Pty Ltd (50%) and Philippus Purich (50%) to Giants Reef Exploration Pty Ltd lodged on 1 August 1991, approved on 9 August 1991 and registered on15 August 1991.

29 A relatively small area (4.4 hectares) of land within the Tenement is the subject of a land claim under the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth). The Full Court of the Federal Court in Lansen v The Honourable Justice Olney (Acting as Aboriginal Land Commissioner) [1999] FCA 1745 (confirmed on appeal by the High Court decision in Lansen & Ors v Northern Territory of Australia & Ors D3/2000, 14 April 2000) determined that such land types were not available for claim. Furthermore the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) does not affect the validity of the grant of the Tenement. If the land claim was successful (which is unlikely given the High Court authority) then any future grant of a tenement over the area granted as Aboriginal land would require the tenement holder to comply with the procedures in the NT Mining Act and the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) relating to mining on Aboriginal land.

30 The Darwin to Katherine Power Transmission Line passes through the Tenement and there must be no mining, exploration activity or substantial disturbance to the land surface within 17 metres either side of the centreline.

31 An area (totalling approximately 30 hectares) of land within the Tenement is the subject of two mineral leases (MLN 320 and MLN 321) issued to Boral Resources (SA) Limited. Section 23(2) of the NT Mining Act provides that the holder of the exploration licence is not to exercise their powers in respect of the area covered by the mineral leases, but once the mineral leases cease to have any effect (taking into account any renewals) the rights of the exploration licence holder may be exercised in relation to such area.

PART II

SUMMARY OF AGREEMENTS

A. Option Agreement

The Company has entered into an option agreement with Deep Yellow Limited and Julia Gold Pty Ltd (together, the Grantor), whereby the Grantor granted to the Company:

(a) the sole and exclusive option to purchase free from encumbrances all of the Grantor's right, title and interest in:

(i) Exploration Licence Application 37/769, Mining Leases 37/108 and 37/519 and Mining Lease Application 37/1167 (including any tenements issued in substitution of such tenements) (Dingo Range Tenements); and

(ii) all mining information relating to the Dingo Range Tenements in the care, custody or control of the Grantor; and

(b) the sole and exclusive right to carry out exploration on the Dingo Range Tenements during the option period.

(Option) (Option Agreement).

In consideration for the Grantor granting the Option, the Company paid the Grantor the sum of $25,000.

The Option may be exercised by the Company on or before 30 April 2004 (or on or before 30 July 2004 if the Company elects to extend the option period by paying the Grantor a non-refundable sum of $50,000 (Extension Fee)) (Option Period) for the following consideration:

(a) payment of the sum of $75,000 (less the Extension Fee, if any);

(b) the allotment and issue of 4,000,000 fully paid ordinary shares in the Company; and

(c) the allotment and issue of 2,000,000 options each to subscribe for one Share and exercisable at $0.20 each on or before 31 December 2006,

to the Grantor (or its nominee) in the manner and proportions as directed by the Grantor.

Settlement of the sale and purchase of the Dingo Range Tenements is conditional upon:

(a) the Company receiving conditional approval from Australian Stock Exchange Limited (ASX) to the admission of the Company to the official list of ASX; and

(b) the receipt of any consents required under the WA Mining Act.

The Company must use its best endeavours to obtain the above approval and consents in a timely manner.

Prior to settlement the Grantor must provide the Company, immediately upon receipt, with copies of all notices, requisitions or other documents in respect of the Dingo Range Tenements and hold the Dingo Range Tenements in good standing and act in responsible, reasonable and prudent manner in relation to such tenements.

If, at settlement, any rights of the Grantor as legal or beneficial owner of the Dingo Range Tenements are not capable of being legally transferred to, conferred upon or exercised by the Company in its name the Grantor must hold these rights in trust for the Company.

The Company has the right to lodge caveats over Dingo Range Tenements to protect its interests under the Option Agreement.

If the Company conducts exploration on the Dingo Range Tenements during the Option Period it must comply with the terms of such tenements and the Mining Act, conduct the exploration in a competent manner and must immediately inform the Grantor of any significant mineralization discovered within the Dingo Range Tenements and provide the Grantor with all information and reports to be supplied to the DIR. The Company must reimburse the Grantor for that portion of all outgoings in respect of the Dingo Range Tenements (for example, rent) to the extent that they relate to the Option Period.

If the Company does not exercise the Option, or if the Option is terminated by the Grantor, the Company shall:

(a) be responsible for any rehabilitation of the Dingo Range Tenements which is required by any competent authority as a result of the Company's activities on such tenements during the Option Period; and

(b) within 30 days, provide to the Grantor a report of the Company's activities on the Dingo Range Tenements during the Option Period and any mining information derived as a result of such activities.

B. Joint Venture Agreement

On 20 February 2004 (Commencement Date), the Company entered into a joint venture agreement with

Savanna Mineral Resources Pty Ltd (Savanna) and New World Alloys Limited (New World) in respect of:

(a) Exploration Licences 9253 and 9501;

(b) Exploration Retention Licence 134;

(c) Mineral Leases (North) 512 – 515, 542 and 543;

(d) Application for Mineral Lease (North) 1984;

(e) Application for Authorities (North) 495 and 515; and

(f) any tenements issued in substitution of any of the above tenements.

(JV Tenements) (JV Agreement).

New World is a party to the JV Agreement only in so far as it guarantees and indemnifies Ausmet in respect of the due and punctual performance and observance by Savanna of all terms, covenants, conditions and obligations on the part of Savanna to be performed, observed or given under the JV Agreement.

The Company paid Savanna a non-refundable sum of $20,000 on the Commencement Date. If, on the first anniversary of the Commencement Date, the Company has not withdrawn from the JV Agreement or the JV Agreement has not been terminated the Company shall pay a further sum of $30,000 to Savanna.

Pursuant to the JV Agreement, the Company may earn a 60% participating interest in the JV Tenements by sole funding the first $600,000 of exploration costs in respect of the JV Tenements within 4 years.

The JV Agreement is subject to and conditional upon:

(a) the Company receiving such consents and approvals under the NT Mining Act as may be necessary to give full force and effect to the JV Agreement on terms acceptable to the Company (acting reasonable and in a businesslike manner); and

(b) ASX approving quotation of the Company's securities on the official list of ASX.

The Company must use its best endeavours to obtain the above approval and consents in a timely manner.

The Company has the right to lodge caveats over the JV Tenements to protect its interests under the JV Agreement.

There is no provision in the NT Mining Act that provides for the registration or lodgement of any transfer, dealing or caveat in relation to section 178 authorizations (if and when granted). To overcome this difficulty, applicants for section 178 authorizations generally seek terms and conditions in the contract with the Territory that provide for the transfer of interests or the re-grant of the section 178 authorizations to proposed transferees.

Savanna must provide the Company, as soon as possible after receipt, with copies of all notices, requisitions or other documents in respect of the JV Tenements and hold the JV Tenements in good standing and act in responsible, reasonable and prudent manner in relation to such tenements. In accordance with the JV Agreement, Savanna provided the Company with all mining information relating to any of the JV Tenements which was in the possession or custody or under the control of Savanna on the Commencement Date.

The Company shall be the initial manager of the joint venture (Manager). The Manager shall by itself or through its employees, agents or contractors, have the conduct of all joint venture operations on behalf of the parties and shall for that purpose have possession and control of the joint venture property.

While the Company is sole funding all exploration costs it shall conduct the joint venture operations as it sees fit but subject always to the Manager's general duties, including its duties to comply all statutory obligations, to keep appropriate books, accounts and records of the joint venture operations and prepare quarterly summaries of expenditure and operation.

Once the Company has completed its sole funding of exploration costs, the parties shall establish a committee (Management Committee) to, amongst other things, review the conduct of the joint venture operations by the Manager, determine the policies, nature and content of programs and budgets to be prepared by the Manager, give general directions to the Manager as to the manner in which it should carry out joint venture operations and receive and discuss reports of the Manager. Each party shall be entitled to appoint one person as a member of the Management Committee. The Management Committee shall meet every 6 months or at such other times as agreed or called by the parties. Each party's voting power shall be in proportion to their participating interest in the joint venture at the commencement of the relevant meeting. A representative of the Company shall act as chairman of the Management Committee so long as the Company holds a participating interest greater than or equal to any other party.

Once the Management Committee is established, the Manager shall conduct the joint venture operations in accordance with programs and budgets approved by, and the lawful decisions and directions of the Management Committee, but otherwise in its absolute discretion. The duties of the Manager include maintaining the JV Tenements in good standing, ensuring that the JV Tenements are renewed or replaced on expiry, preparing and submitting a program for the proposed exploration and development programs and budgets for consideration by the Management Committee. The Manager and every director, secretary or manager of the Manager are appointed jointly and each of them severally as the attorney of each party to the JV Agreement for the purpose of doing all acts and executing all documents necessary for the due performance by the Manager of its obligations under the JV Agreement.

The Manager may charge the joint venture with all costs, expenses and liabilities of the Manager incurred by the Manager in the performance of its duties and obligations under the JV Agreement.

The Manager shall cease to be Manager if:

(a) it resigns from office by giving 90 days notice to the other parties;

(b) has received a written notice of material non-compliance with the JV Agreement from another party and does not rectify that non-compliance within 30 days of receipt of such notice;

(c) an order is made for the winding up of the Manager (other than for the purpose of reconstruction or amalgamation);

(d) a receiver, receiver and manager, official manager or like officer is appointed over, or a holder of an encumbrance takes possession of, the whole or any substantial part of the undertaking and property of the Manager; or

(e) there is a majority vote of the Management Committee to remove the Manager.

The Management Committee shall appoint a replacement Manager.

After the Management Committee is constituted, the Manager may from time to time in accordance with the agreed accounting procedure request the parties to contribute funds in proportion to their participating interest to meet project expenditure (Called Sums). Unless agreed otherwise, such Called Sums are due and payable four weeks after the date of the request. If any Called Sum is not paid when due and such default continues for 14 working days after written notice to that party, that party's participating interest will be diluted in accordance with the agreed dilution formula.

The transfer of a party's participating interest in the joint venture to a third party (other than a related body corporate) is subject to pre-emptive rights in favour of the other parties. An assignee of a party's participating interest must enter into a deed with the parties whereby it agrees to be bound by the JV Agreement.

A party may elect to withdraw from the joint venture by giving at least one month's written notice to the other parties, except that the Company may not withdraw until after it has expended an amount of $75,000 on exploration costs (which amount shall be expended within one year of the Commencement Date). A party shall be deemed to have withdrawn from the joint venture if its participating interest falls below 10%.

The JV Agreement shall continue in force until there is only one remaining party or until no party holds any beneficial interests in the JV Tenements or until terminated by the unanimous agreement of the parties.

PART III – STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	STATUS	RNTC STATUS	IN MEDIATION
WC95/58	WG6050/98	Sir Samuel	Active	Not Registered	Yes
WC96/20	WG6069/98	Mantjintjarra Ngalia Peoples	Active	Not Registered	Yes
WC96/17	WG144/98	Cosmo Newberry	Active	Registered	No
WC99/1	WAG6005/98	Wongatha	Active	Registered	Yes
WC96/71	WG6103/98	Tjirrkarli Kanpa	Active	Registered	Yes
DC98/8	D6036/98	Rail Corridor 8	Inactive	Unregistered	No

9.0 RISK FACTORS

9.1 Introduction

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

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

9.2 Economic Risks

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

9.3 Market Conditions

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

9.4 Exploration Success

The mineral tenements of the Company as described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative 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 certainty that it can be economically exploited.

9.5 Operating Risks

The operations of the Company may be affected by various factors, including, without limitation, failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortage or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 16 December 2003, the Company does not have any operating history, although it should be noted that the Company's Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

9.6 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter 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 may change. This could result in alterations to development and mining plans, which may, in turn, adversely affect the Company's operations.

9.7 Commodity Price and Exchange Rate Risks

If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the

control of the Company. Such factors include supply and demand fluctuations for precious and polymetallics, technological advancements, forward selling activities and other macro-economic factors.

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

9.8 Environmental Risks

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

9.9 Title Risks and Native Title

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

In addition, the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part.

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

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

9.10 Ongoing Capital Requirements

The Company believes that the net proceeds of the Offer will be adequate to fund the exploration of the existing projects and other Company objectives as outlined in this Prospectus.

However the Company is dependant upon being able to obtain future equity or debt funding to support longer term exploration and objectives. The Company's ability to raise further capital will vary according to a number of factors including the share market and industry conditions, the exploration results achieved, and the prospectivity of the Company's existing and future projects.

Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

10.0 ADDITIONAL INFORMATION

10.1 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interest in Shares and Options as set out in the table below. These Shares have been acquired as both promoter Shares and participation in the raising of seed capital.

Director	Shares	Options
Howard Dawson	**3,350,000**	**1,675,000**
Malcolm Smartt	**1,050,000**	**525,000**
Michael Curnow	**856,800**	**428,400**

As discussed within the Solicitor's report, Ausmet entered into a joint venture agreement with New World Alloys Limited. At the time of the agreement Mal Smartt and Mike Curnow were directors of New World Alloys Limited.

10.2 Remuneration of Directors

The aggregate remuneration payable to non-executive Directors has been set at an amount not to exceed $120,000 per annum. The Company's Constitution provides that the aggregate fixed sum shall not be increased without the prior approval of Shareholders in general meeting.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary. As at the date of this Prospectus the Company does not have any contractual obligation with respect to executive or non-executive Directors but has agreed that until otherwise varied at a duly constituted Board meeting, non-executive Directors annual remuneration shall be $25,000 plus any mandatory superannuation that may be applicable, Executive Directors annual remuneration shall be up to $100,000 plus any mandatory superannuation that may be applicable, and Company Secretary annual remuneration shall be up to $25,000 plus any mandatory superannuation that may be applicable.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the opinion of the Directors are outside the scope of the ordinary duties of a director.

10.3 Fees and Benefits

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

(a) Director or proposed director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer of Shares and Options under this Prospectus; or

(c) the Offer of Shares and Options under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or

promotion of the Company or the Offer of Shares and Options under this Prospectus.

Stanton Partners Corporate Pty Ltd have acted as the Independent Accountant and have prepared an Independent Accountants Report which has been included in Section 7 of this Prospectus. The Company estimates it will pay Stanton Partners Corporate Pty Ltd a total of $5,000 (inclusive of goods and services tax) for this service. Subsequently fees will be charged in accordance with normal charge out rates. Stanton Partners Corporate Pty Ltd have received no fees for other services provided to the Company since the incorporation of the Company on 16 December 2003.

Steinepreis Paganin have acted as the solicitors to the Company in relation to the Offer and have prepared the Solicitor's Report on Tenements which has been included in Section 8 of this Prospectus. The Company estimates it will pay Steinepreis Paganin $10,000 (inclusive of goods and services tax) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. Since incorporation of the Company on 16 December 2003, Steinepreis Paganin have not received any fees for any other legal services.

Malcolm Castle has prepared an Independent Geologist's Report which has been included in Section 6 of this Prospectus. The Company estimates it will pay Malcolm Castle a total of $6,500 (inclusive of goods and services tax) for these services. Since incorporation of the Company on 16 December 2003, Malcolm Castle has not received any fees for any other geological consultancy services.

Montagu Stockbrokers Ltd is acting as Sponsoring Broker to the issue and will receive a fee of $25,000, together with a commission of 5.0% in respect of funds raised by the allotment of Shares pursuant to the Application Forms bearing their stamp.

10.4 Consents

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that part as specified in this section.

Stanton Partners Corporate Pty Ltd has given its written consent to be named an Independent Accountant to the Company in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 7 in the form and context in which the report is included. Stanton Partners Corporate Pty Ltd have not withdrawn their consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin have given their written consent to be named as solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 8 in the form and context in which the report is included. Steinepreis Paganin have not withdrawn their consent prior to lodgement of this Prospectus with the ASIC.

Mr Malcolm Castle has given his written consent to be named an Independent Consulting Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 6 in the form and context in which the report is included. Malcolm Castle has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

Montagu Stockbroking Pty Ltd has given its written consent to being named as Sponsoring Broker in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Computershare Investor Services has given its written consent to being name as the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Stanton Partners has given its written consent to being name as Auditor to the Company in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

10.5 Material Contracts

The following is a discussion of the material contacts entered into by the Company. Certain material contracts are summarised elsewhere in this Prospectus (for example, the Solicitor's Report on Tenements), and accordingly have not been included here.

Executive Services Agreement

There are no service agreements.

Consultancy Agreement

There are no consultancy agreements.

Deeds of Indemnity, Insurance and Access

The Company has entered into, or will enter into, a deed of indemnity and insurance and access with each of the Directors and the Company Secretary (Deeds).

Under the Deeds, 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.

The Deeds also provide for the right to access Board papers.

Sponsoring Broker Agreement

Ausmet has entered into an agreement with Montagu Stockbroking Pty Ltd for that firm to act as Sponsoring Broker to the Offer. Under this agreement Montagu Stockbroking Pty Ltd will provide their best endeavours to procure valid applications bearing their broker stamp to the value of $1,500,000. Montagu Stockbroking Pty Ltd will also provide their best endeavours to ensure at least 180 new Shareholders subscribe for the $1,500,000 to be raised. In addition, Montagu Stockbroking Pty Ltd will assist with the management of the Offer as well as its marketing and administration.

Montagu Stockbroking Pty Ltd will be paid a fee of $25,000 on the basis that valid applications bearing their stamp are lodged for at least $1,500,000 and for undertaking the aforementioned duties. They will also receive a commission of 5% of the value of all applications lodged and accepted bearing their broker stamp.

10.6 Rights Attaching to Shares

The following are the more important rights, privileges and restrictions attaching to the Shares Offered for subscription pursuant to this Prospectus:

(a) subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and, on a poll, one vote for each Share held;

(b) each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act or the Listing Rules;

(c) subject to any special rights of the holders of any Shares as to a dividend (at present there are none), any dividend declared shall be payable on all Shares in proportion to the amount paid up or credited as paid up in respect of such Shares;

(d) subject to 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 monies and property that are to be legally distributed among holders of Shares will be distributed so that, to the greatest extent possible, the amount distributed is in proportion to the Shares held by Shareholders respectively, irrespective of the amounts paid up or credited as paid up in respect of the Shares. At the commencement of the winding-up, Shares classified by ASX as restricted securities shall rank, on a distribution of assets to Shareholders, after all other Shares; and

(e) subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

10.7 Rights Attaching to Options

The terms and conditions of the Options are set out below.

a) Subject to condition (g), the Options are exercisable wholly or in part at any time from day of issue and ending on 31 December 2006.

b) Each Option shall entitle the option holder to acquire one Share in the capital of the Company upon payment of the sum of 20 cents per Option to the Company.

c) Each Option may be exercised by notice in writing

to the Company during the period referred in condition (a), accompanied by payment of 20 cents per Share.

d) Application will be made to ASX for Official Quotation of the Options. Application will be made to ASX for Official Quotation of the Shares issued on exercise of the Options.

e) The Options are transferrable as the optionholder thinks fit.

f) Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of the receipt.

g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of securities Offerred to Shareholders of the Company during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced so as to give holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

h) Shares allotted pursuant to the exercise of the Options will be allotted following receipt of all the relevant documents and payments and will rank equally with existing issued Shares.

i) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the optionholder shall be reconstructed in accordance with the ASX Listing Rules.

10.8 Restricted Securities

ASX has indicated that certain existing security holders may be required to enter into agreements, which restrict dealings in Shares and Options held by them. These agreements will be entered into in accordance with the Listing Rules.

10.9 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately $300,000 made up as follows:

	Amount
Commission to Brokers 1	$175,000
Sponsoring Broker's Fee 2	$25,000
ASIC and ASX fees	$25,000
Legal fees	$18,500
Independent Accountant's fees	$5,000
Independent Consulting Geologist's fees	$6,500
Printing and associated costs	$25,000
Miscellaneous expenses	$20,000
Total	**$300,000**

1 Assuming the Offer is fully subscribed and a fee of up to 5% is payable on all Applications received (and accepted by the Company).

2 The Sponsoring Broker's fee does not include any commissions paid. If the Sponsoring Broker provides Applications, the Sponsoring Broker will be paid a 5% commission on acceptance of the Application (which amount is included in Item 1 in the above table).

Some of the above amounts are inclusive of goods and services tax, which must be absorbed by the Company pursuant to current taxation laws on deemed financial services.

10.10 Litigation

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

10.11 Documents Available for Inspection

Copies of the following documents are available for inspection during normal office hours, free of charge, at the Company's registered office, for a period of 12 months from the date of this Prospectus:

- Constitution of the Company;
- Material Contracts; and
- The consents referred to in this Prospectus.

10.12 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form subject to compliance with certain provisions.

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 e-mail the Company at www.ausmet.com.au and the Company will send to you free of charge either a hard copy or a further electronic copy of this Prospectus, or both.

11.0 DIRECTORS' AUTHORISATION

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

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

The Directors of Ausmet Resources Limited state that they have made all reasonable enquiries and on that 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 the prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statements were competent to make such statements, those persons have given their consent to such 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.

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

Signed for and on behalf of Ausmet Resources Limited.

Howard Dawson
Chairman
Dated 9 March 2004

12 GLOSSARY

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

A$ or $: means an Australian dollar.

Application: means a valid application to subscribe for Shares and Options.

Application Form: means the application forms accompanying this Prospectus.

ASIC: means Australian Securities and Investments Commission.

ASX: means Australian Stock Exchange Limited (ABN 98 008 624 691).

Ausmet: means Ausmet Resources Limited (ABN 19-107-411-067).

Ausmet Shareholders: means holders of Ausmet Shares.

Batchelor Project: means tenements EL9253, EL9501, ERL134, MLN512, MLN513, MLN514, MLN515, MLN542, MLN543, MLN1984, AN495 and AN515 (see solicitor's report for further details).

Board: means the board of Directors of the Company as constituted from time to time.

Business Day: has the meaning given to that term in the Listing Rules.

Closing Date: means the closing date for receipt of Applications pursuant to this Prospectus, being 5.00p.m. WST 14 April, 2004 or another date determined at the sole discretion of the Board.

Company: means Ausmet Resources Limited (ABN 19-107-411-067)

Constitution: means the constitution of the Company.

Corporations Act: means the Corporations Act 2001 (Cth).

Dingo Range Project: means tenements E37/769, M37/108, M37/519 and M37/1167 (see solicitor's report for further details).

Directors: mean the directors of the Company at the date of this Prospectus.

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

g/t: means grams per tonne.

Listing Date: means the date of commencement of Official Quotation of the Shares and Options on ASX.

Listing Rules: means the official listing rules of ASX.

Minimum Subscription: means $3,500,000.

Offer: means the Offer of Shares and Options pursuant to this Prospectus as outlined in Section 4.

Official List: means the official list of ASX.

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

Opening Date: means the opening date for receipt of Applications pursuant to this Prospectus being 5.00 p.m. WST on 17 March, 2004.

Option: means an option to subscribe for one Share, exercisable at $0.20 per Share on or before 31 December 2006.

Prospectus: means this Prospectus dated 9 March, 2004 and lodged with the ASIC on that date.

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

Share Registry: means Computershare Investor Services. (ABN 480 782 79 277).

Shareholder: means a holder of Shares.

Sponsoring Broker: means Montagu Stockbrokers Pty Ltd (ABN 46 009 368 432).

Tenements: means those tenements referred to in Part II of Section 8 – Solicitor's Report on Tenements, of this Prospectus.

Throssell Project: means tenements E38/1648, E38/1649, E38/1650 and E38/1651 (see solicitor's report for further details).

WST: means western standard time, Perth, Western Australia.

This page has been left blank intentionally

This page has been left blank intentionally

Ausmet

Registry Use Only

APPLICATION FORM

This application form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, this Prospectus.

Broker Code

Advisor Code

A. I/We apply for:

Number of Shares in Ausmet Resources Limited at $0.20 per Share or such lesser number of Shares which may be allocated to me/us.

B. I/We lodge full Application Money

A$.

C. Individual/ Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Joint Applicant #2 or Account Designation

Joint Applicant #3 or Account Designation

D. Enter your Postal Address - include State and Postcode

Unit | Street Number | Street Name or PO Box/ Other Information

City/Suburb/Town | State | Post Code

E. Enter your contact details

Contact Name

Telephone number – Business hours | Telephone number – After hours

B ( ) | A/H ( )

F. CHESS Participant - Holder Identification Number (HIN) Please note that if you supply a CHESS HIN but the name and address details on your form do no correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

X

G. Tax File Number, ABN or Exemption Applicant #2 | Tax File Number, ABN or Exemption Applicant #3

H. CHEQUE DETAILS - Make your cheque or bank draft payable to Ausmet Resources Limited

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$
Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

A. SHARES APPLIED FOR: Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 2,000 Shares.
B. APPLICATION MONIES: Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C. APPLICANT NAME(S): Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D. POSTAL ADDRESS: Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. CONTACT DETAILS: Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F. CHESS: Ausmet Resources Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares and Options allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares and Options allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the
Company and allocated a Securityholder Reference Number (SRN).

G. PAYMENT: Make your cheque or bank draft payable to **Ausmet Resources Limited** in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.
Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.
Before completing the Application Form the applicants should read this Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares and Options in Ausmet Resources Limited is upon and subject to the terms of this Prospectus and the Constitution of Ausmet Resources Limited, agrees to take any number of Shares and Options that may be allotted to the Applicant(s) pursuant to this Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

H. LODGEMENT OF APPLICATION: Application Forms must be received at the Perth office of Computershare Investor Services Pty Limited by no later than 5pm WST 14 April, 2004. Return the Application Form with cheque(s) attached to:

Ausmet Resources Limited
c/- Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840

OR

Ausmet Resources Limited
c/- Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth WA 6000

I. PRIVACY STATEMENT: Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010.

J. CORRECT FORMS OF REGISTRABLE TITLE(S): Note that ONLY legal entities are allowed to hold Shares and Options. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor Title	**Correct Form of Registrable Title**	**Incorrect Form of Registrable**
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings Use full and complete names	Mr John Alfred Smith & Michelle Susan Smith	John Alfred & Michelle S Smith
Trusts Use trustee(s) personal name(s)	Mr John Alfred Smith <John Smith Family A/C>	John Smith Family Trust
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' names. Do not use the name of the partnership	Mr John Alfred Smith and Mr Michael John Smith <John Smith and Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). Do not use the names of clubs etc.	Mr John Alfred Smith (ABC Tennis Association A/C>)	ABC Tennis Association
Superannuation Funds Use the name of trustee of the fund. Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C>)	John Smith Pty Ltd Superannuation Fund

Ausmet

Registry Use Only

APPLICATION FORM

This application form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, this Prospectus.

Broker Code

Advisor Code

A. I/We apply for:

Number of Shares in Ausmet Resources Limited at $0.20 per Share or such lesser number of Shares which may be allocated to me/us.

B. I/We lodge full Application Money

A$.

C. Individual/ Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Joint Applicant #2 or Account Designation

Joint Applicant #3 or Account Designation

D. Enter your Postal Address - include State and Postcode

Unit | Street Number | Street Name or PO Box/ Other Information

City/Suburb/Town | State | Post Code

E. Enter your contact details

Contact Name

Telephone number – Business hours | Telephone number – After hours

B ( ) | A/H ( )

F. CHESS Participant - Holder Identification Number (HIN) Please note that if you supply a CHESS HIN but the name and address details on your form do no correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

X

G. Tax File Number, ABN or Exemption Applicant #2 | Tax File Number, ABN or Exemption Applicant #3

H. CHEQUE DETAILS - Make your cheque or bank draft payable to Ausmet Resources Limited

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$
Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

A. SHARES APPLIED FOR: Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 2,000 Shares.
B. APPLICATION MONIES: Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C. APPLICANT NAME(S): Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D. POSTAL ADDRESS: Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. CONTACT DETAILS: Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F. CHESS: Ausmet Resources Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares and Options allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares and Options allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the
Company and allocated a Securityholder Reference Number (SRN).

G. PAYMENT: Make your cheque or bank draft payable to **Ausmet Resources Limited** in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.
Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.
Before completing the Application Form the applicants should read this Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares and Options in Ausmet Resources Limited is upon and subject to the terms of this Prospectus and the Constitution of Ausmet Resources Limited, agrees to take any number of Shares and Options that may be allotted to the Applicant(s) pursuant to this Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

H. LODGEMENT OF APPLICATION: Application Forms must be received at the Perth office of Computershare Investor Services Pty Limited by no later than 5pm WST 14 April, 2004. Return the Application Form with cheque(s) attached to:

Ausmet Resources Limited
c/- Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840

OR

Ausmet Resources Limited
c/- Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth WA 6000

I. PRIVACY STATEMENT: Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010.

J. CORRECT FORMS OF REGISTRABLE TITLE(S): Note that ONLY legal entities are allowed to hold Shares and Options. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor Title	**Correct Form of Registrable Title**	**Incorrect Form of Registrable**
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings Use full and complete names	Mr John Alfred Smith & Michelle Susan Smith	John Alfred & Michelle S Smith
Trusts Use trustee(s) personal name(s)	Mr John Alfred Smith <John Smith Family A/C>	John Smith Family Trust
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' names. Do not use the name of the partnership	Mr John Alfred Smith and Mr Michael John Smith <John Smith and Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). Do not use the names of clubs etc.	Mr John Alfred Smith (ABC Tennis Association A/C>)	ABC Tennis Association
Superannuation Funds Use the name of trustee of the fund. Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C>)	John Smith Pty Ltd Superannuation Fund

Ausmet Resources Limited ABN 19 107 411 067

Enquiries to: **Montagu Stockbrokers Pty Ltd**
ABN 46 009 368 432
37 St Georges Tce
Perth WA 6000
Telephone: (08) 9320 1899